



CAPITAL INVESTMENT COUNSEL, INC.

**17 Glenwood Avenue
Raleigh, North Carolina 27603
(919) 831-2370
www.Capital-Invest.com**

April 30, 2012

This Brochure provides information about the qualifications and business practices of Capital Investment Counsel, Inc. If you have any questions about the contents of this Brochure, please contact us at (919) 831-2370. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Capital Investment Counsel, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Capital Investment Counsel, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Disclosure Brochure Material Changes section, dated April 30, 2012, is an update to the April 29, 2011 version previously circulated, and the material changes are identified below.

Use of Outside Managers - Counsel may, from time to time, use other investment advisory firms to sub-advise accounts (Sub-adviser). Please see Items 4 and 8 for further information.

Our full Disclosure Brochure may be requested, at no charge, by contacting our Compliance Department at (919) 831-2370. Our Brochure is also available on our web site, www.capital-invest.com.

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Item 4 – Advisory Business

4.A. Advisory Firm Description

Capital Investment Counsel, Inc. (“Counsel”) was founded in 1984 by Richard K. Bryant and E. O. “Bobby” Edgerton, Jr. Counsel provides professional investment counseling services to individual investors, pension and profit-sharing plans, corporations, trusts, and estates. Mr. Bryant and Mr. Edgerton continue to be the principal owners of the firm.

4.B. Types of Advisory Services

Counsel is an asset management firm dedicated to serving the specific needs of our clients through individually-tailored portfolios in the equity and fixed-income markets on a discretionary basis. We do not manage money through portfolio “models.” Instead, we focus on selecting individual positions in publicly-traded companies of all market capitalizations and fixed income securities, while focusing on a disciplined process designed to manage risk for the investor.

Counsel has assembled an experienced money management team to support and complement the “Counsel Style” of investing - a method which focuses on investing in companies we believe are financially strong and are out-of-favor and appear to be near historically low valuations. Bobby Edgerton, co-founder of the firm, established this investment philosophy over thirty years ago. The directive of the owners has been to create a team combining great synergy with continuity of style and philosophy.

Counsel may, from time to time, use other investment firms to sub-advise accounts (Sub-adviser). In such cases, the Sub-adviser would provide discretionary investment advice for the accounts. The terms and conditions of these arrangements may vary and contact between the Sub-adviser and such clients will typically take place through Counsel. Accounts that are managed on a sub-advisory basis are able to impose restrictions on the management of their accounts.

4.C. Client Investment Objectives/Restrictions

By offering individualized, separately managed accounts, we are able to analyze a client’s pertinent information and objectives and develop a plan to manage their assets. The analysis and plan is discussed with the client and serves as the basis of the Investment Policy Statement, or similar guidelines, in governing Counsel’s efforts in managing the assets. Upon client approval of the guidelines, we administer the day-to-day investment of the client’s assets, in accordance with the guidelines and any other agreements between Counsel and the client. Clients may impose investment restrictions on specific securities or types of securities.

4.D. Wrap-Fee Programs

Counsel offers a Wrap Fee Program, in which accounts are managed for an asset based fee that covers the costs for both management services and commission costs. There are no fundamental differences in the way accounts in the Wrap Fee Program are managed versus accounts that pay a management fee plus commissions. Clients are encouraged to discuss their account with an Investment Adviser Representative to determine whether the Wrap Fee Program may be more cost effective due to an expectation that they will have a more actively traded account. A portion of the wrap fee is received by Counsel for the asset management fees.

4.E. Assets Under Management as of 03/31/2012:

Discretionary basis:	\$229,504,015; 817 accounts
Non-discretionary basis:	\$0

Item 5 – Fees and Compensation

5.A. Adviser Compensation

We provide three fee structures from which a client may choose, for services received from Counsel. These choices are a “Wrap Fee Program” (“Option A”), “Fee + Commission” (“Option B”), and “Directed Brokerage” (“Option C”). The Wrap Fee Program is fully disclosed in its entirety in the brochure entitled “Wrap Fee Program (Form ADV Part 2A, Appendix 1)”. For Option A, a fee is charged based on a calculation of assets under management with no commission charges applied; however, there may be a miscellaneous postage and handling fee charged per trade by the clearing broker/dealer. For Option B, the client is charged a fee based upon a calculation of assets under management plus commission and transaction charges. Option C is utilized for clients directing Counsel to use a specific broker of their choosing. Commissions and transaction costs are based on transaction size, execution methods(s), market forces, and policies of the broker/dealer selected by the client. The fee structure for these choices is:

<u>Market Value</u>	<u>Wrap Charge (A)</u>	<u>Fee + Commission Charge (B)</u>	<u>Directed Brokerage (C)</u>
Up to \$500,000	2.00%	1.25%	1.75%
\$500,000 to \$1,500,000	1.75%	1.00%	1.50%
\$1,500,001 to \$3,000,000	1.50%	0.75%	1.25%
Above \$3,000,000	Negotiated	Negotiated	Negotiated

Management fees are negotiable.

5.B. Direct Billing of Advisory Fees

Investment advisory fees are billed in advance, on a quarterly basis, in accordance with the investment advisory agreement. Accounts are subject to a minimum annual fee of \$500, which may be waived at the discretion of management. Fees are typically calculated based upon the fair market value of the client's assets under management, as of the last business day of the quarter to be billed. The resulting amount, divided by four, shall be due our firm for the next quarterly period. Certain accounts may have other calculations and/or billing cycles. We request, with appropriate authorization, such fees be paid via our firm invoicing the custodian and the custodian debiting the client's accounts and remitting such fees to our firm; however, we do permit payments by check.

5.C. Other Non-Advisory Fees

Clients may incur certain charges imposed by custodians, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. A client's portfolio may include positions in mutual funds or exchange traded funds, which also charge internal management fees, as disclosed in the funds' prospectuses.

Item 12 further describes the factors that Counsel considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

5.D. Required Advance Payment of Fees

In the event a client wishes to terminate their relationship with Counsel, the client should provide a 30-day prior written notification of their desire to terminate the arrangement. In the event an advisory contract is terminated prior to the conclusion of a billing period, a *pro rata* portion of any pre-paid fees will be refunded to the client.

5.E. Compensation for Sale of Securities or Other Investment Products

Investment Adviser Representatives of Counsel are also registered with Capital Investment Brokerage and/or Capital Investment Group. In their capacity as a registered representative, an Adviser may receive a commission or remuneration in the execution of transactions through the affiliated broker/dealers. A conflict of interest may occur in an instance in which mutual fund positions are maintained in a client account through one of Counsel's affiliated broker/dealers. As a general rule, Counsel does not recommend the purchase of mutual funds for client accounts, but may maintain mutual fund assets that are transferred in to a client account. Counsel may elect to continue holding these assets for adherence to client objectives, tax purposes, client mandate or some combination of these reasons. In such cases, an Adviser may also receive 12b-1 or service fees from the mutual fund company, in addition to assessing the advisory fee on the position(s), as a portion of the assets under management.

Investment Adviser Representatives of Counsel are registered with Capital Investment Brokerage and/or Capital Investment Group. In their capacity as a registered representative, an Adviser may receive a commission or remuneration in the execution of transactions through the affiliated broker/dealers.

Item 6 – Performance-Based Fees and Side-By-Side Management

Counsel does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client’s account).

Item 7 – Types of Clients

Counsel provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, corporations, trusts, and estates.

Counsel’s minimum account value is \$100,000. We reserve the right to waive the requirement.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

8.A. Methods of Analysis and Investment Strategies

We utilize our “5 Point” Investment Philosophy featuring Tax Advantaged Investing and Multiplication of Stocks and Dividends:

1. by placing major emphasis on cash rich, financially strong companies selling at deep discounts historically, when selecting our portfolio positions. Since we are contrarian and patient by nature, our portfolio turnover (buys and sells) is very low, thus keeping expenses low for our clients;
2. by reinvesting dividends and interest during the year in order to “dollar cost average” back into the markets;
3. by emphasizing the importance of savings or additional contributions to the portfolio. This additional funding further helps with “dollar cost averaging”;
4. by striving to minimize tax liability by focusing on long-term capital gains, thus keeping your portfolio tax efficient and;
5. in cases in which a current portfolio position has increased significantly beyond the business’ intrinsic value, we may elect to “multiply” the position

by selling it and reinvesting the proceeds in two, three or four positions for further diversification.

Our stock selections are complemented with bond holdings, as necessary, in accordance with the investment objectives of the portfolio.

We manage four types of portfolios for investors: growth, growth and income, balanced, and income. In instances in which a Sub-adviser is engaged, a different type of portfolio strategy may be utilized, depending on the client's individual objectives and needs.

8.B. Material Risks of Investment Strategies or Methods of Analysis

There can be no guarantee of success of the strategies offered by Counsel. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment. The strategies used by Counsel may involve the following risks:

Management Risk – Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

Market Risk – Market risk refers to the possibility that the value of equity securities may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects.

Small and Mid Cap Company Risk – Investments in small and mid cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small and mid cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

Sector Focus Risk – The portfolios may be heavily invested in certain sectors, which may cause the value of its shares to be especially sensitive to factors and economic

risks that specifically affect those sectors and may cause the value of the portfolio to fluctuate more widely than a more broadly diversified benchmark.

Accuracy of Public Information – Counsel selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available by the issuers or through sources other than the issuers. Although Counsel evaluates this information and data and ordinarily seeks independent corroboration as appropriate and reasonably available, Counsel is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Use of Outside Managers - When Counsel determines that use of a sub-adviser is appropriate for a Client, Counsel will seek to select only Managers which will invest Client assets with the highest level of integrity; however, Counsel will have no control over the day-to-day operations of any of the selected Managers. As a result, there can be no assurance that the conduct of every Manager engaged by Counsel will conform to these standards. Additionally, the performance of Client assets managed by a sub-adviser will be highly dependent upon the expertise and abilities of the outside manager.

Investing in securities involves risk of loss that clients should be prepared to bear.

8.C. Security Recommendation Risks

Risks related to Equity Investments

Regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities, which could also result in losses. Other investment strategy risk factors could include:

Small and Mid Cap Company Risk – Investments in small and mid cap companies may be riskier than investments in larger, more established companies. The securities of these companies may trade less frequently and in smaller volumes than securities of larger companies. In addition, small and mid cap companies may be more vulnerable to economic, market and industry changes. Because smaller companies may have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

Competition – Equity securities selected by Counsel typically have significant market competitors and there is no guarantee that a portfolio security will perform better than its competitors and could be subject to risks competing with other companies with regard to product lines, technology advancements and/or management styles of the competing companies.

Foreign Securities Risk – In the unlikely case that investments in foreign securities are transacted, it is important to understand that they may be volatile and can decline significantly in response to foreign issuer political, regulatory, market or economic developments. Foreign securities are also subject to interest rate and currency exchange rate risks.

Risks Related to Fixed Income Investments

Credit Risk – In preferred equities, there is a risk that issuers and counterparties will not make payments on the securities they issue. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

Interest rate risk – Interest rate risk is the chance that bond prices overall will decline over short or even long periods because of rising interest rates. Prices and yields on bonds are dependent on a variety of factors, such as the financial condition of the issuer, general conditions of the bond market, and the size of a particular offering, the maturity of the obligation and the rating of the issue.

Investment in these types of securities involves risk and the loss of capital. These strategies may not be suitable for all investors. Past performance is not indicative of future results.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of them or the integrity of their management. Counsel has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

10.A. Registration of Licensed Representatives

Some of Counsel's management persons are registered as a registered representative of a broker-dealer.

Richard K. Bryant, Vice President of Counsel, divides his efforts among his positions as President of Capital Investment Group, Inc., President of Capital Investment Brokerage, Inc., Managing Member of CIC Advisers, LLC, and Managing Member of Capital Investment Advisory Services, LLC. He is also a Registered Representative of Capital Investment Brokerage and Capital Investment Group.

Ronald L. King, Chief Compliance Officer for Counsel, Inc., also serves as Chief Compliance Officer for Capital Investment Group, Inc., Capital Investment Brokerage, Inc., CIC Advisers, LLC, and Capital Investment Advisory Services, LLC. He is also a Registered Representative of Capital Investment Brokerage and Capital Investment Group.

Con T. McDonald divides his efforts as an Investment Adviser Representative for Counsel, Assistant Vice President and Registered Representative of Capital Investment Brokerage, Assistant Vice President of Capital Investment Group, President of Physicians Financial Services, Inc., a Registered Investment Adviser, and The Wealth Group, Ltd., a Registered Investment Adviser.

W. Harold “Hal” Eddins, Jr. serves as an Investment Adviser Representative of Counsel, Assistant Vice President and Registered Representative of Capital Investment Brokerage, and Assistant Vice President of Capital Investment Group.

Kurt A. Dressler is an Investment Adviser Representative of Counsel, Assistant Vice President and Registered Representative of Capital Investment Brokerage, and Assistant Vice President of Capital Investment Group.

C. Bynum Satterwhite divides his efforts as an Investment Adviser Representative of Counsel, Assistant Vice President and Registered Representative of Capital Investment Brokerage, and Assistant Vice President of Capital Investment Group.

Richard S. Battle serves as an Investment Adviser Representative of Counsel, Registered Representative of Capital Investment Brokerage, and Registered Representative of Capital Investment Group.

10.B. No Other Registrations

Counsel’s management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

Counsel is affiliated with two brokerage firms (Capital Investment Group, Inc. and Capital Investment Brokerage, Inc.), and two investment advisory firms (CIC Advisers, LLC and Capital Advisers, Inc.). All entities share common ownership and are considered part of Capital Investment Companies. Other than common ownership, we do not have any business relationships, third party management agreements, etc. with CIC Advisers, LLC, or Capital Advisers, Inc. E. O. Edgerton, Jr. and Richard K. Bryant are both officers and majority stockholders of the brokerage firms. All shareholders, including employees of Counsel, of Capital Investment Group and Capital Investment Brokerage may receive dividends from the companies periodically.

Arrangements are available for clients and prospective clients to use either of our affiliated companies, Capital Investment Group, Inc. and Capital Investment Brokerage, Inc., as the broker/dealer to handle their transactions. In this capacity, the Advisers may receive compensation in the form of brokerage commissions for managed and non-managed accounts. The affiliated brokerage could pose a potential conflict of interest. In order to mitigate this conflict, brokerage practices are reviewed regularly with regard to best execution and consideration is given to the possibility of using or recommending brokers other than the affiliates. With regard to mitigating conflicts related to security selections for client accounts, recommendations for the purchase and sale of securities are made public to the broker/dealers after the initial purchase or sale to clients, and, when possible, and in the best interest of clients, orders are bunched for single execution and allocated immediately after execution.

10.D. Recommendation of Other Investment Advisers

While Counsel may recommend, or direct client assets to be invested through, other advisers, no additional compensation is received by Counsel or its Investment Adviser Representatives other than management fees, as disclosed in the advisory agreement or other disclosure documents.

Item 11 – Code of Ethics

11.A. Code of Ethics Document

Counsel has adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1. A basic tenet of Counsel's Code of Ethics is that the interests of clients are always placed first. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. You may obtain a copy of our Code of Ethics by contacting the firm's at (919) 831-2370.

11.B. Recommendations of Securities and Material Financial Interests

As a matter of policy, Counsel does not engage in principal transactions or agency cross transactions. Any exceptions to this policy must be approved in advance by the Chief Compliance Officer or his or her designee. Counsel, including any of its affiliates, does not serve as a general partner to a partnership which solicits client investments, nor does Counsel, or any affiliates serve as investment adviser to an investment company which is recommended to Counsel's clients.

11.C. Personal Trading

Counsel has adopted a Code of Ethics to ensure that personal investing activities by Counsel's employees are consistent with Counsel's fiduciary duty to its clients. The Code of

Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. The Code of Ethics provides for, among other things:

1. the review and reporting of personal securities transactions by access persons;
2. prompt reporting of any violation of the Code;
3. recordkeeping and supervisory aspects pertaining to the Code;
4. confidentiality of client information, and;
5. general standards of ethical business.

11.D. Timing of Personal Trading

Counsel may recommend securities in which its Investment Adviser Representatives may have positions. This is not done to influence stock or bond prices, but to demonstrate that Advisers do not buy stocks and bonds for clients they would not willingly buy for themselves. The personal trading activity of all employees is reviewed by the compliance department.

Counsel employees may buy or sell securities at or around the same time as the same securities are bought or sold in client accounts. In order to mitigate any conflicts of interest, trades for the accounts of Advisers may be included in aggregated or “bunch” trades, with client accounts, and allocated among all accounts. The personal trading activity of all employees is reviewed by the compliance department to identify potential improprieties. The Code of Ethics requires Investment Advisor Representatives to place the interests of clients ahead of personal interests and are expected to act accordingly when placing personal trades.

Item 12 – Brokerage Practices

12.A. Selection of Broker/Dealers

Typically, Counsel will recommend that a client maintain assets at one of our affiliated broker/dealers, Capital Investment Group, Inc. or Capital Investment Brokerage, Inc., due to the efficiency of trading and account information systems. A client can request to have assets maintained at the broker/dealer of their choice. Generally, Counsel is retained with respect to its individual accounts on a discretionary basis and is authorized to make the following determinations in accordance with the client’s specified investment objectives without client consultation or consent before a transaction is effected:

1. which securities to buy or sell;
2. the total amount of securities to buy or sell;
3. the broker or dealer through whom securities are bought or sold;
4. the commission rates at which securities transactions for client accounts are affected, and;

5. the prices at which securities are to be bought or sold, which may include transaction costs.

Counsel's objective in broker/dealer selection for portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant.

Although Counsel generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Counsel believes that paying fair and reasonable commissions to broker-dealers in return for quality execution services and useful research benefits clients. Moreover, transactions that involve specialized services on the part of the broker-dealer will usually result in higher commissions or other compensation to the broker-dealer than would be the case with transactions requiring more routine services.

The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, and other assistance to Counsel in providing investment management to clients. Recognizing the values of these factors, Counsel may pay a brokerage commission in excess of what another broker, who offers no research services and minimal securities transaction assistance, might have charged for effecting the same transaction. Counsel regularly evaluates the placement of brokerage and the reasonableness of commissions paid. In this connection, Counsel makes a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services received, viewed in terms of either the specific transaction or Counsel's overall responsibility to its clients. However, the extent to which commission rates or net prices charged by brokers reflects the value of these services often cannot be readily determined. Although Counsel generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent.

However, the extent to which commission rates or net prices charged by brokers reflects the value of these services often cannot be readily determined.

1. **Research and Other Soft Dollar Benefits** – Counsel does not participate in soft dollar practices and the decision to recommend one of our affiliated broker/dealers is not based on any research received from them for directing executions or maintaining assets at the broker/dealer.
2. **Brokerage for Client Referrals** – Counsel does not direct trade execution to broker/dealers in exchange for client referrals received from them.
3. **Directed Brokerage** – Counsel will accept direction from clients as to which broker dealer will be used. Clients, who, in whole or in part, direct Counsel to use a particular broker-dealer to execute transactions for their accounts should be aware

that, in so doing, they may adversely affect Counsel's ability to include client trades in blocked orders.

12.B. Aggregation of Orders

Block orders are sometimes used for efficiency in order entry and execution. In a block transaction, all accounts pay the same per share price, in addition to transaction costs. The commission rates charged by the executing broker/dealer may be higher than those obtained in the marketplace on like transactions.

Counsel seeks to aggregate trade orders in a manner that is consistent with its duty to: (1) seek best execution of client orders, (2) treat all clients fairly, and (3) not systematically advantage or disadvantage any single client. Counsel may include proprietary accounts in such aggregate trades subject to its duty of seeking best execution and to its Code of Ethics.

Counsel trading personnel are responsible for reviewing all accounts for which they order trades to determine that the transactions were entered correctly. When a trading error is discovered, Counsel follows established procedures to correct the error. Counsel will ensure that the appropriate corrective action (including any appropriate reimbursement) is taken promptly after discovery of the error and will document the error and its correction for inclusion in Counsel's books and records as required by applicable law.

Item 13 – Review of Accounts

13.A. Frequency and Nature of Review

Account reviews are handled by E. O. Edgerton, Jr. (President), Richard K. Bryant (Vice President), Con T. McDonald (Investment Adviser Representative), Richard S. Battle (Investment Adviser Representative), W. Harold Eddins (Investment Adviser Representative), C. Bynum Satterwhite (Investment Adviser Representative), and Kurt A. Dressler (Investment Adviser Representative). The above have no specific maximum number of accounts assigned to them. At a minimum, Investment Adviser Representatives are instructed to review portfolios quarterly, in accordance with a methodology selected by Counsel to ensure no clients are disadvantaged. Such reviews should consider whether portfolios are consistent with client objectives, investment guidelines, and other criteria.

13.B. Factors That May Trigger An Account Review Outside of Regular Review

The Investment Adviser Representative will review accounts, more frequently than quarterly, based on triggering events, such as changes in client objectives, financial conditions, assets under management, or in a client's life.

13.C. Content and Frequency of Client Reports

At a minimum, written statements are furnished quarterly to clients by the brokerage firm, who also may be acting as the custodian. This statement supplied by the broker/custodian to client includes account holdings, transactions, including fees paid and individual account performance data. In addition, a small number of clients receive an internally-prepared, written quarterly performance and position report.

Item 14 – Client Referrals and Other Compensation

14.A. Compensation from Non-Clients

Counsel does not currently receive or compensate for referrals from non-clients.

14.B. Referral Arrangements

Counsel may enter into agreements with solicitor agents who may be registered representatives, financial planners, or possess other qualifications for serving in the capacity of a solicitor agent for a fee. Frequently, such solicitor agents are registered representatives with our affiliated broker/dealers, Capital Investment Group or Capital Investment Brokerage. Solicitor agents receive referral fees on a quarterly basis for introducing a client to Counsel. Such fees paid to solicitor agents are part of the Counsel's fee schedule and do not increase any fees or costs to the client. Counsel maintains a contract with each solicitor defining the roles, responsibilities, compensation, and terms of the solicitation arrangement.

Item 15 – Custody

Counsel does not maintain custody of client assets or securities. Counsel's clients maintain their assets and securities at qualified custodians, including affiliates of Counsel.

Account Statements

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Counsel takes steps to ensure that the client's qualified custodian sends periodic account statements, at least quarterly directly to such clients. These statements from the custodian show all transactions in the client's account, including fees paid to Counsel.

At least quarterly, Counsel urges clients to carefully review and compare official custodial statements and records to the account statements that Counsel may provide to its clients. Information in Counsel statements may vary slightly from custodial statements based on

accounting procedures, reporting dates, interest accruals or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Generally, Counsel is retained with respect to its client account on a discretionary basis and is authorized to make the following determinations in accordance with the client's specific objectives without client consultation or consent prior to effecting a transaction:

1. securities to be bought and sold;
2. quantity of such securities to be bought and sold;
3. broker-dealer through whom securities are bought and sold, and;
4. commission rates to be paid.

Clients may choose to limit this discretion by notifying Counsel in writing of any restrictions or limitations they wish to impose on an account. Counsel assumes investment authority on the client account when the investment management agreement is signed.

Item 17 – Voting Client Securities

Counsel does not assume responsibility for proxy voting. Clients agree to assume this responsibility when signing an investment advisory agreement and will receive proxy materials directly from the custodian holding their account. You may contact Counsel at (919) 831-2370 if you have questions about a particular proxy solicitation.

Item 18 – Financial Information

18.A. Advance Payment of Fees

Counsel does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

18.B. Financial Condition

Registered investment advisers are required, in this item, to provide you with certain financial information or disclosures about their financial condition. As such, please note that Counsel has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients.

18.C. No Bankruptcy Proceedings

Counsel has not been the subject of a bankruptcy proceeding.

Form ADV 2B – Brochure Supplement



E. O. EDGERTON, JR.

Capital Investment Counsel, Inc.

17 Glenwood Avenue
Raleigh, North Carolina 27603

(919) 831-2370

April 30, 2012

This Brochure Supplement provides information about E. O. Edgerton, Jr., which is an addendum to the Capital Investment Counsel, Inc. Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department if you did not receive Capital Investment Counsel, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

E. O. Edgerton, Jr., President

Year of Birth: 1941

Education:

Wake Forest University, B.A. Business, 1960-1964

Business Background:

Capital Investment Counsel, Inc. President 08/1984 – Present	Raleigh, NC
Capital Investment Group, Inc. Vice President 01/1984 – Present	Raleigh, NC
Capital Investment Brokerage, Inc. Vice President 02/1996 – Present	Raleigh, NC

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. Edgerton.

Item 4- Other Business Activities

Mr. Edgerton's efforts are divided among his positions as President of Counsel, Vice President of Capital Investment Group, Inc., a FINRA-registered broker/dealer, and Vice President of Capital Investment Brokerage, Inc., a FINRA-registered broker/dealer.

Item 5- Additional Compensation

No reportable additional compensation.

Item 6 - Supervision

Mr. Edgerton is a principal of Capital Investment Counsel, Inc. He can be reached at (919) 831-2370.



RICHARD K. BRYANT

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April 30, 2012

This Brochure Supplement provides information about Richard K. Bryant, which is an addendum to the Capital Investment Counsel, Inc. Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department if you did not receive Capital Investment Counsel, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

Richard K. Bryant, Vice President

Year of Birth: 1959

Education:

North Carolina State University, B.A. Business Management, 1977–1981

Business Background:

Capital Investment Counsel, Inc. Vice President 08/1984 – Present	Raleigh, NC
Capital Investment Group, Inc. President 01/1984 – Present	Raleigh, NC
Capital Investment Brokerage, Inc. President 02/1996 – Present	Raleigh, NC
Capital Advisers, Inc. Vice President 02/1995 – Present	Raleigh, NC
CIC Advisers, LLC Managing Director 01/2004 – Present	Raleigh, NC
Capital Investment Advisory Services, LLC Managing Director 01/2004 – Present	Raleigh, NC
Nottingham Investment Trust II Trustee 11/1990 – Present	Rocky Mount, NC

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. Bryant.

Item 4- Other Business Activities

Mr. Bryant, in addition to his position as Vice President of Counsel, divides his efforts among his positions as President of Capital Investment Group, Inc., President of Capital Investment Brokerage, Inc., Managing Member of CIC Advisers, LLC, and Managing Member of Capital Investment Advisory Services, LLC.

Item 5- Additional Compensation

No reportable additional compensation.

Item 6 – Supervision

Mr. Bryant is a principal of Capital Investment Counsel, Inc. He can be reached at (919) 831-2370.



CON T. MCDONALD

Capital Investment Counsel, Inc.

17 Glenwood Avenue
Raleigh, North Carolina 27603

(919) 831-2370

April 30, 2012

This Brochure Supplement provides information about Con T. McDonald, which is an addendum to the Capital Investment Counsel, Inc. Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department if you did not receive Capital Investment Counsel, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

Con T. McDonald, Investment Adviser Representative

Year of Birth: 1955

Education:

University of North Carolina at Chapel Hill, B.S. with a Major in Accounting,
1974–1978

Mr. McDonald has been awarded the use of the Certified Financial Planner (CFP®) designation by the Certified Financial Planner Board of Standards, Inc.™

The CFP Designation requirements:

- 1) Education - Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university).
- 2) Examination - Pass the comprehensive CFP® Certification Examination;
- 3) Experience - Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year);
- 4) Ethics - Agree to be bound by CFP Board's *Standards of Professional Conduct*.

Business Background:

Capital Investment Counsel, Inc. Investment Advisor Representative 07/1987 – Present	Raleigh, NC
Capital Investment Group, Inc. Assistant Vice President/Representative 07/1987 – Present	Raleigh, NC
Capital Investment Brokerage, Inc. Assistant Vice President/Registered Representative 01/1997 – Present	Raleigh, NC

Physicians Financial Services, Inc.
President and Chief Financial Officer
07/1987 – Present

Raleigh, NC

The Wealth Group, Ltd
President and Chief Financial Officer
09/2010 – Present

Raleigh, NC

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. McDonald.

Item 4- Other Business Activities

In addition to his role as an Investment Advisor Representative with Counsel, Mr. McDonald is a registered representative and securities principal with Capital Investment Brokerage and Capital Investment Group, Inc. His status as a registered representative with Capital Investment Brokerage allows him to establish client brokerage accounts and act as the Investment Advisor Representative for Counsel on those accounts. He may receive commissions or fees, including 12b-1 or service fees from mutual funds, in his role as a registered representative. Both Capital Investment Brokerage and Capital Investment Group are under common ownership and control with Counsel.

Mr. McDonald is the President of Physicians Financial Services, Inc., a Registered Investment Adviser that serves the unique financial needs of the physician and accountant community. He also acts as President and Chief Financial Officer of The Wealth Group, Ltd., a Registered Investment Adviser with a focus on managing assets for individual investors, retirement plans, trusts, estates, IRAs and to also conduct tax planning for clients.

The recommendation of a Registered Investment Adviser firm, by Mr. McDonald to a client, is reliant on their specific financial needs and objectives.

Item 5- Additional Compensation

No reportable additional compensation.

Item 6 - Supervision

Mr. McDonald works closely with Mr. Edgerton and Mr. Bryant in the portfolio management process. They can be reached at (919) 831-2370.



W. HAROLD EDDINS, JR.

Capital Investment Counsel, Inc.

17 Glenwood Avenue
Raleigh, North Carolina 27603

(919) 831-2370

April 30, 2012

This Brochure Supplement provides information about W. Harold Eddins, Jr., which is an addendum to the Capital Investment Counsel, Inc. Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department if you did not receive Capital Investment Counsel, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

W. Harold Eddins, Jr., Investment Adviser Representative

Year of Birth: 1964

Education:

Brevard College, 1983–1985

University of North Carolina at Chapel Hill, B.S., 1985-1987

Business Background:

Capital Investment Counsel, Inc.	Raleigh, NC
Investment Adviser Representative	
09/1987 – Present	

Capital Investment Group, Inc.	Raleigh, NC
Assistant Vice President/Representative	
09/1987 – Present	

Capital Investment Brokerage, Inc.	Raleigh, NC
Assistant Vice President/Registered Representative	
01/1997 – Present	

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. Eddins.

Item 4- Other Business Activities

In addition to his role as an Investment Adviser Representative with Counsel, Mr. Eddins is Assistant Vice President, registered representative and securities principal with Capital Investment Brokerage and Capital Investment Group, Inc. His status as a registered representative with Capital Investment Brokerage allows him to establish brokerage accounts and act as the Investment Adviser Representative for Counsel on those accounts. Both Capital Investment Brokerage and Capital Investment Group are under common ownership and control with Counsel.

Item 5- Additional Compensation

No reportable additional compensation.

Item 6 - Supervision

Mr. Eddins works closely with Mr. Edgerton and Mr. Bryant in the portfolio management process. They can be reached at (919) 831-2370.



KURT A. DRESSLER

Capital Investment Counsel, Inc.

17 Glenwood Avenue
Raleigh, North Carolina 27603

(919) 831-2370

April 30, 2012

This Brochure Supplement provides information about Kurt A. Dressler, which is an addendum to the Capital Investment Counsel, Inc. Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department if you did not receive Capital Investment Counsel, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

Kurt A. Dressler, Investment Adviser Representative

Year of Birth: 1969

Education:

Eastern Illinois University, B.S. Business Finance, 1987-1991

Business Background:

Capital Investment Counsel, Inc.	Raleigh, NC
Investment Adviser Representative	
06/1996 – Present	

Capital Investment Group, Inc.	Raleigh, NC
Assistant Vice President	
06/1996 – 04/1997	

Capital Investment Brokerage, Inc.	Raleigh, NC
Assistant Vice President/Registered Representative	
04/1997 – Present	

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. Dressler.

Item 4- Other Business Activities

In addition to his role as an Investment Adviser Representative with Counsel, Mr. Dressler is Assistant Vice President, registered representative and securities principal with Capital Investment Brokerage and Capital Investment Group, Inc. His status as a registered representative with Capital Investment Brokerage allows him to establish brokerage accounts and act as the Investment Adviser Representative for Counsel on those accounts. Both Capital Investment Brokerage and Capital Investment Group are under common ownership and control with Counsel.

Item 5- Additional Compensation

No reportable additional compensation.

Item 6 - Supervision

Mr. Dressler works closely with Mr. Edgerton and Mr. Bryant in the portfolio management process. They can be reached at (919) 831-2370.



C. BYNUM SATTERWHITE

Capital Investment Counsel, Inc.

17 Glenwood Avenue
Raleigh, North Carolina 27603
(919) 831-2370

April 30, 2012

This Brochure Supplement provides information about C. Bynum Satterwhite, which is an addendum to the Capital Investment Counsel, Inc. Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department if you did not receive Capital Investment Counsel, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

C. Bynum Satterwhite, Investment Adviser Representative

Year of Birth: 1957

Education:

University of North Carolina at Chapel Hill, B.S., 1975–1979

Business Background:

Capital Investment Counsel, Inc.	Raleigh, NC
Investment Adviser Representative	
08/1996 – Present	

Capital Investment Group, Inc.	Raleigh, NC
Assistant Vice President/Representative	
06/1996 – 04/1997	

Capital Investment Brokerage, Inc.	Raleigh, NC
Assistant Vice President/Registered Representative	
01/1997 – Present	

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. Satterwhite.

Item 4- Other Business Activities

In addition to his role as an Investment Adviser Representative with Counsel, Mr. Satterwhite is Assistant Vice President, registered representative and securities principal with Capital Investment Brokerage. His status as a registered representative with Capital Investment Brokerage allows him to establish brokerage accounts and act as the Investment Adviser Representative for Counsel on those accounts. Capital Investment Brokerage is under common ownership and control with Counsel.

Item 5- Additional Compensation

No reportable additional compensation.

Item 6 - Supervision

Mr. Satterwhite works closely with Mr. Edgerton and Mr. Bryant in the portfolio management process. They can be reached at (919) 831-2370.



RICHARD S. BATTLE

Capital Investment Counsel, Inc.

17 Glenwood Avenue
Raleigh, North Carolina 27603

(919) 831-2370

April 30, 2012

This Brochure Supplement provides information about Richard S. Battle, which is an addendum to the Capital Investment Counsel, Inc. Brochure. You should have received a copy of that Brochure. Please contact our Compliance Department if you did not receive Capital Investment Counsel, Inc.'s Brochure or if you have any questions about the contents of this supplement.

Item 2- Educational Background and Business Experience

Richard S. Battle, Investment Adviser Representative

Year of Birth: 1959

Education:

University of North Carolina at Chapel Hill, B.S., 1977–1981

Business Background:

Capital Investment Counsel, Inc.	Raleigh, NC
Investment Adviser Representative	
04/1993 – Present	

Capital Investment Group, Inc.	Raleigh, NC
Representative	
04/1993 – 04/1997	
11/2010 - Present	

Capital Investment Brokerage, Inc.	Raleigh, NC
Representative	
04/1997 – Present	

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to Mr. Battle.

Item 4- Other Business Activities

In addition to his role as an Investment Adviser Representative with Counsel, Mr. Battle is a registered representative and securities principal with Capital Investment Brokerage and Capital Investment Group, Inc. His status as a registered representative with Capital Investment Brokerage allows him to establish brokerage accounts and act as the Investment Adviser Representative for Counsel on those accounts. Both Capital Investment Brokerage and Capital Investment Group are under common ownership and control with Counsel.

Item 5- Additional Compensation

No reportable additional compensation.

Item 6 - Supervision

Mr. Battle works closely with Mr. Edgerton and Mr. Bryant in the portfolio management process. They can be reached at (919) 831-2370.