



January 18, 2012

**Letter from the President and Chief Executive Officer**

Recent years have presented the financial industry with some notable challenges – and ultimately have led to an atmosphere of uncertainty. We have seen the collapse of well-known Wall Street firms, encountered new industry regulation, and weathered volatile markets.

As we begin 2012, I would like to assure you of our ongoing commitment to this industry, to our company, and to the clients with whom we partner. Additionally, I want to convey that CAPIS' financial condition is strong and we are well positioned to meet all of your brokerage needs.

Though significant changes in the industry have taken place, our size has afforded us the agility and independence to successfully navigate through these changes. We take pride in operating a conservative business with extensive risk management processes. CAPIS:

- Holds no long-term debt and funds all of its operating capital internally
- Has net capital that is 51 times higher than the regulatory requirement
- Invests its capital in short-term conservative investments such as CDs, treasuries and government money market funds
- Does not make risky business decisions that might jeopardize our financial strength
- Has been profitable every year for over 25 years

I could not be more confident in the direction of this firm and our future as a leading independent broker. Over the past several years, we have been expanding our trading capabilities. We launched our options trading desk, expanded our international equity trading desk and are currently building our futures desk. We have also enhanced our commission management system and our fund reporting capabilities. CAPIS continually invests in its infrastructure; building out risk management tools and other risk controls to ensure that we operate a conservative business while protecting our clients' interests.

Industry change may be unavoidable, but at CAPIS, some things will never change: we will always be committed to offering exceptional personal service, to remaining objective in our trading and research, and to looking for new ways to help you satisfy your investment goals.

Who you partner with is important to your success. Thank you for trusting us with your business.

Sincerely,

Kristi P. Wetherington  
President and CEO