

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL

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Name of Investment Adviser: Capital Investment Counsel, Inc.					
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
17 Glenwood Avenue		Raleigh	NC	27603	(919) 831-2370

This part of FORM ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any government authority.

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards	4
6	Education and Business Background	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F

(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- (1) Provides investment supervisory services 100 %
- (2) Manages investment advisory accounts not involving investment supervisory services..... _____ %
- (3) Furnishes investment advice through consultations not included in either service described above... _____ %
- (4) Issues periodicals about securities by subscription _____ %
- (5) Issues special reports about securities not included in any service described above..... _____ %
- (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... _____ %
- (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities... _____ %
- (8) Provides a timing service _____ %
- (9) Furnishes advice about securities in any manner not described above..... _____ %

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No

C. Applicant offers investment advisory services for: (check all that apply)

- (1) A percentage of assets under management (4) Subscription fees
- (2) Hourly charges (5) Commissions
- (3) Fixed fees (not including subscription fees) (6) Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

- A. Individuals E. Trusts, estates, or charitable organizations
- B. Banks or thrift institutions F. Corporations or business entities other than those listed above
- C. Investment companies G. Other (describe on Schedule F)
- D. Pension and profit sharing plans

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|---|---|
| <input checked="" type="checkbox"/> A. Equity securities
<input checked="" type="checkbox"/> (1) exchange-listed securities
<input checked="" type="checkbox"/> (2) securities traded over-the-counter
<input checked="" type="checkbox"/> (3) Foreign issuers | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> B. Warrants | <input checked="" type="checkbox"/> I. Options contracts on:
<input checked="" type="checkbox"/> (1) securities
<input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> J. Futures contracts on:
<input type="checkbox"/> (1) tangibles
<input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input checked="" type="checkbox"/> K. Interests in partnerships investing in:
<input checked="" type="checkbox"/> (1) real estate
<input type="checkbox"/> (2) oil and gas interests
<input type="checkbox"/> (3) other (explain on Schedule F) |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> F. Municipal securities | |
| <input checked="" type="checkbox"/> G. Investment company securities:
<input checked="" type="checkbox"/> (1) variable life insurance
<input checked="" type="checkbox"/> (2) variable annuities
<input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the
Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input checked="" type="checkbox"/> Short sales | |

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes No

(If yes, please describe these standards on Schedule F)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 - (1) broker-dealer
 - (2) investment company
 - (3) other investment adviser
 - (4) financial planning firm
 - (5) commodity pool operator, commodity trading adviser or futures commission merchant
 - (6) banking or thrift institution
 - (7) accounting firm
 - (8) law firm
 - (9) insurance company or agency
 - (10) pension consultant
 - (11) real estate broker or dealer
 - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.. Yes No

(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Account reviews are handled by E. O. Edgerton, Jr. (President), Richard K. Bryant (VP), Con T. McDonald (IAR), Richard S. Battle (IAR), W. Harold Eddins (IAR), C. Bynum Satterwhite (IAR), and Kurt A. Dressler (IAR). The above have no specific maximum number of accounts assigned to them. At a minimum, investment advisors are instructed to review portfolios quarterly in accordance to 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.

B. Describe below the nature and frequency of regular reports to clients on their accounts.

At a minimum, statements are furnished quarterly to the client by the brokerage house which handles the transactions. Records of all transactions are maintained by the advisor and broker.

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|---|--|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? Yes No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|---|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet?..... Yes No

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Capital Investment Counsel, Inc.	SEC File Number: 801- 20824	Date: 04/30/2010
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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Capital Investment Counsel, Inc.	IRS Empl. Ident.No.:
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Item of Form (identify)	Answer																				
Part II Item 1.	<p>Capital Investment Counsel (“Counsel”), an investment advisory firm registered with the Securities and Exchange Commission, will review and manage client portfolios. As such, our firm will analyze a client’s pertinent information and objectives in developing a plan to manage the client’s assets. The analysis and plan will be discussed with the client in serving 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 will administer the day-to-day investment of the client assets in accordance to the guidelines and any other agreements between Counsel and Client.</p> <p>Our investment program, which we tailor to each specific client, will predominantly consist of stocks, bonds, and money markets. The program is typically based on: savings, investing, compounding of interest, dividend reinvestment, and multiplication of stocks. If the client decides to deposit more capital, such capital will be invested when deemed appropriate. For dividends, the firm will reinvest such dividends when deemed appropriate unless otherwise instructed by the client.</p> <p>We provide three fee structures for a client to choose from in receiving services from Counsel. These choices are a “Wrap Fee Program”, (“Option A”) “Fee + Commission” (“Option B”), and “Fee Only” (“Option C”). The Wrap Fee Program is fully disclosed in its entirety in the brochure entitled “Wrap Fee Program”. For Option A, a fee is charged based upon a calculation of assets under management with no commission charges applied; however, there may be a miscellaneous postage and handling fee charged per ticket by our 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 associated with Counsel managing such portfolios. 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 broker/dealer policies. The fee structure for these choices are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Market Value</th> <th style="text-align: center;">Wrap Charge (A)</th> <th style="text-align: center;">Fee + Commission Charge (B)</th> <th style="text-align: center;">Fee Only Charge (C)</th> </tr> </thead> <tbody> <tr> <td>Up to \$500,000</td> <td style="text-align: center;">2.00%</td> <td style="text-align: center;">1.25%</td> <td style="text-align: center;">1.75%</td> </tr> <tr> <td>\$500,000 to \$1,500,000</td> <td style="text-align: center;">1.75%</td> <td style="text-align: center;">1.00%</td> <td style="text-align: center;">1.50%</td> </tr> <tr> <td>\$1,500,001 to \$3,000,000</td> <td style="text-align: center;">1.50%</td> <td style="text-align: center;">0.75%</td> <td style="text-align: center;">1.25%</td> </tr> <tr> <td>Above \$3,000,000</td> <td style="text-align: center;">Negotiated</td> <td style="text-align: center;">Negotiated</td> <td style="text-align: center;">Negotiated</td> </tr> </tbody> </table> <p>Counsel may charge certain clients less than the stated fee schedule.</p> <p>In the event a mutual or exchange traded fund is in one of your portfolios, you may pay additional fees in the form of annual fees to the mutual fund company. This is not a fee assessed by Counsel, but a fee debited from your mutual fund holdings per the terms provided in the mutual fund’s prospectus.</p> <p>Investment advisory fees are billed in advance on a quarterly basis in accordance with the above fee schedule. Accounts are subject to a minimum annual fee of \$500, which can be waived at the discretion of management. Fees are typically calculated based upon the fair market value of the client’s assets under management by Counsel as of the last business day of the month preceding the quarter to be billed, and the resulting amount, divided by four, shall be due our firm for the next quarterly period. Certain accounts may have other calculation 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</p>	Market Value	Wrap Charge (A)	Fee + Commission Charge (B)	Fee Only Charge (C)	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
Market Value	Wrap Charge (A)	Fee + Commission Charge (B)	Fee Only Charge (C)																		
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																		

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Capital Investment Counsel, Inc.	801- 20824	04/30/2010

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Capital Investment Counsel, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p>and remitting such fees to our firm; however, we do permit payments by check.</p> <p>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. Since fees are billed quarterly in advance, Counsel will refund to the client after such termination a pro-rata share of the fees computed on a daily basis for the 90-day quarter. More so, if the Form ADV and accompanying schedules is provided less than 48 hours before the client signed the Investment Advisory Agreement, the client has the right to cancel their Agreement without penalty within five business days of executing the Agreement.</p>	
Item 5.	Preferably a college degree with some concentration in business or economics.	
Item 6.	<p>E. O. Edgerton, Jr. Date of Birth: 10/23/1941 Education: Wake Forest University (1960-1964) - B.A. Business Business Background: Capital Investment Counsel, Inc. – President; 08/1984 – Present Capital Investment Group, Inc. – Vice President; 01/1984 – Present Capital Investment Brokerage, Inc. – Vice President; 02/1996 – Present</p> <p>Richard K. Bryant Date of Birth: 07/07/1959 Education: North Carolina State University (1977-1981) - B.A. Business Management Business Background: Capital Investment Counsel, Inc. – Vice President; 08/1984 – Present Capital Investment Group, Inc. – President; 01/1984 – Present Capital Investment Brokerage, Inc. – President; 02/1996 – Present Capital Advisers, Inc. – Vice President; 02/1995 – Present CIC Advisers, LLC – Managing Director; 01/2004 – Present Capital Investment Advisory Services, LLC – Managing Member; 12/08 - Present Nottingham Investment Trust II –Trustee; 11/1990 – Present</p> <p>Cornelius T. McDonald Date of Birth: 12/06/1955 Education: University of North Carolina at Chapel Hill (1974-1978) - Bachelor's of Science with a Major in Accounting Business Background: Capital Investment Counsel, Inc. – Investment Advisor Representative; 07/1987 – Present Capital Investment Group, Inc. – Assistant Vice President/ Representative; 07/1987 – Present Capital Investment Brokerage, Inc. – Assistant Vice President/Registered Representative; 01/1997 – Present Physicians Financial Services – President; 07/1987 – Present</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Capital Investment Counsel, Inc.	SEC File Number: 801- 20824	Date: 04/30/2010
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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Capital Investment Counsel, Inc.	IRS Empl. Ident.No.:
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Item of Form (identify)	Answer
	<p>W. Harold Eddins, Jr. Date of Birth: 08/31/1964 Education: Brevard College (1983-1985); University of North Carolina at Chapel Hill (1985-1987) - Bachelor's of Science Business Background: Capital Investment Counsel, Inc. – Investment Advisor Representative; 09/1987 – Present Capital Investment Group, Inc. – Assistant Vice President/ Representative; 09/1987 – Present Capital Investment Brokerage, Inc. – Assistant Vice President/ Representative; 01/1997 – Present</p> <p>Kurt A. Dressler Date of Birth: 08/01/1969 Education: Eastern Illinois University (1987 – 1991) - Bachelor's of Science in Business Finance Business Background: Capital Investment Counsel, Inc. – Investment Advisor Representative; 06/1996- Present Capital Investment Group, Inc. – Assistant Vice President; 06/1996 – 04/1997 Capital Investment Brokerage, Inc. – Assistant Vice President/ Representative; 04/1997 – Present</p> <p>C. Bynum Satterwhite Date of Birth: 10/14/1957 Education: University of North Carolina at Chapel Hill (1975 – 1979) – Bachelor's of Science Business Background: Capital Investment Counsel, Inc. – Investment Advisor Representative; 08/1996 – Present Capital Investment Group, Inc. – Assistant Vice President; 06/1996 – 04/1997 Capital Investment Brokerage, Inc. – Assistant Vice President/ Representative; 01/1997 – Present</p> <p>Richard S. Battle Date of Birth: 04/29/1959 Education: University of North Carolina at Chapel Hill (1977 – 1981) – Bachelor's of Science Business Background: Capital Investment Counsel, Inc. – Investment Advisor Representative; 04/1993 - Present Capital Investment Brokerage, Inc. – Representative; 04/1997 – Present Capital Investment Group, Inc. – Representative; 04/1993 – 04/1997</p> <p>Ronald L King Date of Birth: 12/06/1951 Business Background: Capital Investment Counsel - Chief Compliance Officer; 11/2007 – Present Capital Investment Advisory Services, LLC – Chief Compliance Officer; 12/08 - Present Capital Investment Group, Inc. - Chief Compliance Officer; 11/2007 – Present Capital Investment Brokerage, Inc. - Chief Compliance Officer; 11/2007 – Present CIC Advisers, LLC - Chief Compliance Officer - 11/2007 - Present North Carolina Department of the Secretary of State, Securities Division. – Securities Investigator - 06/2006 – 10/2007 The King Garner Group of the Carolinas, LLC – Managing Partner - 02/2004 – 07/2006</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Capital Investment Counsel, Inc.	SEC File Number: 801- 20824	Date: 04/30/2010
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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Capital Investment Counsel, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p>Berthel Fisher & Company Financial Services, Inc. – Regional Manager – 11/2002–02/2004 Berthel Fisher & Company Financial Services, Inc. – Branch Manager - 11/2001–11/2002 Josephthal & Co. Inc – Financial Consultant - 02/2001 – 11/2001 Marion Bass Securities – Financial Consultant – 08/1994- 02/2001 First Citizens Bank – Trust Officer II – 09/1989 – 06/1994 Midlantic National Bank and Trust Co.-Florida - Trust Officer – 06/1987 - 09/1989 Trust Company Bank – Trust Officer – 09/1980 – 06-1987</p>	
Item 7.C.	<p>Richard K. Bryant's efforts are divided approximately among his positions as: President, Capital Investment Group, Inc., a FINRA registered broker/dealer, 45%; President, Capital Investment Brokerage, Inc., a FINRA registered broker/dealer, 25%; Vice President, Capital Investment Counsel, Inc., a SEC registered investment advisory firm, 15%; President, CIC Advisers, LLC, a state registered investment advisory firm, 5%; Managing Member Capital Investment Advisory Services, LLC, a SEC registered investment advisory firm, 5%; and the remaining 5% is spent on Capital Insurance Affiliates.</p> <p>Ronald L. King's efforts as Chief Compliance Officer are divided approximately among the following firms as: Capital Investment Group, Inc., a FINRA registered broker/dealer, 45%; Capital Investment Brokerage, Inc., a FINRA registered broker/dealer, 25%; Capital Investment Counsel, a SEC registered investment advisory firm, 20%; CIC Advisers, LLC, a state registered investment advisory firm, 5%; and Capital Investment Advisory Services, LLC, a SEC registered investment advisory firm, 5%.</p> <p>All other principal officers' primary activities are associated with Counsel.</p>	
Item 8.C.(1)	<p>Counsel is affiliated with two brokerage firms (Capital Investment Group, Inc. and Capital Investment Brokerage, Inc.), three investment advisory firms (CIC Advisers, LLC, Capital Investment Advisory Services, LLC and Capital Advisers, Inc.), and one insurance agency, Capital Insurance Affiliates. All entities share common ownership and are considered part of Capital Investment Companies.</p> <p>Besides common ownership, we do not have any business relationship, third party management agreements, etc. with CIC Advisers, LLC or Capital Advisers, Inc. Capital Insurance Affiliates may be utilized to provide insurance or annuity products to clients when requested by the client. Arrangements are available for clients and prospective clients to use our affiliated companies, Capital Investment Group, Inc. ("CIG") and Capital Investment Brokerage, Inc, ("CIB"), as the broker/dealer to handle their transactions. Richard K. Bryant and E. O. Edgerton, Jr. are both officers and majority stockholders of the brokerage firms.</p> <p>CIG and CIB are often used by clients to broker various client accounts. With respect to the relationship between Counsel, CIG and/or CIB, the following are key points: 1) The shareholders of CIG and CIB may receive dividends from the companies periodically. 2) Recommendations for the purchase and sale of securities are made public to the broker/dealers after the initial purchase or sale to clients. 3) When possible and in the best</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Capital Investment Counsel, Inc.	801- 20824	04/30/2010

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Capital Investment Counsel, Inc.	IRS Empl. Ident.No.:
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Item of Form (identify)	Answer
	interest of clients, orders are crossed or bunched for single execution and allocated immediately after execution. 4) Investment advisory representatives of Counsel are also registered with CIB and/or CIG. In the capacity of a registered representative of CIB and/or CIG, and adviser may receive a commission or remuneration in the execution of transactions through the affiliated broker/dealers. For any mutual fund positions maintained in a client account through one of Counsel's affiliated broker/dealers, a Counsel Adviser may receive 12b-1 fees or service fees in addition to any compensation stated in the fee schedule. 5) Counsel has developed a Code of Ethics to address any potential conflicts of interests that may arise between internal and external entities, including CIG and CIB, as well as establish a level of professional conduct for individuals associated with Counsel.
Item 9.	<p>Counsel recommends securities in which its advisors have positions. This is not done to influence stock or bond prices but to demonstrate the advisors do not buy stocks and bonds for clients they would not willingly buy for themselves. Counsel's advisors serve as registered persons of CIG and/or CIB. In this capacity, the advisors may receive compensation in the form of brokerage commissions for managed and non-managed accounts.</p> <p>Our firm has developed policies and practices, including a Code of Ethics, to adhere to best practices and address potential conflicts of interest that may arise. 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. A copy of the code is available to any client or prospective client upon request.</p>
Item 10.	Counsel's minimum account value is \$100,000. We reserve the right to waive this requirement as well as the \$500 minimum fee.
Item 12.A & B.	<p>Counsel seeks and requests discretion with respect to a client's account concerning the following: 1) Securities to be bought and sold; 2) Quantity of such securities to be bought and sold; and 3) Commission rates to be paid.</p> <p>Decisions regarding the selection of securities and quantities bought or sold are based upon Counsel's investment philosophy, client objectives, and the financial condition of the client. Not all clients receive the same stock selections or the same quantity due to a number of factors such as existing portfolio positions, available cash, preferences, timing, etc. All things being equal, the same research is available for all clients without restriction at no additional commission or other cost.</p> <p>Counsel will typically recommend that a client maintain assets through one of our affiliated broker/dealers, CIG or CIB. CIG and CIB both use Sterne Agee & Leach, Inc. to custody client assets. In placing portfolio transactions, Counsel will seek to obtain the best execution for its clients. Counsel's decision is not based on any research received from the broker/dealer for directing executions or maintaining assets at the broker/dealer. Instead, Counsel believes it will be able to service clients more efficiently and in an advantageous</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Capital Investment Counsel, Inc.	801- 20824	04/30/2010

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Capital Investment Counsel, Inc.		IRS Empl. Ident.No.:
Item of Form (identify)	Answer	
	<p>manner. A client can request to have assets maintained at another broker/dealer. Clients electing to direct brokerage to a firm of their choosing may not achieve best execution.</p> <p>In conducting securities transactions, block transactions may be utilized. This can be particularly the case when client accounts are held at affiliated broker/dealers, CIB or CIG. In most cases, accounts not at CIB or CIG will not be included in block transactions due to the different physical location of the securities. To ensure that no account is disadvantaged for being included in a block transaction, all accounts pay the same per share amounts plus their standard commission schedule and/or transactions costs. Counsel's clients may pay higher commission rates than what can be obtained in the marketplace on like transactions.</p>	
Item 13.B.	<p>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, CIG and/or CIB. 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 advisor'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.</p>	
Miscellaneous Provisions	<p>Counsel does not assume responsibility for Proxy Voting since it manages accounts under limited discretion. Client agrees to assume this responsibility by signing an investment advisory agreement.</p> <p>Counsel has adopted a Privacy Policy in order to safeguard sensitive client information. The Privacy Policy is provided at the time a client agrees to services by Counsel and annually thereafter. Counsel or its affiliates do not sell information collected about you. The non-public information is provided to affiliates and non-affiliated entities in connection with us servicing or conducting business with respect to your account. For more details concerning our Privacy Policy, Counsel can be contacted by phone or the Privacy Policy can be viewed at www.capital-invest.com.</p> <p>Counsel has adopted a Disaster Recovery Plan to ensure that in the event of a calamity or less severe event, Counsel will be able to continue to service its clients.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).



Capital Investment Counsel, Inc.

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

Wrap Fee Program (SCHEDULE H DISCLOSURE DOCUMENT)

This brochure provides clients with information about Capital Investment Counsel, Inc. and its Wrap Fee Program that should be considered before becoming a client of the Wrap Fee Program. This information has not been approved by any governmental authority.

v. 0410

Table of Contents

- I. Philosophy
- II. Services Offered
- III. Compensation
 - A. Wrap Program Fee Schedule
 - B. Disclosures
- IV. Financial Industry Activities and Affiliations
- V. Client Base Profile and Communications
 - A. Profile
 - B. Communications
- VI. Portfolio Managers
 - A. Selection/Replacement
 - B. Review Process
- VII. Investment Advisory Representatives
 - A. Selection/Replacement
 - B. Client Review Process
 - C. Education Requirements
 - D. Profile of Counsel Personnel

Philosophy

Capital Investment Counsel (“Counsel”) is generally classified as a contrarian manager, which has adopted a philosophy of purchasing securities of financially strong companies, currently considered out of favor in the financial markets. Counsel seeks to tailor portfolios to clients’ needs through investing in stocks and bonds of these out of favor companies. The key components of Counsel’s efforts are savings, investing, compounding of interest, dividend reinvestment, and the multiplication of stocks.

Counsel recommends securities in which its investment advisers have positions. This is not done to influence stock prices, but to demonstrate Counsel does not buy stocks and bonds for clients that its investment advisers would not be willing to buy for themselves.

Services Offered

Counsel provides a review of client’s pertinent financial information and objectives in developing a plan to manage the client’s assets. Counsel will then prepare a written or verbal analysis and plan for managing the client’s assets. The analysis takes into consideration the needs and objectives of the client and suggests appropriate investment strategies consistent with those needs and objectives. The analysis and plan is discussed with the client and will serve as the basis for the Investment Policy Statement or similar investment guidelines, which govern Counsel’s efforts in managing these assets.

Counsel does not custody client funds and securities. All assets are custodied at financial institutions selected by the firm unless the client selects an alternative firm institution.

Compensation

Wrap Program Fee Schedule

The Wrap Program Fee arrangement for an account is calculated by charging a percentage of the assets under management, with no additional commission charged for each trade executed within the account. However, there may be miscellaneous postage and handling fees charged by the custodial broker/dealer. The total annual fee as a percentage of assets under management is as follows:

<u>Market Value</u>	<u>Annual Fee</u>
Up to \$500,000	2.00%
\$500,000 to \$1,500,000	1.75%
\$1,500,001 to \$3,000,000	1.50%
Above \$3,000,000	Negotiated

Disclosures

The following are important disclosures relating to the above fee schedule:

- ❑ For any mutual fund positions, the client is subject to annual or other charges assessed by the mutual fund company.
- ❑ Fees will be billed on a quarterly basis at a fraction of the overall annual fee (i.e. 1/4th of the annual fee noted or negotiated per quarter)
- ❑ Client accounts are generally subject to a minimum annual fee of \$500.
- ❑ The annual fee is set forth and agreed upon in an agreement signed by both the client and Counsel.
- ❑ Counsel will generally receive the amount charged to the client, net of trading costs, which compensate the brokerage firm, either Capital Investment Group, Inc., Capital Investment Brokerage, Inc.

- ❑ The person recommending the program to the client and investment advisory agent, if not the same person, receives compensation as a result of the client's participation in the program. The amount of this compensation may be more than what the person would receive if the client participated in other programs of Counsel or paid for separately for investment advice, brokerage, and other services. The person may have a financial incentive to recommend the wrap fee program over other programs and services. However, this wrap fee program has been designed and priced to be fair and equitable. In doing so, the wrap fee program has been priced comparatively to our fee plus and commission program.
- ❑ Investment advisory representatives may receive up to 60% of the amount received by Counsel.
- ❑ The wrap fee program may cost more or less than purchasing the investment advisory services separately, depending on account variables such as portfolio turnover or commission and commission discounts.
- ❑ Counsel offers only one wrap fee program, as discussed herein. Due to pricing of the wrap fee program and since the compensation for referring investment advisory agents or sales solicitors does not significantly vary with our fee plus commission program, there is no incentive to offer one pricing method over the other, except for client preference.

Financial Industry Activities and Affiliations

Counsel has common ownership with several entities including Capital Advisers, Inc., CIC Advisers, LLC, Capital Investment Advisory Services, LLC, Capital Insurance Affiliates, Capital Investment Group, Inc. and Capital Investment Brokerage, Inc.

Although Counsel has common ownership with Capital Advisers, Inc., Capital Investment Advisory Services and CIC Advisers, LLC, all registered investment advisory firms. The firm may utilize Capital Insurance Affiliates to provide insurance or annuity products to clients. However, such annuity or insurance product sales are rare and upon request by the Client.

Arrangements are available for clients and prospective clients to use our affiliated firms, Capital Investment Group, Inc. and Capital Investment Brokerage, Inc., as brokerage firms to handle their transactions. Richard K. Bryant and E.O. Edgerton, Jr. are officers and majority stockholders of these firms. Counsel utilizes one of these in-house broker/dealers upon approval by the client. The shareholders of the broker/dealers may receive dividends from the companies periodically. These dividends could possibly be generated by Counsel's direct trading in managed accounts. As our investment styles traditionally keeps our portfolio turnover low and the company's organizational structure consists mainly of the two owner/managers, internal procedures regarding conflicts of interest are minimal. A code of ethics, both written and implied, is adhered to and principals, including the Chief Compliance Officer, handle supervision.

A few other key points are:

- ❑ Any change in investment style must be noted and communicated to our clients.
- ❑ All disclosures are made within this document and our client contract.
- ❑ Please note that the brokerage firms are separate entities and clients will not be coerced to place their trades with either firm unless they choose to do so themselves. In most cases, the brokerage firms offer discounts below the standard NYSE commission schedule.
- ❑ Buy and sell recommendations may be made public to our affiliated broker/dealers, but only after the initial buy or sell recommendations are made to our clients.
- ❑ When the firm deems it appropriate, account orders are bunched for single execution and subsequently allocated per the firm's procedures for block trades.

Client Base Profile and Communications

Profile

Counsel traditionally has served individuals, high net worth individuals, corporations, pension and profit sharing plans, trusts, and estates. We seek these clients as well as other businesses and entities. Counsel's minimum account value is \$100,000. Counsel reserves the right to waive the minimum at anytime.

Communications

Clients may contact and consult with any of the portfolio managers or their investment advisory representative.

Performance information is reported no less than quarterly for each account by Counsel via brokerage account statements. The accuracy of such communications is verified by the broker/dealer handling the account, in most cases, Capital Investment Group, Inc. or Capital Investment Brokerage, Inc.

All client information is maintained in accordance to the firm's Privacy Policy, as set forth in the client agreement for services.

Portfolio Manager

Selection/Replacement Process

Currently, Counsel serves as the portfolio manager and sponsor for the Wrap Fee Program. This is the reason why we have kept the selection process in-house and why we do not use other portfolio managers. Although, we do not anticipate replacing ourselves as portfolio manager, such decision would be based on the following criteria:

- Servicing;
- Performance; and
- Economic Factors.

Review Process

The process of reviewing accounts takes place at least quarterly. Each individual selection is monitored on a fundamental basis with heavy emphasis placed on out-of-favor stocks and bonds in relation to those whose perceived value is particularly high. E.O. Edgerton, Jr., Richard K. Bryant, Con T. McDonald, Kurt A. Dressler, C. Bynum Satterwhite, W. Harold Eddins, and Richard Battle handle reviews.

Investment Advisory Representatives

Selection/Replacement Process

In determining who will serve as the investment advisory representative of a client, the following key considerations, among others, are considered.

- How did the client learn about Counsel's services and was that through a particular investment advisory representative?
- Did the client request a particular investment advisory representative?
- What are objectives of the client relative to the background of the investment advisory representative?

If necessary, Counsel will consider replacing an investment advisory representative if servicing quality does not meet expectations, client objectives are not followed, or upon request by a client.

Client Review Process

Investment advisory representatives review accounts of clients no less than quarterly. In doing so, accounts are monitored for trade activity and positions held to ensure client investment objectives are followed.

The Chief Compliance Officer may review the performance of investment advisory representatives periodically with respect to selected sample client accounts. Client statements/reports, client account information, and investment policy guidelines may all be utilized in this process in order to ensure compliance with applicable regulations and firm policies and procedures.

Education Requirements

Counsel seeks investment advisory agents who preferably have a college degree with some concentration in business or economics.

Profile of Counsel Personnel

The following is to provide you the background of investment advisory personnel of Counsel:

E.O. Edgerton, Jr.

Edgerton is one of two founding partners and a major shareholder of Capital Investment Counsel, Inc. He serves as President and as an investment advisory representative for Counsel. In addition to his role at Counsel, he has been the Vice President of Capital Investment Group, Inc. and Capital Investment Brokerage, Inc., since January 1984 and February 1996, respectively. From November 1990 through January 2005, he served as Vice President and Trustee for the Nottingham Investment Trust II/Capital Value Fund. Born on October 23, 1941, he later attended Wake Forest University from 1960-1964, where he received a bachelor's degree in business administration.

Richard K. Bryant

Bryant is Vice President and founding partner (August 1984) of Counsel. In addition to his role at Counsel, he is President of Capital Investment Group, Inc. (01/1984-Present), President of Capital Investment Brokerage, Inc. (02/1996-Present), Vice President of Capital Advisers, Inc. (02/1995-Present), President of CIC Advisers, LLC (01/2004-Present), Managing Member of Capital Investment Advisory Services, LLC (12/08 – Present) and a Trustee for Nottingham Investment Trust II (11/90-Present). He was born on July 7, 1959.

Cornelius T. McDonald

McDonald has served as an investment advisory representative of Counsel since July 1987. In addition to his role at Counsel, he serves as President of Physicians Financial Services (07/1987 – Present), Managing Partner of Investment Management Advisory Services, Inc. (10/1998 – Present), Assistant Vice President of Capital Investment Group, Inc. (07/1987 – Present), and Assistant Vice President of Capital Investment Brokerage, Inc. (01/1997 – Present). McDonald obtained a Bachelor's of Science degree majoring in Accounting while attending the University of North Carolina at Chapel Hill from 1974-1979. He was born on December 6, 1955.

W. Harold Eddins, Jr.

Eddins has served as an investment advisory representative with Counsel since September 1987. Eddins also has been serving as Assistant Vice President of Capital Investment Group, Inc. and Capital Investment Brokerage since September 1987 and January 1997, respectively. Born on August 31, 1964, he attended Brevard College from 1983-1985 and then the University of North Carolina at Chapel Hill from 1985-1987, where he received a Bachelor's of Science degree.

Kurt A. Dressler

Dressler has served as an investment advisory representative with Counsel since June 1996. Dressler also has been serving as a registered representative for Capital Investment Brokerage, Inc. since April 1997. Prior to then, Dressler was a registered representative of Capital Investment Group, Inc. from June 1996 to April 1997. Dressler attended Eastern Illinois University from 1987-1991, where he received a Bachelor's in Business Finance degree. Dressler was born on August 1, 1969.

C. Bynum Satterwhite

Satterwhite has served as an investment advisory representative with Counsel since August 1996. Satterwhite also has been serving as a registered representative for Capital Investment Brokerage, Inc. since January 1997. Prior to then, he was a registered representative of Capital Investment Group, Inc. from June 1996 to April 1997. Satterwhite attended the University of North Carolina from 1975-1979, where he received a Bachelor's of Science degree. Satterwhite was born on October 14, 1957.

Richard S. Battle

Battle has been serving as an investment advisory representative with Counsel since April 1993. Battle also has been serving as a registered representative for Capital Investment Brokerage, Inc. since April 1997. Prior to then, he was a registered representative of Capital Investment Group, Inc. from April 1993 to April 1997. Battle attended the University of North Carolina from 1977-1981, where he received a Bachelor's of Science degree. Battle was born on April 29, 1959.

Ronald L. King

King has been serving as Chief Compliance Officer for Counsel since November, 2007. Since November, 2007, King has also been the Chief Compliance Officer of Capital Investment Group, Inc., Capital Investment Brokerage, Inc., CIC Advisers, LLC, as well as Capital Investment Advisory Services, LLC (12/08-Present). Prior to joining Capital Investment Companies, King has served as a Securities Investigator with the NC Secretary of State Securities Division, as Managing Partner of the King Garner Group of the Carolinas, LLC, as Regional Director for Berthel Fisher & Company Financial Services Inc., as Vice President and Branch Manager for Joesphthal & Co., and as a Financial Consultant with Marion Bass Securities. King was born on December 6, 1951.

