
PART 2A OF FORM ADV: FIRM BROCHURE

LEVY, HARKINS & COMPANY, INCORPORATED

Levy, Harkins & Company, Incorporated
366 Madison Avenue, 14th Floor
New York, NY 10017
Telephone: (212) 888-3030
Fax Number: (212) 888-7146
<http://www.levyharkins.com>

This brochure provides information about the qualifications and business practices of Levy, Harkins & Company, Incorporated. If you have any questions about the contents of this brochure, please contact us at (914) 328 - 6660. 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.

Additional information about Levy, Harkins & Company, Incorporated also is available on the SEC's website at www.advisorsinfo.sec.gov.

Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

3/29/2011

Item 2 Material Changes

NO MATERIAL CHANGES

Item 3 Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
Item 1 Cover Page	
Item 2 Material Changes	i
Item 3 Table of Contents.....	ii
Item 4 Advisory Business	1
A. Advisory Firm	1
B. Types of Advisory Services	1
C. Hedge Funds and Other Pooled Investment Vehicles.....	2
D. Tailored Investment Advisory Services.....	2
E. Wrap Fee Programs.....	2
F. Assets Under Management	2
Item 5 Fees and Compensation Separately Managed Accounts	3
A. Compensation - Fees	3
B. Fees Deducted From Client Accounts	3
C. Other Fees or Expenses.....	3
D. Prepayment of Fees.....	4
E. No Compensation for Sale of Securities or Other Investment Products.....	4
Item 6 Performance-Based Fees and Side-By-Side Management	5
Item 7 Types of Clients.....	6
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	7
A. Methods of Analysis and Investment Strategies	7
B. Material Risks for each Significant Method of Analysis or Investment Strategies	7
C. Material Risk for Particular Types of Securities.....	8
Item 9 Disciplinary Information	11
A. Criminal or Civil Proceedings (Domestic, Foreign, Military Court of Competent Jurisdiction).....	11
B. Administrative Proceeding (SEC, Federal/State Regulatory Agency, Foreign Financial Regulatory Agency)	11
C. Self-Regulatory Organization (SRO) Proceeding.....	11
Item 10 Other Financial Industry Activities and Affiliations	12
A. Broker-Dealer Registration Status	12
B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser Registration Status.....	12
C. Material Relationships or Arrangements with any of the following:	12
D. Material Conflicts of Interest Relating to Other Investment Advisers.	13

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	14
A. Code of Ethics	14
B. Securities that L&H or A Related Person Has a Material Financial Interest	14
C. Investing in Securities That L&H or A Related Person Recommends to Clients	15
D. Conflicts of Interest Created by Contemporaneous Trading	15
Item 12 Brokerage Practices	16
A. Selecting or Recommending Broker-Dealers for Client Transactions and Reasonableness of Broker-Dealers Compensation	16
B. Aggregation of Purchase or Sale of Securities	19
Item 13 Review of Accounts	20
A. Frequency and Nature of Review of Client Accounts or Financial Plans	20
B. Basis for Client Reviews Other Than A Periodic Review	20
C. Content and Frequency of Account Reports to Clients	20
Item 14 Client Referrals and Other Compensation	21
A. Economic Benefits From Non-Client For Providing Client Services	21
B. Compensation to Non-Supervised Persons for Client Referrals	21
Item 15 Custody	22
Item 16 Investment Discretion	23
Item 17 Voting Client Securities	24
A. Policies and Procedures Relating to Voting Client Securities	24
B. No Authority to Vote Client Securities and Client Receipt of Proxies	24
Item 18 Financial Information	25
A. Balance Sheet	25
B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients	25
C. Bankruptcy Filings	25
Item 19 Requirements for State-Registered Advisers	26
A. Identity and Background of Principal Executive Officers and Management Persons	26
B. Participation in Business Other than Giving Investment Advice	26
C. Performance-Based Compensation for Advisory Services	26
D. Arbitration and Litigation	26
E. Relationships or Arrangements with Issuers	26

Item 4 Advisory Business

A. Advisory Firm

Levy, Harkins & Company, Incorporated (“L&H”) is a Delaware corporation that has been in business since August 1979. L&H is both an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended, and a broker-dealer registered with the SEC under the Securities Exchange Act of 1934, as amended. The principal owners of L&H are Arnold Edwin Levy and Michael James Harkins.

B. Types of Advisory Services

(1) Separately Managed Accounts

L&H provides discretionary investment advisory services to individuals and institutional investors (collectively, “Clients”). Client accounts are managed in accordance with specific Client requests, needs and objectives and pursuant to a written investment advisory agreement. Under that agreement, L&H is authorized to: (a) make all investment decisions, (b) buy, sell and otherwise trade in securities, (c) issue instructions to the custodian for the Client account for operational matters of the account, including, among other things, tender offers and reorganizations, and (d) to select broker-dealers (including L&H) to execute securities transactions. Instructions to the custodian includes, but is not limited to, wire requests, check requests, address changes and authorizing custodian to debit account for payment of advisory fees.

L&H requires a minimum of \$500,000 in assets under management. However, L&H may waive the minimum amount as it may determine in its sole discretion.

L&H provides investment advisory services to the following types of persons:

- Individuals - including High Net Worth Individuals
- pension and profit sharing plans;
- trusts, estates, or charitable organizations; and
- corporations or business entities other than those listed above.

Types of Investments

L&H provides advice with respect to:

- Equity Securities - including exchange-listed securities, securities traded over-the-counter and foreign issuers;

- Warrants;
- Corporate Debt Securities - including Commercial Paper;
- Certificates of Deposit;
- Municipal Securities;
- Investment Company Securities - Mutual Fund Shares (excluding insurance products);
- U.S. Government Securities;
- Options Contracts on securities (excluding commodities);

C. Hedge Funds and Other Pooled Investment Vehicles

L&H does not provide investment advice to hedge funds and other pooled investment vehicles. However, for advisory services provided by Messrs. Levy and Harkins to The Gracy Fund, L.P. (“The Gracy Fund”), a Delaware limited partnership; see Items 6 and 11. L&H may in the future form and provide investment advisory services to other pooled investment vehicles.

D. Tailored Investment Advisory Services

L&H tailors its investment advice based on the individual needs of its Clients. Clients may impose restrictions on the types of investments, including (i) the types of securities L&H may invest in for each Client’s account and (ii) a limitation on the amount or percentage of assets that may be invested in a particular asset class or type of investment. A prospective client may impose such restrictions when the investment adviser and client relationship is established or at any time that the client provides written notice to L&H in writing.

E. Wrap Fee Programs

L&H does not participate in wrap fee programs.

F. Assets Under Management

L&H has approximately \$192 million in client assets under management on a discretionary basis, as of January 18, 2011.

Item 5 Fees and Compensation

Separately Managed Accounts

A. Compensation - Fees

Clients with separately managed accounts advised by L&H will pay management fees based on a percentage of the assets under management pursuant to a written investment advisory agreement.

Clients pay L&H fees for services as detailed below:

- equity and balanced (i.e., equity and fixed income securities) accounts: 1.5% (0.375% quarterly) of assets under management; and
- fixed income accounts (taxable): 1.5% (0.375% quarterly) of assets under management.

Please refer to Item 4 for the minimum assets under management required to become a client of L&H.

For accounts with assets under management of \$7.5 million or more as may be otherwise negotiated by L&H and a prospective client, the foregoing fees may be lower.

B. Fees Deducted From Client Accounts

Clients are either (i) billed by invoice sent to the custodian each calendar quarter for the management fee, or (ii) billed by invoice sent to the Client. Payment may be made either directly by check to L&H or automatic debiting of the Client's account with the custodian, at the Client's discretion.

C. Other Fees or Expenses

Each Client pays all of the trading, custodian and other related expenses including: brokerage commissions, margin interest and other transaction, borrowing and custodial expenses.

Generally, L&H executes trades for its Clients. Depending on the size and number of Client accounts opened, this will usually result in a 30 - 35% discount off the retail commission rates charged by JP Morgan Clearing Corp. However, if the Client was referred to L&H by another broker-dealer, generally L&H will execute trades for such Clients through the referring broker-dealer.

Please refer to Item 12 for more information on brokerage practices.

D. Prepayment of Fees.

The management fee (see subparagraph A above) paid to L&H is paid quarterly in arrears. If the investment management agreement is terminated, the management fee paid to L&H will be pro-rated for that quarter only up to the date of termination. Any unearned fees will not be billed to the Client.

E. No Compensation for Sale of Securities or Other Investment Products

Neither L&H nor its supervised persons accept compensation for the sale of securities or other investment products.

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

Please refer to Item 5 for information regarding management fees. L&H only charges a management fee, and does not charge a performance based fee, for Client accounts.

Messrs. Levy and Harkins are the general partners of The Gracy Fund, which is not a client of L&H. However, Messrs. Levy and Harkins are both responsible for making all investment decisions for The Gracy Fund. Messrs. Levy and Harkins are paid a management fee and performance-based fee for managing the investments of The Gracy Fund.

Although L&H only charges its Clients a management fee, L&H's supervised persons (Messrs. Levy and Harkins), earn both management and performance-based fees for advisory services provided to The Gracy Fund. These two types of fees earned by Messrs. Levy and Harkins create an incentive to favor The Gracy Fund. However, through Messrs. Levy and Harkins efforts and management, L&H reviews the performance of Client accounts at least monthly to realize the best investment returns for its Clients. Moreover, neither Mr. Levy nor Mr. Harkins is assigned more than fifty (50) Client accounts, many of which have similar investment goals, risk tolerance, investment experience.

Item 7 Types of Clients

Types of Clients and Minimum Account Size

Please refer to Item 4 above.

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

A. Methods of Analysis and Investment Strategies

L&H's method of analysis includes:

- Fundamental; and
- Technical

L&H will determine based on fundamental analysis if securities are undervalued in the financial markets. Such analysis normally takes into account, but is not limited to, reviewing and analyzing the book value of such companies, or the break-up value of the subsidiaries, affiliates or divisions of such companies, that L&H believes are substantially different from the current trading price of the company's common, preferred and other traded securities. L&H is most interested in securities with rapidly rising asset values underlying such securities, instead of relying solely on increased company earnings.

L& H may also include technical analysis.

The main source of L&H's information includes, among other things:

- financial newspapers and magazines;
- inspection of corporate activities;
- corporate press releases; and
- annual reports, prospectuses and other filings with the SEC.

L&H's investment strategy includes, but is not limited to: taking long term positions (securities held over one year), short term positions (securities held less than one year), trading (securities sold within 30 days) and short sales (selling securities not owned at the time of purchase).

B. Material Risks for each Significant Method of Analysis or Investment Strategies

Investing in securities and following L&H's investment strategy and advice may result in a loss of some or all of a Client's assets under management with L&H. Clients should be able to bear such an economic loss of some or all of their investments under management with L&H.

L&H may engage in a wide range of investment and trading strategies for its Clients. Many of these strategies are sometimes referred to as "hedge" or "arbitrage" strategies, because they use short sales, futures and other derivatives in an effort to protect assets from losses due to general declines in international financial markets. No assurance can be given that L&H will employ hedging strategies for all or any part of its Client's assets. Furthermore, there can be no assurances that any hedging and arbitrage strategies used by L&H will be successful in avoiding losses, and hedged positions may perform worse than unhedged positions.

Moreover, where L&H engages in frequent trading as a part of an investment strategy for certain clients, the return on investment for such clients may be lower due to increased brokerage and other transaction costs.

C. Material Risk for Particular Types of Securities

Stock Market Risk

A Client's investment in securities and other investments may be affected by general economic conditions such as prevailing economic growth, inflation and interest rates. When economic growth slows, or interest or inflation rates increase, equity securities tend to decline in value. Such events could also cause companies to decrease the dividends they pay. If these events were to occur, the total return earned on and the value of a Client's investment could decline.

Equity, Convertible and Preferred Securities

Investments may include long and short positions in common stocks, preferred stocks and convertible securities of U.S. and foreign issuers, as well as, depositary receipts for foreign securities. Equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities. The market price of equity securities may be affected by general economic and market conditions, such as a broad decline in stock market prices, or by conditions affecting specific issuers, such as change in earnings forecasts. Depending on the relationship of the conversion price to the market value of the underlying securities or other factors, convertible securities and preferred shares may trade like equity securities. Moreover, L&H may select investments in equity, convertible and preferred securities without restriction as to market capitalization, including securities issued by smaller capitalization companies, including micro-cap companies.

Options

Investments may include options contracts, so-called “synthetic” options or other derivative instruments written by broker-dealers or other financial intermediaries. Options transactions may be effected on securities exchanges or in the over-the-counter market. When options are purchased over-the-counter, the Client bears the risk that the counterparty that wrote the option will be unable or unwilling to perform its obligations under the option contract. Such options may also be illiquid and, in such cases, L&H may have difficulty closing out the Client’s position.

Warrants

Investments may include warrants, which are derivative instruments that permit, but do not obligate, the holder to purchase other securities over a specified period of time. Warrants do not carry with them any right to dividends or voting rights. A warrant ceases to have value if it is not exercised before its expiration date.

Closed-End Funds

Investments may include closed-end funds. Closed-end funds issue a fixed number of shares that typically trade on a stock exchange or over-the-counter at a premium or discount to their net asset value. Investments in closed-end funds may result in Clients who will bear the expenses of such closed-end fund. Clients would be exposed to the risks associated with the closed-end fund.

Short Sales

Investments may include short sales of securities. that L&H believes possess volatility characteristics similar to those being hedged. L&H may use short sales for hedging purposes to limit Client exposure to market volatility and non-hedging purposes to profit from anticipated declines in prices of securities that in the view of L&H are overvalued. To effect a short sale, L&H borrows a security from a brokerage firm, or other intermediary, for the Client’s account to make delivery to the buyer. The Client then is obligated to replace the borrowed security by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which L&H sold the security from the Client’s account. A short sale of a security involves the risk of an unlimited increase in the market price of the security, which could result in an inability to cover the short position and thus a theoretically unlimited loss. There can be no assurance that securities necessary to cover the short position will be available for purchase.

Foreign Investments

Investments may include foreign or domestic debt and equity securities or related derivatives denominated in foreign currencies, issued by foreign issuers or traded outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes or limitations on the removal of funds or other assets. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is slower, less systematic and more subject to failure than in U.S. markets.

To the extent that investments are made in emerging markets, the political, regulatory and economic risks inherent in investments in emerging markets' securities are significant and may differ in kind and degree from the risks presented by investments in the world's major securities markets. These risks may include greater price volatility, substantially less liquidity, controls on foreign investment and limitations on repatriation of invested capital.

Derivatives

Investments may include derivatives. These are financial instruments that derive their performance from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in a derivative could have a large potential impact on the performance of a Client's account. A Client could experience losses if derivatives do not perform as anticipated, or are not correlated with the performance of other investments that they are used to hedge, or if the Client is unable to liquidate a position because of an illiquid secondary market. The market for many derivatives often is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

Item 9 Disciplinary Information

A. Criminal or Civil Proceedings (Domestic, Foreign, Military Court of Competent Jurisdiction)

None.

B. Administrative Proceeding (SEC, Federal/State Regulatory Agency, Foreign Financial Regulatory Agency)

None.

C. Self-Regulatory Organization (SRO) Proceeding

None.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

L&H is an SEC-registered broker-dealer and member in good standing with the Financial Industry Regulatory Authority (or FINRA). Messrs. Levy and Harkins are registered with FINRA as the principal of L&H.

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser Registration Status

None.

C. Material Relationships or Arrangements with any of the following:

(1) Broker-Dealer, Municipal Securities Dealer, or Government Securities Dealer or Broker

None.

(2) Investment Company or other Pooled Investment Vehicle

See Item 4(b)(1).

(3) Other Investment Adviser or Financial Planner

None.

(4) FCM, CPO, CTA

None.

(5) Banking or Thrift Institution

None.

(6) Accountant or Accounting Firm

None.

(7) Lawyer or Law Firm

None.

(8) Insurance Company or Agency

None.

(9) Pension Consultant

None.

(10) Real Estate Broker or Dealer

None.

(11) Sponsor or Syndicator of Limited Partnerships

None.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

L&H does not recommend other investment advisers for its Clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

L&H is required by Section 204A of the Advisers Act to take steps to prevent the misuse of material, non-public information and to ensure that the personal securities transactions of its personnel are not in conflict with the interests of L&H's clients. Rule 204A-1 requires L&H to adopt, maintain and enforce a code of ethics requiring all principals and employees ("Access Persons") to report holdings and securities transactions to L&H's Chief Compliance Officer. An initial report of all securities holdings is made when a person first becomes an Access Person and annually thereafter. Access Persons must report monthly their securities transactions. The foregoing is only a summary of L&H's code of ethics, you may request a copy of L&H's code of ethics from either Mr. Levy or Mr. Harkins: Levy, Harkins & Company, Incorporated, 81 Main Street, White Plains, NY 10601.

B. Securities that L&H or A Related Person Has a Material Financial Interest

L&H permits its principals and employees to invest for their own or related accounts in securities purchased for L&H's Clients, as well as, investments made by Messrs. Levy and Harkins for The Gracy Fund.

Principals and employees of L&H will not act for their own or related accounts in anticipation of a research report or purchase or sell recommendation for a client or otherwise on the basis of material non-public information. All transactions instituted by principals or employees are required to be reported to L&H's Chief Compliance Officer monthly.

L&H (and its members, employees and affiliates) serves as investment adviser to Client accounts and conduct investment activities for its own account. Some Clients may have investment objectives or investment strategies similar to, or different from, those of L&H or its other Clients. Moreover, the Clients may have investment objectives or investment strategies similar to, or different from, The Gracy Fund, which is advised directly by Messrs. Levy and Harkins. L&H (and its members, employees and affiliates) may give advice or take action with respect to some Clients that differs from the advice given with respect to L&H or its other Clients or to The Gracy Fund.

L&H Clients may be introduced to pooled investment vehicles and limited partnerships (such as The Gracy Fund) for which L&H principals or employees (but not L&H itself) may act as the investment adviser. If a Client makes an investment or otherwise purchases securities in such entities, L&H will not receive any commission or advisory fee. Moreover, a discretionary Client will not be invested in such entities advised by an L&H principal or employee (acting outside of his role at L&H) without the prior written consent of the Client.

To the extent a particular investment is suitable for more than one Client (including L&H's members, employees and affiliates, and The Gracy Fund advised by Messrs. Levy and Harkins), purchased securities will be allocated between or among clients pro rata based on assets under management or in some other manner that L&H determines is fair and equitable under the

circumstances to all Clients. Orders for securities transactions in Client accounts are generally placed through L&H as broker-dealer. Securities may be recommended, purchased or sold for Clients that L&H, The Gracy Fund or any of their principals or employees may buy or sell. L&H (including Messrs. Levy and Harkins) will not permit such persons to effect transactions in the same securities in anticipation of transactions by Clients or before the Client accounts had the opportunity to make such transactions, as appropriate. Moreover, The Gracy Fund, L&H, their principals and employees will not receive a more favorable execution price than those received by Clients for the same security on the same day.

C. Investing in Securities That L&H or A Related Person Recommends to Clients

Please refer to Item 11(B) above.

D. Conflicts of Interest Created by Contemporaneous Trading

Please refer to Item 11(B) above.

Item 12 Brokerage Practices

A. Selecting or Recommending Broker-Dealers for Client Transactions and Reasonableness of Broker-Dealers Compensation

1. Research and Other Soft Dollar Benefits

L&H has discretion to determine the securities broker-dealers (collectively, “Brokers”) used for Clients’ transactions. L&H will normally execute trades for its Clients. However, brokers other than L&H are also frequently chosen to execute trades for its advisory clients. Brokers other than L&H are normally chosen for their skill in execution or, occasionally, quality of research. Further, L&H may consider the value of the products and services described below, either provided by the Broker or paid for by the Broker (either by cash payments or by commissions) and provided by others (collectively, “Products and Services”). Nonetheless, if a Client is referred to L&H by another broker-dealer (the “Referring Broker”), L&H will normally execute trades for that Client through the Referring Broker, unless the Client directs L&H otherwise.

All commissions and other charges for securities transactions are payable by the Client. Commission rates generally are L&H's standard commission rates in effect when trades are executed. Nonetheless, commission rates may vary, and may be negotiated by the Client, depending on size of account, volume of transactions, relationship with L&H and other factors. Although L&H or another executing Broker may not charge the lowest commission rates, L&H believes that the commission rates charged are fair to Clients when taking into account such factors as price, reliability, financial responsibility, skill in execution and research and other services provided by the executing Broker, notwithstanding that a particular Client may not be the exclusive beneficiary of such services. Generally, L&H tends to rely on executing Brokers with whom L&H has had satisfactory experience in the past. Because L&H generally charges commissions based on its standard non-discounted schedule and L&H generally does not negotiate commission rates with other executing Brokers, advisory Clients may pay higher rates than those that may be obtained after negotiations.

Nonetheless, L&H will review at least annually the commission rates charged by other comparable qualified brokerage firms to the extent practicable, to determine that the brokerage commissions being paid by Clients are competitive with such other rates. At the time of such review, L&H will consider whether any action need be taken in light of its obligations to its advisory Clients, and will advise its Clients if it decides to adjust the commission rates it charges or otherwise selects new executing Brokers. However, such a policy does not apply to Referring Brokers.

In an effort to obtain best execution, L&H has a policy of executing trades for its various clients in a bunched fashion. All open orders in the same direction (i.e., buy or sell) in the same security and placed at the same time will generally be bunched for execution at the best price available at the time. The order in which the individual Client orders comprising a bunched order are filled is determined through the use of a rotating list designed to fulfill client

orders in a random sequence. When a bunched order is not filled in full (which is more likely to occur in rapidly moving markets), any unfilled orders will be canceled and new orders for these clients will be entered the following day at the same or similar price if trading conditions then allow. As a result of this process, Clients whose orders are bunched for execution receive the average price for the security on the day their orders are filled. When a Client's order is included in a bunched order, the Client is charged a commission computed as if its order had not been bunched, which is L&H's standard non-discounted rate.

When the Client has authorized L&H to execute trades, over-the-counter transactions will be entered through L&H's order room and the Client will be charged a brokerage commission. L&H is authorized to execute over-the-counter transactions through market-makers and charge its standard commission on such transactions. Other investment advisers may enter such orders with market-makers in their investment advisory capacity and not generate a charge for such executions.

When acting as a registered broker-dealer, L&H may act as broker for the purchase or sale of an advisory Client's securities while also acting as agent for the contra-party if one of its brokerage (but not advisory) clients places an appropriate order. In such cases, L&H will receive commissions from both parties to the transaction and have a potentially conflicting division of loyalties and responsibilities regarding both parties. Consequently, L&H will either provide written notice or annotate its Client confirmation, to disclose that L&H acted as agent for both buyer and seller in the transaction. L&H will only execute such an agency cross transaction after written notice or confirmation and if the advisory Client does not object.

Soft Dollars

The use of commissions or "soft dollars" to pay for Products and Services will be limited to brokerage and research services that qualify for the safe harbor of Section 28(e) of the Exchange Act. Section 28(e) provides a safe harbor to an adviser exercising "investment discretion" over an account. Section 28(e) protects the adviser from federal and state claims for breach of fiduciary duty, including ERISA claims, solely because the adviser causes a client account to pay more than the lowest available commission for executing a securities transaction in return for brokerage or research services.

The Products and Services L&H may consider in selecting a Broker are as follows:

- *Brokerage*: Brokerage may include clearing, order routing, custodial and settlement services and related incidental services.
- *Research, research products and research services*: Research may include, among other things, proprietary research on particular industries and companies, economic surveys and analyses, recommendations on specific securities and other products or services (e.g., raw market data and related data analysis services, trade analytics, conferences and seminars, meetings with corporate executives to obtain oral reports on their companies' performances, publications targeted to a narrow audience, software to analyze portfolios or otherwise assist in making investment decisions) that provide lawful and appropriate assistance to L&H in performing its investment decision making responsibilities.

Research services provided by Brokers is supplemental to L&H's research. Such supplemental research covers all standard forms of research including, but not limited to, current and historical financial data concerning particular companies, industries and the economy as a whole, as well as information and analysis of such companies and industries, technical and statistical studies and data dealing with various investment opportunities, risks and trends, and analysis involving special situations. Allocation of brokerage services for L&H's accounts are made to outside Brokers based upon L&H's evaluation of the Broker's performance and, occasionally, L&H's evaluation of the value of research.

L&H has no fixed internal brokerage allocation procedures designating specific percentages of commissions to particular brokerage firms. In exchange for the direction of commission dollars to certain Brokers, credits may be generated that may be used by L&H to pay for the Products and Services provided or paid for by such Brokers. To the extent that the credits are generated or the Products and Services are obtained, L&H will be receiving a benefit by reason of the direction of commissions that L&H would otherwise have to pay for. Consequently, L&H may have an incentive to select Brokers that provide L&H with Products and Services in exchange for L&H directing trades to those Brokers.

L&H has not received any products or services from soft dollar credits within the last fiscal year.

Research services furnished or paid for by brokers through which L&H effects transactions for a particular account may be used by L&H in servicing its other accounts, and not all such services may be used for the benefit of the Client that pays the brokerage commissions which result in the receipt of the research services. L&H does not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

Commissions paid to Brokers providing research services may be higher than those charged by brokers not providing such services and L&H makes the determination in each such case that the amount of the commission is reasonable in relation to the value of the execution and research services provided.

2. Brokerage for Client Referrals

L&H has an incentive to execute trades for Clients referred by other Brokers through the Referring Broker, which is subject to best execution, although such executed trades may not result in the most favorable execution.

3. Directed Brokerage

Clients may direct L&H to execute trades with a specific securities broker. However, the direction of brokerage transactions may result in higher execution prices to the directing Client. Directed brokerage will, in certain circumstances, prevent L&H from aggregating such Clients' transactions with similar transaction of other Clients. In such cases, trades for Client directed accounts generally will be executed after trades for other accounts. Although L&H's objective will be to seek best price and execution for every transaction, there can be no assurance that the directing client will realize the same price or commission rate achieved for other clients.

Furthermore, L&H will not engage any securities broker to execute any transaction for the client if, in L&H's sole and absolute discretion, the use of the services of such securities broker-dealer would violate any applicable law, regulation or stated position of the Securities and Exchange Commission or other regulatory body.

B. Aggregation of Purchase or Sale of Securities

In an effort to obtain best execution, L&H has a policy of executing trades for its various Clients in a bunched fashion. All open orders in the same direction (e.g., buy or sell) in the same security and placed at the same time will generally be bunched for execution. L&H will allocate executed bunched orders by the end of each trading day pro rata among the clients participating in those orders. Generally, commissions paid to Brokers and overall execution costs for bunched trades will be equal to or lower than those that would apply had the trades been executed individually.

Item 13 Review of Accounts

A. Frequency and Nature of Review of Client Accounts or Financial Plans

Messrs. Levy (Chairman) or Harkins (President) review each Client account at least once each month. No principal of L&H is responsible for more than 50 Client accounts.

B. Basis for Client Reviews Other Than A Periodic Review

Not applicable. L&H will review Client accounts on a periodic basis, as detailed in Item 13(A) above.

C. Content and Frequency of Account Reports to Clients

The Clients will receive:

- Regular brokerage confirmation slips for all transactions from the executing broker at the time of each the transaction.
- Monthly statements each month in which there were securities transactions from the executing broker or custodian.
- Quarterly status reports that include details of all Client account holdings from L&H.

Item 14 Client Referrals and Other Compensation

A. Economic Benefits From Non-Client For Providing Client Services

L&H is not paid an economic benefit by a third-party for providing investment advice or other advisory services to its clients.

B. Compensation to Non-Supervised Persons for Client Referrals

Certain advisory Clients are referred by Referring Brokers (discussed in Item 12(A)(1)), other investment advisers, or individuals. L&H may agree to pay to such broker, investment adviser, or individual a percentage of L&H's advisory fee for such a Client so long as L&H renders advisory services to such Client. In each case, appropriate disclosure shall be made to each Client and a copy of the advisory referral agreement shall be provided to each Client prior to or at the time the Client enters into the management agreement with L&H, pursuant to SEC Rule 206 (4)-3 promulgated under the Investment Advisors Act of 1940. Where required by state law, these individuals may become a registered investment advisor representative of L&H and would be subject to L&H's supervision.

Item 15 Custody

L&H has custody of the assets of some of its Clients; specifically, Clients for whom L&H serves as the executing broker-dealer. See Item 13(C) for information provided to Clients. Clients should carefully review all account statements, whether provided by L&H or another broker-dealer, bank or other financial institution. Some Clients may receive account statements from both L&H and another financial institution that holds such Client's assets. Clients should compare the information provided on any account statements provided by L&H and such other financial institution. In addition, L&H may be deemed to have custody of the assets of Client where it has the authority to debit Client accounts for its fee.

Item 16 Investment Discretion

Please refer to Items 4(b)(1).

L&H may negotiate and enter into investment advisory agreements with Clients that permit the exercise of discretionary authority over the management of Client assets. Each Client with a separately managed account for which L&H exercises discretionary authority would execute a power of attorney in favor of L&H permitting the firm to: (i) make all investment decisions; (ii) buy, sell, exchange, convert and otherwise trade in any securities; and (iii) select broker-dealers to execute securities transactions.

Item 17 Voting Client Securities

A. Policies and Procedures Relating to Voting Client Securities

The guiding principle in Levy Harkins's policy is to vote proxies in a manner best calculated to maximize the value of Client assets. Accordingly, L&H will generally oppose proposals that attempt to shield management from market discipline or otherwise entrench management, but recognizes that a different position may sometimes be warranted (e.g., to defend against a hostile takeover intended to break up a company). L&H will, absent exceptional circumstances, vote for routine corporate governance proposals (e.g., stock splits, stock repurchase plans, etc.).

L&H will take a flexible approach to compensation issues, generally favoring those that tie management compensation closely to long-term stock performance rather than shorter-term measures such as earnings per share, and opposing proposals that result in over-concentration of equity in senior management hands. Mergers, acquisitions and other significant transactions will be considered on a case-by-case basis, with an emphasis on maximizing value for L&H's Clients.

Generally, L&H will vote for election of directors and the appointment of independent auditors at regular annual meetings. However, recognizing the increasing need for accountability by directors, L&H will not, absent unusual circumstances, vote for directors who sit on the boards of more than five (5) public companies or in favor of proposals that increase board size beyond 15 directors.

Whenever L&H accepts authority for voting proxies on behalf of a Client, that Client is entitled to receive a record of how L&H voted proxies for securities held in the Client's account, upon written request. The Client may obtain that record by forwarding a written request to: Mr. Levy or Mr. Harkins: Levy, Harkins & Company, Incorporated, 81 Main Street, White Plains, NY 10601.

B. Authority to Vote Client Securities and Client Receipt of Proxies

See Item 17(A) above.

Item 18 Financial Information

A. Balance Sheet

Not applicable.

B. Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients

L&H does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

C. Bankruptcy Filings

Not applicable.

Item 19 Requirements for State-Registered Advisers

A. Identity and Background of Principal Executive Officers and Management Persons

Not applicable.

B. Participation in Business Other than Giving Investment Advice

Not applicable.

C. Performance-Based Compensation for Advisory Services

Not applicable.

D. Arbitration and Litigation

Not applicable.

E. Relationships or Arrangements with Issuers

Not applicable.