

Item 1 – Cover Page

Bridges Investment Advisers
8401 West Dodge Road; Suite 256
Omaha, NE 68114
(402) 397-4700
March 30, 2012

This Brochure provides information about the qualifications and business practices of Bridges Investment Advisers. If you have any questions about the contents of this Brochure, please contact Mary Ann Mason at (402) 397-4700 or mmason@bridgesinv.com, or write to 8401 West Dodge Road, Ste. 256, Omaha, NE 68114.

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.

Bridges Investment Advisers is a registered investment adviser. Such registration as an Investment Adviser with the Securities and Exchange Commission (SEC) does not imply any level of skill or training.

Additional information about Bridges Investment Advisers is available on the SEC's website at www.advisorinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Bridges Investment Advisers who are registered, or are required to be registered, as investment adviser representatives of Bridges Investment Advisers.

In this Brochure, Bridges Investment Advisers may also be referred to as “BIA” or the “Firm.” In addition, reference to “we” or “our” will refer to BIA, unless otherwise indicated, and references to “you” will refer to the clients or prospective clients of BIA.

Item 2 – Material Changes

In this Item we are required to inform you of any material changes in or to our business. We have no material changes to report since the last annual update to our Brochure dated March 31, 2011.

As required by SEC Rules, we will deliver to you within 120 days of the end of our fiscal year (December 31st) either a new updated Brochure that includes a summary of material changes in or to our qualifications and business practices, or a summary of such material changes that includes an offer to provide a complete copy of the updated Brochure.

You may also request a copy of the current Brochure at any time, without charge, by contacting Mary Ann Mason at (402) 397-4700 or mmason@bridgesinv.com.

Bridges Investment Advisers

Form ADV Part 2A – Brochure

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Appendix I - Wrap Fee Program Brochure

**Bridges Investment Advisers does not sponsor a wrap fee program.
Therefore, Part 2A, Appendix I of Form ADV is not applicable to our Firm.**

Bridges Investment Advisers

Form ADV Part 2A – Brochure

Item 4 – Advisory Business

Bridges Investment Advisers (“BIA”) is a sole proprietorship of Edson Lowell Bridges II, first established as a registered investment adviser in 1967 to provide services to clients residing in the state of California. BIA maintained dual registration with the SEC and the State of California from its inception of services in 1967 until 1997. Changes in the applicable statutes and regulations at that point in time permitted the deregulation in California and the opportunity to broaden BIA’s services to accounts in Nebraska and elsewhere.

BIA is a registered investment adviser that services a broad range of clients, including individuals, pension and profit sharing plans, trusts, estates, fiduciaries, corporations and other business entities and their owners. The majority of our business involves the provision of investment advisory services for a broad range of portfolios and investment types. Other services we provide include hourly consulting for general business matters.

We do not seek financial planning business. However, we may provide some aspects of financial planning to clients for their estate planning, tax planning, and other matters that might be part of the client’s overall investment strategy.

With the enormous complexity of investment choices and the challenges of maintaining a disciplined investment strategy, we feel that objective investment advice is beneficial to achieving the long-term results a client desires. As a result, we tailor our advisory services based on each individual client’s needs, goals, time horizon, and risk tolerance. In certain circumstances clients may impose restrictions on investing in certain securities or types of securities based on the client’s individual preferences or needs.

As of December 31, 2011, BIA had \$33,181,035 of assets under management held in 22 separate client accounts. Of those, 15 accounts totaling \$23,386,997 were accounts we manage on a discretionary basis, while the remaining 7 accounts totaling \$9,794,038 were managed by us on a non-discretionary basis.

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Item 5 – Fees and Compensation

We receive the majority of our compensation for services based on a percentage of the assets under management. Our remaining compensation is received as a mixture of hourly charges and flat fees for consulting for general business matters.

We do not collect fees in advance. We calculate fees based on the market value of assets under management at the beginning of each quarterly service period and generate billing statements near the end of the quarterly service period. Our fees are not prorated for each capital contribution or withdrawal made during the applicable calendar quarter, except for accounts that are initiated or terminated during a calendar quarter.

We bill for our services near the end of each calendar quarter by submitting a quarterly fee statement either directly to you or to the custodian of your assets who then deducts our fee directly from your account. If your custodian pays our fee you will receive a copy of the quarterly fee statement and find the transaction reported to you on your next statement.

Basic Fee Schedule for Portfolio Management and Advice

All fees are subject to negotiation between you and us. Unless otherwise agreed, we use the table below to arrive at a fee based on specific dollars per thousand of total portfolio market value.

Changes in established fees may be arranged from time to time, but as a usual practice, the original fee basis quoted continues unchanged from the commencement of the client account relationship. However, in extraordinary circumstances we may impose a minimum fee on your account to protect compensation to the Firm. Any future changes in fee basis rates for your portfolio(s) will be arranged at a rate agreed to by both you and us in writing.

Fees per Thousand of Market Value of Client Portfolio

- \$9.00 per \$1,000 of market value on first \$2,000,000;
- \$7.00 per \$1,000 of market value on the excess of market value from \$2,000,000 up to \$5,000,000;
- \$5.50 per \$1,000 of market value on the excess of market value from \$5,000,000 up to \$10,000,000;
- \$4.50 per \$1,000 of market value on the excess of market value from \$10,000,000 up to \$20,000,000;

Item 5 – Fees and Compensation – Cont'd

- \$3.75 per \$1,000 of market value on the excess of market value from \$20,000,000 up to \$50,000,000;
- \$3.33 per \$1,000 of market value on the excess of market value from \$50,000,000 up to \$100,000,000;
- \$3.00 per \$1,000 of market value on the excess of market value from \$100,000,000 up to \$250,000,000;
- Amounts in excess of \$250,000,000 are subject to negotiation.

For portfolio accounts under \$400,000, unless otherwise agreed, the following additional charges may be incorporated in determining a specific dollar per thousand of market value rate:

- \$1.00 per \$1,000 of market value for asset values between \$200,001 and \$400,000
- \$3.50 per \$1,000 of market value for asset values between \$100,001 and \$200,000
- \$6.00 per \$1,000 of market value for asset values between \$000,001 and \$100,000

Consulting projects, special services and/or non-regular or extraordinary activities may be charged on a separate hourly or flat fee basis at a rate agreed to by both you and us in writing.

Clients and prospective clients may elect to setup separate accounts to obtain special diversification by committing assets to index funds, exchange traded funds, and other pooled investments. We will assist you in the investment strategy (asset allocation) and selection of these funds for an annual charge of \$200 per asset held or \$50.00 per quarter. This per asset held fee will not be charged with respect to any funds that you acquire and hold in Bridges Investment Fund, Inc. (See Item 10 below).

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses. Therefore, you may incur additional charges imposed by custodians, brokers, and other third parties. Mutual funds and exchange traded funds also charge internal management fees which are disclosed in a fund's prospectus. These charges, fees and commissions are exclusive of and in addition to our fee. We do not receive any portion of these commissions, fees, and/or costs. Item 12 of this Brochure further describes the factors that we consider in selecting or recommending brokers for client transactions and determining the reasonableness of their commissions.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

We provide portfolio management services to individuals, high net worth individuals, corporate pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities and their owners.

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

We utilize a variety of security analysis methods including, but not limited to, fundamental, technical and cyclical analysis. We will implement investment strategies and tactics that we believe are appropriate given a client's unique investment objectives and tolerance for risk.

Our investment approach is generally long-term in nature (securities held longer than one year). However, we may also utilize short-term purchases (securities sold within a year), active trading (securities sold within 30 days), short sales, margin transactions, and option writing (including covered and uncovered options) where appropriate to achieve a client's investment objectives. These activities are rare though except for the use of covered call options and the typical annual portfolio turnover is low to benefit from strong commitments.

The investment strategies, approaches, and tactics that we employ vary depending on each client's goals, objectives, and risk tolerance. In general, our investment strategies are: 1) long-term in nature; 2) emphasize high-quality and/or investment grade securities that pay a dividend for income streams; 3) utilize a range of approaches to establish investment attractiveness; and 4) involve appropriate industry, sector, and individual security diversification. We believe these factors serve to mitigate portfolio risks. However, investing in securities involves risk of loss that you should be prepared to bear. Moreover, there is no assurance that our investment strategies will be successful or profitable.

We primarily rely on fundamental analysis to determine which securities to include in a client's portfolio. Fundamental analysis involves a detailed investigation into a company's operations and financial statements in order to assess its future prospects, understand the risks that may be embodied in its securities, and estimate the return potential given its future prospects and current valuation in the market. We also undertake technical trading analysis to confirm or improve hold, purchase and sell decisions.

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

The material risks involved with these types of analyses include, but are not limited to, the following:

- Forecasting future company performance in line with past performance may not prove achievable due to changing variables.
- Improper disclosure of financial information from the company.
- Fraudulent financial information issued by the company.

The risks associated with fixed income securities would include those listed above as well as:

- Interest Rate Risk: The risk that interest rates will increase. As a result, you could be locked into a bond that pays you a lower rate resulting in a decline in the price of the bond and a reduction in the amount of income that you could receive if you could invest your capital at a then prevailing higher rate. This risk is greater for bonds with longer maturities.
- Credit Risk: The inability of an issuer of bond or debt securities to make payments may lower the credit quality of the security and lead to greater volatility in the price of the security.

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 BIA or the integrity of BIA’s management. We have no reportable events required by this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The following describes entities which are related persons to BIA.

Other Investment Advisers:

Edson L. Bridges II and Edson L. Bridges III (“Ted Bridges”) hold various executive, officer and/or director positions in BIA as well as in one or all of the following investment adviser firms:

Item 10 – Other Financial Industry Activities and Affiliations – Cont'd

- Bridges Investment Counsel, Inc. ("BIC"), an SEC-registered investment adviser providing investment advisory services since 1963 ("BIC") (SEC File No. 801-3153);
- Bridges Investment Management, Inc. ("BIM"), an SEC-registered investment adviser that has provided investment advisory services since 2001 (SEC File No. 801-57056); and
- Modern Portfolio Consultants Company, a.k.a. MPC Wealth Management ("MPC"), an SEC-registered investment adviser (SEC File No. 808-70405).

A copy of each related investment adviser firm's ADV and Brochure will be made available upon request to Mary Ann Mason at 402-397-4700 or 8401 West Dodge Road; Ste. 256, Omaha, NE 68114.

Common Control Arrangements

In December 2000, Edson L. Bridges II, as sole proprietor of BIA, entered into a common control agreement with Ted Bridges agreeing to exercise common control of BIA with respect to its management and operations, and investment advisory business, including supervision and control of BIA investment adviser representatives. This common control agreement was extended for an additional ten years in February 2011.

In December 2000, voting trusts were entered into under which Edson L. Bridges II and Ted Bridges, as co-trustees, vote the shares representing greater than 80% of Bridges Investment Management, Inc. Class A voting common stock and greater than 80% of Bridges Investment Counsel, Inc. common stock. These voting trust agreements were extended for an additional ten years in March 2011.

In March 2011, Ted Bridges, as Managing Partner of MPC, entered into a common control agreement with Edson L. Bridges II agreeing to exercise common control of MPC with respect to its management and operations, and investment advisory business, including supervision and control of MPC investment adviser representatives. This common control agreement is in effect for ten years.

The BIA common control agreement, the MPC common control agreement and the BIC and BIM voting trusts were established to meet regulatory requirements of the Nebraska Department of Banking, Bureau of Securities requiring common control among entities that have investment adviser representatives registered with more than one registered investment adviser firm.

Item 10 – Other Financial Industry Activities and Affiliations – Cont'd

Investment Company:

Edson L. Bridges, II and Ted Bridges hold various executive, officer and/or director positions in BIA as well as in Bridges Investment Fund, Inc. ("BIF"). BIF is an open-end, diversified investment company that has been in operation since July 1, 1963 (SEC File Nos. 811-1209 and 2-21600). Bridges Investment Management, Inc. ("BIM") (see above) is the investment adviser to BIF. A copy of BIF's prospectus will be made available upon request to Mary Ann Mason, 8401 West Dodge Road, Omaha, Nebraska 68114.

Banking or Thrift Institution:

Edson L. Bridges II and Ted Bridges each hold executive, officer and director positions in BIA as well as in Provident Trust Company ("Provident"). Provident is an independent, stand-alone trust company regulated by the Nebraska Department of Banking and Finance. Provident is managed by BIC, a related investment adviser (see above), under a management agreement entered into on March 26, 1991. Among other things, the agreement obligates BIC to provide personnel, equipment, and other services necessary to operate Provident.

In accordance with Rule 206(4)-2 of the Investment Advisers Act of 1940, BIA will be deemed to have custody of client funds and securities in certain circumstances where such funds and securities are held by Provident (see Item 15).

A copy of Provident's audited annual financial statements as of December 31, 2011, will be made available upon written request to Mary Ann Mason, Corporate Secretary, 8401 West Dodge Road, Omaha, Nebraska 68114.

Item 11 – Code of Ethics

We have adopted a Code of Ethics for all employees with certain additional requirements for supervised persons of the Firm describing our high standard of business conduct and fiduciary duty to our clients. Our supervised personnel are expected to adhere to the highest level of ethical standards in the conduct of their business. In addition, our supervised persons are required to comply with all applicable state and federal laws and regulations, including federal securities laws and general fiduciary principles. Our supervised persons are identified in our Supplemental Brochure.

Our Code of Ethics includes, among other things, provisions relating to the confidentiality of client information, the duty to place the interests of clients first at all times, a prohibition on insider trading, restrictions on the acceptance of gifts, and personal securities trading procedures for Firm personnel.

Item 11 – Code of Ethics – Cont'd

Our personnel are required to certify annually that they have read and complied with all requirements of the Code of Ethics. Violations or suspected violations of our Code of Ethics are reported to the Proprietor. Retaliation against an individual reporting a violation or suspected violation is prohibited.

In certain circumstances, we may recommend that clients purchase shares of Bridges Investment Fund, Inc. ("BIF"), a related person (see Item 10 above). Conflicts of interest could arise if clients purchase shares of Bridges Fund increasing revenues for Bridges Investment Management, Inc. ("BIM"), the investment adviser to BIF and an affiliated investment adviser of BIA (see Item 10 above). We continually monitor this potential conflict of interest under our Code of Ethics and do not charge an investment advisory fee on any BIF shares held in BIA client accounts.

When consistent with clients' investment objectives, the Firm may recommend, or buy or sell securities in discretionary client accounts which are also securities owned by BIA and/or its employees. BIA and/or its employees are not allowed to purchase securities from, or sell securities to, client accounts.

Subject to our Code of Ethics and applicable laws, BIA personnel may trade for their own accounts in securities which are recommended to and/or purchased for our clients. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Our Code of Ethics requires pre-clearance of many transactions and restricts trading in close proximity to client trades. Nonetheless, because in some instances employees could invest in the same securities as clients, it is possible that employees might benefit from market activity by a client. Employee trading is continually monitored under our Code of Ethics to reasonably prevent conflicts of interest between BIA and our clients.

A copy of our Code of Ethics is available upon request. Such request should be made to Mary Ann Mason at (402) 397-4700, or 256 Durham Plaza, 8401 West Dodge Road, Omaha, Nebraska 68114.

Item 12 – Brokerage Practices

With respect to client portfolios, in some situations we have the authority to determine, without obtaining specific consent from the client, the individual securities and the amount thereof to be bought and/or sold, the broker or dealer to be used to effect the transaction, and the commission rates paid.

Item 12 – Brokerage Practices – Cont'd

It is our policy to allow clients to select their own brokers, who are employed as a matter of courtesy. In those instances where the client does not select a broker, we will choose a broker on the basis of: (1) the best or appropriate marketing; (2) the type of securities offered or net markets provided; (3) the available securities pricing services; (4) the research information offered; and (5) the reasonable competitive discount from the basic commission structure established by the NYSE and in use prior to May 1, 1975.

We do not receive client referrals in return for selecting or recommending brokers for client transactions. However, when we choose a broker for a client transaction on your behalf, we may receive a benefit from the broker or third party in the form of research or other products or services other than execution of the securities transaction from the broker.

The research we receive is generally factual information, security analysis, valuation rationales, and economic analysis developed by larger investment banking firms which we use in formulating our investment advice to clients. Some brokers use a portion of the commission dollars that a client transaction generates to pay for these research products. The money used to pay for these services is referred to as “soft dollars”.

As a result of the provision of such research or other services and products, we may be deemed to have an incentive to select or recommend a broker-dealer based on our initiative to obtain research or other products or services, rather than on the client's interest in receiving the most favorable execution on brokerage trades. In order to mitigate any conflicts of interest that arise because of this, we hold our soft dollar brokers to the same standards for execution and cost as any other broker. We have replaced soft dollar brokers that fall below those standards and will continue to do so.

Clients may pay a higher level of commission by brokers providing soft dollar research or services than those amounts charged by discount brokers. However, we attempt to obtain discounts we believe to be reasonable for both the client and the broker. Clients who choose to use their own brokers may pay higher commissions than would be obtainable if we are permitted to select more economical brokerage services where larger discounts from full commission schedules can be obtained.

The research paid for with soft dollar commissions benefits all of our clients equally regardless of whether their trade commissions paid for the research or not. It also benefits us since we do not have to pay cash for the research product provided through the use of soft dollars. You should anticipate that we will enter into soft dollar arrangements from time to time to diversify sources of information and to maintain a competitive edge in our investment management decisions.

Item 12 – Brokerage Practices – Cont'd

We utilize five research products that are paid for with soft dollars. Each product is described below along with the broker who pays for the product and our Firm's annual commitment. Our current total soft dollar commitment is \$218,746.60

- Creditsights – Creditsights is a research service primarily devoted to fixed income securities. This service looks at company financials and reported events and weighs how those events could affect a particular company's outstanding debt. Creditsights' broad coverage allows us to gain familiarity with a bond that might be new to us in a relatively short period of time. Donaldson & Co. is the broker paying for this service and our soft dollar commitment will be \$25,200 for 2012.
- Thomson Baseline – Baseline is a software product that provides us with detailed historical information on over 16,000 companies worldwide as well as pertinent economic, interest rate, currency and commodity information. The information provided includes historical prices, earnings and valuations as well as detailed financial filings made with the SEC. The software not only provides us with the hard data but it also displays it in a concise manner when needed. Baseline is one of the cornerstones of our research product. Currently Donaldson & Co. is the broker paying for this software and our commitment will be \$79,021.60 for 2012-2013.
- Bloomberg – The Bloomberg terminal is one of the most widely used pieces of financial equipment in our office. Each terminal is tied into real time information on a vast array of financial securities, indexes and news feeds. It is almost like the internet for investments. We use two terminals in our office to access information on a large number of securities held by our clients. A high percentage of this use is dedicated toward gathering the information needed to determine the value and trading of fixed income securities. Fintech Securities is the broker paying for this product and our soft dollar commitment for 2012 is \$56,616.
- Telemet – Telemet is a software product that provides services similar to those provided by Baseline and Bloomberg. Although the amount of information may not be as in-depth as what is provided by these other companies, Telemet allows us to economically put real time quotes on the desktops of a number of our analytical, investment and portfolio management professionals. The Telemet service also provides access to other information linked directly to our portfolio management system so that those professionals can see how certain portfolios are being affected intraday. Telemet aides in the daily monitoring of client holdings and can be the trigger for interim portfolio reviews. Fintech Securities is the broker paying for this service with a commitment for 2012-2013 of \$26,894.

Item 12 – Brokerage Practices – Cont'd

- Thomson One – Thomson One is a product that is primarily used for two purposes. The first is Starmine, a service within Thomson One that ranks Wall Street analysts by their accuracy at forecasting company earnings as well as the accuracy of their buy/sell/hold recommendations. It also provides us with those individual estimates and recommendations. Starmine has utilized the information gathered from these rankings to create several very useful indicators for judging stock values based on the level and movement of the data that goes into those indicators. Also included in Thomson One is a product that provides us with transcripts from company conference calls, meetings and events. With the large number of companies being followed it is very difficult to have someone on every call. This product allows us to go back and see exactly what management said at a particular event. Fintech is the broker paying for this service. Our commitment for 2012 is \$31,015.

We provide the total annual brokerage commissions paid through transactions conducted on behalf of client accounts and the sub-component amounts related to soft dollar arrangements in a letter to clients sent around the end of March each year. Copies of this letter will be made available to clients and prospective clients upon request to Mary Ann Mason by phone at (402) 397-4700 or in writing to 8401 West Dodge Road, Ste. 256, Omaha, NE 68114.

We do not solicit referrals from brokers. However, from time to time brokers may refer clients to us. In such cases, there is an expectation that the client will maintain a relationship with the broker who made the referral to us. We will, however, make sure that the client is aware of our current commission schedule and other relationships so that they can determine if there is a material cost or execution issue that may arise due to maintaining the relationship with the referring broker.

Our objective is to seek the best execution of all trades for our clients, which includes receiving the best price for client trades. In furtherance of this goal, we may from time to time aggregate orders for the purchase or sale of securities on behalf of clients. We have adopted a Trade Aggregation Policy to ensure that aggregated orders are made in a manner that is fair and equitable to, and in the best interest of, our clients and to minimize the risk that any particular client is systemically advantaged or disadvantaged by the aggregation of orders. A copy of our Trade Aggregation Policy will be made available to clients and prospective clients upon request to Mary Ann Mason by phone at (402) 397-4700 or in writing to 8401 West Dodge Road, Ste. 256, Omaha, NE 68114.

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Item 13 – Review of Accounts

Your portfolio will typically be reviewed on a quarterly basis by the portfolio manager responsible for your account. Reviews may also be done on an interim basis depending on your unique investment objectives and portfolio investment horizons. Your portfolio will also be reviewed periodically on a security-by-security basis and/or as a result of changing market conditions or other factors. The person(s) reviewing your account(s) will be Edson Bridges II or Ted Bridges.

We will send you a portfolio report either monthly or quarterly. These reports will detail your portfolio holdings and list the purchases and sales completed in your portfolio during the previous period. In addition, we will generally provide you with extensive written reports summarizing your holdings and background statistical data on the securities held in your account(s) when we meet with you. Periodically we will send you market comment reports or other reports pertaining to broad investment topics.

Persons and entities that utilize the service of Provident Trust Company may arrange for electronic access to their account(s) on a daily basis through a software feature known as Portfolio Online.

Item 14 – Client Referrals and Other Compensation

While client referrals are always welcome and appreciated, we do not provide any compensation or other economic benefit in exchange for client referrals. Moreover, we do not receive any compensation or other economic benefit from other entities providing you with investment management services.

Item 15 – Custody

BIA does not directly or indirectly hold or maintain client funds and securities. Rather, many clients' funds and securities are held at Provident Trust Company (See Item 10) under an agreement between Provident and the client. Customer funds and securities held by Provident are generally held in a depository custody service of the Trust Division of the Northern Trust Company of Chicago, Illinois.

Provident is a related party that is independently capitalized and insured separately for fidelity bonding purposes. In fact, Provident was specifically organized during the 1988 to 1991 timeframe to eliminate the possibility that BIA would be deemed to be in possession of client funds and securities. That notwithstanding, in accordance with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, BIA is now deemed to have custody of client funds and securities, even when such funds and securities are held exclusively by Provident.

Item 15 – Custody – Cont’d

Provident is a qualified custodian. Clients who custody their assets at Provident will receive an account statement from Provident at least once each calendar quarter. We urge you to carefully review such statements and compare them to the account statements that we provide to you. Please note, however, that our statements may vary from the custodial statements based on accounting procedures, reporting dates, or valuation methodologies.

Item 16 – Investment Discretion

We usually seek and receive discretionary investment authority at the outset of an advisory relationship granting us the power to select the identity and amount of securities to be bought or sold in your account. However, our discretion must be exercised in a manner that is consistent with the stated investment objectives for your account. When selecting securities and determining amounts, it is our policy is to observe the investment policies, limitations and restrictions that were agreed to with you at the outset of our relationship.

We have conducted also non-discretionary advisory services and portfolio management since the inception of our Firm. This aspect of our business will continue for the foreseeable future. You may place limitations on our investment discretion and our authority to invest in certain types of securities provided that all such investment guidelines and restrictions are provided to us in writing.

Item 17 – Voting Client Securities

We have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of our clients, and in accordance with our fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940. In addition, our proxy voting policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts set out in the Department of Labor Bulletin 94-2, 29 C.F.R. 2509.94-2 (July 29, 1994).

On any account where we have the authority to vote proxies, we will exercise our proxy voting responsibilities with the goal of maximizing the long-term value of our clients' investments. We strongly believe that sound corporate governance is an important element in maximizing shareholder value. Our policy and guidelines on voting proxies are segmented into six areas: executive and director compensation, shareholder rights, changes in corporate control, election of directors, approval of independent auditors, and corporate/social policy issues. Proxy proposals can be complex and their economic impact is subject to professional interpretation and judgment. We will use our proxy voting policy as a guideline, but each voting decision involves a unique set of facts that we will need to consider in determining how to vote in the best interests of the client.

Item 17 – Voting Client Securities – Cont'd

We may abstain from voting or decline to vote proxies where, in our opinion, the cost of voting the proxy exceeds the economic value of the expected effect of the vote on the client's investment. This may occur when the number of shares owned by our client or clients in total is insignificant, or when an extraordinary effort would be required to interpret the proxy statement, such as in the case of some foreign securities.

In situations where we or our affiliated parties have a material conflict of interest, we will provide you with full disclosure of the material conflict of interest and obtain your consent prior to exercising its voting authority. Alternatively, we will disclose the material conflict of interest and forward the proxy to you for voting or have an independent third-party vote the proxy in accordance with our Proxy Voting Policy and Guidelines.

You may obtain a copy of BIA's complete Proxy Voting Policy and Guidelines and obtain information on how we voted any proxies on behalf of your account(s) upon request to Mary Ann Mason by phone at (402) 397-4700 or in writing to 8401 West Dodge Road, Ste. 256, Omaha, NE 68114.

Item 18 – Financial Information

In this item we are required to provide you with certain disclosures about our financial condition. We have no financial commitment that is reasonably likely to impair our ability to meet our contractual commitments to our clients and have not been the subject of a bankruptcy proceeding.