

Disclosure of Credit Terms on Transactions

Customer Copy

Please keep this document for your records

Dear Customer:

Securities and Exchange Commission Rule 10b-16 requires a broker who extends credit to a customer in connection with any security transaction to furnish the customer specified information describing the terms, conditions and methods pursuant to which interest charges are made to customers' accounts. This statement is sent to you in conformity with that rule.

Interest will be charged on all accounts for any credit extended to or maintained for customers by the firm for the purpose of purchasing, carrying or trading in securities or otherwise.

The annual rate of interest you will be charged may vary from a minimum of .50% to a maximum of 2.50% above the National Financial Base Lending Rate ("NFBLR"), depending upon the amount of your average debit balance. The NFBLR is set at the discretion of NFS with references to commercially recognized interest rates, industry conditions regarding the extension of margin credit, and general credit conditions.

Current rates are as follows:

Average Debit Balance	Interest to be Charged Above NFBLR
\$0 — \$9,999	2.50%
\$10,000 — \$24,999	2.25%
\$25,000 — \$99,999	1.25%
\$100,000 — \$499,999	0.75%
\$500,000 and over	0.50%

In determining the daily debit balance and the resulting rate of interest we will combine the margin account balances in all accounts, except Type 3-Short Accounts and Type 9-Income Accounts. Interest is then computed for each account based on the rate resulting from averaging the daily debit balances during the interest period.

Your rate of interest will be changed without notice in accordance with changes in the NFBLR and in your average debit balance. When your interest rate is to be increased for any other reason, you will be given at least 30 days' written notice. If NFBLR is expressed as a range, NFS may apply the highest end of the range.

Your monthly statement will show the dollar amount of interest and the interest rate charged to your account. There will be no interest charge reflected on your statement if your monthly charge is less than \$1.00. An interest cycle will cover the period beginning with the first business day following the 20th of each month.

All securities or other property held by us in any of your accounts are collateral for any debit balances. A lien is created by those debits to secure the amount of money owed to us. This means securities or other assets in any of your accounts can be sold, withdrawn, transferred or converted to reduce or liquidate entirely any debit balances in your accounts, as authorized in your Margin Account Agreement.

If there is a decline in the market value of the securities or other assets which are collateral for your debits, it may be necessary for us to request additional margin. Ordinarily, a request for additional margin will be made when the equity in the margin

account (the market value of the securities or other assets in the account in excess of the debit balances) falls below our margin maintenance requirements, which may change from time to time without notice. We retain the right to require additional margin any time we deem it desirable. Margin calls can be met by delivery of cash or additional securities.

Other Charges. Separate charges at an annual rate of 2.5% above NFBLR may be made in the Type 1-Cash Account in connection with:

- Prepayments (by approval only) — payments to a customer of the proceeds of a security sale before the regular settlement date.
- "When-Issued" transactions — when the market price of the "when-issued" security deteriorates from the customer's contract price by an amount that exceeds the customer's cash deposit, interest may be charged on such excess.
- Late payments — payments for securities purchased which are received past settlement date.

Interest Computation. Interest on debit balances is computed by multiplying the average daily debit balance of the account by the applicable interest rate in effect and dividing by 360, times the number of days a daily debit balance was maintained during the interest period. Interest charged during the interest period is the total of such daily computations. The daily debit balance of the account is the aggregate daily debit balance for all accounts other than your Type 3-Short and Type 9-Income Accounts.

Example: NFBLR of 8% — Applicable Interest Rate 10.5%

Date	Daily Debit Balance
June 17	\$ 0
June 18	5,000
June 19	10,500
June 20	8,000
Total of 3 Days	\$23,500

\$23,500 divided by 3 equals 7,833 (daily average balance), times 10.5% (applicable rate) divided by 360 equals \$2.28 (the daily interest charge), times 3 (the number of days account had a net debit balance during the interest period) equals an interest charge of \$6.85.

Marking to Market. The credit balance in the Type 3-Short Account will be decreased or increased in accordance with the corresponding market values of all short positions. Corresponding debits or credits will be posted to the Type 2-Margin Account. These entries in the Type 2-Margin Account will, of course, affect the balance on which interest is computed. Credits in your Type 3-Short Account, other than Marking to Market, will not be utilized to offset your Type 2-Margin Account balance for interest computation.

Notice to Customers

Financial Industry Regulatory Authority, Inc. rule 4311 requires that your Broker/Dealer and NFS allocate between them certain functions regarding the administration of your brokerage account. The following is a summary of the allocation services performed by your Broker/Dealer and NFS. A more complete description is available upon request.

Your Broker/Dealer is responsible for: (1) obtaining and verifying brokerage account information and documentation, (2) opening, approving and monitoring your brokerage account, (3) transmitting timely and accurate instructions to NFS with respect to your brokerage account, (4) determining the suitability of investment recommendations and advice, (5) operating and supervising your brokerage account and its own activities in compliance with applicable laws and regulations, including compliance with margin rules pertaining to your margin account, and (6) maintaining of required books and records for the services it performs.

NFS shall, at the direction of your Broker/Dealer: (1) execute, clear and settle transactions processed through NFS by your Broker/Dealer, (2) prepare and send transaction confirmations and periodic statements of your brokerage account (unless your Broker/Dealer has undertaken to do so). Certain pricing and other information may be provided by your Broker/Dealer or obtained from third parties, which has not been verified by NFS, (3) act as custodian for funds and securities received by NFS on your behalf, (4) follow the instructions of your Broker/Dealer with respect to transactions and the receipt and delivery of funds and securities for your brokerage account, and (5) extend margin credit for purchasing or carrying securities on margin. Your Broker/Dealer is responsible for ensuring that your brokerage account is in compliance with federal, industry and NFS margin rules, and for advising you of margin requirements. NFS shall maintain the required books and records for the services it performs.

I ACKNOWLEDGE THAT MY SECURITIES MAY BE LOANED TO YOU OR OTHERS AND THAT I HAVE READ AND RETAINED A COPY OF THE MARGIN DISCLOSURE STATEMENT AND MARGIN AGREEMENT. I understand that this account is governed by a pre-dispute arbitration agreement which appears on the last page of the Margin Account Agreement.