E1 ASSET MANAGEMENT FOCUSED ON YOU

Account #______________________

We can sell the shares in your account, but I want you to become aware that there will be tax withholdings since we cannot get a certificate of incorporation to verify who can sign for the corporation. Unfortunately, this is something our clearing firm cannot be negotiated with.

Please let me know if you are comfortable with facing a tax withholding from the stock's sale to send you back the funds.

This risk reflects the nature of an option as a wasting asset which becomes worthless when it expires. An option holder who neither sells his option in the secondary market nor exercises it prior to its expiration will necessarily lose his entire investment in the option. The fact that options become valueless upon expiration means that an option holder must not only be right about the direction of an anticipated price change in the underlying interest, but he must also be right about when the price change will occur. If the price of the underlying interest does not change in the anticipated direction before the option expires to an extent sufficient to cover the cost of the option, the investor may lose all or a significant part of his investment in the option. This contrasts with an investor who purchases the underlying interest directly and may continue to hold his investment, notwithstanding its failure to change in price as anticipated, in the hope of waiting out an adverse price move and eventually realizing a profit.

The significance of this risk to an option holder depends in large part upon the extent to which he utilizes the leverage of options to control a larger quantity of the underlying security or stock than he could have purchased directly with the same investment amount. This is illustrated in the following example, which compares the consequences of three different approaches to investing the same amount of money in stock or options, with each approach involving a different degree of leverage.

EXAMPLE

Let's assume Investors A, B, and C each have $5,000 to invest and that each anticipates an increase in the market price of XYZ stock, which is currently $50 a share. Investor A invests his $5,000 in 100 shares of XYZ. Investors B invests $500 in the purchase of an XYZ 50 call (covering 100 shares of XYZ at a premium of $5 a share) and invests the remaining $4,500 in a relatively risk-free investment such as Treasury bills. (For purposes of this example, it is assumed that all of the calls are purchased when they have six months remaining until expiration, and that the risk-free investment bears interest at an annual rate of, say, 3.25% - which means that a $4,500 investment will earn approximately $73 in interest over six months). Investor C invests his entire $5,000 in 10 XYZ 50 calls.

If each option is held for six months and, if it is profitable, it is either sold or exercised immediately before it expires, the following table illustrates the dollar and percentage profit or loss that each investor would realize on his $5,000 investment, depending upon the price of XYZ stock when the option expires.

Price of XYZ stock at expiration of option	Profit or Loss	% Return	Profit or Loss	% Return	Profit or Loss	% Return
	Investor A		Investor B		Investor C	
62	+ 1,200	+ 24%	+ 773	+ 15.5%	+ 7,000	+ 140%
58	+ 800	+ 16%	+ 373	+ 7.5%	+ 3,000	+ 60%
54	+ 400	+ 8%	- 27	- 0.5%	- 1,000	- 20%
50	0	0	- 427	- 8.5%	- 5,000	- 100%
46	- 400	- 8%	- 427	- 8.5%	- 5,000	- 100%
42	- 800	- 16%	- 427	- 8.5%	- 5,000	- 100%
38	- 1,200	- 24%	- 427	- 8.5%	- 5,000	- 100%

The table demonstrates how increased leverage results in greater profit potential on the upside and greater risk of loss on the downside. Investor C, as the most leveraged investor, would realize the highest percentage return if the price of XYZ increased to 62 but, would incur a 20% loss even if the price of XYZ increased to 54 (assuming he did not sell his options while they had significant remaining time value), and would lose all of his investment if the price of XYZ stayed at or below 50.

If you anticipate a certain directional movement in the price of a stock, the right to buy or sell that stock at a predetermined price, for a specific duration of time can offer an attractive investment opportunity. The decision as to what type of option to buy depends on whether your outlook for the underlying security is bullish or bearish. If your outlook is bullish, buying a call option creates the opportunity to share in the upside potential of a stock without having to risk more than a fraction of its market value. Conversely, if you anticipate downward movement, buying a put option will enable you to either participate financially in a downward underlying stock move or to protect underlying shares against downside risk without limiting profit potential. Purchasing equity calls or puts allows you to position yourself according to your market expectations so that you may potentially profit and/or protect yourself with limited risk.

The purchase or writing of option contracts involves a high degree of risk and is not suitable for all investors. By applying to add the option trading feature to your account, you represent that:

- You understand that options contain a high degree of risk and are often speculative.

- You acknowledge that, based on your investing experience and financial situation, you fully understand and are fully prepared financially to undertake such risks and withstand any losses incurred including the loss of your entire investment; and have determined that option trading is suitable for you, considering your financial situation and investment objectives.
- You certify that we may rely on the information you furnished to us relative to your investing experience and financial condition. Further, you agree to promptly advise us, in writing, of any change in your financial condition or investment objectives that may affect, in any way, the suitability of your trading options.
- You have received, read, and understand *"Characteristics and Risk of Standardized Options"* delivered by E1 Asset Management as issued by the Options Clearing Corporation ("OCC").
- You agree to that each option transaction is subject to the rules and regulation of the OCC, the exchange or market where such transaction is executed, the NASD and various other State and Federal regulatory entities. You understand that you must comply with all applicable duties and responsibilities.

WE WANT TO NOTE:
Early exercise and assignment can create risk and loss. Spreads are subject to early exercise or assignment that can remove the very protection that the investor/trader sought. This can lead to margin calls and greater losses than anticipated when the trade was entered. There are special risks associated with uncovered option writing that expose the investor to potentially unlimited loss. Therefore, E1 Asset Management does not authorize uncovered option writing. If we approve your account for option trading, prior to implementing any option transaction, we will ask you to carefully consider the benefits and risks of using options in each specific circumstance, including:

- The protection of current stock holdings from a decline in market price,
- Increasing income against current stock holding,
- Preparing to buy a stock at a lower price, or
- Speculating on a stock price rise without buying the stock outright.

If you need additional information on options trading, please ask your E1 portfolio manager. Signing this document and the enclosed separate Option Agreement is optional. You will be bound to the terms outlined therein should you sign. Both this signed "Options Risk Disclosure," and a signed "Option Agreement and Approval Form" (enclosed) are required to approve your account for options trading.

ALL ACCOUNT HOLDERS ARE REQUIRED TO SIGN BELOW.

X________________________	________________________	________________
Signature	Print Name	Date
X________________________	________________________	________________
Joint Holder Signature	Print Name	Date

FOR INTERNAL USE ONLY

General Principal Signature: ______________________________ **Date: ________________________**