

Investing in alternative investments funds is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
- lack of liquidity in that there may be no secondary market for the fund and none expected to develop;
- volatility of returns;
- restrictions on transferring interests in the fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor;
- absence of information regarding valuations and pricing;
- delays in tax reporting;
- less regulation and higher fees than mutual funds; and
- advisor risk.

Diversification does not ensure against loss.

**When used wisely**, borrowing can be beneficial to your total wealth management. A Smith Barney relationship does not have to be established or maintained to obtain the products or pricing offered as part of the Smith Barney Home Loan Program at Citibank. Home equity programs are not available in Alaska. A default (stopping monthly payments) on a mortgage could result in the loss of pledged real estate, securities or both. Smith Barney policy does not permit clients to use the proceeds of a home loan to invest in the securities or related markets. A Financial Advisor may receive compensation in connection with this lending program. Affiliates of Smith Barney may earn fees in connection with the funding, origination and sale of a loan.



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Borrowing against securities may not be suitable for everyone. If the value of the securities should decline below a minimum level, there may be a collateral call without specific advance notice, requiring a deposit of additional cash or securities. If this is not done, all or a portion of the collateral could be liquidated, and a potentially taxable event could result. Clients are not entitled to choose which securities are sold or any extension of time to meet a collateral call. A concentrated portfolio holding a single or a few securities may be subject to greater risk of a collateral call than a diversified portfolio; a diversified portfolio will tend to be less subject to a sharp decline resulting from the negative performance of a single security.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. Municipal bonds may be subject to state and local taxes, and/or the alternative minimum tax. Past performance is not a guarantee of future results.

International investing may not be suitable for every investor. There may be additional risk associated with international investing involving foreign, economic, political, monetary and/or legal factors.

Preferred securities can be called prior to maturity, which may reduce yield if purchased at a premium. Preferred securities may be subject to other call features or corporate restrictions that may have an effect similar to a call. Prices may fluctuate reflecting market-interest rates and the issuer's credit status.

Life insurance and long-term-care insurance are medically underwritten. As such, your actual premiums are not guaranteed and may vary from any initial quotation you receive. You should not cancel your current coverage until your new coverage is approved and in force. A change in policy may be subject to additional insurance and investment-related fees as well as increased risks, and may also require a medical exam. New surrender charges may be imposed with a new contract or may increase the period of time for which the surrender charges apply. Surrenders may be taxable. You should consult your own tax advisors regarding tax liability on surrenders.

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**All mutual fund products are sold by prospectus, which contains more complete information about the fund and can be obtained by your Smith Barney Financial Advisor. You should consider a mutual fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this, as well as other information about the mutual funds. You should read the prospectus carefully before investing. Information also available on [smithbarney.com](http://smithbarney.com)**

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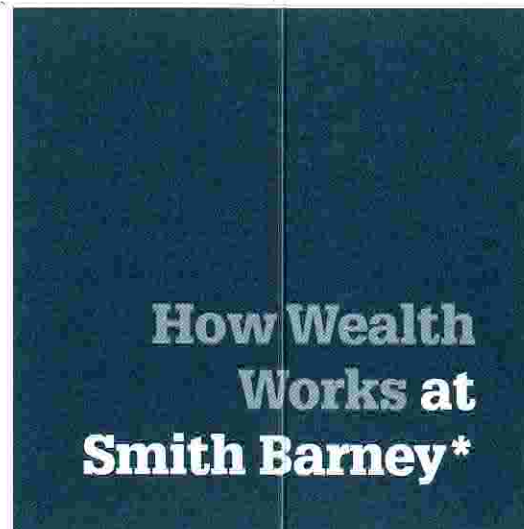
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# How Wealth Works at Smith Barney



### Wealth Planning

**Income and cash-flow planning, strategic borrowing, asset protection, wealth transfer, investment analytics**

- » **Retirement Planning:** income and cash flow, 401(k) plans, IRA rollovers
- » **Education Planning:** education-savings accounts, 529 college-savings plans, custodial accounts
- » **Estate Planning:** trust structures, lifetime gifts, insurance planning, charitable giving
- » **FMA® (Financial Management Account<sup>SM</sup>):** simplified cash management, Automatic Funds Transfer<sup>SM</sup>, online bill payment, FMA MasterCard® Debit card with a free rewards program, account distributions, tax reporting
- » **Online Account Access:** account information—even on accounts held outside Citi—is listed on one page at smithbarney.com

### Borrowing

**Restructure debt, improve cash flow, facilitate estate planning, pledge collateral to help family members, access capital to operate and expand a business, finance a home**

- » **Home Finance:** fixed- and adjustable-rate mortgages for first and second homes, as well as borrowing alternatives that can take advantage of existing home equity
- » **Securities Backed Loans:** leverage the value of an investment portfolio to cover just about any personal or business expense—big-ticket items, tax obligations, home or business expansion—while keeping a long-term strategy intact
- » **Commercial Banking:** credit and financing for businesses, along with real estate, cash management and Treasury services

### Capital Markets

**Global expertise leads to a wider selection of markets, more-favorable executions and insights into issuers and global trends**

- » **Equity Capital Markets:** more than 4,000 stocks traded in the U.S., plus a diversified group of products such as business-development companies, block trades, closed-end funds, initial public offerings, follow-on offerings, private equity and special-purpose acquisition companies, and other market trends
- » **Equity Structured Products:** innovative equity-linked investment solutions with a wide array of risk-reward profiles and an emphasis on one or more of the following objectives: (i) preserving capital; (ii) generating income; (iii) reducing volatility; and (iv) enhancing diversification
- » **Global Fixed Income:** U.S. Treasury and agency bonds, corporate bonds, mortgage-backed securities, preferred securities, international bonds, emerging-market debt and specialized services including the Fixed Income High Net Worth Program SM, which includes quarterly and yearly reports
- » **Municipal Bonds:** ranked No. 1 in nine of the past ten years for senior managed long-term negotiated and competitive new issues\*\*; six regional municipal-bond desks across the country provide access to local issues and greater market knowledge
- » **Fixed Income Structured Products:** opportunity to achieve high potential yields from a variety of non-traditional asset classes that offer the additional benefits of capital preservation in most cases

### Investment Consulting and Management

**Customized asset-allocation advice, extensive investment-advisor research, automatic rebalancing, ongoing monitoring and performance reporting**

- » **Citi Global Wealth Management Investment Advisory Services:** delivers customized advice and objective investment recommendations by tapping the extensive work of Citi and a variety of key platforms
- » **Citi Global Wealth Management Investment Strategy Committee:** global team of investment professionals that develops asset-allocation recommendations and provides capital-markets analysis
- » **Citi Global Wealth Management Investment Advisor Research Committee:** a team of analysts that researches and evaluates hundreds of separate-account, mutual-fund and alternative-investment managers
- » **Fiduciary Services:** extensive evaluation and published research reports on hundreds of separately-managed-account products
- » **TRAK®:** ongoing mutual-fund research and analysis, professional asset-allocation recommendations, detailed quarterly performance reviews (see prospectus disclosure on back)
- » **Select Portfolios:** a choice of diversified strategies and professional asset-management services delivered in a single investment portfolio
- » **Portfolio Management Group:** equity, balanced and fixed income portfolios tailored and managed by Financial Advisor; active portfolio management; ongoing monitoring and performance reporting
- » **Smith Barney Advisor:** fee-based, non-discretionary investment-advisory services through Smith Barney Financial Advisor; ongoing asset-allocation monitoring
- » **Citi GWM Alternative Investments:** a diverse range of alternative strategies such as private equity, hedge funds, private real estate, fixed income alternatives, exchange funds and managed futures
- » **Unit Investment Trusts:** professionally selected equity and fixed income investments adhering to a “buy and hold” strategy. Trusts can be structured along quantitative, research or thematic design as well as fixed income alternatives

### Business Owner Services

**Business banking and insurance services, working and growth capital, diversification of personal wealth, capital-structure and exit strategies**

- » **Citi Capital Strategies:** investment-banking services for closely held and family-owned businesses; services include exit strategies and liquidity solutions, mergers and acquisitions (primarily sell-side), partial exits including recapitalizations; employee stock ownership plans; and capital solutions
- » **Borrowing:** equipment acquisition and leasing, real estate acquisition and financing, franchise financing
- » **Cash Management:** deposit/banking services, cash concentration and sweep accounts, lockbox and receivables control, payment strategies, controlled disbursement
- » **Retirement Plans:** profit-sharing plans, 401(k) plans, savings incentive match plan for employees (SIMPLE IRA), defined-benefit plans, non-qualified deferred-compensation plans, employee stock ownership plans
- » **Business-Succession Planning:** buy-sell agreements, family limited partnerships, limited liability companies, grantor retained annuity trusts and other types of wealth transfer
- » **Insurance:** business-owner life insurance, disability and long-term care insurance, key-person insurance, executive benefits, insurance to fund buy-sell agreements, insurance to fund deferred compensation plans

### Wealth Preservation and Transfer

**Can help protect wealth from creditors and taxes; transfer assets, business holdings and values to future generations**

- » **Investment Advice:** diversification and asset allocation; downside protection and liquidity strategies for concentrated positions
- » **Insurance:** income protection; wealth transfer strategies; business-continuity strategies; life, disability and long-term-care policies
- » **Trust Services:** administration, management and distribution of trust assets
- » **Philanthropic Services:** integrating philanthropy into wealth planning; donor-advised funds, charitable trusts and family foundations

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See other important disclosures on back.

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\*\*Thomson Financial Securities Data, long-term negotiated and competitive municipal issues based on full credit to lead manager - five Underwriters used by Thomson Financial Securities Data in the determination of these rankings. As of 12/31/06.

