PHILADELPHIA BROKERAGE CORPORATION

Member NASD & SIPC

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Dear Customer:

This letter contains important information for our customers.

Payment for Order Flow Practices

We are required by Securities and Exchange Commission rules to inform you on an annual basis of our policy regarding the receipt of "payment for order flow" from various third parties in connection with the routing of customer orders for execution. Those rules define payment for order flow as "any monetary payment, service, property or other benefit that results in remuneration, compensation or consideration to a broker or dealer from any broker or dealer, national securities exchange, registered securities association or exchange member in return for the routing of customer orders by such broker or dealer to any broker or dealer, national security exchange, registered securities association or exchange member for execution, including but not limited to: research, clearance, custody, products or services; reciprocal agreements for the provision of order flow; adjustment of a broker or dealer's unfavorable trading errors; offers to participate as an underwriter in public offerings; stock loans or shared interest accrued thereon; discounts, rebates, or any other reductions of or credits against any fee to, or expense or other financial obligation of, the broker or dealer routing a customer order that exceeds that fee, expense or financial obligation."

Philadelphia Brokerage Corporation (PBC) has the obligation to execute its customers' orders at the most favorable terms possible under the circumstances surrounding the customers' orders. Under these conditions, PBC attempts to execute its customers' orders at the national best bid or offer. In addition, PBC will provide price improvement on its customers' orders whenever such opportunities are reasonably available.

PBC utilizes point-to-point telecommunication lines in order to transmit order flow to various executing venues. These lines are used to facilitate speedy transmission of order flow for execution. Certain of these telecommunication lines are paid for by the executing venues.

PBC may route order flow to Electronic Communication Networks ("ECN's") to meet its best execution obligations. In sending order flow to these ECN's, PBC may receive reductions in its monthly ECN charges in the form of rebates. At present, these rebates may range from .20 to .30 per 100 shares of order flow routed.

In accordance with SEC Rule 11Ac1-6(c), PBC will, upon your request, disclose to you the identity of the venue to which your directed and non-directed orders were routed for execution in the six month prior to your request, as well as the time of the transactions.

"Held" or "Not Held" Orders

This will confirm our understanding of the manner in which you want us to handle orders you may place for Nasdaq securities. Absent specific instructions to the contrary, we understand that when you place an order with us, you our directing that we handle your orders on a "not held" basis, which means you are giving us discretion to exercise our brokerage judgment to seek to obtain the best execution for your order. In addition, where an order is executed in more than one transaction, our policy is for the confirmation of such transactions to indicate an "average price" instead of the price of each partial execution (as further described below). "Held" orders do not permit us to exercise discretion in handling your order. Depending on whether your order is a limit or market order, "held" orders obligate us to execute your market order immediately at the than prevailing market price or your limit order at the limit price (or better), which may not necessarily be the best price that can ultimately be obtained. Further, under current limit order rules, "held" limit orders may often require us to sell shares at the same price at which we bought them, and therefore may cause us to charge a fee or commission on "held" limit orders. "Not held" orders, on the other hand, give us the flexibility and discretion to act in your best interest by working your order to seek to obtain the best execution possible.

PBC believes that by exercising appropriate judgment and discretion with respect to your order, it can achieve the best execution possible under the circumstances. Therefore, unless you give us specific instructions to treat such order differently at the time you place an order, we will treat the order as “not held” and will work that order accordingly. Please be advised that under National Association of Securities Dealers (“NASD”) rules as interpreted by the NASD Regulation, Inc. a “not held” order is not a priced order. Consequently, PBC is permitted to trade for its own account at prices equal to, or better than, those of “not held” orders (that is, there are no Manning obligations), and PBC is not required to match incoming market orders with unexecuted better priced limit orders. Nevertheless, any purchases or sales done by PBC must be consistent with our efforts to provide best execution of such orders.

Average Price Confirmations

In order to provide you with best execution, we may work your equity order by executing it in more than one transaction during the course of a trading day, or we may aggregate your order with other orders and execute them as a block or in multiple smaller transactions.

In such cases, our policy is to provide our customers with an average price confirmation that summarizes the aggregate amount of securities purchased or sold and the “average price” of the executions. The confirmation will also indicate the capacity or capacities in which PBC acted (that is, principal, agent or dual agent) and the possibility that your order may have been aggregated with other customer orders and may have been executed in more than one market. Although the confirmation does not list the details of the individual executions and capacities, we are pleased to make such information available to you upon request.

Should you not concur with our treatment of your orders as “not held” or our practice of providing average price confirmations as described in the sections above, please respond in writing to your sales representative within 30 days and instruct us accordingly. In the absence of a written response, we will continue to treat your orders as “not held” and provide you with average price confirmations.

Margin Account Disclosures (Applicable to Customers Who Maintain Margin Accounts)

Securities purchased on margin are PBC’s collateral for the loan to you. If the securities in your account decline in value, so does the collateral supporting your loan, and, as a result, PBC can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with PBC, in order to maintain the required equity in the account. It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **You can lose more funds than you deposit in a margin account.**
- **PBC can force the sale of securities or other assets in your account(s).**
- **PBC can sell securities or other assets without contacting you.**
- **You are not entitled to chose which securities or other asset in your account(s) are liquidated or sold to meet a margin call.**
- **PBC can increase its “house” maintenance requirements at any time and is not required to provide you advanced written notice.**
- **You are not entitled to an extension of time on a margin call.**

Investor Education and Protection

In addition, we are required by NASD conduct rule 2280 to provide you with information about the availability of information through the NASD’s Public Disclosure Program. Consequently, please be advised that the NASD offers an investor brochure describing the Public Disclosure Program. The investor brochure may be obtained via the NASD Web Site (www.nasdr.com) or through NASD Public Disclosure Program Hotline Number at (800) 289-9999.

If you have any questions concerning this notice, please contact us.

Very truly yours,

Philadelphia Brokerage Corp