

D.A. DAVIDSON & CO. BANK INSURED DEPOSIT PROGRAM DISCLOSURE STATEMENT

This Disclosure Statement provides important information concerning the BIDP. If you have any questions about any of the information contained in this document or the "Terms and Conditions for D.A. Davidson & Co. Bank Insured Deposit Program", which is a part of your account agreement with D.A. Davidson, please contact your Financial Consultant.

SUMMARY

D.A. Davidson & Co. ("D.A. Davidson," "we," "us") provides several cash management benefits to its clients. Under our cash management program, commonly referred to as a "sweep" program, cash balances in a client's securities account are automatically transferred, or swept, into an interest bearing account at the end of each business day. Sweeps into your account may occur due to, among other things, the sale of securities, dividend payments, interest credited from bonds, and cash deposits.

Through our cash management program, clients may access funds in their securities accounts in several convenient ways. They may request a check payable to the account owner; they may write checks; or funds may be automatically paid through the ACH (automated clearing house) procedure when authorized. For DADVANTAGE accounts, funds can also be accessed by debit card, electronic billpay and bill presentation. Funds are also automatically withdrawn to satisfy purchases of securities. If there is not enough cash in a securities account to satisfy these transactions, funds will be withdrawn from the interest bearing "sweep" account.

Prior to the introduction of the D.A. Davidson Bank Insured Deposit Program ("BIDP"), the account used in our sweep program has been the Davidson Cash Equivalent Shares (CES) or Davidson Cash Equivalent Plus Shares (CEPS). Both CES and CEPS are money market mutual funds provided by Deutsche Investment Management Americas Inc.

With the commencement of the BIDP for eligible accounts, the sweep account will become a D.A. Davidson Bank Insured Deposit Program Account through our BIDP. The BIDP will have your cash balances swept into one or more banks that participate in our BIDP ("Program Banks"). As such, the funds will be eligible for federal deposit insurance from the Federal Deposit Insurance Corporation ("FDIC") up to \$100,000 per owner per bank per account type (or up to \$250,000 held in retirement accounts). BIDP Account funds are not protected by the Securities Investor Protection Corporation ("SIPC"). *Please read the further description of the Program Banks and FDIC insurance, which is contained below.*

INTRODUCTION

The BIDP consists of FDIC-insured, interest-bearing deposit accounts at one or more Program Banks. With the BIDP Account sweep feature, the available cash balances in your eligible securities accounts at D.A. Davidson are automatically deposited into the BIDP Account. The BIDP Account will be eligible for federal deposit insurance from the FDIC up to the applicable FDIC insurance limits in principal and accrued interest per depositor, in accordance with FDIC rules, as more fully described below. We have worked with Deutsche Bank Trust Company Americas ("DBTCA"), a wholly-owned subsidiary of Deutsche Bank, one of the largest banks in the world, to develop this BIDP.

As the sponsor of our BIDP, DBTCA has contracted with over 15 FDIC-insured banks to participate in the BIDP. D.A. Davidson can spread your cash deposits among these banks, providing the potential for FDIC coverage of up to \$1.5 million per person or \$3.75 million per retirement account. Additional depository institutions may be added to the BIDP in the future, which should increase the potential FDIC coverage, however there can be no assurance that additional banks will be added. DBTCA will assist in the administration and record keeping for the BIDP, and will act as an intermediary bank for the BIDP – routing deposits to and withdrawals from Program Banks.

ACCOUNT ELIGIBILITY

The BIDP is generally available for all D.A. Davidson accounts, except as described below. The following account types will not participate in the BIDP: (i) accounts that have elected the Cash Equivalent Shares Tax-Exempt Portfolio as their cash sweep election will continue to have free cash swept to that Fund; and (ii) certain accounts (retirement plans qualified under Section 401(a) (other than IRAs established under the Code) or Section 403(b)(7) of the Internal Revenue Code of 1986, as amended (the "Code") or under any other employee retirement or welfare plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) which are managed by D.A. Davidson on a discretionary basis. For these discretionary accounts, cash balances will be swept to a money market fund. D.A. Davidson reserves the right, in its sole discretion, to limit other types of accounts from participating in the BIDP. D.A. Davidson also offers a number of investment products that you may wish to consider as alternatives to maintaining cash deposits in the BIDP. Your investment objectives, liquidity needs and risk tolerance should be considered in reviewing these alternatives. Some of these alternatives may pay an interest rate or dividend that is higher than the rate you receive on cash held in the BIDP. While deposits in the BIDP Account, certificates of deposits and any other available deposit products offered by FDIC-insured depository institutions are covered by FDIC insurance up to applicable FDIC insurance limits, other investments such as money market mutual funds are not FDIC-insured (but are covered by SIPC, see below) and may lose value.

THE BIDP — HOW IT WORKS

Background. Under the BIDP, D.A. Davidson acts as your agent in establishing the BIDP Accounts, and depositing and withdrawing your sweep funds into a BIDP Account. No evidence of ownership, such as a passbook or certificate, will be issued to you. BIDP Account ownership will be evidenced by book entry on the account records of D.A. Davidson. As noted below, you will be provided a periodic account statement from D.A. Davidson that will reflect the balances in the BIDP Account at the Program Banks. Through the BIDP you will have all the benefits of the cash management program, including checkwriting, debit cards, electronic billpay and bill presentation. There is no minimum balance required and there are no fees to you for participating in the BIDP.

Deposits. Through the BIDP, a client's free cash balances are automatically transferred, or swept, into a BIDP Account on a daily basis. Cash balances are created by, among other things, depositing funds, interest credited from bonds or CDs, dividend payments and the sale or redemption of securities. Each cash sweep from your D.A. Davidson securities account is a deposit in one or more Program Banks. Those deposits are solely the obligation of the

applicable Program Bank and will not be direct or indirect obligations of D.A. Davidson. In the event that your balances in the BIDP Account exceed the total FDIC insurance available through the BIDP (currently, \$1.5 million per account owner or \$3.75 million per account owner for retirement accounts) the excess will be invested in the D.A. Davidson Cash Equivalent Plus Shares Government & Agency Securities Portfolio.

Please note that it is your responsibility to monitor your accounts held outside the BIDP at any of the Program Banks to insure your total amount of deposits held at any one Program Bank does not exceed the applicable FDIC insurance. We will monitor all accounts within the BIDP.

D.A. Davidson will not be obligated to you for amounts not covered by deposit insurance nor will D.A. Davidson be obligated to make any payments to you in satisfaction of a loss you might incur as a result of a delay in FDIC insurance payouts applicable to your deposit account. D.A. Davidson will not be obligated to credit your D.A. Davidson account with funds in advance of their payment to D.A. Davidson by the FDIC. See "FDIC Deposit Insurance General Information" below for additional information about the FDIC and how FDIC insurance works.

Withdrawals. All withdrawals necessary to satisfy debits in your brokerage accounts will be made by us as your agent. A debit will be created, for example, when you purchase securities or request withdrawal of funds from your brokerage account, when you write a check, or when you use other withdrawal methods (such as through an ACH). Checks written on your brokerage account are not drawn directly against the amounts deposited for you at any of the Program Banks, but the money is transferred back from the Program Banks to our Intermediary Bank and then to us, and then used to satisfy your debit through the BIDP. Withdrawals may not be made directly from the Program Banks, except through D.A. Davidson acting as your agent. Any funds necessary to satisfy debits in your securities account will first be obtained from free credit balances in your brokerage account (if any), balances in your money fund (if any) and then withdrawals will be made from the BIDP Account.

Program Banks. A current list of the Program Banks is available on our web site at www.dadavidson.com/BIDP. Each Program Bank is a separate FDIC-insured depository institution duly chartered under the laws of the United States or a State thereof. A list of the Program Banks in which your deposits are actually made will be provided to you on your periodic D.A. Davidson account statement. It is your responsibility to monitor the deposits you may have with any Program Bank outside of the BIDP, as those deposits will reduce the amount eligible for FDIC insurance within the BIDP at that particular Program Bank. If a Program Bank where you already have deposits is listed, we recommend you direct us to exclude that Program Bank. You may choose to exclude any Program Bank by notifying your Financial Consultant. Under federal regulation, Program Banks may reserve the right to require seven (7) days' notice before permitting a transfer of funds out of a money market deposit account, such as the BIDP Account. While the Program Banks have not indicated their intention to implement such a policy, the Program Banks may, at any time, choose to do so. You may obtain available financial information concerning any of the Program Banks at <http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx> or by contacting the FDIC Public Information Center by mail at 801 17th Street, N.W., Room 100, Washington, DC 20434 or by phone at 1-877-275-3342. D.A. Davidson does not guarantee the financial condition of any Program Bank or the accuracy of any publicly available financial information concerning a Program Bank. From time-to-time D.A. Davidson may have relationships with the program bank that are separate and apart from the BIDP.

INTEREST EARNED ON YOUR ACCOUNT

Interest on funds in a BIDP Account will be paid at a variable rate established periodically by D.A. Davidson based on prevailing market, economic, and other business conditions. D.A. Davidson may change the interest rate at our discretion without notice to you. We may establish a schedule of rates to be applied to accounts based on, among other things, the total value of household assets in your D.A. Davidson accounts. The asset tiers and interest rates may be changed by D.A. Davidson from time-to-time. See "Tiering of Households to Determine Interest Rates" below. Current interest rate information is available through our web site at www.dadavidson.com/BIDP or by contacting your Financial Consultant. In addition, the rates of return paid with respect to BIDP Accounts may be higher or lower than the rates of return available to depositors making deposits directly with a Program Bank or other depository institutions in comparable accounts. You should compare the terms, rates of return, required minimum amounts and other features of the BIDP with other investment options. Interest on funds in the BIDP Account will accrue from the day funds are deposited by us into the BIDP Account up to, but not including, the day of withdrawal. The Program Banks will use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day. Interest will be compounded monthly and will be credited to your account on or about the 15th day of each month (or preceding business day if the 15th day is not a business day). You will receive a 1099-INT form from D.A. Davidson indicating the amount of interest paid to you.

HOUSEHOLD ACCOUNT VALUES

Part of the determination of the interest rate paid to you may be based on the value of all your D.A. Davidson "household" accounts. Depending upon the amount of assets that you hold with D.A. Davidson, the interest rates paid on the BIDP Account will exceed, meet or be lower than the prevailing rate of return of the CES and CEPS Funds. Your Financial Consultant can link all your accounts together to ensure you receive the highest rate possible. Be sure to ask your Financial Consultant to do this. Normally a "household" will consist of the accounts owned by you, including joint accounts, as well as those of your spouse or domestic partner living with you, children and parents. D.A. Davidson in its sole discretion reserves the right to grant exceptions to its general householding policy. Please note that treating accounts as part of a single household relationship does not result in the commingling of any assets held in your accounts.

TIERING OF HOUSEHOLDS TO DETERMINE INTEREST RATES

Generally, the deposits of clients in higher asset tiers will receive higher interest rates than the deposits of clients in lower asset tiers. D.A. Davidson has established the following asset tiers by household as follows: (i) below \$10,000; (ii) \$10,000 - \$49,999; (iii) \$50,000 - \$99,999; (iv) \$100,000 - \$599,999; (v) \$600,000 - \$1,499,999; and (vi) above \$1.5 million. D.A. Davidson reserves the right to change its asset tiers at any time without notice. Current rates associated with these tiers may be obtained from your Financial Consultant or found on our web site at www.dadavidson.com/BIDP.

INFORMATION ABOUT YOUR BIDP ACCOUNT

All activity with respect to your BIDP Account will appear on your periodic D.A. Davidson account statement, including the total of your opening and closing BIDP Account balances and the interest earned, and the interest rate for the period covered by the statement. You should retain the account statements for your records. As always, you should notify us of any unauthorized activity or any complaints you have with respect to the BIDP. You may contact your Financial Consultant during any business day to obtain the current interest rate, account balances, and other information on your BIDP Account. If you have online access to your account, you may also view your D.A. Davidson account information online. You may also find information on current interest rates on D.A. Davidson's website at www.dadavidson.com/BIDP.

D.A. DAVIDSON PROGRAM COMPENSATION

Each Program Bank will earn net income from the difference between the interest paid on deposits and the interest they earn on loans, investments and other assets. D.A. Davidson will earn a fee based on the amount of deposits held in the Program. It is anticipated that this amount will generally be equal to or greater than what D.A. Davidson currently receives from fees generated by CES fund shares. While D.A. Davidson is not currently affiliated with any of the Program Banks other than through the Program, if D.A. Davidson were in the future to own or be affiliated with a bank and that bank was a Program Bank, such bank would receive net income as described above.

NO SIPC COVERAGE FOR DEPOSITS HELD IN A BIDP ACCOUNT

SIPC has taken the position that assets held in a BIDP Account are not covered by SIPC. SIPC protects investors from losses if their brokerage firm becomes insolvent and cash or securities are missing from eligible customer accounts. SIPC provides protection up to \$500,000 (including up to \$100,000 cash) per client. In addition, D.A. Davidson provides excess SIPC coverage with an aggregate limit of \$150 million further limited to a combined return to any one customer from SIPC and the excess insurance provider of \$50 million, no more than \$1 million of which may be in cash. For more information about SIPC coverage, please go to www.sipc.org or contact your Financial Consultant.

FDIC DEPOSIT INSURANCE GENERAL INFORMATION

GENERAL INFORMATION. The BIDP Accounts are insured by the FDIC, an independent agency of the U.S. government, to the applicable FDIC insurance limits (including principal and accrued interest) when aggregated with all other deposits held by you in the same insurable capacity at a particular Program Bank. Your funds become eligible for deposit insurance immediately upon placement in a BIDP Account. Generally, any accounts or deposits (including CDs issued by a Program Bank) that you maintain directly with a Program Bank in the same insurable capacity in which the deposits in the BIDP Account are maintained, will be aggregated with the deposits in your BIDP Account, for purposes of the applicable FDIC insurance limits. In the event that a Program Bank should become insolvent, the BIDP Accounts are insured up to the applicable FDIC insurance limits, for principal and interest accrued through the day the Program Bank became insolvent. Interest is determined for insurance purposes in accordance with federal laws and regulations.

Under certain circumstances, if you become the owner of deposits at a Program Bank because another depositor dies, beginning six months after the death of the depositor, the FDIC will aggregate those deposits for purposes of calculating the applicable FDIC insurance limit with any other deposits that you own in the same insurable capacity at the same Program Bank. Examples of accounts that may be subject to this FDIC policy include joint accounts, "transfer on death" accounts and certain trust accounts. The FDIC provides the six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

You will be responsible for monitoring the total amount of deposits that you have with any Program Bank in order to determine the extent of deposit insurance coverage available to you on your deposits, including deposits in the BIDP Account and other deposits made directly with the Program Bank.

D.A. Davidson will not be responsible for any insured or uninsured portion of the BIDP Account. In the unlikely event that federal deposit insurance payments should become necessary, payments of principal plus unpaid and accrued interest through the date of insolvency will be made to you. There is no specific time period during which the FDIC must make insurance payments available. You may be required to provide certain documentation to the FDIC and others before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

If deposits in your BIDP Account or other deposits at a Program Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquirer until (i) the maturity date of the CDs or other time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, the expiration of a six-month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same insurable capacity for purposes of federal deposit insurance. Any deposit opened at the depository institution after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

The application of the applicable FDIC insurance limits is illustrated by several common factual situations discussed below.

INDIVIDUAL CUSTOMER ACCOUNTS. Non-retirement account deposits at any one depository institution held by an individual in an account in the name of an agent or nominee of such individual (such as the CDs held in a D.A. Davidson securities account or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act)) are not treated as owned by the agent, nominee or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and insured up to \$100,000 in the aggregate.

JOINT ACCOUNTS. An individual's interest in deposits at any one depository institution held under any form of joint ownership valid under applicable state law may be insured up to \$100,000 in the aggregate, separately and in addition to the \$100,000 allowed on other non-retirement account deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a "Joint Account"). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$200,000 (\$100,000 for each person), subject to aggregation with each owner's interests in other Joint Accounts at the same depository institution. Joint accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

REVOCABLE TRUST ACCOUNTS

General Rule. Deposits at any one depository institution in which the owner evidences an intent that at his or her death the funds shall belong to one or more individuals (frequently referred to as a "Totten trust" account, "payable upon death" account or other type of revocable trust account (as determined under applicable state law)) will be aggregated with other deposits of the owner held in an individual capacity at the depository institution and insured up to a maximum of \$100,000.

Special Rule. Revocable trust accounts will be insured as to each named beneficiary, separately from another account of the owner or the beneficiary, provided that: (i) D.A. Davidson's account records evidence an intention that upon the death of the owner, the funds will belong to the owner's spouse or to one or more parents, siblings, children or grandchildren and (ii) the beneficiaries of the revocable trust are specifically named in D.A. Davidson's account records. However, a revocable trust account established by a husband and wife that names the husband and wife as sole beneficiaries will be treated as a joint account and will be aggregated with other joint accounts subject to the rules described above under "Joint Accounts."

Living Trusts. A living trust is a formal revocable trust over which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. Living trusts are subject to special rules, which should be carefully reviewed in order to determine the available deposit insurance coverage.

IRREVOCABLE TRUST ACCOUNTS. Deposits at any one depository institution held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$100,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e. capable of determination without evaluation of contingencies). According to the FDIC, Coverdell Education Savings Accounts will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary of irrevocable trust accounts in deposits at a depository institution created by the same grantor will be aggregated and insured up to \$100,000.

MEDICAL SAVINGS ACCOUNTS. Deposits at any one depository institution held in a Medical Savings Account will be eligible for deposit insurance as either an individual account, a revocable trust account, or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available coverage.

INDIVIDUAL RETIREMENT ACCOUNTS. Funds held in an individual retirement account (an "IRA"), including traditional, Roth, SEP and SIMPLE IRAs, are insured up to \$250,000 in the aggregate. Funds held in an IRA will be aggregated with funds held in certain other retirement plans in which the owner of the IRA has an interest. Under FDIC regulations, an individual's interest in deposits at the Bank held by (i) IRAs, (ii) deferred compensation plans for certain employees of state or local governments or tax exempt organizations (i.e., Section 457 Plans), (iii) self-directed "Keogh Plans" of owner employees described in section 401(d) of the Internal Revenue Codes of 1986, as amended, and (iv) self-directed defined contribution plans will be insured for up to \$250,000 in the aggregate whether or not maintained by the same employer or employee organization. Thus, the owner of an IRA will only be entitled to insurance up to \$250,000 for interests in retirement plans and accounts holding funds at the Bank that are subject to aggregation.

QUESTIONS ABOUT FDIC DEPOSIT INSURANCE COVERAGE

If you have questions about basic FDIC insurance coverage, please contact your Financial Consultant. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Office of Compliance and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20409), by phone (877-275-3342 or 800-925-4618 (TDD)) or by e-mail (dcaineternet@fdic.gov) or by accessing the FDIC Web site at www.fdic.gov.