Polar Investment Counsel, Inc.

Brokers & Investment Advisors Member: NASD, NFA, MSRB, SIPC

Customer Information Brochure

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Customer Information Brochure:

Polar Investment Counsel, Inc., ("PICI"), a Member Firm of the NASD, NFA, MSRB, and SIPC, performs as an introducing broker-dealer firm for independent registered representatives. This service is performed under contracts between PICI and the independent registered representative.

Southwest Securities, Inc. ("SWST"), a Member Firm of the New York Stock Exchange, performs as agent, certain execution, clearing and custodial functions for PICI. SWST provides each PICI client with a SWST Customer Information Brochure upon account set-up. This document explains, in detail, the responsibility and duties of SWST as a clearing and custodial agent for PICI. SHOULD YOU HAVE ANY QUESTIONS CONCERNING ANY ASPECT OF THE AGREEMENTS OUTLINED IN THE SWST CUSTOMER INFORMATION BROCHURE OR THE PICI CUSTOMER INFORMATION BROCHURE, YOUR ACCOUNT OR SECURITIES IN GENERAL, CONTRACT YOUR BROKER IMMEDIATELY.

Customer Consent:

Registered Representatives are required to obtain consent from customers to use electronic means of communication. This consent may be received telephonically or in writing, via separate language on an account opening agreement that authorizes electronic delivery of information. The customer must be given the option of refusing this form of communication and information delivery (presently or in the future) and a record of the customer's choice must be maintained in its respective file.

Margin Account Disclosure:

Good business practice and industry regulation dictate that additional risk disclosure concerning opening and operating a margin account is prudent. **PRIOR TO OPENING A MARGIN ACCOUNT, THE FIRM REQUIRES THAT YOU READ, IN ITS ENTIRETY, THIS DOCUMENT AND THAT ALL PARTIES TO THE MARGIN ACCOUNT ACKNOWLEDGE HAVING READ THIS DOCUMENT.** As stated in the text of this document, PICI can and does have more stringent margin account requirement than those imposed by existing regulation. For further information on this and other investment topics, please visit the Investor Awareness section of the NASD's web site at http://www.nasdr.com.

Use of Margin Accounts

A customer who purchases securities may pay for the securities in full or may borrow part of the purchase price from his or her securities firm. If the customer chooses to borrow funds from a firm, the customer will open a margin account with the firm. The portion of the purchase price that the customer must deposit is called margin and is the customer's initial equity in the account. The loan from the firm is secured by the securities that are purchased by the customer. A customer may also enter into a short sale through a margin account, which involves the customer borrowing stock from a firm in order to sell it, hoping that the price will decline. Customers generally use margin to leverage their investments and increase their purchasing power. At the same time, customers who trade securities on margin incur the potential for higher losses.

Margin Requirements

The terms on which firms can extend credit for securities transactions are governed by federal regulation and by the rules of the NASD and the securities exchanges. This investor guidance focuses on the requirements for marginable equity securities, which includes most stocks. Some securities cannot be purchased on margin, which means they must be purchased in a cash account and the customer must deposit 100% of the purchase price. In general, under Federal Reserve Board Regulation T, firms can lend a customer up to 50% of the total purchase price of a stock for new, or initial, purchases. Assuming the customer does not already have cash or other equity in the account to cover its share of the purchase price, the customer will receive a margin call from the firm. As a result of the margin call, the customer will be required to deposit the other 50% of the purchase price.

The rules of the NASD and the exchanges supplement the requirements of Regulation T by placing "maintenance" margin requirements on customer accounts. Under the rules of the NASD and the exchanges, as a general matter, the customer's equity in the account must not fall below 25% of the current market value of the securities in the account. Otherwise, the customer may be required to deposit more funds or securities in order to maintain the equity at the 25% level. The failure to do so may cause the firm to force the sale of – or liquidate – the securities in the customer's account in order to bring the account's equity back up to the required level.

Polar Investment Counsel, Inc. requires a minimum equity of $7000.00 or 30% (whichever is greater), additionally the Firm requires a minimum of $20,000 to open any margin account.

Margin Transaction – Example

For example, if a customer buys $100,000 of securities on Day 1, Regulation T would require the customer to deposit margin of 50% or $50,000 in payment for the securities. As a result, the customer's equity in the margin account is $50,000, and the customer has received a margin loan of $50,000 from the firm. Assume that on Day 2 the market value of the securities falls to $60,000. Under this scenario, the customer's margin loan from the firm would remain at $50,000, and the customer's account equity would fall to $10,000 ($60,000 market value less $50,000 loan amount). However, the minimum maintenance margin requirement for the account is 25%, meaning that the customer's equity must not fall below $15,000 ($60,000 market value multiplied by 25%). Since the required equity is $15,000, the customer would receive a maintenance margin call for $5,000 ($15,000 less existing equity of $10,000). Because of the way the margin rules operate, if the firm liquidated securities in the account to meet the maintenance margin call, it would need to liquidate $20,000 of securities.

Firm Practice

Firms have the right to set their own margin requirements – often called "house" requirements – as long as they are higher than the margin requirements under Regulation T or the rules of the NASD and the exchanges. In today's market, some firms have revised their maintenance margin requirements for certain volatile stocks (such as stocks of companies that sell products or services via the Internet) to help ensure that there are sufficient funds in their customer accounts to cover the large swings in the price of these stocks. These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Again, a customer's failure to satisfy the call may cause the firm to liquidate a portion of the customer's account.

Margin Agreements and Disclosures

If a customer trades stocks in a margin account, the customer needs to carefully review the margin agreement provided by his or her firm. A firm charges interest for the money it lends its customers to purchase securities on margin, and a customer needs to understand the additional charges that he or she may incur by opening a margin account. Under the federal securities laws, a firm that loans money to a customer must provide the customer with written disclosure of the terms of the loan, such as the rate of interest and the method for computing interest. The firm must also provide the customer with periodic disclosures informing the customer of transactions in the account and the interest charges to the customer.

Loans from Other Sources

In some cases, firms may arrange loans for customers from other sources, and there have been instances of customers making loans to other customers to finance securities trades. A customer that lends money to another customer should be careful to understand the significant additional risks that he or she faces as a result of the loan, and needs to carefully read any loan authorization forms. A lending customer should be aware that such a loan may be unsecured and may not be eligible for protection by the Securities Investor Protection Corporation (SIPC). The firm may not, without direction from the borrowing customer, transfer money from the borrowing customer's account to the lending customer's account to repay the loan.

Additional Risks Involved with Trading on Margin

There are a number of additional risks that all investors need to consider in deciding to trade securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account**. A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account.
- **The firm can force the sale of securities in your account**. If the equity in your account falls below the maintenance margin requirements under the law-or the firm's higher "house" requirements-the firm can sell the securities in your account to cover the margin deficiency. You will also be responsible for any short fall in the account after such a sale.
- **The firm can sell your securities without contacting you**. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. As a matter of good customer relations, most firms will attempt to notify their customers of margin calls, but they are not required to do so.
- **You are not entitled to an extension of time on a margin call**. While an extension of time to meet initial margin requirements may be available to customers under certain conditions, a customer does not have a right to an extension of time to meet a maintenance margin call.
- **Client(s) understand that all monies due as a result of operation of this account fluctuation shall be immediately delivered via wire transfer**.
- **Betting the Ranch: Risking Your Home of Buy Securities.** With a rising stock market, record low interest rates, and large gains in home value, some investors have taken out new mortgages, refinanced, or obtained line-of-credits secured by their homes for the specific purpose of investing in securities. The hope is that the investment will not only pay the mortgage, but also generate additional income. Unfortunately, it doesn't always work out that way. PICI prohibits this practice and is concerned that investors who must rely on investment returns to make their mortgage payments could end up defaulting on their home loans if their investments decline and they are unable to meet their monthly mortgage payments. In short, investors who bet the ranch could lose it.

  Your Risk is Compounded. There is risk to principal when you invest in virtually any security. Taking money out of your house to buy securities compounds your risks for the following reasons:

  - When you buy securities with mortgage money, you are investing with borrowed funds. While this increases your buying power, it also increases your exposure to market risk, similar to buying securities on margin. The difference is your mortgage loan is likely to be greater than any amount a securities firm would loan you on margin. Investing borrowed mortgage money amounts to a huge bet that the investment will increase.

  - Unlike investing with savings, when you invest with mortgage money, you stand to lose more than your principal if the investment goes sour. You can lose the collateral supporting the loan – namely your house. Even if you don't lose your house, you could lose the equity in your home that may have built up over a considerable period of time.

- You may put your money in higher risk investments than you might normally select, in an effort not only to match the rate of your home loan but in the hopes of surpassing this rate. Furthermore, with so much at stake, if a given investment does poorly, you may feel compelled to move your investment into even more risky investments to make up the difference, further jeopardizing your home, credit standing, and overall financial health.

Option Accounts:

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options (ODD). Copies of the ODD are available from your broker, by calling 1-888-OPTIONS, or from The Options Clearing Corporation, One North Wacker Drive, Suite 500, Chicago, Illinois 60606.

UNCOVERED OPTION WRITERS AGREEMENT

There are special risks associated with uncovered option writing, which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all customers approved for options transactions.

1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.
2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.
3. Uncovered option writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or option positions in the investor's account, with little or no prior notice in accordance with the investor's margin agreement.
4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.
5. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an option writer would remain obligated until expiration or assignment.
6. The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option, until the option expires. By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period.

NOTE: It is expected that you will read the booklet entitled CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS, available from your broker. In particular, your attention is directed to the chapter entitled *Risks of Buying and Writing Options*. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.

Commodities – Additional Risk Disclosure:

For any customer * who:

a) Is retired, or
b) Is under 23 years old, or
c) Has an annual income of $25,000 or less, or
d) Has checked the lowest level of net worth on the customer account forms, or
e) Has no prior commodity futures or commodity options trading experience.

YOU MUST CALL THE CUSTOMER AND READ AND EXPLAIN PARAGRAPHS 1 AND 2 BELOW. THEN COMPLETE THIS FORM AND SUBMIT IT TO THE COMPLIANCE DIRECTOR FOR APPROVAL.

1) You should be aware that the risk of loss in trading commodity futures contracts can be substantial. You may sustain a total loss of your initial margin funds and any additional funds that you deposit to establish or maintain a position in the commodities futures market. In addition, market conditions may be such that your account can incur a negative balance. In this event you will be liable for any deficit in your account. You should also be aware that the exercise of an option contract will result in a future position.
2) You should study futures trading and consider all of your financial obligations in determining whether the trading of commodity futures or options on said futures is appropriate for you. Since the risk factor is high in futures trading, only genuine "risk funds" should be used.

PICI Privacy Policy:

As a regulated entity, charged with determining (among other things) the suitability of recommendations made to our clientele, compliance with numerous securities industry and Internal Revenue regulations, the firm can and does collect "personal and sensitive information" concerning our clientele and others with whom we do business.

The firm only shares this information with others "who have a legitimate need to know" for a legitimate business purpose. Generally, this would be our business affiliates, regulatory authorities, and on occasion our auditors, or by court order, or to a legitimate law enforcement inquiry.

In other than unusual circumstances our sharing of your personal or financial information is limited to:

- Financial service institutions, such as mutual fund companies, securities brokers, banks or other financial institutions with which we have marketing agreements.
- Companies under contract to perform services for our firm, such as data processing.

Should you wish us to supply your personal or financial information to any third party for any reason such as (but not limited to) tax preparation, we shall require a proper written release concerning such a matter.

Secure E-Mail Communications

At this time, we do not offer secured e-mail and we recommend that all e-mail, which you submit directly to the firm, or to one of our representatives, not contain any confidential or sensitive information. Your submission of any e-mail to Polar Investment Counsel, Inc. or any of our representatives represents your consent for two-way communication via e-mail.

Customer Identification

On October 26th of 2001, House Rule #3152 otherwise known as the "Patriot Act" was signed into law.
Among other things, this legislation places on all financial institutions the burden and responsibility of positively identifying all of their customers, and the monitoring of certain types of transactions. Consequently, new regulations became effective April 24th 2002, for most brokerage and other financial institutions, which mandate certain procedures. Therefore the firm now requires that each new account submit an acceptable (and current) copy of a government issued photo identification such as a driver's license or passport upon the opening of any new account or the re-documentation of any existing account, which does not already have identification documentation on file. Additionally, our clientele should be aware that in this post 9-11 environment and in accordance with the provisions of this act, greater scrutiny may be given to money and security transfers of all sorts.

Correcting or Updating Your Information

If you have concerns about the personal or financial information maintained by Polar Investment Counsel, Inc. or if you wish to update that information (perhaps because of a change in your circumstances) please call Polar Investment Counsel, Inc. (262-537-2200).

Annual notification of this policy will be made via statement stuffer that the policy is available via the Internet or upon request, in hard copy.
It should be noted that Polar Investment Counsel, Inc. does not receive payment for order flow.

Mutual Funds Breakpoint Disclosure:

Before investing in mutual funds, it is important that you understand the sales charges, expenses, and management fees that you will be charged, as well as the breakpoint discounts to which you may be entitled. Understanding these charges and breakpoint discounts will assist you in identifying the best investment for your particular needs and may help you reduce the cost of your investment. This disclosure document will give you general background information about these charges and discounts. However, sales charges, expenses, management fees, and breakpoint discounts vary from mutual fund to mutual fund. Therefore, you should discuss these issues with your financial advisor and review each mutual fund's prospectus and statement of additional information, which are available from your financial advisor, to get the specific information regarding the charges and breakpoint discounts associated with a particular mutual fund.

Sales Charges
Investors that purchase mutual funds must make certain choices, including which funds to purchase and which class share is most advantageous. Each mutual fund has a specified investment strategy. You need to consider whether the mutual fund's investment strategy is compatible with your investment objectives. Additionally, most mutual funds offer different share classes. Although each share class represents a similar interest in the mutual fund's portfolio, the mutual fund will charge you different fees and expenses depending upon your choice of share class. As a general rule, Class A shares carry a "front-end" sales charge or "load" that is deducted from your investment at the time you buy fund shares. This sales charge is a percentage of your total purchase. As explained below, many mutual funds offer volume discounts to the front-end sales charge assessed on Class A shares at certain pre-determined levels of investment, which are called "breakpoint discounts." In contrast, Class B and C shares usually do not carry any front-end sales charges. Instead, investors that purchase Class B or C shares pay asset-based sales charges, which may be higher than the charges associated with Class A shares. Investors that purchase Class B and C shares may also be required to pay a sales charge known as a contingent deferred sales charge when they sell their shares, depending upon the rules of the particular mutual fund.

Breakpoint Discounts
Most mutual funds offer investors a variety of ways to qualify for breakpoint discounts on the sales charge associated with the purchase of Class A shares. In general, most mutual funds provide breakpoint discounts to investors who make large purchases at one time. The extent of the discount depends upon the size of the purchase. Generally, as the amount of the purchase increases, the percentage used to determine the sales load decreases. In fact, the entire sales charge may be waived for investors that make very large purchases of Class A shares. Mutual fund prospectuses contain tables that illustrate the available breakpoint discounts and the investment levels at which breakpoint discounts apply. Additionally, most mutual funds allow investors to qualify for breakpoint discounts based upon current holdings from prior purchases through "*Rights of Accumulation*," and future purchases, based upon *"Letters of Intent."* This document provides general information regarding *Rights of Accumulation* and *Letters of Intent*. However, mutual funds have different rules regarding the availability of *Rights of Accumulation* and *Letters of Intent*. Therefore, you should discuss these issues with your financial advisor and review the mutual fund prospectus to determine the specific terms upon which a mutual fund offers *Rights of Accumulation* or *Letters of Intent*.

Rights of Accumulation – Many mutual funds allow investors to count the value of previous purchases of the same fund, or another fund within the same fund family, with the value of the current purchase, to qualify for breakpoint discounts. Moreover, mutual funds allow investors to count existing holdings in multiple accounts, such as IRAs or accounts at other broker-dealers, to qualify for breakpoint discounts. Therefore, if you have accounts at other broker-dealers and wish to take advantage of the balances in these accounts to qualify for a breakpoint discount, you must advise your financial advisor about those balances. You may need to provide documentation establishing the holdings in those other accounts to your financial advisor if you wish to rely upon balances in accounts at another firm.

In addition, many mutual funds allow investors to count the value of holdings in accounts of certain related parties, such as spouses or children, to qualify for breakpoint discounts. Each mutual fund has different rules that govern when relatives may rely upon each other's holdings to qualify for breakpoint discounts. You should consult with your financial advisor or review the mutual fund's prospectus or statement of additional information to determine what these rules are for the fund family in which you are investing. If you wish to rely upon the holdings of related parties to qualify for a breakpoint discount, you should advise your financial advisor about these accounts. You may need to provide documentation to your financial advisor if you wish to rely upon balances in accounts at another firm.

Mutual funds also follow different rules to determine the value of existing holdings. Some funds use the current net asset value (NAV) of existing investments in determining whether an investor qualifies for a breakpoint discount. However, a small number of funds use the historical cost, which is the cost of the initial purchase, to determine eligibility for breakpoint discounts. If the mutual fund uses historical costs, you may need to provide account records, such as confirmation statements or monthly statements, to qualify for a breakpoint discount based

upon previous purchases. You should consult with your financial advisor and review the mutual fund's prospectus to determine whether the mutual fund uses either NAV or historical costs to determine breakpoint eligibility.

Letters of Intent – Most mutual funds allow investors to qualify for breakpoint discounts by signing a Letter of Intent, which commits the investor to purchasing a specified amount of Class A shares within a defined period of time, usually 13 months. For example, if an investor plans to purchase $50,000 worth of Class A shares over a period of 13 months, but each individual purchase would not qualify for a breakpoint discount, the investor could sign a Letter of Intent at the time of the first purchase and receive the breakpoint discount associated with $50,000 investments on the first and all subsequent purchases. Additionally, some funds offer retroactive Letters of Intent that allow investors to rely upon purchases in the recent past to qualify for a breakpoint discount. However, if an investor fails to invest the amount required by the Letter of Intent, the fund is entitled to retroactively deduct the correct sales charges based upon the amount that the investor actually invested. If you intend to make several purchases within a 13 month period, you should consult your financial advisor and the mutual fund prospectus to determine if it would be beneficial for you to sign a Letter of Intent.

As you can see, understanding the availability of breakpoint discounts is important because it may allow you to purchase Class A shares at a lower price. The availability of breakpoint discounts may save you money and may also affect your decision regarding the appropriate share class in which to invest. Therefore, you should discuss the availability of breakpoint discounts with your financial advisor and carefully review the mutual fund prospectus and its statement of additional information, which you can get from your financial advisor, when choosing among the share classes offered by a mutual fund. If you wish to learn more about mutual fund share classes or mutual fund breakpoints, you may wish to review the investor alerts available on the NASD Web site. See www.nasdr.com/alert_mfclasses.htm, and www.nasdr.com/alert_breakpoints.htm or visit the many mutual fund Web sites available to the public.

Annuities:

Annuities are not suitable for all investors. The Firm has made extensive material concerning annuities available on our website, www.polarinvest1.com in the "Investor Education" section. Additionally each investor who either purchases or exchanges an annuity is required to read and execute the Firm's "Annuity Disclosure and Exchange" form.

Volatility:

PICI wishes to alert you to the existence or potential existence of conditions of extreme volatility in one or more securities traded by you. While we appreciate your business and understand that your strategies may include taking advantage of these volatile conditions, we want you to know that in trading these securities you are assuming the risk of illiquidity, and potential losses as a result of unanticipated market conditions, sudden price moves, influx of orders, trading halts, etc. In particular, please be advised as follows:

- High volumes of trading in a particular security or groups of securities at the opening or during the day may cause delays in execution or executions at prices significantly away from the market prices quoted;
- Normal automated execution processes are quite likely to be overridden during periods of high volatility, including manual executions and reductions of order size guarantees;
- Market orders must be executed promptly and therefore may be at prices and quantities that differ significantly from those expected or displayed;
- While limit orders must be executed at the required price and size, significant delays and even failures of execution may occur if limits are not reached;
- Computerized or other electronic direct access by a customer to an account or trading system do not guarantee that orders will be promptly processed or executed and customers should be aware of the risks of substantial halts or delays and lack of access during periods of extreme volatility, including lack of telephone access;
- While the Firm believes that its systems and those of its clearing organization, if applicable are adequate to service all customers promptly during periods of extreme volatility, there is no guarantee that these systems will not be overloaded on occasion and therefore less effective than normal in providing required service;
- Initial Public Offering (IPO) securities are particularly likely to experience conditions of extreme volatility and investors in these issues should be particularly aware of the risks described above, including specifically the risk that the investor's order may be executed at a "top" from which the price thereafter experiences a precipitous decline;
- The customer may experience that the Firm has raised maintenance margin requirements in their account to make sure that there is enough liquidity to absorb volatile price changes, or eliminating margin altogether for certain securities; and
- The entering of duplicate "cancellation" or "replacement" orders by a customer in order to achieve better execution may lead to the customer being responsible for ALL orders entered.

IF YOU HAVE ANY QUESTIONS ABOUT THE FOREGOING, PLEASE CONTACT YOUR BROKER AND PLEASE TAKE STEPS TO PROTECT YOURSELF THROUGH THE USE OF "LIMIT ORDERS" OR OTHERWISE.

Day Trading

This special Day Trading Risk Disclosure Statement is provided to in the event of opening a Day Trading Account (the "Account") with PICI. Please note that the Firm does not generally allow day trading. You should consider the following points before engaging in day trading activities. For purposes of this notice, "day trading" means the transmission by you of multiple intraday electronic orders to effect both purchase and sale transactions in the same security or securities.

Day trading is extremely risky. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required for current income to meet your living expenses.
Be cautious of claims of large profits from day trading. You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

Day trading requires knowledge of securities markets. Day trading requires in-depth knowledge of the securities markets and trading techniques and

strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

Day trading requires knowledge of the company's operations of each you are dealing with. You should be familiar with each securities firm's business practices, including the operation of the firm's order execution systems and procedures. You should confirm that the firm has adequate systems capacity to permit customers to engage in day trading activities.
Day trading may result in your paying large commissions. Day trading may require you to trade your account aggressively, and you may pay commissions on each trade. The total daily commissions that you pay on your trades may add to your losses or significantly reduce your earnings.

Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day trading strategy also increases the risk of extraordinary losses because you may have to purchase a stock at a very high price in order to cover a short position.

PICI requires prior approval of your Account. Our continuing approval of your Account is conditioned at all times on the following:

1. You have furnished us with current required information as to your trading strategy, financial strength and overall objectives and agree to provide us with updated information as soon as there is any change.
2. You are current in maintaining minimum balance and other financial requirements for the Account.
3. You agree immediately to abide by any request of Firm Name with respect to increasing minimum balance or other requirements in the Account in order to continue operating it, including the posting of security or other collateral.
4. Your transactions in the Account are and continue to be in accordance with the trading strategy described by you and approved by the company.
5. Your conduct of the Account and interaction with company personnel continue to be in accordance with company policies and guidelines.
6. You agree to provide Firm Name and any regulatory authority with complete access to any and all records as to sources and uses of funds, transactions, strategies, etc.

You acknowledge that Firm Name in no way recommends or promotes a "trading strategy," that all orders and transactions with respect to the Account are initiated by you as customer and not solicited or initiated by any person(s) employed by or associated with Firm Name and that you solely and not Firm Name or any of its personnel assume the risk of all losses in and with respect to the Account and you agree to indemnify and hold harmless Firm Name and each of its officers, employees agents and representatives harmless from all loss, liability, claim or expense (including reasonable attorneys fees) arising out of or connected with the Account or any transaction entered into with respect to your "day trading" activities. The above acknowledgement and indemnification is in lieu of and supercedes provisions in any and all other forms, contracts, agreements or other documents which may be in effect or govern any relationship between you as customer and Firm Name and which may be in conflict with the above acknowledgment and indemnification.

Payment for Order Flow

PICI will not accept any payments for order flow. It shall be disclosed on the customer's new account form and the annual report to customers of PICI whether payment for order flow is received by the Firm and the fact that the source and nature of the compensation received in connection with the particular transaction will be furnished upon written request of the customer. These practices ensure the Firm's compliance with SEC Rules 10b-10 and 11Ac1-3. PICI does receive payment from clearing firms for margin debt balances and money market fund balances.

Order Routing Reporting

In an effort to increase visibility of execution quality and promote competition in the securities markets, the SEC in November 2000 adopted Exchange Act Rules 11Ac1-5 and 11Ac1-6.

Rule 11Ac1-6 requires the Firm, if it routes customer orders in equity and option securities, to make publicly available quarterly reports that disclose the venues to which it routes non-directed orders in certain covered securities, including, unlike in Rule 11Ac1-5, listed options. The Rule further requires the Firm to disclose the nature of any relationship it has with those venues, including any payment for order flow arrangements. Finally, the Rule requires the Firm to disclose, upon customer request, the venues to which individual orders were sent for execution.

The Firm routes all its equity and option securities trades through its clearing firm. It therefore relies on its clearing firm to make available the necessary reports to its customers. The Firm informs its customers of the availability of these reports by internet website, www.polarinvest1.com or for those that do not have internet access; a request can be made for a hard copy to be sent via U.S. Postal mail.

PICI's Business Continuity Planning

Polar Investment Counsel, Inc. (PICI) has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do at 262-537-2200, you should call our alternative emergency number 204-656-4063 or go to our web site at www.polarinvest1.com. If you cannot access us through either of those means, you should contact our clearing firm, Southwest Securities, Inc., at 214-859-1800 or their website at www.swst.com for instructions on how it may provide prompt access to funds and securities, enter orders and process other trade-related, cash, and security transfer transactions for our customers.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business. Our clearing firm, Southwest Securities, Inc. backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within 4 to 24 hours. Your orders and requests for funds and securities could be delayed during this period.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within 1 hour. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 24 hours. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our web site www.polarinvest1.com or our alternate emergency number 204-656-4063, how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

For more information – If you have questions about our business continuity planning, you can contact us at 262-537-2200 or email mjordan@polarinvest1.com.

Outside Inquiries Concerning Your Account(s)

Please be extremely careful concerning outside telephonic inquiries on your account(s), unless the individual making such an inquiry is known to you personally. We encourage you to contact a senior principal of the Firm or your own counsel prior to responding to such an inquiry. In this day and age of identity theft and so forth, such precautions are for your own protection.

SIPC Coverage

SIPC (Securities Investment Protection Corporation) is an important part of the overall system of investor protection in the United States. While a number of federal, self-regulatory and state securities agencies deal with cases of investment fraud, SIPC's focus is both different and narrow: Restoring funds to investors with assets in the hands of bankrupt and otherwise financially troubled brokerage firms. The Securities Investor Protection Corporation was not chartered by Congress to combat fraud.

When a brokerage firm is closed due to bankruptcy or other financial difficulties and customer assets are missing, SIPC steps in as quickly as possible and, within certain limits, works to return customers' cash, stock and other securities. Without SIPC, investors at financially troubled brokerage firms might lose their securities or money forever or wait for years while their assets are tied up in court. SIPC provides up to $500,000 protection for claims of cash and securities with a limit of $100,000 for claims of cash.

PICI is a member of SIPC. Visit their website for more information: SIPC**.**

Complaints or problems can be directed to: Michael C. Jordan, email: mjordan@polarinvest1.com or phone: 262-537-2200.

Please visit the Investor Education section of our web site: www.polarinvest1.com

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