MARGIN DISCLOSURE STATEMENT

C.L. King & Associates (CLKA) is furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review C.L. King & Associates Customer Agreement. If you have any questions or concerns regarding your margin account(s), please contact us.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from CLKA. If you choose to borrow funds from CLKA, you will open a margin account. The securities purchased are CLKA's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, CLKA can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- When customers have margin accounts, the firm has the right to hypothecate or lend shares held in your margin account subject to certain limitations. When shares are lent under standard stock loan agreements, the right to vote those shares goes with them. This may preclude your ability to vote those shares if a corporate vote takes place while the shares are on loan.

- When shares are lent under the standard stock loan agreement, you are at risk of receiving payments-in-lieu of dividends where these shares are lent past record date. Such payments must be reported as ordinary income causing you to lose the benefit of preferential tax rates on dividends.

- You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to CLKA to avoid the forced sale of those securities or other securities or assets in your account(s).

- CLKA can force the sale of securities or other assets in your account(s). If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, CLKA can sell the securities or other assets in any of your accounts to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.

- Securities or other assets can be sold without contacting you. Some investors mistakenly believe that CLKA must contact them for a margin call to be valid, and that CLKA cannot liquidate securities or other assets in their accounts to meet the call unless CLKA has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.

- You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call. Because the securities are collateral for the margin loan, CLKA has the right to decide which security to sell in order to protect its interests.

- CLKA can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice. These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause a liquidation or sale of securities in your account(s).

- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

If you have any questions regarding the above Margin Disclosure Statement, please contact Gregg Miller in our Compliance Department at (518) 431-3534.