STIFEL ADVISORY SERVICES

Consulting Services
Financial Planning
Fiduciary Services

DISCLOSURE BROCHURE

This brochure contains information about the Stifel Advisory Programs that should be considered before becoming a client of these programs. These programs include the Stifel Managed Assets Program, Stifel Managed Funds Program, Stifel Core Portfolios Program, Stifel Advisory Account, Stifel Select Managed Account Program, Stifel Retirement Plan Advisory Program, Stifel Investor Advisory Program, Stifel Consulting Program, Stifel Commission-Based Advisory Program, Saratoga Advantage Trust, SEI Asset Management Program, The Dunham Asset Allocation Program, Stifel Wealth Strategist Report®, Stifel Individual Financial Goal Analysis, and the Stifel/Comerica Bank & Trust Alliance. This information has not been approved or verified by any government authority.

02/04/2008

Stifel, Nicolaus & Company, Incorporated
501 North Broadway
St. Louis, Missouri 63102
(314) 342-2000

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GENERAL INFORMATION

Stifel, Nicolaus & Company, Incorporated (Stifel) is registered with the Securities and Exchange Commission (SEC) as a securities broker-dealer under the Securities Exchange Act of 1934 and as an investment adviser under the Investment Advisers Act of 1940. Stifel also is registered as a futures commission merchant under the Commodities Exchange Act. Stifel is a member of the Financial Industry Regulatory Authority (FINRA), the New York, American, Chicago and Philadelphia stock exchanges, and the Chicago Board of Options Exchange. Stifel also acts as an underwriter of corporate and municipal securities. Stifel maintains possession of Client funds and securities and is a member of the Securities Investor Protection Corporation (SIPC).

Stifel provides several investment advisory programs as described below. Typically, these services are provided by Stifel's Financial Advisors who also are registered as investment adviser representatives. Stifel's services are provided to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and general corporate and business entities.

STIFEL ADVISORY PROGRAMS

Consulting Services Programs:
Stifel Managed Assets Program
Stifel Managed Funds Program
Stifel Core Portfolios Program
Stifel Advisory Account
Stifel Select Managed Account Program
Saratoga Advantage Trust Program
SEI Asset Management Program
The Dunham Asset Allocation Program*

Advisory Services Programs:
Stifel Retirement Plan Advisory Program
Stifel Investor Advisory Program
Stifel Consulting Program

Financial Planning Programs:
Stifel Wealth Strategist Report®
Stifel Individual Financial Goal Analysis

Fiduciary Services Programs:
Stifel/Comerica Bank & Trust Alliance

Commission-Based Advisory Programs:
Stifel Commission-Based Advisory Program

Stifel offers the Consulting Services and Fiduciary Services investment advisory programs described above on a wrap fee basis. This means that the cost of Stifel's investment supervisory and custodial services, the services of any outside money manager (if applicable), and the cost of executing brokerage transactions are "wrapped" into a single annual fee based on the value of the Client's portfolio. The Financial Planning investment advisory programs are offered on a flat fee basis and the Advisory Services Programs are offered on either a flat fee or percentage of assets fee basis.

Client should consider that a wrap fee may or may not exceed the aggregate cost of services provided if they were provided separately depending upon, among other factors: (1) the amount of the wrap fee; (2) the level of portfolio activity in a Client's account; and (3) the value of custodial and other services provided under the wrap fee program.

The Consulting Services Programs listed above typically include the following services:

- Ongoing consultation with a Stifel Financial Advisor
- Identification and analysis of Client's investment objectives and policy
- Statement of Objectives and Asset Allocation Report
- Investment manager search and recommendations, where applicable
- Ongoing management of Client's portfolio by Stifel, selected investment manager(s), or mutual fund portfolio manager
- Advisory fees of Stifel and independent investment managers combined together into a single annual fee (except fees of mutual fund portfolio managers)
- Custody of securities
- Automatic sweep of cash funds in Client's account into a money market fund
- Monthly activity statements
- Quarterly Performance Review
- Economic and Stock Market Conditions
- Annual review of Client's Statement of Objectives and Policy
- Annual capital gains and losses report
- All Stifel brokerage commissions

* Also offered on a performance fee basis.

STIFEL MANAGED ASSETS PROGRAM (SMAP)

SMAP uses a comprehensive and structured approach to guide Clients through the investment planning and portfolio management process. This process typically consists of four major steps:

- Establishing Objectives and Determining Investment Policy
- Determining Asset Allocation
- Selecting Investment Managers
- Monitoring the Client's Portfolio and Evaluating the Investment Managers' Performance

For each Client portfolio of $100,000 or more, Stifel will recommend an independent investment manager(s) to manage the Client's portfolio. Stifel currently maintains a list of over 20 registered investment advisers that it recommends. Stifel enters into a sub-advisory agreement with the portfolio investment manager(s) chosen by the Client and Stifel pays the manager's fees out of its fee. All brokerage transactions are executed by the independent investment managers through Stifel, except in certain limited circumstances, and the commissions are included in the wrap fee for the program. Stifel's fee does not include commissions for transactions executed through other brokerage firms. For each independent investment manager selected by a Client, the Client will receive a Part II of Form ADV for that manager which will contain information about the manager's business and portfolio management techniques.

<u>Selecting the Investment Manager</u>

Stifel will identify investment managers who represent various investment strategies ranging from fixed income to equity investing. These managers are also geographically diverse, and they represent a variety of investment philosophies ranging from conservative to aggressive. Stifel uses a database of research and statistics to review the performance of each manager and will perform individual annual evaluations with respect to each manager's performance and operations. Stifel seeks out managers who have demonstrated their ability to successfully manage money. When considering the selection of a professional investment manager, there are several important factors Stifel considers including relative investment performance, investment style and philosophy, geographic location, account minimum, assets under management, number of investment professionals on staff, and number of years in business.

Stifel will replace or recommend replacement of an independent investment manager for the following reasons:

- Failure to maintain accurate Client account statements;
- A substantial change in the manager's investment style inconsistent with the style, philosophy, and policies upon which the manager was hired;
- The manager invests in prohibited securities or fails to abide by Client's stated investment objectives and/or restrictions;
- The manager fails to abide by the terms or conditions of the sub-advisory agreement or any amendments thereto; or
- The manager fails to demonstrate acceptable performance.

When Client seeks an investment manager(s), Client and his or her Financial Advisor will complete an Assessment Questionnaire, which will be sent to the Client's selected manager. Clients are requested quarterly to notify Stifel if there has been a change in the Client's investment status. The investment manager is then notified of changes in the Client's investment or financial status. Client may request reasonable restrictions to be placed on their account. Requests for restrictions should be discussed with and approved by the Stifel Consulting Services Department and the investment manager in advance to determine the reasonableness of such request.

Client's manager(s) will select and monitor the individual securities in Client's portfolio based on the particular investment style and criteria established by the investment manager, as outlined in Stifel's manager profile and the manager's marketing material. The SMAP managers are also responsible for providing manager performance information which is made available to the Client.

ADVISORY FEE SCHEDULE

	Account Value		Annual Fee
Stifel Managed Assets Program	Equity and Balanced		
	First	$150,000	3.00%
	Next	$350,000	2.75%
	Next	$500,000	2.25%
	Next	$1,000,000	2.00%
	Over	$2,000,000	1.75%
	Fixed Income		
	First	$500,000	1.25%
	Next	$500,000	1.10%
	Next	$1,000,000	0.85%
	Over	$2,000,000	0.75%

Stifel Nicolaus acquired Focus Advisors with the Ryan Beck transaction in 2007. As of the date of this document and subject to certain exceptions, all existing Ryan Beck fee arrangements were honored by Stifel Nicolaus. As such the fee schedule charged on Focus Advisors accounts may differ from the fee schedule for the Stifel Managed Assets Program referenced here.

STIFEL MANAGED FUNDS PROGRAM (SMFP)

The Stifel Managed Funds Program (SMFP) offers clients a comprehensive and structured approach to the investment planning and portfolio management process for a minimum $25,000 investment. This process typically consists of four major steps:

- Establishing Objectives
- Determining Asset Allocation Strategy
- Selecting the Appropriate Mutual Fund(s) and/or Exchanged Traded Fund(s)
- Monitoring the Client's Portfolio and Evaluating the Mutual Funds' and Exchange Traded Funds' Performance

When a SMFP account is opened, the Client (assisted his or her Stifel Financial Advisor) will complete an Assessment Questionnaire. The Client's personalized asset allocation model will be based on the information provided in this Questionnaire. The Client is responsible for notifying their Stifel Financial Advisor when changes occur that may necessitate a modification in the investment strategy. Client may request reasonable restrictions to be placed on their account. Requests for restrictions should be discussed with and approved by the Stifel Consulting Services Department and the investment manager in advance to determine the reasonableness of such request.

This program is available on a discretionary or non-discretionary basis. Discretionary clients authorize Stifel to implement their personalized asset allocation strategy by investing available assets in a portfolio of load-waived and no-load mutual funds or exchange traded funds (ETFs). Discretionary clients may choose between two alternatives: models that utilize mutual funds within an asset allocation, and models that utilize exchange traded funds within an asset allocation. The fund selections are based on the recommendations of the Stifel Consulting Services Review Committee. This committee selects appropriate investments from a large universe of mutual funds and ETFs. The recommendations are based on the following criteria: investment objective, management style, long-term performance record, risk level, manager tenure, asset size, and annual expense ratio. The committee will review its choices on a quarterly basis, and discretionary accounts will be adjusted when this group no longer recommends a current portfolio holding. SMFP is also available on a non-discretionary basis. This structure allows clients (and their Stifel Financial Advisor) to pursue their asset allocation strategy by making their own investment selections from a universe of several hundred mutual funds and/or ETFs available through this program.

On a fully disclosed basis, Stifel generally executes load-waived mutual fund transactions through National Securities Clearing Corporation (NSCC). No-load mutual fund transactions are executed through NSCC or TD Waterhouse Institutional Services. Stifel generally executes ETFs through the American Stock Exchange, Midwest Stock Exchange, or the New York Stock Exchange. Stifel seeks the exchange with the best execution.

All advisory fees and other annual expenses assessed by mutual fund companies and ETFs are separate and in addition to the program wrap fee charged by Stifel. Mutual fund expenses may include 12b-1 distribution fees, which can be paid to Stifel and/or its Financial Advisors.

Clients will be provided with a current prospectus for each mutual fund purchased through the SMFP. A series of prospectuses are available for ETFs and are provided when the first ETF trade is done in that series. Clients should review each prospectus for additional information regarding the fund, including details concerning the separate advisory fees and other expenses charged by the mutual fund company or ETF.

ADVISORY FEE SCHEDULE

		Account Value	Annual Fee
Stifel Managed Funds Program	First	$100,000	2.00%
	Next	$150,000	1.75%
	Next	$250,000	1.50%
	Next	$500,000	1.25%
	Over	$1,000,000	1.00%

Stifel Nicolaus acquired Fund Portfolio Solutions (FPS) with the Ryan Beck transaction in 2007. As of the date of this document and subject to certain exceptions, all existing Ryan Beck fee arrangements were honored by Stifel Nicolaus. As such the fee schedule charged on Fund Portfolio Solutions accounts may differ from the fee schedule for the Stifel Managed Funds Program referenced here.

Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor. The investment return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost.

STIFEL CORE PORTFOLIOS PROGRAM (S/CORE)

A Client may choose one of several investment portfolios that fall under the oversight of the Stifel Consulting Services Review Committee. After completing an Assessment Questionnaire and executing an advisory agreement, Client may invest in one of the following S/CORE portfolios:

- Preferred Client Portfolio - $100,000 minimum initial investment. The Preferred Client Portfolio is derived from models constructed by Standard & Poor's Investment Advisory Services, an independent third party to Stifel. The Preferred Client Portfolio selects stocks from the top three rated categories in Standard & Poor's Stock Appreciation Ranking System ("STARS"), and combines this with S&P's macroeconomic viewpoint, technicals for the stock, S&P analyst insights, and accumulation of shares by insiders and institutions. The result is a portfolio that consists of approximately 20 - 30 stocks representing companies having a sustainable competitive advantage, high profitability, consistency in earnings growth, a strong balance sheet, international competitiveness and a favorable long-term outlook.

- Platinum Portfolio - $100,000 minimum initial investment. The Platinum Portfolio is derived from the Standard & Poor's Platinum Portfolio, a model portfolio provided to Stifel by Standard & Poor's, an independent third party to Stifel. The Platinum Portfolio combines the top-rated stocks from Standard & Poor's Stock Appreciation Ranking System ("STARS") and Standard & Poor's proprietary Fair Value quantitative ranking system. For a stock to be eligible for purchase in the Platinum Portfolio, it must carry a ranking of 5 STARS and a Fair Value ranking of 5. Stocks are removed from the Platinum Portfolio model upon losing the top rating in both systems. Five STARS stocks are those expected by Standard & Poor's equity analysts to be among the best performers relative to the S&P 500 over the next 12 months. The Fair Value Model calculates a stock's weekly Fair Value—the price at which a stock should trade at current market levels—based on fundamental data such as corporate earnings and growth potential, price-to-book value, return on equity, and current yield relative to the S&P 500. A Fair Value ranking of "5" indicates the stock is significantly undervalued, implying more powerful price appreciation potential. The Platinum Portfolio model is designed, constructed, and maintained solely by Standard & Poor's. While Stifel has the intention of replicating the Platinum Portfolio model in the S/CORE program, there may be instances where Stifel's Platinum Portfolio accounts differ from the Standard & Poor's Platinum Portfolio model. Differences between Stifel's Platinum Portfolio accounts and Standard & Poor's Platinum Portfolio model may create a disparity in reported performance between the two.

- Neural Fair Value 20 Portfolio - $50,000 minimum initial investment. The Neural Fair Value 20 Portfolio is derived from the Standard & Poor's Neural Fair Value 20, a model portfolio provided to Stifel by Standard & Poor's, an independent third party to Stifel. The Neural Fair Value 20 Portfolio is created by combining the Standard & Poor's Fair Value Model and the Neural Model, Standard & Poor's proprietary quantitative stock ranking systems. The Standard & Poor's Fair Value rating system calculates a stock's weekly fair value—the price at which it should trade at current market levels—based on fundamental data such as corporate earnings and growth potential. The Neural Model is based on "Neural Networks" theory, an artificial intelligence concept designed to replicate the human brain's ability to learn from mistakes. During a neural model's training period, inputs are adjusted to reduce the model's prediction errors. In the Standard & Poor's Neural Model, Standard & Poor's inputs the factors that produced better market performance during the most recent six-month period. The Fair Value data is filtered through the Neural Model, creating the Neural Fair Value universe of equities. The 20 stocks in the Neural Fair Value universe with the greatest expected price appreciation potential form the Neural Fair Value 20 Portfolio Model. A stock is added to the Standard & Poor's Neural Fair Value Model when its Neural rank is "5," its Earnings Surprise rank is "A," and its Timing Index is "+." It must also have an average daily trading volume of $4 million or higher and an average debt to equity ratio of 1 or less. A stock is removed from the Neural Fair Value 20 Model when its Neural rank is less than "3" and either its Timing Index turns negative or its Earnings Surprise rank is less than "B." The Fair Value Portfolio Model is designed, constructed, and maintained solely by Standard & Poor's. While Stifel has the intention of replicating the Neural Fair Value Portfolio model in the S/CORE program, there may be instances where Stifel's Fair Value Portfolio accounts differ from the Standard & Poor's Neural Fair Value Model. Differences between Stifel's Fair Value Portfolio accounts and Standard & Poor's Neural Fair Value Portfolio model may create a disparity in reported performance between the two.

- Stifel Select Quality Portfolio - $100,000 minimum investment. This portfolio is constructed by Stifel's Portfolio Strategy Group and is an aggressive strategy appropriate for risk-tolerant investors seeking long-term capital appreciation. Stock selection for the portfolio utilizes quantitative analysis of company fundamentals and market expectations of 1600 stocks. The strategy selects 30 stocks with higher quality fundamentals that are currently identified as below their average valuation level. The portfolio is diversified across the 10 Standard and Poor's defined sectors and stock selections are confined to a minimum price, trading volume, and additional criteria to eliminate unfavorable attributes. The portfolio is reviewed on a quarterly basis to optimize exposure to the stock selection criteria.

- Stifel Redline 15 Portfolio - $100,000 minimum investment. This portfolio is constructed by Stifel's Portfolio Strategy Group and is an aggressive strategy appropriate for risk-tolerant investors seeking long-term capital appreciation. Stock selection for the portfolio utilizes quantitative analysis of company fundamentals and market expectations of 1600 stocks. The strategy selects 15 stocks from within the S&P 500 that are currently identified as at an extreme below their average valuation level. The portfolio is reviewed on a monthly basis to optimize exposure to the stock selection criteria. Stocks are removed based upon an increasing valuation or violating various criteria designed to control for risk. This portfolio is expected to have a high level of turnover and volatility.

- Stifel Quality Dividend Portfolio - $50,000 minimum investment. This portfolio is constructed by Stifel's Portfolio Strategy Group and appropriate for investors seeking long term capital appreciation through investing in high quality stocks with above-average dividend yield. Stock selection for the portfolio utilizes quantitative analysis of company fundamentals and market expectations of 1600 stocks. The strategy selects 20 high-yielding stocks with higher quality fundamentals that are currently identified as below their average valuation level. Stock selections are confined to a minimum price, limited sector and industry exposure, and additional criteria to eliminate unfavorable attributes. The portfolio is reviewed on a quarterly basis to optimize exposure to the stock selection criteria. Stock positions are removed based upon a sharp deterioration in quality, dividend cuts, or becoming less favorable in our quantitative models.

- Stifel Enhanced Core Portfolio - $50,000 minimum investment. This portfolio is constructed by Stifel's Portfolio Strategy Group and is a strategy appropriate for risk-tolerant investors seeking long-term capital appreciation. The Stifel Enhanced Core portfolio utilizes mutual funds that track the performance of sectors and industry groups. Using quantitative analysis of company fundamentals and market expectations of 1600 stocks, the strategy identifies the 12 most favorable sector/industry groups and equally weights them in a portfolio. Each month, the portfolio is rebalanced to reflect the current 12 most favorable sector/industry groups. This portfolio is expected to have a high level of turnover.

- Stifel Industry Opportunity Portfolio - $50,000 minimum investment. This portfolio is constructed by Stifel's Portfolio Strategy Group and is an aggressive strategy appropriate for risk-tolerant investors seeking long-term capital appreciation. The Industry Opportunity portfolio utilizes mutual funds that track the performance of sectors and industry groups. Using quantitative analysis of company fundamentals and market expectations of 1600 stocks, the strategy identifies the four most favorable sector/industry groups and equally weights them in a portfolio. Each month, the portfolio is rebalanced to reflect the current most favorable sector/industry groups. This portfolio is expected to have a high level of turnover.

- Stifel Research Opportunity Portfolio - $100,000 minimum investment. This portfolio is constructed by Stifel's Portfolio Strategy Group and is an aggressive strategy appropriate for risk-tolerant investors seeking long-term capital appreciation. Stock selection for the portfolio utilizes quantitative analysis of company fundamentals and market expectations of 1600 stocks, as well as fundamental analysis from Stifel Equity Research analysts. The strategy selects 20 stocks that are rated buy by a Stifel Equity Research analyst and are currently identified as below their average valuation level. The portfolio is reviewed on a monthly basis to optimize exposure to the stock selection criteria. Stocks are removed based upon a downgrade to sell by a Stifel Equity Research analyst, or becoming less favorable in our quantitative models. This portfolio is expected to have a high level of turnover.

- Stifel Socially Responsible Select Quality Portfolio - $100,000 minimum investment. This portfolio is constructed by Stifel's Portfolio Strategy Group and is an aggressive strategy appropriate for risk-tolerant investors seeking long-term capital appreciation. Stock selection for the portfolio utilizes quantitative analysis of company fundamentals and market expectations of 1600 stocks. The strategy selects 30 stocks with higher quality fundamentals that are currently identified as below their average valuation level. The portfolio is diversified across the 10 Standard and Poor's defined sectors and stock selections are confined to a minimum price, trading volume, and additional criteria to eliminate unfavorable attributes. Additional screens are run on this universe of securities to exclude companies that have operations in areas that may be deemed socially unacceptable. These areas include, but are not limited to: adult entertainment, alcohol, animal testing, board composition, contraceptives / abortifacients, environment, firearms for the non-military market, gambling, stem cell research, tobacco, or any company that is not covered by Institutional Shareholder Services (ISS). ISS software is utilized to conduct the screening of companies for this portfolio.

- Stifel Russell Portfolios - $50,000 minimum initial investment. Fund of mutual funds program that utilizes funds constructed by Russell Investment Management. Program contains eleven portfolios that range from conservative (predominantly fixed income) to aggressive (all equity portfolio). All portfolios are invested in Russell mutual funds which have various investment goals and objectives. Russell selects the sub-advisors for each of their mutual funds based upon their investment manager due diligence.

- Washington Crossing Advisors CONQUEST Portfolios - $50,000 minimum initial investment. These portfolios are constructed by Stifel's Washington Crossing Advisors. The Washington Crossing Advisors CONQUEST Portfolios seek to ad value by actively allocating assets among US equities, bonds, commodities and foreign assets. CONQUEST does this using exchange traded funds – also known as ETFs, and tax-exempt bond mutual funds. The approach is intended to reduce overall risk in three ways; by diversifying away the majority of risk associated with individual companies, improving liquidity through the use of highly marketable ETFs, and by maintaining a diversified portfolio across many asset classes and throughout a variety of market conditions. CONQUEST further pursues additional returns by tilting portfolio weights to those assets expected to outperform in the coming months while reducing exposure to those assets expected to underperform. This process is commonly referred to as tactical asset allocation. CONQUEST accounts are structured based on investor requirements including tax-exempt, conservative, balanced, growth, and aggressive growth strategies.

- Washington Crossing Advisors Sector Enhanced Portfolios - $50,000 minimum initial investment. These portfolios are constructed by Stifel's Washington Crossing Advisors. The Washington Crossing Advisors Sector Enhanced Portfolios seek to ad value by actively allocating assets among US equities, bonds, commodities and foreign assets. The Sector Enhanced Portfolios do this using exchange traded funds – also known as ETFs. The approach is intended to reduce overall risk in three ways; by diversifying away the majority of risk associated with individual companies, improving liquidity through the use of highly marketable ETFs, and by maintaining a diversified portfolio across many asset classes and/or sectors throughout a variety of market conditions. Washington Crossing Advisors further pursues additional returns by tilting portfolio weights to those assets expected to outperform in the coming months while reducing or eliminating exposure to those assets expected to underperform. This process is commonly referred to as tactical asset allocation. The Sector Enhanced Portfolios are structured based on investor objectives and include sector rotation, tax-exempt, balanced taxable, balanced tax-free, growth, and aggressive growth strategies.

- Washington Crossing Advisors VICTORY Portfolio - $100,000 minimum initial investment. This portfolio is constructed by Stifel's Washington Crossing Advisors. The Washington Crossing Advisors equity portfolio invests primarily in equity securities of domestic companies deemed growing, profitable and well capitalized. A proprietary screening and evaluation process attempts to identify companies with positive after tax free cash flow, high rates of return on capital, improving revenue growth and margin expansion. The portfolio is a long-only, non-leveraged strategy that uses cash as a hedge against market and company specific risk.

- Stifel Laffer Global ETF Portfolio - $50,000 minimum initial investment. Portfolio consists of eight equally weighted country specific Exchange Traded Funds (ETFs) that are recommended by Laffer Investments. Selection of each country specific ETF is based upon Laffer's global competitiveness ranking system which determines which countries are best positioned for growth in the year ahead. The ranking system incorporates variables such as exchange rates, changes to tax rates for dividend, individuals and corporations. The top eight countries based on this ranking system are placed in a portfolio and equally weighted. The portfolio may allocate up to 25% in emerging market countries.

Generally, clients who invest in a S/CORE Portfolio will own the same securities as other Clients who invest in that Portfolio. Clients will have separate accounts and will retain ownership of individual securities. Clients will be permitted to place reasonable restrictions on securities purchased in their account. A Stifel Financial Advisor will be the primary contact person for Clients who invest in a S/CORE Portfolio. Clients are requested quarterly to notify Stifel if there has been a change in their investment or financial status.

Whenever a security is removed or downgraded by Stifel's national research source(s) from its preferred list, Stifel may remove that security from the corresponding S/CORE Portfolio. When the national research source adds a security to its preferred list, Stifel may purchase that security for the corresponding S/CORE Portfolio. Stifel will invest cash in money market funds for future purchases and will re-balance the portfolio when appropriate.

All S/CORE trades are executed through Stifel on an agency basis. Stifel typically blocks S/CORE trades for Client accounts and allocates them on a pro-rata basis at an average price per share. Stifel attempts to fill all orders placed on the same day in the same block trade. Orders that cannot be filled in the same block trade or at the same average price are assigned to Client accounts in a manner that ensures that there is no bias towards any Client with respect to any transaction price. Stifel's wrap fee includes all advisory fees, IRA fees, brokerage commissions, and postage and handling expenses, but does not include SEC fees on securities sales. Stifel may, from wrap fees paid by clients, compensate research sources including but not limited to Standard & Poor's Investment Advisory Services, for research provided to Stifel used in the trading and management of certain Score Portfolios.

Important Disclosures

Strategies in the Stifel Core Portfolios Program (S/Core) are proprietary products developed by Stifel Nicolaus. Please note that the decisions to purchase, hold and sell securities in these strategies are based on a combination of fundamental, technical and/or quantitative analysis, and may differ from the fundamental analysis used by a Stifel Nicolaus research analyst. Several of the S/Core strategies rely upon research produced by Stifel Nicolaus research analysts, while other S/Core strategies utilize independent third-party research sources. Copies of individual research reports for companies that are followed by Stifel Nicolaus research analysts are available upon request.

The past performance of any hypothetical or simulated performance illustrations shown in conjunction with S/Core Portfolios, do not guarantee future performance or investment results. Due to the potential for extreme levels of volatility, some of the S/Core strategies mentioned herein may only be appropriate for investors with a high tolerance for risk. Certain S/Core strategies will involve a high amount of stock turnover, which will increase transaction costs. We advise implementing these strategies in wrap programs, such as S/Core, that charge an annual fee in lieu of commissions for each transaction.

Simulated performance results for several S/Core Portfolios prior to December 2005 reflects data from the Legg Mason Equity Compass published by Legg Mason Wood Walker, Incorporated, the prior owner of part of the Stifel Nicolaus Capital Markets business, during the period of time that the research analysts covering those stocks were employed by Legg Mason Wood Walker, Incorporated. Simulated performance represents that which may have been obtained by a portfolio that adhered to the buy, hold and sell decisions generated by the Equity Compass models but does not represent any particular account's performance nor a performance composite consisting of actual client accounts.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, Nicolaus & Company, Inc. or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within the S/Core strategies.

Stifel, Nicolaus & Company, Inc.'s research analysts receive compensation that is based upon, among other factors, Stifel Nicolaus' overall investment banking revenues.

Stifel, Nicolaus & Company, Inc. is a multi-disciplined financial services firm that regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions. Moreover, Stifel Nicolaus, its shareholders, directors, officers and/or employees, may from time to time have long or short positions in such securities or in options or other derivative instruments based thereon.

For a copy of individual research reports and applicable current disclosures for all covered companies please write to the Stifel Nicolaus Research Department at the following address:

Stifel Nicolaus Research Department
Stifel, Nicolaus & Company, Inc.
100 Light Street, 33rd Floor
Baltimore, Md. 21202

<u>Additional information is available upon request</u>

ADVISORY FEE SCHEDULE

		Account Value	Annual Fee
Stifel Core Portfolios Program	First	$150,000	3.00%
	Next	$350,000	2.25%
	Next	$500,000	1.50%
	Over	$1,000,000	1.00%

Stifel Nicolaus acquired Washington Crossing Advisors CONQUEST and VICTORY with the Ryan Beck transaction in 2007. As of the date of this document and subject to certain exceptions, all existing Ryan Beck fee arrangements were honored by Stifel Nicolaus. As such the fee schedule charged on Washington Crossing Advisors CONQUEST and VICTORY accounts may differ from the fee schedule for the Stifel Core Portfolios Program referenced here.

STIFEL ADVISORY ACCOUNT (SAA)

Under the SAA program, a Client may select a Stifel Financial Advisor to manage his or her portfolio on a discretionary basis. Effective April 1998, an Financial Advisor must meet certain criteria established by Stifel, including, but not limited to, branch manager approval and approval by Stifel's Consulting Services Review Committee, prior to offering SAA portfolios to Clients.

Clients who invest in an SAA portfolio may own the same securities as other Clients who invest in that portfolio, although Clients will be allowed to place reasonable restrictions on the securities in which their account may invest. Clients will have separate accounts, and they will maintain ownership of the securities in their accounts. All brokerage transactions for SAA portfolios will be executed by the Financial Advisor through Stifel. Stifel's wrap fee includes all advisory fees, custodial fees, and brokerage commissions on transactions executed through Stifel. Mutual funds in which a Client's assets may be invested charge separate advisory fees and other expenses to shareholders. All mutual fund advisory fees and other expenses are separate and distinct from the fee charged by Stifel. The minimum initial investment in the SAA program is $100,000.

Listed below are important issues and valuation measures Stifel Financial Advisors may consider in selecting specific equity securities for an SAA Portfolio:

- Dividend return
- Ratio of growth rate to price/earnings multiple
- Ratio of market price to book value
- Market capitalization to revenue ratio
- Relative strength
- Management capability and reputation
- Corporate restructuring trends
- Asset value versus market value

With respect to fixed income securities, the Financial Advisor will determine the appropriate type of security (government, corporate, or municipal) and the appropriate maturity and diversification for the Client's SAA portfolio.

Prohibited Transactions

The following are prohibited transactions or investments for an SAA portfolio:

- Principal transactions
- Syndicate trades
- Commodity trading
- Options (except covered call writing, protective put purchases, and cash collateralized put writing if applicant has been approved for such activity)
- Futures contracts
- Short selling
- Foreign Securities (with the exception of listed ADRs)
- Real Estate Investments (with the exception of REITs)
- Limited Partnerships
- Penny stocks and/or stocks priced under $5.00 per share, which are not listed on NMS or a national exchange

ADVISORY FEE SCHEDULE

	Account Value	Fee
Stifel Advisory Account		
	First $150,000	3.00%
	Next $350,000	2.80%
	Next $500,000	2.70%
	Next $1 million ($1 - $2 million)	2.60%
	Next $1 million ($2 - $3 million)	2.50%
	Next $1 million ($3 - $4 million)	2.00%
	Over $4 million	Negotiable

Stifel Nicolaus acquired Pinnacle Managed Accounts and Private Portfolio Management with the Ryan Beck transaction in 2007. As of the date of this document and subject to certain exceptions, all existing Ryan Beck fee arrangements were honored by Stifel Nicolaus. As such the fee schedule charged on Pinnacle Managed Accounts and Private Portfolio Management Accounts accounts may differ from the fee schedule for the Stifel Advisory Account referenced here.

STIFEL SELECT MANAGED ACCOUNT PROGRAM (SSMAP)

SSMAP provides clients with access to select outside professional investment managers not otherwise available in the Stifel Managed Assets Program (SMAP). SSMAP uses a comprehensive and structured approach to guide Clients through the investment planning and portfolio management process. This process typically consists of four major steps:

- Establishing Objectives and Determining Investment Policy
- Determining Asset Allocation
- Selecting Investment Managers
- Monitoring the Client's Portfolio and Evaluating the Investment Managers' Performance

For each Client portfolio of $100,000 or more, Stifel will recommend an independent investment manager(s), available to Stifel clients through a fully disclosed agreement with Pershing LLC (Pershing), to manage the Client's portfolio. Pershing will provide participants in the SSMAP with services including custody, clearing, and trade execution. Pershing and/or Lockwood (a service of Pershing) will also act as general administrator of the account. To establish a SSMAP account, Clients must complete certain Pershing documents including but not limited to a Pershing New Account Form. Clients in the SSMAP program will receive, from Pershing, monthly statements, trade confirmations, and quarterly performance reports [Stifel to receive duplicates].

Stifel (through Pershing) enters into a sub-advisory agreement with the portfolio investment manager(s) chosen by the Client, and Stifel pays the manager's fees, as well as all charges due Pershing out of its fee. All brokerage transactions are executed by the independent investment managers through Pershing, except in certain limited circumstances, and the commissions are included in the wrap fee for the SSMAP program. Stifel's fee does not include commissions for transactions executed through other brokerage firms beyond Pershing at the direction of any of the parties. For each independent investment manager selected by a Client, the Client will receive a Part II of Form ADV for that manager, which will contain information about the manager's business and portfolio management techniques.

When Client seeks an investment manager(s), Client and his or her Financial Advisor will complete an Assessment Questionnaire, which will be sent to the Client's selected manager. The information collected on the Assessment will provide Stifel and the investment manager(s) with information regarding the Client's investment objectives, risk tolerance, time horizon, and other information pertinent to the Client's investment needs. Investment recommendations made by Stifel will be based, in part, on the Client's responses on the Assessment Questionnaire. Clients are requested quarterly to notify Stifel if there has been a change in the Client's investment status. The investment manager is then notified of changes in the Client's investment or financial status.

Client's manager(s) will select and monitor the individual securities in Client's portfolio based on the particular investment style and criteria established by the investment manager, as outlined in Stifel's manager profile and/or the manager's marketing material. The SSMAP managers are also responsible for providing manager performance information which is made available to the Client. The Client's Financial Advisor will be the primary contact for persons enrolled in SSMAP; however, the Client may contact the managers directly.

Portfolio Manager may direct securities transactions for Client's Account to Pershing. Portfolio Manager shall have the ability to select broker-dealers other than Pershing for execution of trades, when necessary to fulfill its duty to seek best execution of transactions for Client's Account consistent with applicable law. Client acknowledges that, while Client will be responsible for brokerage and other charges that are implicit within an execution price, Client will pay no separate commissions or other charges incurred in connection with any transactions effected through a broker-dealer other than Pershing.

ADVISORY FEE SCHEDULE

		Account Value	Annual Fee
Stifel Select Managed Account Program	Equity and Balanced		
	First	$250,000	3.00%
	Next	$250,000	2.75%
	Next	$500,000	2.25%
	Next	$1,000,000	2.00%
	Over	$2,000,000	1.75%
	Fixed Income		
	First	$250,000	1.25%
	Next	$250,000	1.25%
	Next	$500,000	1.10%
	Next	$1,000,000	0.85%
	Over	$2,000,000	0.75%

STIFEL RETIREMENT PLAN ADVISORY PROGRAM (SRPAP)

The Retirement Plan Advisory Program is a non-discretionary recommendation and allocation strategy, where the advice is provided to an Investor relating to their employer-sponsored, participant-directed retirement plan (i.e., 401(k) plan). The Financial Advisor will review the investment options available through the Investor's plan and recommend an allocation strategy in a written recommendation and provide advice for allocating Investor's contributions and/or the existing investment portfolio among those investments that the Financial Advisor, in its sole discretion, believes to have a favorable current risk/reward ratio and to be consistent with the Investor's goals, investment objectives, and financial situation communicated to Financial Advisor in the Stifel Consulting Services Assessment Questionnaire completed and submitted with this Agreement. The Financial Advisor's duties are limited to providing investment advice to the Investor. After the Investor receives the initial allocation advice, the Financial Advisor will review Investor's Plan account on a regular basis, if current information has been made available by the client to Stifel, and provide ongoing advice and written recommendations. The recommendations are provided by the Financial Advisor to the Investor for the evaluation and sole determination by the Investor as to whether or not to follow the advice. The Investor is responsible for executing transactions in their plan account, relating to any recommendations the Investor chooses to follow. The Financial Advisor may receive a portion of the fee charged for the Retirement Plan Advisory Program.

ADVISORY FEE SCHEDULE

	Annual Fee
Stifel Retirement Plan Advisory Program (SRPAP)	**3.00% of Plan Value***

***$200.00 minimum annual fee**

STIFEL INVESTOR ADVISORY PROGRAM (SIAP)

The Stifel Investor Advisory Program ("SIAP") is a non-discretionary program where a Stifel IE will provide investment-related advice and may provide accompanying services for a fee. The Stifel Financial Advisor may assist and advise the Client regarding the Client's choice of a third party registered investment adviser, which is unaffiliated with Stifel. In addition, the Financial Advisor may advise the Client as to the appropriateness of purchases or sales of individual investments, including stocks, bonds, mutual funds, unit investment trusts, exchange traded funds, closed end funds, options, alternative investments, and insurance products. The Financial Advisor may also, where applicable, advise clients who are retirement plan (ERISA) sponsors and/or trustees regarding investment related issues specific to the plan. The Financial Advisor's recommendations will be based in accordance with the investment objectives of the Client. Neither Stifel as Registered Investment Advisor nor the Financial Advisor as Investment Advisor Representative will act in any discretionary capacity regarding an account on which SIAP advice is provided. The minimum initial investment in SIAP is $50,000. Accounts in the same household may be aggregated for purposes of determining the fee. Accounts householed will be aggregated for determining the number of trades.

Stifel will provide advice, performance reporting, execution services, custodial services, statements and confirmations related to assets held in the account. The fee provides execution services (trading) up to and including 150 annual trades. Annual trades in excess of 150 will be charged 29.99 per trade*. As requested, asset based fee services provided by Stifel may include:

- Advice regarding use of third-party investment managers
- Advice regarding the purchase and sale of individual investments
- Asset allocation analysis
- Risk analysis
- Performance reporting
- Execution services
- Custodial services
- Statements and confirmations

ADVISORY FEE SCHEDULE

Stifel Investor Advisory Program (SIAP) – Stifel Accounts – Minimum Annual Fee is $1,500
Asset-based fees for investment advice and transactions (no commissions charged to Client for transactions executed by Stifel)**

Account Value		Annual Fee
First	$150,000	3.00%
Next	$350,000	2.25%
Next	$500,000	1.75%
Next	$1,000,000	1.50%
On assets over	$2,000,000	1.25%

Stifel Nicolaus acquired Outside Manager (OSM) with the Ryan Beck transaction in 2007. As of the date of this document and subject to certain exceptions, all existing Ryan Beck fee arrangements were honored by Stifel Nicolaus. As such the fee schedule charged on Outside Manager accounts may differ from the fee schedule for the Stifel Investor Advisory Program referenced here.

The Stifel Investor Advisory Program has an annual 150 trade limitation. Within the 150 trade limitation, surcharges apply on equity trades of 5,000 shares or more and option trades of 25 contracts or more. Any accounts with trades in excess of 150 per year will be assessed a surcharge of $29.99 per trade, with an additional surcharge for equity trades over 1,000 shares and all option trades. The minimum account size is $50,000, with householding exceptions, and the minimum annual fee is $1,500. Certain additional charges may be applicable. These include: exchange fees, transfer taxes, interest expense, mutual fund expenses, trade surcharges, and closing costs.

Please obtain a Stifel Investor Advisory Program Client Agreement and Disclosure Brochure from your Stifel Nicolaus investment professional for additional information. You should consider all terms and conditions included in the Client Agreement before deciding if a fee-based or commission-based account is most appropriate for you. **For accounts** held at Stifel, the fee covers a maximum of 150 transactions per year. Transactions in a single year in excess of 150 will be charged in $29.99*. Other costs not covered by the fee including but not limited to trailing commissions or 12b-1 fees are described in the Stifel Investor Advisory Client Agreement.

STIFEL CONSULTING PROGRAM (SCP)

The Stifel Consulting Program ("SCP") is a non-discretionary program where a Stifel Financial Advisor will provide investment-related advice and may provide accompanying services for a fee. The Stifel Financial Advisor may assist and advise the Client regarding the Client's choice of a third party registered investment adviser, which is unaffiliated with Stifel. In addition, the Financial Advisor may advise the Client as to the appropriateness of purchases or sales of individual investments, including stocks, bonds, mutual funds, unit investment trusts, exchange traded funds, closed end funds, options, alternative investments, and insurance products. The Financial Advisor's recommendations will be based in accordance with the investment objectives of the Client. Neither Stifel as Registered Investment Advisor nor the Financial Advisor as Investment Advisor Representative will act in any discretionary capacity regarding an account on which SCP advice is provided. Stifel may charge an asset based fee or charge a flat dollar fee on assets. Clients are responsible for executing advice provided by the Stifel Financial Advisor. If assets are held away from Stifel, the fees charged by Stifel under the Client Agreement are in addition to brokerage, execution, custody, management and other fees and expenses Client incurs with respect to the Client's investment assets. The minimum initial investment in SCP is $1,000,000.

ADVISORY FEE SCHEDULE

Stifel Consulting Program – Stifel Accounts – Minimum Annual Fee is $1,500

Asset-based Fee	Negotiable
(or)	
One time flat dollar fee	Negotiable
(or)	
Ongoing flat dollar fee	Negotiable

- For accounts held at Stifel, the fee covers a maximum of 150 transactions per year**. Transactions in a single year in excess of 100 will be charged 29.99*. Other costs not covered by the fee including but not limited to trailing commissions or 12b-1 fees are described in the Stifel Investor Advisory Client Agreement.

* Trades in excess of the maximum number of trades per annual period will be charged 29.99 per trade plus execution surcharges up to $.03 per share for equity trades over 1,000 shares and up to $2 per contract for all option contracts. This surcharge for equity trades over 1,000 shares will be calculated only on the number of shares over 1,000 and surcharges on options will be applied on all option contracts.

**Equity Trades in excess of 5,000 shares and Option trades of 25 contracts or more will incur execution surcharges. The execution surcharges will be up to $.03 per share for equity trades over 5,000 shares and up to $2 per contract for all option contracts. This surcharge for equity trades over 5,000 shares will be calculated only on the number of shares over 5,000 and surcharges on options will be applied on all option contracts.

STIFEL COMMISSION-BASED ADVISORY PROGRAM (SCAP)

Under SCAP, a Client may select a Stifel Financial Advisor to manage his or her portfolio on a discretionary basis. An Financial Advisor must meet certain criteria established by Stifel, including but not limited to, Branch Manager and Stifel's Compliance Department approval, prior to managing Client portfolios under this program.

Clients will have separate accounts and will maintain ownership of the securities in their accounts. All brokerage transactions in SCAP will be executed by the Financial Advisor through Stifel. Clients will pay commissions for all transactions executed through Stifel. Stifel acts as both advisor and broker/dealer to the Client. Clients grant the Financial Advisor the authority to buy and sell securities on a discretionary basis, which means that discretionary transactions do not have to be discussed with nor approved by the Client. Buy and sell decisions by the Financial Advisor, when using discretion, may be based upon the Client's investment objective(s), risk tolerance, time horizon and experience. Client may also place buy and sell transactions that would not be done on a discretionary basis and may discuss transactions and the portfolio with their Financial Advisor at any time.

SCAP allows, but is not limited to, the following securities to be purchased and sold: common and preferred stocks, corporate bonds, municipal bonds, treasury and agency issues, options (subject to a separate options agreement signed by client and approved by Stifel), mutual funds, unit investment trusts, and exchange traded funds. All mutual fund 12(b)-1 fees, advisory fees and other expenses are separate and distinct from the commissions charged by Stifel. Other charges including, but not limited to, SEC fees, and Retirement account custody fees may apply. The minimum initial investment in SCAP is $50,000.

Stifel will earn commissions for each transaction. The more transactions that are executed in a SCAP account, the more Stifel will earn in commissions. Stifel's interests and the client's interests may not always be the same. Commissions charged may or may not exceed the cost of fee-based brokerage or fee-based advisory services.

Restricted Transactions

The following are restricted transactions or investments in SCAP:

- Principal trades
- Syndicate trades
- Margin purchases
- Commodity trading
- Futures contracts
- Naked options trading
- Short selling
- Foreign securities (with the exception of listed ADRs)
- Real estate investments (with the exception of REITs)
- Limited partnerships
- Stocks priced under $5.00 per share, which are not listed on NMS or a national exchange
- Alternative investments (hedge funds, funds of hedge funds, private equity)

STIFEL COMMISSION SCHEDULE

Stifel Commission-Based Advisory Account (See Stifel's Published Commission Schedule)

SARATOGA ADVANTAGE TRUST (SARATOGA)

Under the Saratoga program, Clients may select one of the many asset allocation models comprised of the mutual fund portfolios of the Saratoga Advantage Trust, an open-end investment company managed by Orbitex Saratoga Capital Management, an independent investment adviser. The mutual fund portfolios recommended and subsequently purchased (on either a discretionary or non-discretionary basis) by a Client will be mutual funds offered by Saratoga.

An Financial Advisor will assist Client in determining Client's investment objectives, risk tolerances, and other important information necessary to determine Client's optimal allocation using asset allocation software provided by Saratoga. Based upon this analysis, the Financial Advisor will issue a report to the Client identifying the asset allocation recommendations necessary to achieve the Client's stated goals. The Financial Advisor will be the primary contact person for Clients enrolled in the Saratoga Program; however, Clients may contact Saratoga directly.

Stifel will serve as custodian for the Client's assets and execute mutual fund transactions. Orbitex Saratoga Capital Management will provide quarterly performance reports to Clients. The minimum initial investment in the Saratoga program is $10,000 for non-IRA Accounts and $250 for IRA Accounts.

ADVISORY FEE SCHEDULE

	Account Value		Annual Fee
Saratoga Advantage Trust	First	$100,000	2.00%
	Next	$150,000	1.75%
	Next	$250,000	1.50%
	Next	$500,000	1.25%
	Over	$1,000,000	1.00%

Saratoga, subject to Client authorization, will debit the Client's account on a quarterly basis for Stifel's advisory fees and Saratoga custodial fees. Stifel's fees will be charged in advance and remitted quarterly. Prorated fees will be charged based on the market value of the Client's account on the date that it is opened. Clients will be provided with a current prospectus for each Saratoga mutual fund portfolio in which they invest. Saratoga charges separate advisory fees and other expenses to shareholders. Clients should review the fund prospectus for additional information regarding these expenses. All advisory fees and other expenses charged by Saratoga are separate and distinct from the fee charged by Stifel.

SEI ASSET MANAGEMENT PROGRAM (SEI)

Under the SEI program, Clients may select one of the many asset allocation models comprised of mutual funds advised by SEI Asset Management Corporation, an independent investment adviser. As an alternative, Clients may invest in one or more SEI mutual funds on a non-discretionary basis. A Stifel Financial Advisor will be the primary contact person for Clients enrolled in the SEI program; however, Clients may contact SEI directly. The minimum initial investment in the SEI program is $150,000.

The program is designed as follows:

- Determine Objectives. An Financial Advisor will assist the Client in determining Client's investment objectives, investment time horizon, and risk profile through an interview process and by completing a questionnaire provided by SEI.
- Allocate Assets. Client will choose one of many SEI mutual fund asset allocation models. If the Client so chooses, automatic re-balancing to model allocation and recommended model allocation changes will be made by SEI. As an alternative, a Client may purchase individual SEI mutual funds on a non-discretionary basis.
- Establish Multi-Manager Approach. SEI utilizes multiple, independent, institutional investment managers as advisers to the SEI mutual funds. These managers are monitored by SEI to ensure that their investment styles remain consistent with the investment objective of the SEI funds.
- Re-balance Accounts. Re-balancing maintains the proper allocation to each asset class in a model. Re-balancing occurs automatically if the underlying SEI mutual funds deviate from the prescribed quarterly allocation by greater than a 2% variance for non-taxable accounts and a 3% variance for taxable accounts. SEI will re-balance Client accounts monthly and Clients will not incur fees on the re-balancing transactions.
- Report Results. SEI Trust Company (a subsidiary of SEI Asset Management Corporation) acts as the transfer agent and custodian for each Client's account. SEI Trust Company will provide reporting services to Clients, including monthly transaction statements and year-end tax reports. Discretionary accounts will receive quarterly performance reports from SEI.

ADVISORY FEE SCHEDULE

	Account Value		Annual Fee
SEI Asset Management	First	$400,000	3.00%
	Next	$100,000	2.50%
	Next	$500,000	2.00%
	Next	$1,000,000	1.75%
	Over	$2,000,000	1.60%

SEI Trust Company, subject to Client authorization, will debit the Client's account on a quarterly basis for Stifel's advisory fees and SEI custodial fees. Stifel's fees will be charged in advance and remitted to Stifel quarterly. Prorated fees will be charged based on the market value of the account on the date that the Client's account is opened or closed. Clients will be provided with a current prospectus for each SEI mutual fund in which they invest. The SEI mutual funds charge separate advisory fees and other expenses to shareholders. Clients should review each fund prospectus for additional information regarding these expenses. All advisory fees and other expenses charged by the SEI funds are separate and distinct from the fee charged by Stifel.

THE DUNHAM ASSET ALLOCATION PROGRAM

Under the Dunham Asset Allocation Program (Dunham AAP), Clients select an asset allocation utilizing the eleven Dunham Funds plus an unaffiliated money market fund, all open-end investment companies under the 1940 Act. The Dunham Funds are advised by and distributed by Dunham & Associates Investment Counsel, Inc. The money market mutual fund is Milestone Treasury Obligations, which is managed and distributed by Milestone Capital. All Dunham AAP accounts are custodial accounts with Dunham Trust Company, a Nevada trust company, with physical custody of account and fund assets at Bank of New York. The minimum initial investment in the Dunham AAP is $100,000 for taxable accounts and $50,000 for IRA accounts.

An Financial Advisor will assist, on a non-discretionary basis, a Client in determining the Client's investment objectives, risk tolerances, and other important information necessary to determine the Client's optimal allocation. Based upon this analysis, the Financial Advisor will recommend an appropriate Dunham Asset Allocation Program mutual fund portfolio mix in an effort to achieve the Client's stated goals. The Financial Advisor will be the primary contact person for Clients enrolled in the Dunham Asset Allocation Program; however, Clients may contact Dunham & Associates directly for account questions.

Clients have two fee options:

Performance-Based Fee Option

> Clients may choose a monthly performance-based advisory fee equal to 10% of the net increase in account value (adjusted for additional investments, redemptions, and other non-performance-related changes) for the preceding month (or portion thereof, if less than a month) using "highwater marks". The fee is calculated monthly and charged quarterly in arrears using the daily average account balance. Clients who choose the performance-based fee option must be "qualified clients" (e.g., a natural person having a net worth together with assets held jointly with the person's spouse in excess of $1.5 million). The client should understand that a performance fee may create an incentive for Dunham & Associates, and Stifel Nicolaus, the Adviser, to increase the level of risk that the Client may incur. The client should understand that a performance fee may result in higher advisory fees than an asset-based fee, and Dunham & Associates, and Stifel Nicolaus, may receive increased compensation.

Asset-Based Fee Option

> Clients may choose a flat fee of no more than 2.25% annually on assets under management. The fee accrues daily and is charged quarterly in arrears.

ADVISORY FEE SCHEDULE (Performance-Based Fee)

	Account Value	Annual Fee
Dunham Asset Allocation Program	All Assets	10% of Net Increase in Account Value

ADVISORY FEE SCHEDULE (Asset-Based Fee)

	Account Value	Annual Fee
Dunham Asset Allocation Program	All Assets	up to 2.25%

FINANCIAL PLANNING

At a Client's request, the Stifel Financial Advisor can provide certain financial planning services. The Financial Advisor may produce certain analyses at their workstation, or may utilize the services of the Stifel Financial Planning Department who will prepare a financial plan for a Client to assist the Client in making financial and investment decisions. Clients are not required to implement any recommendations made by Stifel. The Client may implement his or her financial plan utilizing any financial services provider, and the Client has no obligation to use the services of Stifel to implement any part of the plan.

Clients who request financial planning services will be required to complete an information-gathering questionnaire. Based on this information provided by the Client, a comprehensive financial plan will be generated that may include the following: (1) an overview of the Client's net worth; (2) an analysis of the Client's income needs if disabled; (3) an analysis of the income needs of the survivors of the Client; (4) a review of the asset allocation of the Client's portfolio and an analysis of the Client's risk tolerance; (5) an assessment of the Client's education funding goals; (6) an analysis of the Client's retirement funding goal; and (7) discussion of the Client's current estate situation.

Clients who decide to implement recommendations in their financial plan through Stifel will have access to a broad portfolio of investment and insurance products. Financial Advisors are licensed to sell investment products and they may be licensed to sell insurance products. The Client will incur additional charges for execution of securities transactions and Stifel may receive 12b-1 distribution fees from mutual funds in which the Client's assets are invested in connection with these transactions. In the event the Client utilizes an Financial Advisor to purchase insurance products, the Financial Advisor will receive additional commission compensation.

***Wealth Strategist* –** The *Stifel Nicolaus Wealth Strategist® Report* is a financial plan that is used to assess various financial goals. Clients are asked to complete the Wealth Strategist Report Questionnaire and a plan is then prepared by Stifel using this personal and financial information. The *Wealth Strategist® Report* is prepared by the Financial Planning Department and analyzes the Client's current net worth, discusses strategies to manage risk, assesses education funding goals, analyzes retirement funding needs, reviews the client risk tolerance and asset allocation, and provides general information on estate planning concepts. At the discretion of the Financial Planning Manager, some Financial Advisors may also be given the ability to prepare the *Wealth Strategist® Report* at the branch. The reports created by the Financial Advisor must be electronically submitted for review and approval prior to the generation of a printed report for the Client. The Financial Advisor may receive a portion of the fee charged for the *Wealth Strategist® Report.*

Certain funding goals may be assessed through an Individual Financial Goal Assessment prepared by either the Financial Planning Department or the Financial Advisor. The Financial Advisor may provide the client with an analysis of the Client's retirement funding needs or education goals, as well as an assessment of their personal insurance needs, through reports generated by the Financial Advisor at the branch. At the discretion of the Financial Planning Manager, some Financial Advisors may also have access to other financial planning analysis tools. All financial planning reports prepared by the Financial Advisor are electronically submitted for review and approval. Once the report has been reviewed and approved, the Financial Advisor can print a final report in the branch office for delivery to the Client. The Financial Advisor may receive a portion of the fee charged for an Individual Financial Goal Assessment.

ADVISORY FEE SCHEDULE

The Financial Advisor may charge the Client an amount up to the maximum fee for the preparation of any of the financial planning reports prepared for the Client. The fee may be waived at the discretion of the Financial Advisor.

	Maximum Fee
Stifel Wealth Strategist® Report	$1,000
Stifel Individual Financial Goal Assessment	$ 250

STIFEL/COMERICA BANK & TRUST ALLIANCE

Stifel has formed a strategic alliance with Comerica Bank & Trust, National Association ("Comerica") to provide comprehensive corporate trust services to Stifel Clients. Through the Stifel/Comerica Bank & Trust Alliance (the "Alliance"), Clients may engage Comerica as a corporate trustee to be responsible for the management of their financial and non-financial assets, as well as their personal affairs. The minimum account size for these services is $500,000.

Within the Alliance, Comerica serves as the trustee of the trust, having responsibility for trust administration and the management of any non-financial assets, such as real estate or a business interest. Comerica confers with the trust beneficiaries to help determine the income and cash needs. Comerica maintains custody of trust assets, settles all trades, prepares monthly statements, remits income, considers and makes decisions on discretionary distribution requests, manages non-financial assets, and prepares trust tax returns. Comerica can also provide a variety of other specialized services, such as bill paying and lifestyle planning.

Through specialized language, Stifel is delegated responsibility for the investment management of the trust financial assets. The investment management is provided on a discretionary basis, either utilizing model portfolios through the Stifel Managed Funds Program (SMFP) or selected separate account managers through the Stifel Managed Assets Program (SMAP). The Financial Advisor works with Comerica and the Stifel Fiduciary Services Department to gather information about the general terms of the trust, needs of the trust beneficiaries, and existing asset holdings. An investment management strategy is developed, including the recommended asset allocation for the trust financial assets, as well as the investment options to be recommended. Comerica reviews the final asset allocation strategy and approves the selection of investment managers to be used within the trust. Stifel monitors the performance of trust investments and provides quarterly performance reports for trust beneficiaries.

In some instances, a trust within the Alliance may own assets that are not able to be managed within, or would be better suited if managed outside of, the available Alliance investment programs. When this occurs, those assets not managed by Stifel may be managed by Comerica Asset Management. Trustee and investment management fees are determined as a percentage of the portfolio and are individually provided upon request. Stifel may receive a portion of the fee collected by Comerica on assets managed by Comerica Asset Management and the Financial Advisor may receive a portion of the fee that is received by Stifel from Comerica.

Fees to Comerica for trustee services, and fees to Stifel for investment management services, are payable on a monthly basis according to the fee schedule below ("Account Fee"). Comerica will debit the trust account for the entire Account Fee and will remit to Stifel the Stifel Management Fee. The Financial Advisor may receive a portion of the Stifel Management Fee charged for investment management services provided through the Alliance.

ADVISORY FEE SCHEDULE

Fees with Stifel Managed Funds Program (SMFP): (*per annum*)

	Stifel Management Fee[1,2]	**Comerica Trustee Fee**	**Total Fees**
Value of Assets			
First $ 500,000	.50%	.65%	1.15%
Next 500,000	.50%	.57%	1.07%
Next 4,000,000	.40%	.50%	.90%
Balance of Trust Assets	.30%	.30%	.60%
Minimum Fee:	$2,500	$3,000	$5,500

Fees With Stifel Managed Assets Program (SMAP): ***(per annum)***

	Stifel Management Fee[3]	Comerica Trustee Fee	Total Fees
Value of Assets			
First $ 500,000	.95%	.65%	1.60%
Next 500,000	.95%	.57%	1.52%
Next 4,000,000	.85%	.50%	1.35%
Balance of Trust Assets	.75%	.30%	1.05%
Minimum Fee:	$4,750	$3,000	$7,750

[1] Stifel is authorized to implement the asset allocation strategy by investing in a portfolio of load-waived and no-load mutual funds or exchange traded funds (ETFs). The fund selections are based on the recommendations of the Stifel Mutual Fund Research Committee. Mutual fund expenses may include payments authorized by Rule 12b-1 of the Investment Company Act of 1940, which can be paid to Stifel and/or its Financial Advisors. A current prospectus shall be provided to the trustee for each mutual fund investment purchased through the program which includes details concerning the separate advisory fees and other expenses charged by the mutual fund company or ETF.

[2] Stifel may invest in mutual funds from which it receives fees for providing certain shareholder services.

[3] Stifel enters into a sub-advisory agreement with the portfolio investment manager(s) selected to implement the recommended asset allocation and Stifel pays the manager's fee out of its fee. All brokerage transactions are executed by the independent investment managers through Stifel, except in limited circumstances, and commissions are included in the wrap fee for the program. The trustee will receive Part II of Form ADV for each independent investment manager selected which includes information about the manager's business and portfolio management techniques.

Comerica may charge a trust closing fee. There are no closing fees charged to the account provided that the annual minimum trustee administration fee has been collected during the calendar year in which the account is closed. Neither Stifel, nor the Financial Advisor, will receive any portion of the trust closing fee.

ADVISORY FEE SCHEDULES FOR ALL PROGRAMS*

Consulting Services Programs		Account Value	Annual Fee
Stifel Managed Assets Program (SMAP)	Equity and Balanced		
	First	$150,000	3.00%
	Next	$350,000	2.75%
	Next	$500,000	2.25%
	Next	$1,000,000	2.00%
	Over	$2,000,000	1.75%
	Fixed Income		
	First	$500,000	1.25%
	Next	$500,000	1.10%
	Next	$1,000,000	0.85%
	Over	$2,000,000	0.75%
Stifel Managed Funds Program (SMFP)	First	$100,000	2.00%
	Next	$150,000	1.75%
	Next	$250,000	1.50%
	Next	$500,000	1.25%
	Over	$1,000,000	1.00%
Stifel Core Portfolios Program (S/CORE)	First	$150,000	3.00%
	Next	$350,000	2.25%
	Next	$500,000	1.50%
	Over	$1,000,000	1.00%
Stifel Advisory Account (SAA)	First	$150,000	3.00%
	Next	$350,000	2.80%
	Next	$500,000	2.70%
	Next	$1 million - $2 million	2.60%
	Next	$2 million - $3 million	2.50%
	Next	$3 million - $4 million	2.00%
	Over	$4 million	Negotiable
Stifel Select Managed Account Program (SSMAP)	Equity and Balanced		
	First	$250,000	3.00%
	Next	$250,000	2.75%
	Next	$500,000	2.25%
	Next	$1,000,000	2.00%
	Over	$2,000,000	1.75%
	Fixed Income		
	First	$250,000	1.25%
	Next	$250,000	1.25%
	Next	$500,000	1.10%
	Next	$1,000,000	0.85%
	Over	$2,000,000	0.75%
Stifel Commission-Based Advisory Program (SCAP)			Commission charges based on Stifel's published commission schedule

Saratoga Advantage Trust (Saratoga)	First	$100,000	2.00%
	Next	$150,000	1.75%
	Next	$250,000	1.50%
	Next	$500,000	1.25%
	Over	$1,000,000	1.00%

SEI Asset Management (SEI)	First	$400,000	3.00%
	Next	$100,000	2.50%
	Next	$500,000	2.00%
	Next	$1,000,000	1.75%
	Over	$2,000,000	1.60%

The Dunham Asset Allocation Program		Account Value	Annual Fee
	Performance-Based Fee	All Assets	10% of Net Increase in Account Value
	Asset-Based Fee	All Assets	up to 2.25%

Advisory Services Programs

	Annual Fee
Stifel Retirement Plan Advisory Program	3.00% of plan value*

*$200.00 minimum annual fee

Stifel Investor Advisory Program – Stifel Accounts

*$1,500.00 minimum annual fee

Asset-based fees for investment advice AND transactions (no commissions charged to Client for transactions executed by Stifel)*

Account Value		**Annual Fee**
First	$150,000	3.00%
Next	$350,000	2.25%
Next	$500,000	1.75%
Next	$1,000,000	1.50%
On assets over	$2,000,000	1.25%

Stifel Consulting Program – Stifel Accounts

*$1,500 minimum annual fee

Asset-based Fee	Negotiable
(or)	
One time flat dollar fee	Negotiable
(or)	
Ongoing flat dollar fee	Negotiable

Financial Planning Programs

	Maximum Fee
Stifel Wealth Strategist Report®	$1,000
Stifel Individual Financial Goal Analysis	$250

Stifel/Comerica Bank & Trust Alliance

Stifel Managed Funds Program (SMFP):

	Stifel Management Fee[1,2]	**Comerica Trustee Fee**	**Total Fees**
Value of Assets			
First $ 500,000	.50%	.65%	1.15%
Next 500,000	.50%	.57%	1.07%
Next 4,000,000	.40%	.50%	.90%
Balance of Trust Assets	.30%	.30%	.60%
Minimum Fee:	$2,500	$3,000	$5,500

Stifel Managed Assets Program (SMAP):

	Stifel Management Fee[3]	**Comerica Trustee Fee**	**Total Fees**
Value of Assets			
First $ 500,000	.95%	.65%	1.60%
Next 500,000	.95%	.57%	1.52%
Next 4,000,000	.85%	.50%	1.35%
Balance of Trust Assets	.75%	.30%	1.05%
Minimum Fee:	$4,750	$3,000	$7,750

* Stifel's fee does not include commissions for transactions executed through other brokerage firms beyond Stifel and Pershing for SSMAP accounts.

MINIMUM ACCOUNT VALUES

Certain advisory programs offered or sponsored by Stifel may have account minimums. The following schedule summarizes these minimum account values, unless waived:

Stifel Managed Assets Program:	$100,000 minimum account size
Stifel Managed Funds Program:	$ 25,000 minimum account size
Stifel Core Portfolios Program:	$100,000 minimum account size
	Preferred Client Portfolio
	Platinum Portfolio
	Stifel Select Quality Portfolio
	Stifel Research Opportunity Portfolio
	Stifel Redline 15 Portfolio
	VICTORY Portfolio
	$50,000 minimum account size
	Neural Fair Value 20 Portfolio
	Stifel Quality Dividend Portfolio
	Stifel Enhanced Core Portfolio
	Stifel Industry Opportunity Portfolio
	CONQUEST Portfolios
	Russell Portfolios
	Sector Enhanced Portfolios
	Laffer Global ETF Portfolio
Stifel Advisory Account:	$100,000 minimum account size
Stifel Select Managed Account Program	$100,000 minimum account size
Saratoga Advantage Trust:	$ 10,000 minimum account size for non-IRA Accounts $ 250 minimum account size for IRA Accounts
SEI Asset Management Program:	$150,000 minimum account size
The Dunham Asset Allocation Program:	$100,000 minimum account size for non-IRA Accounts $ 50,000 minimum account size for IRA Accounts
Stifel Retirement Plan Advisory Program:	No minimum account size
Stifel Investor Advisory Program:	$50,000 minimum account size
Stifel Consulting Program:	Negotiable
Stifel/Comerica Bank & Trust Alliance:	$500,000 minimum account size
Stifel Commission-Based Advisory Program	$50,000 minimum account size

INVESTMENT ADVISORY CODE OF ETHICS

Stifel Nicolaus has established an Investment Advisory Code of Ethics to be followed by all Investment Advisory personnel in conjunction with their obligation to comply with the Stifel Financial Code of Ethics for Directors, Officers, and Associates. The Investment Advisory Code of Ethics sets forth standards that are reasonably designed to promote honest, ethical conduct; comply with federal securities laws and governmental rules and regulations; maintain the privacy of client information; protect access to nonpublic information; and encourage associates to report any known violations of the Code. The Code obligates Investment Advisory personnel to place the interests of clients first, avoid any actual or potential conflict of interest, and ensure that personal securities transactions are conducted in a manner consistent with the standards of the Code. Stifel's Compliance Department reviews the requirements of the Investment Advisory Code of Ethics to ensure adequacy and effectiveness in complying with applicable regulations. Please contact your Financial Advisor for a copy of the Stifel Nicolaus Investment Advisory Code of Ethics.

GENERAL FEE INFORMATION FOR CONSULTING SERVICES PROGRAMS (EXCEPT SSMAP, SARATOGA, SEI, AND DUNHAM)

Fees to Stifel for its services and for the services of Client's investment manager, if applicable, are payable in advance on a quarterly basis, or as otherwise agreed upon in writing between the parties, according to the agreed upon fee schedule ("Account Fee"). The initial Account Fee will be due in full on the opening date and will be based on the opening market value of the account. The period for which such payment will be made will be the opening date through the last business day of the current calendar quarter and will be prorated accordingly. Thereafter, the quarterly Account Fee will be based on the account closing market value on the last business day of the previous calendar quarter and will become due the following business day.

Stifel utilizes an automated billing system that allows the Client alternative payment methods. Client may select one of the following three (3) options for the quarterly fee payment:

- <u>Automatic Debit</u> - The Account Fee will be debited from Client's advisory account on each billing date. Client authorizes fees to be deducted from the account, and all such fees will be clearly noted on Client's statements. Fees will be taken from available cash or cash equivalents, including money market funds. Stifel will have discretion to re-balance or liquidate appropriate securities to generate funds sufficient to cover the fee.

- <u>Letter of Authorization</u> - Payment of the Account Fee is to be made from another designated Client account held at Stifel. This authorization acts as a permanent standing instruction to transfer funds each billing period. If the designated Stifel account has insufficient funds to pay the fee, Stifel shall reserve the right to automatically debit the advisory account to collect the fee due to Stifel.

- <u>Client Invoice</u> - Each billing period the Client will receive an invoice for the Account Fee. Client agrees to promptly remit payment. If prompt payment is not received, Stifel shall reserve the right to debit the advisory account to collect the fee due. For IRA and Qualified Plan accounts, if Stifel receives the Account Fee after the Account has been debited, the receivable shall be considered a contribution.

Stifel shall be entitled to the Account Fee chargeable on the applicable minimum account size if the opening value of the account is less than the required minimum as a result of Client withdrawals. If the account falls below the minimum as a result of the payment of Account Fees or market conditions, the minimum shall not apply. Assets received into an account during any quarterly period will be charged a prorated fee based on the number of calendar days remaining in the fee period against the total number of calendar days in the fee period.

- The Account Fee does <u>not</u> cover, and, if warranted, Client will be responsible and charged for: (i) brokerage commission, mark-ups, and mark-downs on transactions effected by an investment manager through or with brokers and dealers other than Stifel; (ii) interest on debit account balance; (iii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer involved in a distribution of securities; and (iv) exchange fees, SEC fees, transfer taxes, and other fees required by law. Prices at which securities are purchased in principal transactions from other dealers executed by Stifel acting as agent will be computed by Stifel or the other dealer in the customary manner based on the prevailing inter-dealer market price. Clients who own mutual funds and ETFs may also incur certain internal expenses charged directly by the mutual funds and ETFs which are separate and apart from expense ratios and Stifel fees. Under NYSE Rules, Stifel Financial Advisors are prohibited from buying or selling Stifel Financial Corp. (SF) securities except on an unsolicited basis. Therefore, the Account Fee will not be calculated based on the value of any SF securities in the Client's account.

- Generally, no underwritings may be sold to a wrap fee participant if Stifel is a member of the underwriting syndicate or selling group.

- Cross agency trades generally are not permitted. Financial Advisors are forbidden to execute principal and agency cross-transactions when dealing with Clients unless the manager: (1) discloses in writing that Stifel will act as principal in the trade, and (2) obtains Client's written consent to Stifel's acting as a principal in the trade.

- Trades may be executed from time to time in the secondary or third markets. In this event, Stifel may receive other compensation and will furnish the source and amount upon written request.

Potential Conflicts of Interest. Depending on the Account Fee charged and the trading activity in Client's account, the total charges may be more than what the Client would pay if the client paid separately for investment advice, brokerage, and other services. Further, depending on the Account Fee charged and the trading activity in Client's account, the amount of compensation from fees charged may be more than what the Financial Advisor would receive if Client paid separately for investment advice, brokerage, and other services. The Financial Advisor may therefore have a financial incentive to recommend a wrap fee program over other services. Also, as a result of the different program fee structures, certain programs may give more incentives than others. Financial Advisors may invest in any of these programs for their own and related accounts.

Each mutual fund and ETF in which a Client's assets may be invested charges internal expenses which are described in the fund's prospectus. Client acknowledges that Stifel will charge separate fees and expenses as set forth above. All wrap fees will be reflected in the quarterly fee statements sent to Client.

Stifel and/or its Financial Advisors may, from time to time, receive incentive awards for the recommendation or introduction of investment products. The receipt of this compensation may affect Stifel's judgment in recommending products to its Clients.

Financial Advisors may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of Client funds into investment companies. Any 12b-1 compensation received by Stifel is in addition to and separate from the wrap fees paid by the Client. These 12b-1 fees may be in excess of the amount that would qualify the funds as "no-load."

Stifel is a member of the New York Stock Exchange, the American Stock Exchange, and the Chicago and Philadelphia Stock Exchanges. Stifel also transacts business with a variety of dealers in securities, including listed and over-the-counter stocks and bonds, government and agency issues, and municipal securities. With regard to equity securities, Stifel monitors the performance of competing market centers and routes orders to those that consistently complete transactions timely and at a reasonable cost and that guarantee executions at the national best bid or offer. Whenever possible, Stifel routes orders to market centers that offer an opportunity for price improvement through automated systems. Stifel receives from certain market centers cash payments in return for the routing of orders.

Stifel recommends the Dreyfus Money Market Funds to its advisory Client. Stifel and the Financial Advisors will receive compensation from Dreyfus based on Client funds invested in the Dreyfus Money Market Funds. Stifel receives a monthly fee based on a percentage of the average principal balance of Stifel Clients in the Funds. Stifel and its Financial Advisors may receive compensation in the form of 12b-1 distribution fees from the Dreyfus Funds and other mutual funds in which a Client's assets are invested for certain shareholder accounting and/or distribution services.

Clients in Stifel's Commission-Based Advisory Program pay commissions for transactions. Stifel and its Financial Advisors earn more commissions as trade volume increases. Client may pay more or less in commissions than if account is in a fee based brokerage account or fee based advisory account.

GENERAL FEE INFORMATION FOR STIFEL ADVISORY SERVICES PROGRAMS

Stifel Retirement Plan Advisory Program

The annual fee charged Investors will be a percent of the total value of the Investor's Plan account, not to be more than 3% but with a minimum annual dollar charge of $200.00, billed in arrears quarterly. The Investor's initial annual fee is calculated based on the Plan account's most recent report, quarterly or otherwise.

The fee is billed in arrears quarterly with one-quarter of the fee charged each calendar quarter and the initial quarter being prorated based on the number of calendar days elapsed from the Agreement Acceptance date the end of the initial quarter. Each year thereafter, beginning with the first quarter of the next calendar year (January 1), the annual fee will be calculated based on the value of Investor's Plan account year-end statement. The quarterly fee in arrears will be due on the last day of each quarter. As directed by the Investor, fees may be paid by the Investor either by check and processed through Investor’s Stifel brokerage account, following an invoice from Stifel, or by debiting another non-ERISA Stifel account. A Stifel billing account must be established and maintained by the Investor for the sole purpose of processing fees. These fees are separate and independent from other asset charges, which may be imposed by the Plan. Each mutual fund, insurance company, or other investment in which Investor’s assets are invested may charge its own management fees and or other expenses as set forth in the investment’s prospectus. In the event that Investor fails to promptly provide Advisor with such statements, Advisor may calculate annual fee based on the most current information available. As instructed by Investor, fees may be paid by check or may be directly debited from available assets in a non-ERISA Stifel Nicolaus brokerage account (if any).

Stifel Investor Advisory Program

The annual fee charged Investors will be negotiated either as a percent of the total value of the Investor’s investments on which advice is provided, not to be more than 3%, or as a flat fee. A minimum annual fee of $1,500 applies.

The fee is billed in arrears quarterly with one-quarter of the fee charged each calendar quarter and the initial quarter being prorated based on the number of calendar days elapsed from the Agreement Acceptance date the end of the initial quarter.

For Investors who have negotiated the fee based as a percent of the total value of the Investor’s investment on which advice is provided:

> Each year thereafter, beginning with the first quarter of the next calendar year (January 1), the annual fee will be calculated based on the value of Investor’s Plan account year-end statement. Fees will be due on the last day of each quarter.

As directed by the Investor, fees may be paid by the Investor either by check, following an invoice from Stifel, or by debiting another Stifel account. A Stifel billing account must be established and maintained by the Investor for the sole purpose of processing fees. These fees are separate and independent from other asset charges, which may be imposed by third parties:

> Each retirement or pension plan, mutual fund, insurance company, or other investment in which Investor’s assets are invested may charge its own management fees and/or other expenses as set forth in the investment’s prospectus.

In the event that Investor fails to promptly provide Advisor with such statements, Advisor may calculate annual fee based on the most current information available. As instructed by Investor, fees may be paid by check or may be directly debited from available assets in a non-ERISA Stifel Nicolaus brokerage account (if any).

GENERAL FEE INFORMATION FOR SARATOGA ADVANTAGE TRUST

Participants in the Saratoga Advantage Trust program will pay to Saratoga an asset-based fee payable in advance of each quarter. Per an agreement, Stifel and Saratoga each receive a portion of this fee. In addition, separate fees will be charged by Saratoga for mutual fund expenses, custody charges and other related expenses outlined in the mutual fund's prospectus.

Potential Conflicts of Interest. Each mutual fund in which a Client's assets may be invested will charge internal expenses which are described in the fund's prospectus. Client acknowledges that Stifel will charge separate fees and expenses as set forth above. All wrap fees will be reflected in the quarterly fee statements sent to Client.

Stifel and/or its Financial Advisors may, from time to time, receive incentive awards for the recommendation or introduction of investment products. The receipt of this compensation may affect Stifel's judgment in recommending products to its Clients.

Financial Advisors may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of Client funds into investment companies. Any 12b-1 compensation received by Stifel is in addition to and separate from the wrap fees paid by the Client. These 12b-1 fees may be in excess of the amount that would qualify the funds as "no-load."

GENERAL FEE INFORMATION FOR SEI ASSET MANAGEMENT PROGRAM

Participants in the SEI Asset Management Program will pay to Stifel an asset based fee payable in advance of each quarter. In addition, separate fees will be charged by SEI for mutual fund expenses, custody charges and other related expenses outlined in the mutual fund's prospectus.

Potential Conflicts of Interest. Each mutual fund in which a Client's assets may be invested will charge internal expenses which are described in the fund's prospectus. Client acknowledges that Stifel will charge separate fees and expenses as set forth above. All wrap fees will be reflected in the quarterly fee statements sent to Client.

Stifel and/or its Financial Advisors may, from time to time, receive incentive awards for the recommendation or introduction of investment products. The receipt of this compensation may affect Stifel's judgment in recommending products to its Clients.

Financial Advisors may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of Client funds into investment companies. Any 12b-1 compensation received by Stifel is in addition to and separate from the wrap fees paid by the Client. These 12b-1 fees may be in excess of the amount that would qualify the funds as "no-load."

GENERAL FEE INFORMATION FOR THE DUNHAM ASSET ALLOCATION PROGRAM

Participants in the Dunham Asset Allocation Program will pay to Dunham either a monthly performance-based advisory fee or an asset based fee. Per an agreement, Stifel and Dunham each receive a portion of this fee.

The performance-based fee option charges a performance-based advisory fee equal to 10% of the net increase in account value (adjusted for additional investments, redemptions, and other non-performance-related changes) for the preceding month (or portion thereof, if less than a month) using "highwater marks". The fee is calculated monthly and charged quarterly in arrears using the daily average account balance. Clients who choose the performance-based fee option must be "qualified clients" (e.g., a natural person having a net worth together with assets held jointly with the person's spouse in excess of $1.5 million).

The asset-based fee option allows the client to choose a flat fee of no more than 2.25% annually on assets under management. The fee accrues daily and is charged quarterly in arrears.

In addition, separate fees will be charged by Dunham for mutual fund expenses, custody charges and other related expenses outlined in the mutual fund's prospectus.

Potential Conflicts of Interest. Each mutual fund in which a Client's assets may be invested will charge internal expenses which are described in the fund's prospectus. Client acknowledges that Stifel will charge separate fees and expenses as set forth above. All wrap fees will be reflected in the quarterly fee statements sent to Client.

Stifel and/or its Financial Advisors may, from time to time, receive incentive awards for the recommendation or introduction of investment products. The receipt of this compensation may affect Stifel's judgment in recommending products to its Clients.

Financial Advisors may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of Client funds into investment companies. Any 12b-1 compensation received by Stifel is in addition to and separate from the wrap fees paid by the Client. These 12b-1 fees may be in excess of the amount that would qualify the funds as "no-load."

The client should understand that a performance-based fee may create an incentive for Dunham & Associates, and Stifel Nicolaus, the Adviser, to increase the level of risk that the Client may incur. The client should understand that a performance-based fee may result in higher advisory fees than an asset-based fee, and Dunham & Associates, and Stifel Nicolaus, may receive increased compensation.

General Fee Information for Stifel Select Managed Account Program

As a participant in the Stifel Select Managed Account Program, Client will pay an annualized asset-based fee ("Fee") in accordance with the schedule appearing in the section entitled Advisory Fee Schedules for All Programs.

For all-inclusive-fee Accounts, the Fee includes all fees and charges for the services of the Portfolio Manager, Broker or Adviser, and Pershing, and all brokerage charges, except for early closing fees, as set forth below, and IRA and Qualified Retirement Plan account termination fees. Stifel's fee does not include commissions for transactions executed through other brokerage firms beyond Stifel and Pershing for SSMAP accounts.

The Fee will be payable quarterly in advance. The first payment is due upon Portfolio Manager's acceptance of the Account or Account funding, whichever is later, and will be assessed pro rata in the event this Agreement is executed at any time other than the first day of the calendar quarter. Subsequent payments are due and will be assessed on the first business day of each calendar quarter based on the value of the Account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise by Pershing in good faith based on Pershing's books and records. There is no adjustment to the Fee if assets are deposited or withdrawn after the inception of a quarter.

The Account Fee does <u>not</u> cover, and, if warranted, Client will be responsible and charged for: (i) brokerage commission, mark-ups, and mark-downs on transactions effected by an investment manager through or with brokers and dealers other than Stifel; (ii) interest on debit account balance; (iii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer involved in a distribution of securities; and (iv) exchange fees, SEC fees, transfer taxes, and other fees required by law. Prices at which securities are purchased in principal transactions from other dealers executed by Stifel acting as agent will be computed by Stifel or the other dealer in the customary manner based on the prevailing inter-dealer market price.

- Under NYSE Rules, Stifel Financial Advisors are prohibited from buying or selling Stifel Financial Corp. (SF) securities except on an unsolicited basis. Therefore, the Account Fee will not be calculated based on the value of any SF securities in the Client's account.
- Generally, no underwritings may be sold to a wrap fee participant if Stifel is a member of the underwriting syndicate or selling group.
- Cross agency trades generally are not permitted. Financial Advisors are forbidden to execute principal and agency cross-transactions when dealing with Clients unless the manager: (1) discloses in writing that Stifel will act as principal in the trade, and (2) obtains Client's written consent to Stifel's acting as a principal in the trade.
- Trades may be executed from time to time in the secondary or third markets. In this event, Stifel may receive other compensation and will furnish the source and amount upon written request.

Potential Conflicts of Interest. Depending on the Account Fee charged and the trading activity in Client's account, the total charges may be more than what the Client would pay if the client paid separately for investment advice, brokerage, and other services. Further, depending on the Account Fee charged and the trading activity in Client's account, the amount of compensation from fees charged may be more than what the Financial Advisor would receive if Client paid separately for investment advice, brokerage, and other services. The Financial Advisor may therefore have a financial incentive to recommend a wrap fee program over other services. Also, as a result of the different program fee structures, certain programs may give more incentives than others. Financial Advisors may invest in any of these programs for their own and related accounts.

Each mutual fund in which a Client's assets may be invested charges internal expenses which are described in the fund's prospectus. Client acknowledges that Stifel will charge separate fees and expenses as set forth above. All wrap fees will be reflected in the quarterly fee statements sent to Client.

Stifel and/or its Financial Advisors may, from time to time, receive incentive awards for the recommendation or introduction of investment products. The receipt of this compensation may affect Stifel's judgment in recommending products to its Clients.

Financial Advisors may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of Client funds into investment companies. Any 12b-1 compensation received by

Stifel is in addition to and separate from the wrap fees paid by the Client. These 12b-1 fees may be in excess of the amount that would qualify the funds as "no-load."

Stifel is a member of the New York Stock Exchange, the American Stock Exchange, and the Chicago and Philadelphia Stock Exchanges. Stifel also transacts business with a variety of dealers in securities, including listed and over-the-counter stocks and bonds, government and agency issues, and municipal securities. With regard to equity securities, Stifel monitors the performance of competing market centers and routes orders to those that consistently complete transactions timely and at a reasonable cost and that guarantee executions at the national best bid or offer. Whenever possible, Stifel routes orders to market centers that offer an opportunity for price improvement through automated systems. Stifel receives from certain market centers cash payments in return for the routing of orders.

If, prior to the completion of four full calendar quarters, Client closes the Account or withdrawals bring the Account value below the Portfolio Manager's required minimum, Client agrees to pay to Pershing an early closing fee of the lesser of one additional quarterly Fee equal to the Client's previous quarterly Fee or $2,000.00, in addition to any pre-paid quarterly Fee, in order to cover the administrative cost of establishing the Account. Pershing will deliver securities held in the Account as instructed by Client unless Client requests that the Account be liquidated. After the completion of four full calendar quarters, no early closing fee will apply and Client will be entitled to a pro rata refund of any pre-paid quarterly fee based upon the number of days remaining in the quarter of termination.

Client authorizes Pershing to deduct all applicable fees from Client's Account, and all such fees will be clearly noted on Client's statements.

Client understands that the Portfolio Manager, Broker or Adviser, and Pershing and their agents, in connection with the performance of their respective services, shall be entitled to and will share in the Fee payable hereunder.

TERMINATIONS AND REFUNDS

Clients may terminate an advisory agreement with Stifel upon written notice or Stifel's receipt of Automated Customer Account Transfer (ACAT) documentation. No commissions are charged on account liquidations which are executed simultaneous to the termination of the agreement. After the agreement has been terminated, transactions will be subject to commissions. In addition, Stifel will prorate the fees on a terminated account and refund any portion of the advisory fee that was paid but unearned after the termination date. Requests for termination must be received in writing. With receipt of written termination notice, Stifel will, at the Client's direction, either liquidate the account or transfer the assets to the custodian of the Client's choice.

ABOUT STIFEL, NICOLAUS & COMPANY, INCORPORATED

Education and Business Standards. All Financial Advisors who provide investment advisory services on behalf of Stifel must first qualify for licensing as a securities registered representative of Stifel and must be licensed by the FINRA. Financial Advisors who provide advisory services must take and pass an additional securities examination relating to investment advisory services as required by applicable state securities laws. Stifel may impose further qualification standards on its Financial Advisors, which may include a specific number of years of investment experience.

Education and Business Background of Stifel Executive Officers. The following individuals comprise the principal executive officers of Stifel and/or are individuals who determine general client advice. The information provided on these individuals includes their name, year of birth, education after high school, and the past five years of employment.

- RONALD J. KRUSZEWSKI – Chairman, CEO, and Director of Stifel and Stifel Financial Corp. since September 1997. Born 12/30/58. B.S. in Business/Accounting, Indiana University 1981. From 1993 to 1997, Mr. Kruszewski served as Managing Director and Chief Financial Officer of Baird Financial Corp. and as Managing Director of Robert W. Baird & Co., Incorporated.
- SCOTT B. MCCUAIG – President, Co-Chief Operating Officer, and Director. Born 4/30/49. B.S. in Political Science, University of Wisconsin – Oshkosh 1971, Masters of Business Administration, University of Wisconsin – Milwaukee 1979. Mr. McCuaig joined Stifel in January 1998 as Senior Vice President and Director. From 1988 to 1997, Mr. McCuaig was the Director of Sales and Marketing for Robert W. Baird & Co., Incorporated.
- JAMES M. ZEMLYAK – Chief Financial Officer, Co-Chief Operating Officer, and Director. Born 4/18/59. B.S. in Accounting, Indiana University 1981. From 1990 to 1999, Mr. Zemlyak served as Chief Financial Officer to Robert W. Baird & Co., Incorporated. Prior to joining Baird, Mr. Zemlyak served as Chief Financial Officer to Hamilton Investments.
- DAVID M. MINNICK – Senior Vice President and General Counsel. Born 4/24/56. B.S. Agricultural Journalism, University of Missouri-Columbia 1978; J.D. University of Missouri-Columbia 1981. Joined Stifel, Nicolaus & Company, Incorporated October, 2004. Vice President and Counsel, A.G. Edwards & Sons, Inc. July 2002-October 2004. Senior Regional Attorney, FINRA Regulation, Inc. District 4 November 2000-July 2002. Private law practice, Kansas City, Missouri September 1998-November 2000. Managing Director and General Counsel, Morgan Keegan & Company, Inc. 1990-1998.
- S. CHAD ESTEP – Vice President, Director of Compliance & Internal Audit. Born 10/08/1973. B.S. in Professional Accountancy, David Lipscomb University, 1995. Joined Stifel Nicolaus in April 2005. Relevant Experience: Controller, PowellJohnson, Inc. October 2002 - December 2004. Financial Consultant, A.G. Edwards & Sons, Inc. December 2000 – August 2001. Regulatory & Financial Reporting Manager, J.C. Bradford & Co., LLC November 1998 – August 2000. Audit Senior, Deloitte & Touche August 1995 – October 1998. Other Experience: Search Consultant, Vaco, LLC December 2004 – April 2005. Search Consultant, RHI Management Resources August 2001 – May 2002. Financial Reporting Manager, Dollar General Corp. August 2000 – November 2000.

Other Activities. The principal business of Stifel is as a securities broker-dealer. Stifel is a member of the New York Stock Exchange and various regional exchanges. Stifel also is an investment banker. Stifel offers the services and products of a full-service broker, which accounts for approximately 98% of its business on an annual basis. Financial Advisors will receive commission compensation for effecting securities transactions on behalf of brokerage Clients who may also be advisory Clients.

Financial Advisors may be licensed as insurance agents. Typically, these services and products are sold in Stifel's capacity as a securities broker-dealer. Financial Advisors will receive commission income from insurance products sold to brokerage Clients who may also be advisory Clients.

Stifel's principal executive officers may spend as much as 75% of their time with non-advisory activities.

Investment Partnerships. The principal business of Stifel is as a securities broker-dealer and investment banker. Stifel has in the past, and may in the future, either itself or through an affiliate, act as general partner to investment partnerships. These investment partnerships may be offered to brokerage Clients, some of whom may be advisory

Clients. Solicitation activities typically are made via an offering circular or prospectus which offering may only be made to those Clients for whom the partnership interests would be deemed to be suitable. Partnership interests will not be held in investment advisory Client portfolios.

Principal and Agency Transactions. As a securities broker-dealer, Stifel is licensed to effect principal or agency cross transactions for any Client. Stifel routinely acts as principal for its own account and the accounts of others, where Stifel will purchase securities from and sell securities it owns to non-advisory Clients at prices and commission rates which Stifel believes are competitive with the then current prices and according to industry practices. Stifel also is a market maker in certain over-the-counter equity securities.

Principal and agency-cross transactions will not be executed for any advisory Client account without prior written Client consent. Typically, advisory Client transactions are executed on an agency basis. Depending upon the advisory program, Clients may or may not incur a commission on these transactions.

As disclosed above, Financial Advisors are licensed as securities salespersons (registered representatives) to effect securities transactions for commission compensation. These individuals may also be licensed as insurance agents and can effect transactions for separate and customary commission compensation for insurance transactions.

Personal Trading. As required by Section 204A of the Investment Advisers Act of 1940, Stifel has implemented written procedures to detect and prevent the misuse of material, non-public information by employees. Stifel, its affiliates, or any officer, director, stockholder, or employee, or any member of their families, may have a position in and may, from time to time, purchase or sell any of the securities that Stifel trades in or recommends to advisory Clients. Stifel employees and their affiliates also may invest in any wrap fee programs sponsored by Stifel.

Stifel has established the following general policies and/or procedures:

- Stifel will not allow transactions for its account or for the account of an associated person in any security which is the subject of a recommendation of Stifel's research department until the recommendation has been disseminated to Clients and a reasonable time has elapsed following the dissemination.
- Stifel directors, officers, or employees may not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of their employment unless the information is also available to the investing public or through reasonable inquiry. No Stifel employee may prefer his or her own interest to that of an advisory Client.
- Stifel maintains a list of all securities holdings for itself, and for anyone associated with the firm, with access to advisory recommendations. The Compliance Officer reviews these holdings on a regular basis.
- Stifel emphasizes the unrestricted right of the Client to decline to implement any advice rendered.

Discretionary Authority. Some advisory programs offered or sponsored by Stifel will require the Client to provide Stifel with a limited power of attorney. This will allow Stifel to provide portfolio management services to the Client on a discretionary basis.

The authority to provide discretionary management services will be contained in the advisory agreement between the Client and Stifel and, with respect to SAA accounts, will extend to the Financial Advisor providing the portfolio management services.

The discretionary authority accepted or requested by Stifel is limited to the discretionary authority to select (without obtaining specific Client consent) the securities and the amount of securities to purchase or sell for a Client's investment account. A Client may impose reasonable restrictions on Stifel's discretionary authority. Should a Client decide to modify previously issued restrictions on Stifel's discretionary authority, Stifel will require amendments or modifications to be issued in writing. Any such modifications will be honored after they have been reviewed and accepted by Stifel.

Recommendation of Broker-Dealers. Stifel will recommend itself to any Client in need of brokerage or custodial services. Due to the types of advisory services offered or sponsored by Stifel, Stifel will not recommend other broker-dealer firms or negotiate commissions on a Client's behalf.

All Clients will be required to select a broker-dealer. A Client should understand that it typically is a program requirement to open and maintain an account with Stifel. For Clients of the SEI Asset Management Program, Client assets normally will be held by the SEI Trust Company, an affiliate of SEI Asset Management.

For Stifel's wrap fee programs that utilize mutual funds, the funds are purchased on a no-load or load-waived basis and Clients do not incur a sales charge. Due to Stifel's single, all-inclusive fee, the security transactions for program Clients will be required to be executed at and through Stifel. Should an outside manager determine it is appropriate to execute a transaction for a Client at a broker-dealer other than Stifel, the cost of the security may include a separate commission on the transaction. Stifel's fee does not cover transaction costs for security trades executed at brokers other than Stifel.

Stifel will block trades where possible and when advantageous to Clients. Blocking trades permits the trading of aggregate blocks of securities on behalf of multiple Clients' accounts. Transaction costs will be shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows Stifel to execute equity trades in a timely, equitable manner.

Stifel pays an annual fee for research services provided by third-party research sources. These research services are generally used to benefit all of Stifel's accounts, though not all such services may be used by Stifel in connection with the account which it services. The research sought is in-depth fundamental corporate research to assist Stifel in its analysis. This includes information in the form of written and oral reports, reports accessed by computers or terminals, statistic collations, appraisals and analyses relating to markets, companies, industries, business and economic factors, market trends, portfolio strategy, and trading insight and intelligence. Materials of a general nature that deal with technical factors, the business cycle, and the economy are also regarded as having value.

Solicitation Arrangements. Stifel may, from time to time, compensate, either directly or indirectly, an individual or company for Client referrals. Stifel will ensure the proper disclosures are provided to the Client at the time of solicitation and that the Client signs an acknowledgment and receipt of the appropriate disclosure delivery. Stifel's referral agreements will be in compliance with Section 206(4)-3 of the Investment Advisors Act of 1940. To comply with this rule, all appropriate disclosures will be made, all written instruments will be maintained by Stifel and all other applicable federal and state laws will be observed. Typically, Stifel pays solicitors a percentage of the total fee paid by the Client to Stifel for the time period the Client remains at Stifel.

Stifel may, from time to time, be compensated, by third party Registered Investment Advisers for Client referrals. Stifel will ensure the proper disclosures are provided to the Client at the time of solicitation and that the Client signs an acknowledgment and receipt of the appropriate disclosure delivery. Referral agreements will be in compliance with Section 206(4)-3 of the Investment Advisors Act of 1940. To comply with this rule, all appropriate disclosures will be made, all written instruments will be maintained by Stifel and all other applicable federal and state laws will be observed. Typically, Stifel receives solicitation payments based on a percentage of the total fee paid by the Client to the third party Registered Investment Adviser for the time period the Client remains with the Registered Investment Adviser.

REGULAR REPORTS PROVIDED TO CONSULTING SERVICES PROGRAMS CLIENTS

Advisory accounts are reviewed quarterly by the Financial Advisor responsible for the Client's account. Initial account reviews are performed by members of the Consulting Services Review Committee. In addition, the outside managers of certain Stifel wrap fee programs typically review accounts of Clients enrolled in their programs.

Clients will receive monthly statements that identify all deposits to the Client's account, all disbursements from the account, all dividends received and interest earned, and any purchases or sales in the account during the past month, as well as the overall market value of the Client's portfolio as of the end of the month.

Clients typically also receive quarterly reports from Stifel (except that SEI (discretionary) and Saratoga will provide quarterly reports directly to Clients enrolled in those programs) that contain the following:

- Quarterly Performance Review - Analysis of the performance of the Client's portfolio relative to comparable market indices. Stifel calculates performance of Client accounts in a uniform manner relying on software that generally complies with CFA Institute standards for performance reporting calculations. Account performance is verified by reviewing the results for similarity and consistency among similar sectors and by identifying any unusual variations or inaccuracies indicated by the information provided. Performance information is reviewed quarterly for accuracy by Stifel's Consulting Services Operations Manager.
- Market Overview - Analysis of the prevailing market conditions during the previous fiscal quarter prepared by Stifel or one of its sub-advisers.
- Summary of Portfolio Holdings - Listing of securities held in the Client's portfolio as of the end of the reported quarter.
- Realized Gain/Loss Summary - Listing of all closed transactions in Client's account during the calendar year and the offsetting cost of each transaction providing the realized gain/loss for each closing transaction.

Clients also will receive some or all of the following: written confirmation of all transactions executed through Stifel, mutual fund prospectuses, and Part II of Form ADV of any outside money manager employed by the Client.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

We have audited the accompanying consolidated statement of financial condition of Stifel, Nicolaus & Company, Incorporated and Subsidiaries (the "Company") (a wholly-owned subsidiary of Stifel Financial Corp.) as of December 31, 2006, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This consolidated financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Standards Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of Stifel, Nicolaus & Company, Incorporated and Subsidiaries at December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

February 28, 2007

STIFEL, NICOLAUS & COMPANY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
December 31, 2006

Cash and cash equivalents	$ 14,726,487
Cash segregated under federal and other regulations	18,096
Securities purchased under agreements to resell	156,144,667
Receivable from brokers and dealers:	
Securities failed to deliver	36,231,379
Deposits paid for securities borrowed	35,646,405
Clearing organizations	62,218,273
	134,096,057
Receivable from customers, net of allowance for doubtful receivable of $306,624	274,269,403
Securities owned, at fair value	86,737,390
Securities owned and pledged, at fair value	250,432,576
	337,169,966
Memberships in exchanges	168,000
Due from affiliates	1,975,293
Loans and advances to Financial Advisors and other employees, net of allowance for doubtful receivables from former employees of $673,687	24,507,242
Deferred tax asset	7,916,399
Other assets	53,288,449
TOTAL ASSETS	**$1,004,280,059**
LIABILITIES AND STOCKHOLDER'S EQUITY	
LIABILITIES:	
Short-term bank loans	$ 195,600,000
Drafts payable	34,900,229
Payable to brokers and dealers:	
Securities failed to receive	12,973,257
Deposits received for securities loaned	86,017,500
Clearing organizations	10,777,890
	109,768,647
Payable to customers	128,676,340
Securities sold, but not yet purchased, at fair value	203,376,123
Due to Parent Company and affiliates	9,596,186
Accrued employee compensation	59,871,969
Accounts payable and accrued expenses	26,403,066
	768,192,560
Liabilities subordinated to claims of general creditors	51,543,398
Stockholder's equity:	
Capital Stock - par value $1, authorized 30,000 shares, outstanding 1,000 shares	1,000
Additional paid-in capital	50,003,661
Retained earnings	134,539,440
TOTAL STOCKHOLDER'S EQUITY	184,544,101
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$1,004,280,059**

See notes to Consolidated Statement of Financial Condition.

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2006

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of Operations

Stifel, Nicolaus & Company, Incorporated and Subsidiaries (collectively referred to as the "Company") are principally engaged in retail brokerage, securities trading, investment banking and related financial services throughout the United States. Although the Company has offices throughout the United States, its major geographic area of concentration is in the Midwest and Mid-Atlantic regions. The Company's principal customers are individual investors, corporations, municipalities and institutions.

Basis of Presentation

The consolidated financial statement includes the accounts of Stifel, Nicolaus & Company, Incorporated ("Stifel") and its subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation. The amounts included in the accompanying Consolidated Statement of Financial Condition related to the subsidiaries are immaterial. The Company is a wholly-owned subsidiary of Stifel Financial Corp. (the "Parent Company").

The preparation of the consolidated financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statement. Actual results could differ from those estimates. Management considers the accrual for litigation its most significant estimate susceptible to change.

Cash and Cash Equivalents

The Company defines cash equivalents as short-term, highly liquid investments with original maturities of 90 days or less, other than those held for sale in the ordinary course of business.

Security Transactions

Securities owned, and securities sold, but not yet purchased, are carried at fair value.

Securities failed to deliver and receive represent the contract value of securities that have not been delivered or received by settlement date.

Receivable from customers includes amounts due on cash and margin transactions. The value of securities owned by customers and held as collateral for these receivables is not reflected in the Consolidated Statement of Financial Condition.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (continued)

Securities purchased under agreements to resell (Resale Agreements) and securities sold under agreements to repurchase are recorded at the contractual amounts that the securities will be resold/repurchased, including accrued interest. The Company's policy is to obtain possession or control of securities purchased under Resale Agreements and to obtain additional collateral when necessary to minimize the risk associated with this activity.

Customer security transactions are recorded on a settlement date basis. Principal securities transactions are recorded on a trade date basis.

Securities Borrowing and Lending Activities

Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received. Securities borrowed transactions require the Company to deposit cash with the lender generally in excess of the market value of securities borrowed. With respect to securities loaned, the Company receives collateral in the form of cash in an amount generally in excess of the market value of securities loaned. The Company monitors the market value of securities borrowed and loaned generally on a daily basis, with additional collateral obtained or refunded as necessary. Substantially all of these transactions are executed under master netting agreements, which give the Company right of offset in the event of counterparty default. Such receivables and payables with the same counterparty are not set off on the Company's Consolidated Statement of Financial Condition.

Loans and Advances

The Company offers transition pay, principally in the form of upfront loans, to Financial Advisors and certain key revenue producers as part of the Company's overall growth strategy. These loans are generally forgiven over a five to ten year period if the individual satisfies certain conditions, usually based on continued employment and certain performance standards. If the individual leaves before the term of the loan expires or fails to meet certain performance standards, the individual is required to repay the balance. Management monitors and compares individual Financial Advisor production to each loan issued to ensure future recoverability.

Income Taxes

The Company is included in the consolidated federal and certain state income tax returns filed by the Parent Company and its subsidiaries. The Company also files on a stand-alone basis in certain other states. The Company’s portion of the consolidated current income tax liability, computed on a separate return basis pursuant to a tax sharing agreement, and the Company’s stand-alone tax liability or receivable is included in the accompanying Consolidated Statement of Financial Condition.

Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial reporting and income tax bases of assets and liabilities.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (continued)

Fair Value

Substantially all of the Company's financial instruments are carried at fair value or amounts that approximate fair value Securities owned, and securities sold, but not yet purchased, and investments include securities that are marketable and securities that are not readily marketable. Marketable securities are carried at fair value based on either quoted market or dealer prices, or accreted costs. The fair value of securities, for which a quoted market or dealer price is not available, is based on management's estimates. Among the factors considered by management in determining the fair value of investments are the cost of the investment, terms and liquidity, developments since the acquisition of the investment, the sales price of recently issued securities, the financial condition and operating results of the issuer, earnings trends and consistency of operating cash flows, the long-term business potential of the issuer, the quoted market price of securities with similar quality and yield that are publicly traded, and other factors generally pertinent to the valuation of investments. The fair value of these investments is subject to a high degree of volatility and may be susceptible to significant fluctuation in the near term. The fair value of non-marketable securities at December 31, 2006 of $6,152,602 is included in the Consolidated Statement of Financial Condition under the caption "Other assets".

Customer receivables, primarily consisting of floating-rate loans collateralized by customer-owned securities, are charged interest at rates similar to other such loans made throughout the industry. Except for the Company’s subordinated liabilities (see Note H), the Company's remaining financial instruments are generally short-term in nature and their carrying values approximate fair value.

Recent Accounting Pronouncements

In June 2005, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 154, *Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3*, ("SFAS No. 154"). SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principle. The adoption of SFAS No. 154 did not have a material impact on the Company's Consolidated Statement of Financial Condition.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a Company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 became effective for the Company on January 1, 2007. The adoption of FIN 48 did not have a material impact on the Company's Consolidated Statement of Financial Condition.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (continued)

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurement. This statement applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for the fiscal years beginning after November 15, 2007. The Company is currently assessing the impact that SFAS No. 157 will have on the Company's Consolidated Statement of Financial Condition.

In February 2007, the FASB issued SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115*("SFAS No.159"). SFAS No. 159 permits entities to choose, at specified election dates, to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157. The choice to adopt early should be made after issuance of this Statement but within 120 days of the beginning of the fiscal year of adoption, provided the entity has not yet issued financial statements, including notes to those financial statements, for any interim period of the fiscal year of adoption. The Company is evaluating the impact that the adoption of SFAS No. 159 will have, if any, on the Company's Consolidated Statement of Financial Condition.

NOTE B — CASH SEGREGATED UNDER FEDERAL REGULATIONS

At December 31, 2006, cash of $17,096 has been segregated in a special reserve bank account for the exclusive benefit of customers pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934. The Company performs a weekly reserve calculation for proprietary accounts of introducing brokers ("PAIB") which includes accounts of an affiliated introducing broker. At December 31, 2006, no deposit was required. Cash of $1,000 has been segregated in a reserve bank account for the exclusive benefit of PAIB.

NOTE C — SECURITIES OWNED AND SECURITIES SOLD, BUT NOT YET PURCHASED

Pledged securities that can be sold or repledged by the secured party are identified as "Securities owned and pledged" on the Consolidated Statement of Financial Condition. The components of securities owned and securities sold, but not yet purchased at December 31, 2006, are as follows:

Securities, at fair value:	Owned	Sold, but not yet purchased
U.S. Government obligations	$ 152,182,146	$ 190,963,004
State and municipal bonds	54,811,573	15,989
Corporate obligations	115,158,716	10,830,570
Corporate stocks	15,017,531	1,566,560
	$ 337,169,966	$ 203,376,123

NOTE D — SHORT-TERM FINANCING

The Company's short-term financing is generally obtained through the use of bank loans and securities lending arrangements. The Company borrows from various banks on a demand basis with company-owned and customer securities pledged as collateral. Available ongoing credit arrangements with banks totaled $605,000,000 at December 31, 2006, of which $409,400,000 was unused. There are no compensating balance requirements under these arrangements. At December 31, 2006 the Company had short-term bank loans of $195,600,000 at an average rate of 5.63%. The average bank borrowing was $148,683,355 in 2006, at a weighted average interest rate of 5.36%. At December 31, 2006, the Company had a securities loan balance of $86,017,500 at an average rate of 5.01%. During 2006, the average outstanding securities lending arrangements utilized in financing activities was $114,912,831 at an average effective interest rate of 4.85%. Primarily, customer securities were utilized in these arrangements.

NOTE E — COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company enters into underwriting commitments. Settlements of transactions relating to such underwriting commitments, which were open at December 31, 2006, had no material effect on the Consolidated Statement of Financial Condition.

In connection with margin deposit requirements of The Options Clearing Corporation ("OCC"), the Company has pledged customer-owned securities valued at $31,505,227. At December 31, 2006, the amounts on deposit satisfied the minimum margin deposit requirement of $27,204,612.

In connection with margin requirements of the National Securities Clearing Corporation, the Company deposited $5,400,000 in cash. At December 31, 2006, the amount on deposit satisfied the minimum margin deposit requirement of $4,101,371.

The Company also provides guarantees to securities clearing houses and exchanges under their standard membership agreement, which requires members to guarantee the performance of other members. Under the agreement, if another member becomes unable to satisfy its obligations to the clearing house, other members would be required to meet shortfalls. The Company’s liability under these agreements is not quantifiable and may exceed the cash and securities it has posted as collateral. However, the potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these transactions.

At December 31, 2006, the future minimum rental commitments for office space and equipment with initial or remaining non-cancelable lease terms in excess of one year, some of which contain escalation clauses and renewal options, are as follows:

Year Ending December 31,	Operating Leases
2007	$ 17,303,895
2008	15,266,356
2009	12,511,484
2010	10,504,997
2011	7,657,468
Thereafter	27,298,846
	$ 90,543,046

The Company leases furniture and equipment, under a month-to-month lease agreement, from the Parent Company.

NOTE F — NET CAPITAL REQUIREMENTS

Stifel is subject to the Uniform Net Capital Rule, Rule 15c3-1 under the Securities Exchange Act of 1934 (the “Rule”), which requires the maintenance of minimum net capital, as defined. Stifel has elected to use the alternative method permitted by the Rule, which currently requires maintenance of minimum net capital equal to the greater of $1,000,000 or 2% of aggregate debit items arising from customer transactions, as defined. The Rule also provides that equity capital may not be withdrawn or cash dividends paid to affiliates if resulting net capital would be less than 5% of aggregate debit items.

At December 31, 2006, Stifel had net capital of $134,369,176, which was 43.32% of aggregate debit items and $128,165,978 in excess of minimum required net capital.

NOTE G — EMPLOYEE BENEFIT PLANS

Employees of the Company participate in the Parent Company’s profit sharing 401(k) plan, Employee Stock Ownership Plan, and incentive stock award plans. In addition, the Company has a deferred compensation plan available to Financial Advisors ("I.E.'s"), a portion of which is invested in Parent Company Stock Units.

NOTE H — LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The Company has a deferred compensation plan available to I.E.'s who achieve a certain level of production whereby a certain percentage of their earnings is deferred as defined by the plan, a portion of which is deferred in the Parent Company stock units and the balance into optional investment choices. The Company purchases mutual funds to hedge its liability to I.E.'s who choose to base the performance of their return on the index mutual fund options. The Company obtained approval from the New York Stock Exchange ("NYSE") to subordinate the liability for future payments to I.E.'s for that portion of compensation not deferred in the Parent Company stock units. Beginning with deferrals made in plan year 1997, the Company issued cash subordination agreements to participants in the plan pursuant to provisions of Appendix D of Securities and Exchange Act ("SEA") Rule 15c3-1.

The Parent Company entered into a $35,000,000 subordinated loan agreement with the Company, as approved by the NYSE on September 27, 2005, pursuant to provisions of Appendix D of SEA Rule 15c3-1. The loan is callable September 30, 2010 and bears interest at 6.38% per annum.

In addition, the Parent Company entered into a subordinated loan agreement with the Company, as approved by the NYSE on September 27, 2005, pursuant to provisions of Appendix D of SEA Rule 15c3-1, in the amount of $12,218,282 which had previously been considered contributed capital. The loan is callable June 30, 2007 and bears interest at 9% per annum.

NOTE H — LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS (continued)

The Company has included in its computation of net capital the following cash subordination agreements:

Lender	Due	Amount
Various Financial Advisors	January 31, 2007	720,107
Stifel Financial Corp.	June 30, 2007	12,218,282
Various Financial Advisors	January 31, 2008	913,709
Various Financial Advisors	January 31, 2009	1,300,019
Various Financial Advisors	January 31, 2010	1,391,281
Stifel Financial Corp.	September 30, 2010	35,000,000
		$ 51,543,398

At December 31, 2006, the fair value of the liabilities subordinated to claims of general creditors using interest rates commensurate with borrowings of similar terms, was $41,238,164.

NOTE I — LEGAL PROCEEDINGS

The Company is named in and subject to various proceedings and claims incidental to its securities business activities, including lawsuits, arbitration claims and regulatory matters. While the ultimate outcome of pending litigation, claims and regulatory matters cannot be predicted with certainty, based upon information currently known, management does not believe that the resolution of such litigation and claims will have a material adverse effect on the Company's consolidated financial condition. It is reasonably possible that certain of these lawsuits and arbitrations could be resolved in the next year and management does not believe such resolutions will result in losses materially in excess of the amounts previously provided.

NOTE J — FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK

As a carrying broker-dealer, the Company clears and executes transactions for three introducing broker-dealers. Pursuant to the clearing agreements, the introducing broker-dealers guarantee the performance of their customers to the Company. To the extent the introducing broker-dealers are unable to satisfy their obligations under the terms of the respective clearing agreements, the Company would be secondarily liable. However, the potential requirement for the Company to fulfill these obligations under these arrangements is remote. Accordingly, no liability has been recognized for these transactions.

In the normal course of business, the Company executes, settles, and finances customer and proprietary securities transactions. These activities expose the Company to off-balance sheet risk in the event that customers or other parties fail to satisfy their obligations.

In accordance with industry practice, customer securities transactions are recorded on settlement date, generally three business days after trade date. Should a customer or broker fail to deliver cash or securities as agreed, the Company may be required to purchase or sell securities at unfavorable market prices.

The Company borrows and lends securities to finance transactions and facilitate the settlement process, as well as relend securities in the normal course of business, utilizing both firm proprietary positions and customer margin securities held as collateral. The Company monitors the adequacy of collateral levels on a daily basis. The Company periodically borrows from banks on a collateralized basis, utilizing firm and customer margin securities in compliance with Security and Exchange Commission ("SEC") rules. Should the counterparty fail to return customer securities pledged, the Company is subject to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company controls its exposure to credit risk by continually monitoring its counterparties' positions, and where deemed necessary, the Company may require a deposit of additional collateral and/or a reduction or diversification of positions. The Company sells securities it does not currently own (short sales), and is obligated to subsequently purchase such securities at prevailing market prices. The Company is exposed to risk of loss if securities prices increase prior to closing the transactions. The Company controls its exposure to price risk for short sales through daily review and setting position and trading limits.

NOTE J — FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK (CONTINUED)

The Company manages its risks associated with the aforementioned transactions through position and credit limits, and the continuous monitoring of collateral. Additional collateral is required from customers and other counterparties when appropriate.

At December 31, 2006, securities, primarily from customer margin and securities borrowing transactions, of approximately $375,400,000 were available to the Company to utilize as collateral on various borrowings for other purposes. The Company had utilized a portion of these available securities as collateral for stock loans of $83,398,900, OCC margin requirements of $31,505,227 and customer short sales of $13,817,708.

Concentrations of Credit Risk

The Company maintains margin and cash security accounts for its customers located throughout the United States. The majority of the Company's customer receivables are serviced by branch locations primarily in the Midwest.

NOTE K — RELATED PARTY TRANSACTIONS

Under an agreement, the Company provides all funding for the Parent Company’s cash requirements and accordingly all expenditures of the Parent Company are recorded through the inter-company account. The Company leases certain furniture and equipment from the Parent Company and funds its incentive stock award plans (See Note G) with Parent Company stock and records these transactions through the inter-company account. In addition, the Company records the Parent Company’s cash receipts through the inter-company account. In addition, the Company records the Parent Company’s cash receipts through the inter-company account. During the year, the Parent Company's Board of Directors authorized and contributed $29,115,072 contribution of capital. At December 31, 2006 the due to Parent Company and affiliates was $9,596,186.

The Company serves as a carrying broker-dealer and clears the securities transactions on a fully disclosed basis of an affiliated company, Century Securities Associates, Inc. ("CSA") Under the arrangement, the Company has a PAIB agreement with CSA. At December 31, 2006, the due from CSA of $180,878 consisted of commissions payable net of brokerage and clearing expense, payroll, independent contractor fees, and taxes that were paid on behalf of CSA and is included in the Consolidated Statement of Financial Condition under the caption "Due from affiliates". The Company also serves as a carrying broker-dealer and clears the securities transactions on a fully disclosed basis of Stifel Nicolaus Limited ("Stifel Limited"), an affiliated company. At December 31, 2006, the due to Stifel Limited of $77,542 is included in the Consolidated Statement of Financial Condition under the caption "Due to Parent Company and affiliates".

NOTE K — RELATED PARTY TRANSACTIONS (CONTINUED)

The Company records interest expense on its inter-company debt and subordinated debt to the Parent through the inter-company account.

The Company provides management services for two affiliated companies, Stifel Capco I, LLC and Stifel Capco II, LLC, and receives a fee for such services. At December 31, 2006, the receivable from the affiliated companies of $1,530,858 for such services is included in the Consolidated Statement of Financial Condition under the caption "Due from affiliates".

NOTE L — INCOME TAXES

The Company's net deferred tax asset consists of the following temporary differences, at December 31, 2006:

Deferred compensation	$ 8,584,094
Accruals not currently deductible	1,374,620
Prepaid expenses	(1,191,873)
Investment valuation	(850,442)
Deferred tax asset	**$ 7,916,399**

At December 31, 2006, no valuation allowance has been established against deferred tax assets since it is more likely than not that the deferred tax asset will be realized.

NOTE M – PARENT COMPANY'S ACQUISITION

On December 5, 2006, the Parent Company closed on the acquisition of the private client business and certain assets of Miller Johnson Steichen and Kinnard ("MJSK"), a privately held broker dealer. Under the terms of the agreement the Parent Company paid $7,780,050 in cash including non-compete agreements of $734,000, which will be amortized over a five year period and is included in the Consolidated Statement of Financial Condition under the caption "Other Assets". In addition in January 2007, the Company issued approximately $4,133,000 in upfront notes and approximately $493,000 in Parent Company restricted stock units to certain Financial Advisors and assumed certain office lease obligations. Eighty four former employees of MJSK became employees of the Company on December 5, 2006.

NOTE N – IMPACT OF THE NYSE/ARCHIPELAGO MERGER

On March 7, 2006, the New York Stock Exchange ("NYSE") and Archipelago Holdings Inc. ("Archipelago") completed the combination of their businesses through a series of mergers into a new holding company, NYSE Group, Inc. ("NYSE Group"). As a result of the merger, the Company received $370,640 in cash, and 80,177 shares of NYSE Group common stock for its NYSE seat membership. The shares are subject to certain transfer restrictions that expire ratably over a three-year period, unless the NYSE Group board of directors elects to remove or reduce the restrictions. On May 5, 2006, the Company sold 51,900 shares of NYSE Group through a secondary public offering. The Company received cash proceeds of $3,127,763 or $60.27 per share which represented the fixed offering price.

NOTE O – SUBSEQUENT EVENTS

On November 20, 2006, the Parent Company, and its wholly-owned subsidiary, FSFC Acquisition Co., entered into an Agreement and Plan of Merger with First Service Financial Company, ("First Service"), pursuant to which the Parent Company will acquire First Service and its wholly-owned bank subsidiary, FirstService Bank, by means of the merger of FSFC Acquisition Co. with and into First Service. The total consideration payable by the Parent Company in the merger for all of the outstanding shares of First Service is approximately $37,900,000. The Parent Company is seeking approval from the Federal Reserve to become a bank holding company and financial services holding company subject to the supervision and regulation of the Board of Governors of the Federal Reserve System. The merger is anticipated to close in the second quarter of 2007.

On January 9, 2007, the Parent Company announced that it has entered into an agreement with BankAtlantic Bancorp, Inc. to purchase Ryan Beck Holdings, Inc. and its wholly-owned subsidiary Ryan Beck & Co., Inc. ("Ryan Beck"), a FINRA firm, by means of the merger of Ryan Beck Holdings and its wholly-owned subsidiary Ryan Beck with and into SF RB Merger Sub, a wholly-owned subsidiary of the Parent Company with SF RB Merger Sub surviving the merger. The transaction closed on February 28, 2007. Ryan Beck will continue to operate as a separate broker-dealer until after all existing branches of Ryan Beck are converted to the Company. Under terms of the agreement the Parent Company paid $3,172,501 in cash and issued 2,467,600 shares of Parent Company common stock at approximately $49.82 per share. The Company will also issue five year warrants to purchase up to 500,000 shares of Parent Company common stock at an exercise price of $36.00 per share subject to shareholder approval. If certain levels of defined revenues attributable to specified individuals of Ryan Beck's private client division are achieved, over a two year period, the Parent Company will make a contingent payment of up to $40,000,000. In addition, if certain levels of defined revenues attributable to specific individuals in Ryan Beck's existing investment banking division are achieved, the Parent Company will make a contingent payment equal to 25% of the excess over $25,000,000 for each of the next two years. The contingent payments may be made, at the Parent Company's election, in cash or Parent Company stock. In addition to the transaction consideration described above, the Company has agreed to establish a retention program valued at approximately $42,000,000.

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A copy of our December 31, 2006, statement of financial condition filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 is available for examination at the Chicago regional office of the Securities and Exchange Commission or at our principal office at One Financial Plaza, 501 North Broadway, St. Louis, Missouri 63102.

SN34-02/04/08