NATIONAL HOLDINGS CORP
Form S-4
July 15, 2013
As filed with the Securities and Exchange Commission on July 12, 2013

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

NATIONAL HOLDINGS CORPORATION.

(Exact name of registrant as specified in its charter)

Delaware	**5900**	**80-149096**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

120 Broadway, 27th Floor
New York, New York 10271

(212) 417-8000

(Address, Including Zip Code, and Telephone Number, Including

Area Code, of Registrant's Principal Executive Offices)

Mark D. Klein

Chief Executive Officer and Co-Executive Chairman
National Holdings Corporation
120 Broadway, 27th Floor

New York, New York 10271
(212) 417-8000

(Name, Address, Including Zip Code, and Telephone Number,

Including Area Code, of Agent for Service)

Copies to:

James Kaplan, Esq.

Joseph Walsh, Esq.

Troutman Sanders, LLP
The Chrysler Building
405 Lexington Avenue

New York, New York 10174
(212) 704-6000

Ted H. Finkelstein, Esq.

Vice President, Secretary and General Counsel

Gilman Ciocia, Inc.

11 Raymond Avenue

Poughkeepsie, New York 12603

(845) 485-5278

Jay Kaplowitz, Esq
Arthur Marcus, Esq.
Gary M. Emmanuel, Esq.

Sichenzia Ross Friedman Ference LLP

61 Broadway

New York, New York 10006

(212) 930-9725

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable on or after the effective date of this registration statement and after the conditions to the completion of the merger of a wholly-owned subsidiary of National Holdings Corporation with and into Gilman Ciocia, Inc. pursuant to an Agreement and Plan of Merger, dated as of June 20, 2013, described in the enclosed proxy statement/prospectus, have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13c-4(i) (Cross Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)(2)**	**Proposed Maximum Offering Price per Share (3)**	**Proposed Maximum Aggregate Offering Price (3)**	**Amount of Registration Fee**
Common stock, par value $0.02 per share	24,000,000	$0.30	$7,200,000	$982.08

(1) Pursuant to Rule 416 under the Securities Act of 1933, this registration statement also covers an indeterminate number of additional shares of common stock, par value $0.02 per share (“National common stock”), of National Holdings Corporation (“National”) as may be issuable as a result of stock splits, stock dividends or similar transactions.

(2) Represents the maximum number of shares of National common stock issuable to holders of common stock, par value $0.01 per share of Gilman Ciocia, Inc. (“Gilman”), in the merger of National Acquisition Corp., a wholly-owned subsidiary of National, with and into Gilman, with Gilman surviving as an indirect wholly-owned subsidiary of National.

(3) Pursuant to Rule 457(c) under the Securities Act, and solely for the purpose of calculating the registration fee, the proposed offering price per share is equal to $0.30, the average of the bid and asked prices per share of National common stock, as reported on the OTC Bulletin Board on July 5, 2013, within five (5) business days prior to the filing of this registration statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this

registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary proxy statement/prospectus is not complete and may be changed. These securities may not be issued or sold nor may proxies be solicited until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 12, 2013

On June 20, 2013, National Holdings Corporation, a Delaware corporation (“National”) and Gilman Ciocia, Inc., a Delaware corporation (“Gilman”) entered into an Agreement and Plan of Merger (the “merger agreement”) by and among National, Gilman and National Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of National (the “Merger Sub”). In the proposed merger, Merger Sub will be merged with and into Gilman, so that Gilman will become a wholly-owned subsidiary of National. If the merger is completed:

National stockholders will continue to own their existing shares of National common stock, par value $0.02 per share (“National common stock”);

all of the outstanding shares of Gilman common stock, par value $0.01 per share, outstanding as of the effective time of the merger (the “effective time”) will be exchanged for a total of up to 24,000,000 shares of National common stock, par value $0.02 per share, (subject to rounding for fractional shares) which equates to an exchange ratio of 0.248843451 shares of National common stock for each share of Gilman common stock, subject to adjustment as further described in the proxy statement/prospectus;

National shall issue five-year options to purchase 1,750,000 shares of National common stock to certain employees and independent contractors of Gilman at an exercise price of $0.50 per share;

National will pay off up to $5,400,000 of outstanding indebtedness of Gilman which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries; and

the board of directors of National will be increased from nine members to 11 members and two persons nominated by the board of directors of Gilman and reasonably acceptable to National will be elected as Class I members of the board of directors of National and National will nominate such persons for election at the next election of Class I directors of National.

If the merger agreement is completed, Gilman will survive the merger as a wholly-owned subsidiary of National and will still be named Gilman Ciocia, Inc. after the merger and all Gilman stockholders (except those who properly exercise dissenters' rights under Delaware law) will become stockholders of National.

National's common stock is quoted on the OTC Bulletin Board under the symbol "NHLD." On July 11, 2013, the closing, high and low price for National common stock reported was $0.30 per share, $0.30 and $0.30, respectively. On July 11, 2013, National had 89,016,988 shares of common stock outstanding.

Gilman's common stock is quoted on the OTC Bulletin Board under the symbol "GTAX." On July 11, 2013, the closing, high and low price for Gilman common stock reported was $0.06, $0.06 and $0.06, respectively. On July 11, 2013, Gilman had 96,446,179 shares of common stock outstanding.

The accompanying document is a proxy statement of Gilman and a prospectus of National, and provides you with information about National, Gilman the proposed merger and the special meeting of Gilman stockholders. Gilman encourages you to read the entire proxy statement/prospectus carefully.

You may also obtain more information about National and Gilman from documents National and Gilman have filed with the Securities and Exchange Commission.

For a discussion of risk factors you should consider in evaluating the merger agreement you are being asked to adopt, see "Risk Factors" beginning on page 19 of the accompanying proxy statement/prospectus.

The merger cannot be completed unless Gilman stockholders approve the merger agreement and Gilman has scheduled a special meeting for its stockholders to vote on the merger agreement. The special meeting will be held on , 2013, at a.m. (local time) at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006.

At the Gilman special meeting, you will be asked to consider and vote on the following matters:

- a proposal to adopt the merger agreement and the transactions contemplated thereby. The merger is more fully described in the accompanying proxy statement/prospectus and the merger agreement is attached as **Annex A** to the accompanying proxy statement/prospectus;

- a proposal to approve, on a nonbinding advisory basis, the "golden parachute" compensation payable to one of Gilman's executive officers in connection with the merger as described in the accompanying proxy statement; and

- a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

Stockholders will also act on any other business that may properly come before the meeting.

After careful consideration, the Gilman board of directors has approved the merger agreement and declared it to be advisable, fair to and in the best interests of Gilman and its stockholders. The Gilman board of directors recommends that all stockholders vote "FOR" approval of the proposal to adopt the merger agreement, "FOR" approval of the nonbinding advisory proposal regarding "golden parachute compensation" and "FOR" approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

You should be aware that certain stockholders and officers and directors of Gilman have entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition in the merger agreement (which can be waived by National), is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

Whether or not you plan to attend a special meeting, please take the time to vote by completing and mailing the enclosed proxy card in the enclosed envelope. **YOUR VOTE IS VERY IMPORTANT.**

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NATIONAL COMMON STOCK TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The accompanying proxy statement/prospectus is dated , 2013 and was first mailed to Gilman stockholders on or about , 2013.

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates business and financial information about National and Gilman that is not included in or delivered with this document. You can obtain the documents incorporated by reference into this proxy statement/prospectus through the website of the United States Securities and Exchange Commission (which we refer to in this Proxy Statement as the "SEC"), www.sec.gov, or by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

National Holding Corporation 1200 North Federal Highway, Suite 400 Boca Raton, FL 33432 Attention: Secretary Telephone: (561) 981-1007	Gilman Ciocia, Inc. 11 Raymond Avenue Poughkeepsie, New York 12603 Attention: Ted Finkelstein, Secretary Telephone: (845) 485-5278

If you would like to request documents, please do so by , 2013, in order to receive them before Gilman's special meeting.

Stockholders may also consult National's or Gilman's websites for more information concerning the merger described in this proxy statement/prospectus and each of the parties thereto. National's website is www.nhldcorp.com and Gilman's website is www.gtax.com. Information included on these websites is not incorporated by reference into this proxy statement/prospectus.

GILMAN CIOCIA, INC.
Corporate Headquarters

11 Raymond Avenue Poughkeepsie, NY 12603

845.485.5278 ***tel*** **845.622.3638** ***fax***

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON , 2013

To the Stockholders of Gilman Ciocia, Inc.:

You are cordially invited to attend a special meeting of the stockholders of Gilman Ciocia, Inc. a Delaware corporation ("Gilman"), to be held on , 2013 at a.m. local time, at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006. .

On June 20, 2013, Gilman entered into an agreement and plan of merger (as it may be amended from time to time, the "merger agreement") with National Holdings Corporation, a Delaware corporation ("National"), and National Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of National ("Merger Sub"), providing for the merger (the "merger") of Merger Sub with and into Gilman. Following the merger, Gilman will be a wholly-owned subsidiary of National.

At the Gilman special meeting, you will be asked to consider and vote on the following matters:

a proposal to adopt the merger agreement and the transactions contemplated thereby. The merger is more fully described in the accompanying proxy statement/prospectus and the merger agreement is attached as **Annex A** to the accompanying proxy statement/prospectus;

a proposal to approve, on a nonbinding advisory basis, the "golden parachute" compensation payable to one of Gilman's executive officers in connection with the merger as described in the accompanying proxy statement; and a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

Stockholders will also act on any other business that may properly come before the meeting.

Holders of record of Gilman common stock at the close of business on , 2013, the record date for the Gilman special meeting, are entitled to notice of and to vote as a single class on the merger proposal at the meeting or at any adjournment or postponement thereof. Completion of the merger requires approval of Gilman's common stockholders.

After careful consideration, the Gilman board of directors has approved the merger agreement and declared it to be advisable, fair to and in the best interests of Gilman and its stockholders. The Gilman board of directors recommends that all stockholders vote "FOR" approval of the proposal to adopt the merger agreement, "FOR" approval of the nonbinding advisory proposal regarding "golden parachute compensation" and "FOR" approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope. Gilman cannot complete the merger unless the holders of a majority of the outstanding shares of Gilman common stock entitled to vote at the special meeting vote to approve the proposal to adopt the merger agreement. If your shares of Gilman common stock are beneficially owned and held in nominee or "street name" by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of Gilman common stock without direction from you. You should direct your bank, brokerage firm or other nominee to vote your shares of Gilman common stock in accordance with the directions provided by your bank, brokerage firm or other nominee.

You should be aware that certain stockholders and officers and directors of Gilman have entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition in the merger agreement (which can be waived by National), is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

Please do not send any Gilman stock certificates at this time. If the merger is completed, forms to be used to exchange your Gilman stock certificates for National stock certificates will be mailed to you.

The accompanying proxy statement/prospectus provides you with detailed information about the Gilman special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as **Annex A** to the accompanying proxy statement/prospectus. Gilman encourages you to carefully read the entire proxy statement/prospectus and its annexes, including the merger agreement.

By Order of the Board of Directors,

James Ciocia, Chairman of the Board

Poughkeepsie, New York

, 2013

FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements often, although not always, include words or phrases like “will likely result,” “expect,” “will continue,” “anticipate,” “estimate,” “intend,” “plan,” “project,” “outlook,” or similar expres Forward-looking statements are based upon certain underlying assumptions, including any assumptions mentioned with the specific statements, as of the date such statements were made. Such assumptions are in turn based upon internal estimates and analyses of market conditions and trends, management plans and strategies, economic conditions and other factors. Forward-looking statements and the assumptions underlying them are necessarily subject to risks and uncertainties inherent in projecting future conditions and results. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, those set forth under “Risk Factors” beginning on page 19 of this proxy statement/prospectus. The forward-looking statements contained in this proxy statement/prospectus include statements about the following:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, including a termination under circumstances that could require Gilman or National to pay a termination fee;

- the ability to integrate National's and Gilman’s businesses and operations;

- the combined company’s success in integrating the management teams and employees and consultants of National and Gilman;

- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to obtain FINRA approval or satisfy other conditions to completion of the merger;

- the combined company’s ability to successfully manage relationships with customers and other important relationships;

- the outcome of any legal proceedings, regulatory proceedings or enforcement matters that may be instituted against National or Gilman relating to the merger agreement;

- the ability to retain key employees and consultants;

- management’s ability to focus on other ongoing business concerns given the additional work as a result of the merger;

- the merger agreement’s contractual restrictions on the conduct of National's and Gilman’s business prior to the completion of the merger;

- the amount of the costs, fees, expenses and charges related to the merger; and

- the compatibility of business cultures.

National and Gilman caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement/prospectus. Except as may be required by law, neither National nor Gilman has any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

Page

Table of Contents

(continued)

Page

Table of Contents

(continued)

Table of Contents

(continued)

Page

QUESTIONS AND ANSWERS ABOUT THE PROPOSED MERGER

The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the Gilman special meeting. These questions and answers may not address all questions that may be important to you as a stockholder. Please refer to the "Summary" and the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to in or incorporated by reference in this proxy statement/prospectus, which you should read carefully and in their entirety.

Q1. What is the merger?

A1. National, National Acquisition Corp, a wholly-owned subsidiary of National which we refer to as the Merger Sub, and Gilman have entered into a merger agreement, pursuant to which Merger Sub will merge with and into Gilman, with Gilman continuing as the surviving corporation, in a transaction which is referred to as the merger. A copy of the merger agreement is attached as **Annex A** to this proxy statement/prospectus.

Q2. Why are National and Gilman proposing to merge?

A2. National and Gilman believe the merger is in the best interests of both companies and their respective shareholders. National and Gilman believe that the merger will bring together two complementary institutions to create a strategically, operationally and financially strong company that is positioned for further growth. You should review the background of and reasons for the merger described in greater detail beginning on page .

Q3. Why have I received this proxy statement/prospectus?

A3. Gilman is sending these materials to its stockholders to help them decide how to vote their shares of common stock with respect to the merger and other matters to be considered at the special meeting.

The merger cannot be completed unless Gilman stockholders adopt the merger agreement. Gilman is holding a special meeting of its stockholders to vote on the proposals necessary to complete the merger. Information about this special meeting is contained in this proxy statement/prospectus.

This document is being delivered to you as both a proxy statement of Gilman and a prospectus of National. It is a proxy statement because the Gilman board of directors is soliciting proxies from its stockholders to vote on the adoption of the merger agreement at a special meeting of Gilman stockholders as well as the other matters set forth in the notice of the meeting and described in this proxy statement/prospectus, and your proxy will be used at the special meeting or at any adjournment or postponement of the special meeting. It is a prospectus because National will issue National common stock to Gilman stockholders in the merger. On or about   , 2013, Gilman intends to begin to deliver to its stockholders of record as of the close of business on , 2013, printed versions of these materials.

Q4. What am I being asked to vote on at the special meeting?

A4. You are being asked to consider and vote on a proposal to adopt the merger agreement, which provides, among other things, for the acquisition of Gilman by National. You are also being asked to consider and vote, on an advisory basis, on a proposal to approve the "golden parachute" compensation that will be payable to one of Gilman's named executive officers in connection with the merger as reported in the Golden Parachute Compensation table on page 78 and to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

IF GILMAN STOCKHOLDERS FAIL TO ADOPT THE MERGER AGREEMENT, THE MERGER CANNOT BE COMPLETED.

Q5. How does the Gilman board of directors recommend that I vote?

A5. The Gilman board of directors recommends that you vote "**FOR**" approval of the proposal to adopt the merger agreement, **"FOR"** approval of the nonbinding advisory proposal regarding "golden parachute compensation" and "**FOR**" approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q6. What will Gilman common stockholders receive for their Gilman shares?

A6. All of the outstanding shares of Gilman common stock, par value $0.01 per share, outstanding as of the effective time of the merger (the "effective time") will be exchanged for a total of up to 24,000,000 shares (subject to rounding for fractional shares) of National common stock which equates to an exchange ratio of 0.248843451 shares of National common stock for each share of Gilman common stock. Pursuant to the terms of the merger agreement, immediately prior to closing of the merger, the outstanding indebtedness of Gilman may not exceed $5,400,000, which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries, and any amounts in excess of $5,000,000 and up to $5,400,000 (the "Difference") shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reduction in share amount equal to the quotient of the Difference and $0.30 (subject to equitable adjustment for any stock split, dividend recapitalization and the like). By way of example, if Gilman's outstanding indebtedness were $5,400,000 immediately prior to closing, this would have the effect of reducing the exchange ratio to approximately 0.2350188466 of a share of National common stock per share of Gilman common stock.

Q7. Will National stockholders receive any shares as a result of the merger?

A7. No. National stockholders will continue to hold the same shares of National common stock they currently own.

Q8. When and where is the Gilman special meeting?

A8. The special meeting will be held on , 2013 at a.m. local time, at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32^{nd} Floor, New York, NY 10006.

Q9. Are there risks associated with the merger that I should consider in deciding how to vote?

A9. Yes. There are a number of risks related to the merger and the other transactions contemplated by the merger agreement that are discussed in this proxy statement/prospectus. Please read with particular care the detailed description of the risks described in "Risk Factors" beginning on page 19 of this proxy statement/prospectus.

Q10. What are the tax consequences to Gilman stockholders of the merger?

A10. The exchange of shares of Gilman common stock for National common stock in the merger is intended to be a tax-free reorganization under the U.S. Internal Revenue Code of 1986, or the "Code". Please carefully review the information under "The Merger—Material United States Federal Income Tax Consequences of the Merger" beginning on page 79 for a description of the material U.S. federal income tax consequences of the merger. The tax consequences to you will depend on your own situation (including whether or not you excercise appraisal rights). We urge you to consult your tax advisors as to the specific tax consequences to you of the merger, including the applicability and effect of federal, state, and local income and other tax laws in light of your particular circumstances.

2

Q11. What will the name of each company be after the merger?

A11. The name of National and Gilman will remain unchanged after the merger, with Gilman becoming a wholly-owned subsidiary of National.

Q12. What vote is required for Gilman stockholders to approve the proposal to adopt the merger agreement?

A12. Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Gilman common stock entitled to vote the proposal.

You should be aware that certain stockholders and officers and directors of Gilman have entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition of the merger (which can be waived by National) is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

Because the affirmative vote required to approve the proposal to adopt the merger agreement is based upon the total number of outstanding shares of Gilman common stock, if you fail to submit a proxy or to vote in person at the Gilman special meeting, or if you vote "**ABSTAIN**", or if you are not a stockholder of record and do not provide your bank, brokerage firm or other nominee with voting instructions, it will have the same effect as a vote "**AGAINST**" the proposal to adopt the merger agreement.

Q13. What vote is required for Gilman stockholders to approve the nonbinding advisory proposal regarding "golden parachute" compensation?

A13. Approval of the proposal to approve on a nonbinding advisory basis, the "golden parachute" compensation payable to one of Gilman's executive officers in connection with the merger as described in this proxy statement/prospectus, requires the affirmative vote of a majority of the votes cast by the holders of shares of Gilman common stock present, in person or by proxy, at the special meeting and entitled to vote at the special meeting.

The vote to approve the nonbinding advisory proposal regarding "golden parachute" compensation is a vote separate and apart from the vote to approve the merger agreement. You may vote for this proposal and against the merger agreement, or vice versa. Because the vote on this proposal is advisory only, it will not be binding on Gilman or

National.

As in the case for the proposal to adopt the merger agreement, as a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, approval of the proposal to approve on a nonbinding advisory basis, the “golden parachute” compensation payable to one of Gilman’s executive officers in connection with the merger as described in this proxy statement/prospectus is assured by Gilman stockholders.

If you fail to submit a proxy or to vote in person at the special meeting, or if you are not a stockholder of record and do not provide your bank, brokerage firm or other nominee with voting instructions, your shares of Gilman common stock will not be voted on these proposals. A failure to vote or an abstention will have no effect on the proposal regarding the “golden parachute” compensation, because the vote is advisory only and nonbinding on Gilman.

Q14. ***What vote is required for Gilman stockholders to approve the proposal to adjourn the special meeting, if necessary or appropriate?***

A14. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies, requires the affirmative vote of a majority of the votes cast by the holders of shares of Gilman common stock present, in person or by proxy, at the special meeting and entitled to vote at the special meeting.

As in the case for the proposal to adopt the merger agreement, as a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, approval of the proposal to adjourn the special meeting, if necessary or appropriate, is assured by Gilman stockholders.

If you fail to submit a proxy or to vote in person at the special meeting, or if you are not a stockholder of record and do not provide your bank, brokerage firm or other nominee with voting instructions, your shares of Gilman common stock will not be voted on these proposals. A failure to vote will have no effect on the adjournment proposal, but an abstention will have the same effect as a vote "**AGAINST**" this proposal.

Q15. Who can vote at the special meeting?

A15. All holders of Gilman common stock of record as of the close of business on , 2013, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. Each holder Gilman common stock is entitled to cast one vote on each matter properly brought before the special meeting for each share of Gilman common stock that such holder owned as of the record date.

Q16. What constitutes a quorum for the special meeting?

A16. A quorum is necessary for stockholders to vote on the proposal to adopt the merger agreement, the nonbinding advisory proposal regarding "golden parachute compensation" and the proposal to adjourn the special meeting to solicit additional proxies. The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of Gilman common stock outstanding at the close of business on the record date and entitled to vote constitutes a quorum for the purposes of the special meeting. Abstentions and broker non-votes will be counted as present for the purpose of determining whether a quorum is present.

As a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, a quorum is assured by the Gilman stockholders.

Q17. How do I vote?

A17. If you are a stockholder of record, you may vote your shares of Gilman common stock on matters presented at the special meeting in any of the following ways.

in person—you may attend the special meeting and cast your vote there;

by proxy—stockholders of record may submit a proxy to have their shares of Gilman common stock represented and voted at the special meeting by signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope.

If you hold your shares of Gilman common stock in nominee or "street name," please refer to the instructions provided by your bank, brokerage firm or other nominee to see the choices available to you. Please note that if you are a beneficial owner of shares of Gilman common stock held in nominee or "street name" and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting.

Q18. What is a proxy?

A18. A proxy is your legal designation of another person, referred to as a "proxy," to vote your shares of Gilman common stock. The written document describing the matters to be considered and voted on at the special meeting is called a "proxy statement." The document used to designate a proxy to vote your shares of Gilman common stock is called a "proxy card." Gilman's board of directors has designated Ted Finkelstein, Vice President, Secretary and General Counsel and Maureen Abbate, Chief Accounting Officer, and each of them singly, with full power of substitution, as proxies for the special meeting.

Q19. What is the difference between holding shares as a stockholder of record and in nominee or "street name"?

A19. If your shares of Gilman common stock are registered directly in your name with Gilman's transfer agent, Corporate Stock Transfer, you are considered, with respect to those shares of Gilman common stock, as the "stockholder of record." This proxy statement/prospectus and your proxy card have been sent directly to you by Gilman.

If your shares of Gilman common stock are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares of Gilman common stock held in nominee or "street name." In that case, this proxy statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of Gilman common stock, the stockholder of record. As the beneficial owner of shares of Gilman common stock held in nominee or "street name," you have the right to direct your bank, brokerage firm or other nominee how to vote your shares of Gilman common stock by following their instructions for voting.

Q20. If my shares of Gilman common stock are held in nominee or "street name" by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee vote my shares of Gilman common stock for me?

A20. Your bank, brokerage firm or other nominee will only be permitted to vote your shares of Gilman common stock if you instruct it how to vote. You should follow the instructions provided by your bank, brokerage firm or other nominee regarding the voting of your shares of Gilman common stock. If you do not instruct your bank, brokerage firm or other nominee to vote your shares of Gilman common stock, your shares of Gilman common stock will not be voted and the effect will be the same as a vote "**AGAINST**" the proposal to adopt the merger agreement. Your unvoted shares of Gilman common stock will not have an effect on approval of the advisory proposal regarding "golden parachute" compensation or the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q21. Can I change my vote after I have delivered my proxy?

A21. Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways:

First, you can revoke your proxy by giving written notice of revocation.

Second, you can submit a new proxy bearing a later date.

If you choose either of these two methods, you must submit your notice of revocation or your new proxy to the secretary of Gilman, before the special meeting. If your shares of Gilman common stock are held through a bank, brokerage firm or other nominee, please contact your bank, brokerage firm or other nominee as to its procedures for the revocation of your instructions and/or the giving of new instructions on how to vote the shares held by it on your behalf.

Third, if you are a holder of record, you can attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy. Please note that if your shares are held through a bank, brokerage firm or other nominee, and you wish to vote in person at the special meeting, you must bring to the meeting a letter from the bank, brokerage firm or other nominee confirming your beneficial ownership of the shares to be voted.

Q22. If a Gilman stockholder gives a proxy, how will its shares of Gilman common stock be voted?

A22. The individuals named on the enclosed proxy card, as your proxies, will vote your shares of Gilman common stock in the way that you indicate. If you properly sign your proxy card but do not mark the boxes showing how your shares of Gilman common stock should be voted on a matter, the shares represented by your properly signed proxy will be voted "**FOR**" the proposal to adopt the merger agreement, "**FOR"** the approval of the nonbinding advisory proposal regarding "golden parachute" compensation and "**FOR**" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

Q23. How are votes counted?

A23. With respect to the proposal to adopt the merger agreement, you may vote "**FOR**", "**AGAINST**" or "**ABSTAIN**". Broker non-votes and votes to **"ABSTAIN"** will have the same effect as votes "**AGAINST**" the proposal to adopt the merger agreement.

With respect to the nonbinding advisory proposal regarding "golden parachute" compensation and the proposal to adjourn the special meeting, if necessary, to solicit additional proxies, you may vote "**FOR**", "**AGAINST**" or "**ABSTAIN**". Broker non-votes will have no effect on this proposal. An abstention will have the same effect as a vote **"AGAINST"** the adjournment proposal, but will have no effect on the proposal regarding the "golden parachute" compensation, because the vote is advisory only and nonbinding on Gilman.

Q24. What are broker non-votes?

A24. If your shares of Gilman common stock are held in "street name," you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting. Banks, brokerage firms or other nominees who hold shares in nominee or "street name" for their customers only have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners, and are precluded from exercising their voting discretion with respect to approving non-routine matters, such as the proposal to adopt the merger agreement, the proposal to approve the nonbinding advisory proposal regarding "golden parachute" compensation, and the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. As a result, absent specific instructions from the beneficial owner of such shares of Gilman common stock, banks, brokerage firms or other nominees are not empowered to vote those shares of Gilman common stock on non-routine matters.

Q25. What do I do if I receive more than one proxy or set of voting instructions?

A25. If you hold shares of Gilman common stock in more than one account, you may receive more than one proxy or set of voting instructions relating to the special meeting. These should each be voted or returned separately in accordance with the instructions provided in this proxy statement in order to ensure that all of your shares of Gilman common stock are voted.

Q26. What happens if I sell my shares of Gilman common stock before the special meeting?

A26. The record date for stockholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the consummation of the merger. If you transfer your shares of Gilman common stock after the record date but before the special meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you transfer your shares and each of you notifies Gilman in writing of these special arrangements, you will retain your right to vote such shares at the special meeting, although, unless otherwise agreed, you have transferred the right to receive the merger consideration to the person to whom you transfer your shares.

Q27. How can I exchange my shares of Gilman?

A27. Computershare Trust Company will act as exchange agent and will forward detailed instructions to you regarding the surrender of your share certificates, together with a letter of transmittal, promptly after the merger is completed. You should not submit your certificates to Computershare Trust Company.

Q28. Should Gilman stockholders send in their stock certificates now?

A28. No. After Gilman complete the merger, National or its exchange agent, Computershare Trust Company, will send Gilman stockholders written instructions to exchange their Gilman common stock for National common stock.

Q29. What do I need to do now?

A29. After carefully reading and considering the information contained in this proxy statement/ prospectus, please respond by completing, signing and dating your proxy card or voting instructions and returning it in the enclosed postage paid envelope. In order to assure that Gilman obtains your vote, please deliver your proxy as instructed even if you plan to attend the meeting in person. If you hold shares registered in the name of a broker, bank or other nominee, that broker, bank or other nominee has enclosed, or will provide, instructions for directing your broker, bank or other nominee how to vote those shares

Q30. What rights do I have if I oppose the merger?

A30. Stockholders of record as of the record date are entitled to exercise appraisal rights under Delaware law by following the procedures and satisfying the requirements specified in Section 262 of the DGCL. A copy of Section 262 is attached as **Annex E** to this proxy statement/prospectus.

Q31. Who can help answer my questions?

A31. If you are a stockholder of Gilman and have any questions about the merger or how to submit your proxy, or if you need additional copies of the proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

Ted Finkelstein, Vice President, Secretary and General Counsel

Gilman Ciocia, Inc.

11 Raymond Avenue

Poughkeepsie, NY 12603

Telephone: (845) 485-5278

SUMMARY

This summary highlights selected information contained elsewhere in this proxy statement/ prospectus. It may not contain all of the information that may be important to you. Before voting, you should carefully read the entire proxy statement/prospectus, the appendices and other documents to which this proxy statement/prospectus refers in their entirety to fully understand the merger agreement and the transactions contemplated by the merger agreement.

The Companies

National Holdings Corporation (See page 107)

National Holding Corporation
120 Broadway, 27th Floor

New York, New York 10271

Telephone: (212) 417-8000

National Holdings Corporation, a Delaware corporation organized in 1996, is a financial services organization, operating primarily through its wholly-owned subsidiaries, National Securities Corporation (“National Securities” or “NSC”) and vFinance Investments, Inc. (“vFinance Investments”) (collectively, the “Broker-Dealer Subsidiaries”). The Broker-Dealer Subsidiaries conduct a national securities brokerage business through their offices in New York, New York, Boca Raton, Florida, and Seattle, Washington.

Through its Broker-Dealer Subsidiaries, National (1) offers full service retail brokerage to approximately 39,000 high net worth individual and institutional clients, (2) provides investment banking, merger and acquisition and advisory services to micro, small and mid-cap high growth companies, and (3) engages in trading securities, including making markets in over 5,800 securities, providing liquidity in both foreign and domestic issues on a variety of exchanges and also providing execution and technical analysis in the United States Treasury marketplace. The Broker-Dealer Subsidiaries are introducing brokers and clear all transactions through clearing organizations on a fully disclosed basis. They are registered with the SEC, are members of the FINRA, Securities Investor Protection Corporation (“SIPC”) and are also members of the National Futures Association (“NFA”).

National's brokers operate primarily as independent contractors. An independent contractor registered representative who becomes an affiliate of a Broker-Dealer Subsidiary typically establishes his own office and is responsible for the payment of expenses associated with the operation of such office, including rent, utilities, furniture, computer and other equipment, stock quotation machines, software and general office supplies. The independent contractor registered representative is entitled to retain a higher percentage of the commissions generated by his sales than an employee registered representative at a traditional employee-based brokerage firm. This arrangement allows National to operate with a reduced amount of fixed costs and lowers the risk of operational losses for lower or non-production.

National's wholly-owned subsidiary, National Asset Management, Inc., a Washington corporation ("NAM"), is a federally-registered investment advisor providing asset management advisory services to high net worth clients for a fee based upon a percentage of assets managed.

National's wholly-owned subsidiary, National Insurance Corporation, a Washington corporation ("National Insurance"), provides fixed insurance products to its clients, including life insurance, disability insurance, long term care insurance and fixed annuities.

National Acquisition Corporation

National Acquisition Corporation
120 Broadway, 27th Floor

New York, New York 10271

Telephone: (212) 417-8000

8

National Acquisition Corporation, a Delaware corporation, or Merger Sub, was formed by National solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. Upon the completion of the merger, Merger Sub will cease to exist and Gilman will continue as the surviving corporation of the merger as a wholly-owned subsidiary of National.

Gilman Ciocia, Inc. (See page 140)

Gilman Ciocia, Inc.

11 Raymond Avenue

Poughkeepsie, New York 12603

Telephone: (845) 485-5278

Gilman Ciocia, Inc, a Delaware corporation, was founded in 1981. Gilman provides federal, state and local tax preparation services to individuals, predominantly in the middle and upper income tax brackets, accounting services to small and midsize companies and financial planning services, including securities brokerage, investment management services, insurance and financing services.

As of June 30, 2013, Gilman had 26 offices operating in three states (New York, New Jersey, and Florida). Gilman's financial planning clients are generally introduced to Gilman through its tax return preparation services, accounting services and educational workshops. Gilman believes that its tax return preparation and accounting services are inextricably intertwined with its financial planning activities and that overall profitability will depend, in part, on the two channels "leveraging off each other" since many of the same processes, procedures and systems support sales from both channels. Accordingly, Gilman's management views and evaluates Gilman as one segment.

Gilman also provides financial planning services through approximately 26 independently owned and operated offices in 8 states.

All of Gilman's planners are employees or independent contractors of Gilman and registered representatives of Prime Capital Services, Inc. ("PCS"), Gilman's wholly-owned subsidiary. PCS conducts a securities brokerage business providing regulatory over-sight and products and sales support to its registered representatives, who sell investment products and provide services to their clients. PCS earns a share of commissions from the services that the financial planners provide to their clients in transactions for securities, insurance and related products. PCS is a registered securities broker-dealer with the SEC and a member of FINRA. Gilman also has a wholly-owned subsidiary, Asset & Financial Planning, Ltd. ("AFP"), which is registered with the SEC as an investment advisor. Almost all of Gilman's financial planners are also authorized agents of insurance underwriters. Gilman has the capability of processing insurance business through PCS and Prime Financial Services, Inc. ("PFS", a wholly-owned subsidiary), which are licensed insurance brokers, as well as through other licensed insurance brokers. Gilman is a licensed mortgage broker in the State of New York and through GC Capital Corp, its wholly-owned subsidiary, licensed to conduct a mortgage brokerage business in the State of Florida.

The Merger (See page 44)

National and Gilman have entered into a merger agreement that provides for the merger of Gilman and a wholly-owned subsidiary of National. As a result of the merger, Gilman will become a wholly-owned subsidiary of National.

The Merger Agreement (See page 92)

A copy of the merger agreement is attached as **Annex A** to this proxy statement/prospectus. National and Gilman encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

What you will Receive in the Merger (See page 92)

All of the outstanding shares of Gilman common stock, par value $0.01 per share, outstanding as of the effective time will be exchanged for a total of up to 24,000,000 shares (subject to rounding for fractional shares) of National common stock which equates to an exchange ratio of 0.248843451 shares of National common stock for each share of Gilman common stock. Pursuant to the terms of the merger agreement, immediately prior to closing of the merger, the outstanding indebtedness of Gilman may not exceed $5,400,000, which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries, and any amounts in excess of $5,000,000 and up to $5,400,000 (the "Difference") shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reduction in share amount equal to the quotient of the Difference and $0.30 (subject to equitable adjustment for any stock split, dividend recapitalization and the like). By way of example, if Gilman's outstanding indebtedness were $5,400,000 immediately prior to closing, this would have the effect of reducing the exchange ratio to approximately 0.23501881466 of a share of National common stock per share of Gilman common stock.

Treatment of Stock Options and Warrants (See page 72)

At the effective time of the merger, there will be no options or warrants to purchase Gilman common stock outstanding and National shall issue five-year options to purchase 1,750,000 shares of National common stock to certain employees and independent contractors of Gilman at an exercise price of $0.50 per share.

Recommendation of the Gilman's Board of Directors (See page 65)

The Gilman board of directors approved the merger agreement, and declared it to be advisable, fair to and in the best interests of Gilman and its stockholders, and recommend that all stockholders vote "**FOR**" the adoption of the merger agreement.

Gilman's board of directors considered a number of factors in determining to approve and adopt the merger agreement and the merger. These considerations are described in the section entitled "Proposal I — The Merger — Gilman's Reasons for the Merger and Recommendations of Gilman's Board of Directors" starting on page 65.

Opinion of Gilman's Financial Advisor (See page 67)

Cassel Salpeter & Co., LLC ("Cassel Salpeter,") an investment banking firm, rendered its oral opinion to the Gilman board of directors on June 19, 2013 (which was subsequently confirmed in writing by delivery of Cassel Salpeter's written opinion dated the same date) as to, as of June 19, 2013, the fairness, from a financial point of view, to the holders of Gilman common stock of the exchange ratio in the merger pursuant to the merger agreement. For purposes of Cassel Salpeter's opinion, Cassel Salpeter was advised that the exchange ratio of 0.248843451 shares of National common stock per share of Gilman common stock was subject to adjustment as provided in the merger agreement. For purposes of its analysis and opinion, Cassel Salpeter relied upon and assumed, at Gilman management's direction, that the adjustment would reduce the exchange ratio to 0.241931133 of a share of National common stock per share of Gilman common stock.

The opinion was provided for the use and benefit of the Gilman board in connection with its consideration of the merger and only addressed, as of the date of the opinion, the fairness, from a financial point of view, to the holders of Gilman common stock of the exchange ratio in the merger pursuant to the merger agreement and did not address any other aspect or implication of the merger. The summary of Cassel Salpeter's opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion, which is included as **Annex C** to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Cassel Salpeter in preparing its opinion. However, neither Cassel Salpeter's written opinion nor the summary of its opinion and the related analyses set forth in this joint proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to any matter relating to the proposed merger.

Opinion of National's Financial Advisor (See page [ ])

Houlihan Capital, LLC ("Houlihan"), an investment banking firm, rendered its oral opinion to the National board of directors on June 20, 2013 (which was subsequently confirmed in writing by delivery of Houlihan's written opinion dated the same date) as to the fairness, from a financial point of view, of the merger consideration provided for in the merger pursuant to the merger agreement. The opinion was provided for the use and benefit of the National's board of directors in connection with its consideration of the merger and only addressed the fairness to holders of National common stock, from a financial point of view, of the merger consideration provided for in the merger pursuant to the merger agreement, as of the date of the opinion, and did not address any other aspect or implication of the merger. The summary of this opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion, which is included as Annex D to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan in preparing its opinion. However, neither Houlihan's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to any matter relating to the proposed

Interests of Directors and Executive Officers in the Merger (See page 49)

Some of the directors and executive officers of National and Gilman have interests in the merger that are different from, or are in addition to, the interests of their stockholders. These interests include the following:

as of June 30, 2013, directors and executive officers of Gilman and their affiliates beneficially owned approximately 70.7% of the outstanding shares of Gilman common stock;

following the effective time of the merger, National will appoint two persons nominated by the Gilman board of directors and reasonably acceptable to National to serve as Class I members of the National board of directors and to nominate such persons for election at the next election of Class I directors of National;

continued directors' and officers' liability insurance coverage for three years following the effective time of the merger and indemnification coverage for Gilman's current officers and directors as provided under Gilman's certificate of incorporation and bylaws;

each of Michael Ryan (Gilman's Chief Executive Officer and President), Carole Enisman (former Executive Vice President of Operations and Michael Ryan's wife), Ted Finkelstein (Gilman's Vice President, General Counsel and

Secretary), Edward Cohen (Gilman director), Fredrick Wasserman (Gilman director), John Levy (Gilman director), Allan Page (Gilman director), James Ciocia (Gilman director), Prime Partners II, LLC (company controlled by Michael Ryan), Prime Partners, Inc. (company controlled by Michael Ryan), Wynnefield Partners Small Cap Value L.P. I, Wynnefield Partners Small Cap Value L.P., Wynnefield Small Cap Value Offshore Fund, Ltd. and Dennis Conroy (Gilman's former Chief Accounting Officer) (each a "voting stockholder" and collectively, the "voting stockholders") have each entered into a voting and support agreement with National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal.

Ted Finkelstein is entitled to a change-in-control payment in the event of voluntary or involuntary termination resulting from the merger in an amount equal to $185,000;

in connection with the closing of the merger, National will pay off up to $5,400,000 of outstanding indebtedness of Gilman which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries. Such outstanding indebtedness, which is referred to as assumed indebtedness, includes notes in the aggregate principal amount of $78,000 issued to Michael Ryan, notes in the aggregate principal amount of $260,000 issued to Carole Enisman, a note in the principal amount of $101,640 issued to Prime Partners, Inc., a company under the control of Michael Ryan, and notes in the aggregate principal amount of $600,000 issued to three trusts of which James Ciocia, Chairman of the Gilman's board, is the trustee; and in connection with the closing of the merger, Michael Ryan will enter into an employment agreement with National relating to his continued employment at Gilman after the effective time of the merger, the form attached to the merger agreement.

The Gilman board of directors was aware of and considered these interests, among other matters, in reaching its decision to approve and adopt the merger agreement and recommend that the Gilman stockholders adopt the merger agreement.

Financing Matters (see page 73)

At closing National is required to pay off assumed indebtedness of Gilman of up to $5,400,000. The obligation to complete the merger is not subject to National securing financing to pay off the assumed indebtedness. National may payoff the assumed indebtedness through equity financing.

Dissenters' Rights (See page 74)

Under Delaware law, Gilman stockholders have the right to dissent from the merger and to receive payment for the fair value of their shares of Gilman common stock, as determined by the Delaware Chancery Court. This right of appraisal is subject to a number of restrictions and technical requirements. Generally, in order to exercise appraisal rights, a Gilman stockholder must: (1) send to Gilman a written demand for appraisal in compliance with Delaware law before the vote on the merger; and (2) not vote in favor of the merger.

Merely voting against the merger will not protect a Gilman stockholder's rights to appraisal. In order to protect such rights, the stockholder must adhere to all of the requirements set forth under Delaware law. The requirements under Delaware law for exercising appraisal rights are described in further detail in the section entitled "Dissenter's Rights" on page 73 of the proxy statement/prospectus. The relevant section of Delaware law regarding appraisal rights is reproduced and included as Annex E to this proxy statement/prospectus

A person having a beneficial interest in shares of Gilman common stock held of record in the name of another person, such as a broker, bank or other nominee, must act promptly to cause the record holder to follow the steps summarized in this proxy statement/prospectus and in a timely manner to perfect appraisal rights**. In view of the complexity of Section 262 of the DGCL, Gilman stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.**

The Stockholders Meeting (See page 39)

The Gilman special meeting will be held on , 2013 at the offices of Sichenzia Ross Friedman Ference LLP at a.m. local time, at Holders of record of Gilman common stock at the close of business on will be entitled to notice of and to vote at the special meeting with regard to the following proposals:

- a proposal to adopt the merger agreement and the transactions contemplated thereby;
- a proposal to approve, on a nonbinding advisory basis, the "golden parachute" compensation payable to one of Gilman's executive officers in connection with the merger; and
- a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies to approve the proposal to adopt the merger agreement.

On the record date there were shares of Gilman common stock outstanding and entitled to vote at the special meeting, held by approximately holders of record. Each share of Gilman common stock issued and outstanding on the record date is entitled to one vote on each proposal to be voted upon at the Gilman special meeting.

Voting and Support Agreements (Page [ ])

On June 20, 2013, the voting stockholders entered into a voting and support agreement with National and Merger Sub, pursuant to which the voting stockholders agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or approximately 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition of the merger (which can be waived by National), is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

A copy of the form of voting and support agreement executed and delivered by each of the voting stockholders is attached to this proxy statement as **Annex B.**

Board of Directors and Management Following the Merger (See page 171)

Immediately following the effective time, National's board of directors will consist of 11 persons and shall consist of Robert Fagenson, Mark Klein, Mark Goldwasser, Leonard J. Sokolow, Frank S. Plimpton, Salvatore Giardina, Peter Zurkow, William Lerner, Frederic Powers and two persons nominated by the Gilman board of directors who are reasonably acceptable to National.

Approval of "Golden Parachute" Compensation (page 78)

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14a-21(c) under the Exchange Act, stockholders have the opportunity to cast a nonbinding advisory vote with respect to certain payments that may be made to one of Gilman's named executive officers in connection with the merger, or "golden parachute" compensation, as reported on the Golden Parachute Compensation table on page 78. The Gilman board of directors recommends that you vote "**FOR**" approval of the nonbinding advisory proposal regarding "golden parachute" compensation.

Approval of the proposal regarding “golden parachute” compensation requires the affirmative vote of a majority of the votes cast by the holders of shares of Gilman common stock present, in person or by proxy, at the special meeting and entitled to vote at the special meeting.

Approval of this proposal is not a condition to completion of the merger. The vote with respect to “golden parachute” compensation is an advisory vote and will not be binding on Gillman. Therefore, regardless of whether or not stockholders approve the “golden parachute” compensation, if the merger agreement is adopted by the stockholders and the merger is completed, the “golden parachute” compensation will still be paid to Gilman’s named executive officers to the extent payable.

As in the case for the proposal to adopt the merger agreement, as a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, approval of the proposal to approve on a nonbinding advisory basis, the “golden parachute” compensation payable to one of Gilman’s executive officers in connection with the merger as described in this proxy statement/prospectus is assured by Gilman stockholders.

Regulatory Approvals (page 79)

The following is a summary of the material regulatory requirements for completion of the merger. There can be no guarantee if and when any of the consents or approvals required for the merger will be obtained or as to the conditions that such consents and approvals may contain. For further information, please see “Risk Factors” beginning on page 19.

Registration of National Shares. National must comply with applicable federal and state securities laws in connection with the issuance of shares of National common stock to Gilman’s stockholders and the filing of this proxy statement/prospectus with the Securities and Exchange Commission. As of the date hereof, the registration statement of which this proxy statement is a part has not become effective.

FINRA Rule 1017 National and Gilman are required to obtain the approval of FINRA under Rule 1017 with respect to the merger. National and Gilman are in the process of filing an application under Rule 1017 with FINRA.

Accounting Treatment

National had 89,016,988 shares outstanding as of June 30, 2013 and will be the acquirer for accounting purposes. National intends to account for the merger as an acquisition using the acquisition method of accounting under generally accepted accounting principles. Gilman's operating results will be included with National's beginning at the effective time of the merger.

United States Federal Income Tax Considerations (See page 79)

National and Gilman intend that the merger will be a tax-free reorganization for U.S. federal income tax purposes, and that Gilman stockholders (other than Gilman stockholders that exercise their appraisal rights and receive cash in exchange for their shares) will recognize no gain or loss upon exchanging their Gilman common stock for shares of National common stock. Gilman stockholders (including Gilman stockholders that will receive cash as a result of exercising their appraisal rights) should consult with their own tax advisors concerning the federal income tax consequences of the merger, as well as the applicable state, local, foreign or other tax consequences, based upon their individual circumstances.

Effective Time of the Merger; Exchange of Shares (See page 93)

The merger will become effective when a certificate of merger is filed with the Secretary of State of Delaware. National expects to file the certificate as soon as practicable after the special meeting, subject to approval by Gilman’s stockholders at the special meeting, and satisfaction or waiver of the terms and conditions of the merger agreement.

Computershare Trust Company ("Computershare") will act as exchange agent for the merger and will forward detailed instructions to you regarding the surrender of your share certificates, together with a letter of transmittal, promptly after the merger is completed. You should not submit your certificates to Computershare until you have received these materials. Computershare will issue new National certificates to all Gilman stockholders exchanging their shares, rounding up to the nearest whole share, as promptly as practicable following its receipt of your certificates and other required documents. You will not receive accrued interest on the cash payable to you upon the surrender of your certificates. YOU SHOULD NOT SEND ANY SHARE CERTIFICATES AT THIS TIME.

Conditions to the Merger (See page 100)

The obligations of National, Merger Sub and Gilman to consummate the merger are subject to the satisfaction or waiver (where permissible) of a number of conditions, at or prior to the effective time of the merger, including the following:

the adoption of the merger agreement by the affirmative vote of a majority of the then outstanding shares of Gilman common stock entitled to vote thereon;

the outstanding indebtedness of Gilman not exceeding $5,400,000 which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries and the payoff of such indebtedness by National;

the holders of no more than 5%, in the aggregate, of the outstanding shares of Gilman common stock have properly exercised (and not withdrawn) appraisal rights in accordance with applicable law;

FINRA having approved an application under Rule 1017 with respect to the merger (the “Rule 1017 Application”); and

the representations and warranties of National, Merger Sub Gilman contained in the merger agreement shall have been true and correct as of the date of the merger agreement and shall be true and correct as of the effective time of the merger as though made at and as of the effective time of the merger (except for representations and warranties that address matters only as of a particular date, which shall be true and correct in all respects as of that particular date), after giving effect to any updates made to the schedules to the merger agreement

Termination of Merger Agreement (See page 101)

The merger agreement may be terminated at any time before completion of the merger in any of the following ways:

- by mutual written consent of National, Merger Sub and Gilman;
- by either National or Gilman if any court or governmental entity having jurisdiction in the United States shall have issued an order, decree or ruling enjoining or prohibiting the merger which has become final and nonappealable;
- by either National or Gilman if the effective time has not occurred on or before December 31, 2013. Such right to terminate will not be available to any party whose action or failure to perform in breach of the merger agreement has been the cause of or resulted in the failure of the effective time of the merger to occur;
- by National, so long as neither National nor Merger Sub has materially breached any of its obligations contained in the merger agreement, if Gilman breaches any representation, warranty, covenant or agreement contained in the merger agreement which breach would result in a failure of any of the conditions to the obligation of National or Merger Sub to effect the merger; and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to Gilman and (b) December 31, 2013.
- by National if Gilman's board of directors withdraws or modifies in a manner adverse to National , or proposes publicly to withdraw or modify in a manner adverse to National, Gilman's recommendation that its stockholders vote to adopt and approve merger agreement or resolves or agrees to take any such action;
- by Gilman, so long as Gilman has not materially breached any of its obligations contained in the merger agreement if National or Merger Sub breaches any representation, warranty, covenant or agreement contained in the merger agreement, which breach would result in a failure of any of the conditions to the obligation of Gilman to effect the merger and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to National and (b) December 31, 2013; or
- by Gilman in connection with the receipt of a superior proposal under the terms and subject to the conditions set forth in the merger agreement

Should any of these potential grounds for termination occur, National’s and Gilman’s board of directors, as applicable, may elect to exercise their respective rights to terminate the merger agreement.

Expenses and Termination Fees (See page 102)

Generally, all fees and expenses incurred in connection with the merger agreement will be paid by the party incurring those expenses.

The merger agreement provides that, upon termination under specified circumstances, (i) Gilman would be required to pay National a termination fee of $800,000, and (ii) National would be required to pay Gilman a reverse termination fee of $800,000.

Comparison of the Rights of Holders of National Common Stock and Gilman Common Stock (See page 186)

As a result of the completion of the merger, holders of Gilman common stock will become holders of National common stock. Each of National and Gilman is a Delaware corporation governed by the Delaware General Corporation Law ("DGCL"), but the rights of National stockholders currently are, and from and after the merger will be, governed by National's Certificate of Incorporation and Bylaws, while the rights of Gilman's stockholders are currently governed by Gilman's Certificate of Incorporation and Bylaws. This proxy statement/prospectus includes summaries of the material differences between the rights of National stockholders and Gilman stockholders arising because of difference in the Certificates of Incorporation and Bylaws.

Summary Consolidated Financial Data of National

The following tables set forth summary consolidated financial information of National. The summary statement of operations data for the six month periods ended March 31, 2013 and 2012, and the selected balance sheet data as of March 31, 2013 have been derived from National's unaudited consolidated financial statements appearing later in this proxy statement/prospectus. In the opinion of National's management, all adjustments considered necessary for a fair presentation of the interim financial information have been included. The summary income statement data for the years ended September 30, 2012 and 2011 and the selected balance sheet data as of September 30, 2011 have been derived from audited consolidated financial statements, except as noted below. The following information should be read together with National's consolidated financial statements, the notes related thereto and management's related reports on National's financial condition and performance appear later in this proxy statement / prospectus. The operating results for the six months ended March 31, 2013 are not necessarily indicative of the results to be expected in any future period.

	Six Months Ended March 31,		Fiscal Year Ended September 30,	
	2013 (Unaudited)	2012 (Unaudited)	2012	2011
Statement of operations data				
Total revenue	$59,39,300	$58,608,000	$118,648,000	$126,521,000
Net income (loss) attributable to common stockholders(1)	$454,000	(2,862,000)	$(2,030,000)	$(5,127,000)
Basic income (loss) per common share (1)	$0.01	$(0.12)	(0.08)	(0.18)
Diluted income (loss) per common share (1)	$0.01	$(0.12)	na	na

(1) Significant losses occurred in 2012 and 2011. In 2012, National wrote off $1,051,000 for the loss on disposition of an unconsolidated joint venture and in 2011 a loss of $1,603,000 was recorded due to the change in fair value of derivatives.

	March 31, 2013 Unaudited	September 30, 2012
Balance sheet data		

Total assets	$23,854,000	$16,589,000
Convertible and subordinated borrowings	$0	(7,800,000)

Summary Consolidated Financial Data of Gilman

The following tables set forth summary consolidated financial information of Gilman. The summary statement of operations data for the nine months ended March 31, 2013 and 2012, and the selected balance sheet date as of March 31, 2013 have been derived from Gilman's unaudited consolidated financial statements appearing later in this proxy statement/prospectus. In the opinion of Gilman's management, all adjustments considered necessary for a fair presentation of the interim financial information have been included. The summary income statement data for the years ended June 30, 2012 and 2011 and the selected balance sheet data as of June 30, 2012 have been derived from audited consolidated financial statements, except as noted below. The following information should be read together with Gilman's consolidated financial statements, the notes related thereto and management's related reports on Gilman's financial condition and performance appear later in this proxy statement/prospectus. The operating results for the nine months ended March 31, 2013 are not necessarily indicative of the results to be expected in any future period.

	Nine Months Ended March 31,		**Fiscal Year Ended June 30,**	
	2013	**2012**	**2012**	**2011**
	(Unaudited)	**(Unaudited)**		
Statement of operations data				
Total revenue	$27,338,000	$29,774,000	$40,372,000	$41,483,000
Net income (loss) attributable to common stockholders(1)	$336,000	(516,000)	$(687,000)	$(1,771,000)
Basic and diluted income (loss) per common share	$0.00	$(0.01)	(0.01)	(0.02)

16

	March 31, 2013 Unaudited	June 30, 2012
Balance sheet data		
Total assets	$13,923,000	$14,455,000
Notes payable and capital leases	$5,197,000	$4,665,000
Due to related parties	$1,081,000	$1,201,000

Market Price Data and Dividend Information

Shares of National common stock are quoted on the OTC Bulletin Board under the symbol “NHLD.” Shares of Gilman common stock are quoted on the OTC Bulletin Board, under the symbol “GTAX.” The following table shows the closing sale prices of shares of National and Gilman common stock as reported on the OTC Bulletin Board, respectively, on June 20, 2013, the last full trading day prior to the public announcement of the proposed merger, and on 2013, the last practicable trading day prior to mailing this joint proxy statement/prospectus. This table also shows the implied value as of those dates of the merger consideration proposed for each share of Gilman common stock, which National calculated by multiplying the closing price of a share of Gilman common stock on those dates by the exchange ratio (based on the shares of Gilman common stock expected to be outstanding at the effective time of the merger).

Exchange ratio of approximately 0.2488

	National Common Stock	Gilman Common Stock	Implied Value of One Share of Gilman Common Stock
June 20, 2013	$ 0.29	$ 0.04	$ 0.01
, 2013			

Exchange ratio of approximately 0.2350

	National Common Stock	Gilman Common Stock	Implied Value of One Share of Gilman Common Stock
June 20, 2013	$ 0.29	$ 0.04	$ 0.01
, 2013			$ 0.01

The following table sets forth for the periods indicated the high and low per share sale price of shares of National common stock and Gilman common stock.

	National		Gilman	
	High	**Low**	**High**	**Low**
2010				
First Quarter	$0.80	$0.40	$0.115	$0.03
Second Quarter	0.65	0.24	0.095	0.03
Third Quarter	0.50	0.22	0.05	0.05
Fourth Quarter	0.44	0.18	0.05	0.015
2011				
First Quarter	$0.50	$0.34	$0.07	$0.02
Second Quarter	0.50	0.28	0.07	0.04
Third Quarter	0.45	0.20	0.04	0.035
Fourth Quarter	0.40	0.15	0.04	0.035
2012				
First Quarter	$0.39	$0.15	$0.021	$0.014
Second Quarter	0.45	0.161	0.04	0.021
Third Quarter	0.37	0.12	0.0242	0.022
Fourth Quarter	0.36	0.13	0.04	0.023
2013				
First Quarter	$0.45	$0.16	$0.04	$0.031
Second Quarter	0.378	0.18	0.078	0.035
Third Quarter (through July 11, 2013	0.31	0.28	0.06	0.05

As of June 30, 2013, there were approximately 230 stockholders of record of National common stock (not including the number of persons or entities holding stock in nominee or street name through various brokerage firms).

As of June 30, 2013, there were approximately 443 stockholders of record of Gilman (not including the number of persons or entities holding stock in nominee or street name through various brokerage firms).

Gilman stockholders are encouraged to obtain current market quotations for shares of National common stock prior to making any decision with respect to the merger. No assurance can be given concerning the market price for shares of National common stock before or after the date on which the merger is consummated. The market price for shares of National common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger is consummated and thereafter.

National's common stock is subject to the "penny stock" rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on a national securities exchange and trades at less than $5.00 per share and have a tangible net worth of at least $5,000,000, subject to certain exceptions. These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances.

National and Gilman have never paid cash dividends, and currently do not intend to pay cash dividends on National or Gilman common stock at any time in the near future.

RISK FACTORS

In addition to the other information included into this proxy statement/prospectus, including the matters addressed under the caption "Cautionary Statement Regarding Forward-Looking Statements" beginning on page i of the proxy statement/prospectus, you should carefully read and consider the following risk factors in evaluating the proposals to be voted on at the Gilman special meeting and in determining whether to vote for adoption of the merger agreement. If the merger agreement is adopted by Gilman stockholders and all of the other conditions to the completion of the merger are satisfied or waived, and the merger is completed, holders of Gilman common stock will become holders of National common stock and will be subject to the risks and uncertainties of a holder thereof

Risks Related to the Merger

The parties may be unable to satisfy the conditions to the completion of the merger and the merger may not be completed.

Completion of the merger is conditioned on, among other things, the adoption of the merger agreement by Gilman stockholders, the holders of no more than 5%, in the aggregate, of the outstanding shares of Gilman common stock have properly exercised (and not withdrawn) appraisal rights in accordance with applicable law, FINRA having approved the Rule 1017 Application and the absence of any law or regulation that prohibits the completion of the merger. Each party's obligation to close the merger is also subject to the material accuracy of the representations and warranties of the other party in the merger agreement and the compliance in all material respects with covenants of the other party in the merger agreement.

Although National and Gilman have agreed in the merger agreement to use reasonable best efforts to complete the merger as promptly as practicable, these and other conditions to the completion of the merger may fail to be satisfied. In addition, satisfying the conditions to and completion of the merger may take longer, and could cost more, than National and Gilman expect.

Under the merger agreement, neither National nor Gilman will have the right to terminate or renegotiate the merger agreement or to resolicit proxies as a result of any increase or decrease in the value of National common stock.

The market price of National common stock may be volatile. The trading volume has traditionally not been high which impacts the volatility of the National common stock. Under the merger agreement, neither National nor Gilman will have the right to terminate or renegotiate the merger agreement or to resolicit proxies as a result of any increase or decrease in the value of National common stock. Prior to the effective time of the merger, the market price of National common stock may fluctuate significantly and decrease in response to various factors, including without limitation

- quarterly variations in operating results;
- general market conditions in each company's respective industry;
- announcements and actions by competitors;
- limited trading volume of National's securities on the OTC Bulletin Board;
- regulatory and judicial actions;
- diversion of the attention of management from other ongoing business concerns; and
- general economic conditions.

In addition, as a result of the number of shares to be issued in the merger, and the potential dilution of National's earnings per share, the price of National's common stock is likely to be volatile following the merger.

Failure to complete the merger could negatively affect the stock price and the future business and financial results of Gilman.

National and Gilman may not receive the necessary stockholder or regulatory approvals or satisfy the other conditions required for the completion of the merger. If the merger is not completed, Gilman will be subject to several risks, including the following:

- Gilman may be required to pay significant transaction costs related to the merger, including under certain circumstances a termination fee of up to $800,000 payable to National;

- the current market price of Gilman common stock may reflect a market assumption that the merger will occur, and a failure to complete the merger could result in a decline in the market price of Gilman common stock;

- there may be a distraction of its management and employees from day-to-day operations, because matters related to the merger (including integration planning) may require substantial commitments of time and resources that could otherwise have been devoted to other opportunities that could have been beneficial; and

- Gilman would not realize the benefits expected to result from the merger and Gilman would continue to face the risks that it currently faces as an independent company.

The merger consideration payable in the merger may be decreased in certain circumstances.

The merger agreement provides that if the assumed indebtedness is in excess of $5,000,000 and up to $5,400,000 (the “Difference”), then this shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reduction in share amount equal to the quotient of the Difference and $0.30 (subject to equitable adjustment for any stock split, dividend recapitalization and the like). Any such reduction in the merger consideration does not require further action by Gilman’s board of directors or shareholders.

Some of the directors and executive officers of Gilman have interests in the merger that are different from, or in addition to, those of the other Gilman stockholders.

When considering the recommendation by the Gilman board of directors that the Gilman stockholders vote “for” each of the merger proposals, Gilman’s stockholders should be aware that certain of the directors and executive officers of Gilman have arrangements that provide them with interests in the merger that are different from, or in addition to, those of the stockholders of Gilman.

For instance, in connection with the merger (i) National will appoint two persons nominated by the Gilman board of directors and reasonably acceptable to National to serve as Class I members of the National board of directors and to nominate such persons for election at the next election of Class I directors of National, (ii) Ted Finkelstein, Gilman's Vice President, Secretary and General Counsel is entitled to a change-in-control payment in the event of voluntary or involuntary termination resulting from the merger in an amount equal to $185,000; (iii) Michael Ryan, Gilman's President and Chief Executive Officer, Carole Enisman, Michael Ryan's wife, and Prime Partners, Inc., a company controlled by Michael Ryan, and three trusts of which James Ciocia, Chairman of Gilman's board of directors, will receive approximately $1 million in the aggregate from National as pay off of certain assumed indebtedness, and (iv) Michael Ryan will enter into an employment agreement with National relating to his continued employment at Gilman after the effective time of the merger, in the form attached to the merger agreement.

In addition, as of June 30, 2013, directors and executive officers of Gilman and their affiliates beneficially owned approximately 70.7% of the outstanding shares of Gilman common stock and the directors and executive officers of Gilman also have certain rights to indemnification and to directors' and officers' liability insurance that will be provided by National following the completion of the merger. See the sections entitled "The Merger — Interests of Gilman Directors and Executive Officers in the Merger" beginning on page 73.

Gilman is subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on Gilman employees and consultants may have an adverse effect on Gilman. These uncertainties may impair Gilman's ability to attract, retain, and motivate key personnel until the merger is completed. If key employees or consultants leave Gilman because of uncertainty about their future roles, Gilman's business, or National's business following the merger, could be harmed.

In addition, the merger agreement restricts Gilman from making acquisitions or dispositions, making capital expenditures in excess of a specified amount, and taking other specified actions without the consent of National until the merger occurs. These restrictions may prevent Gilman from pursuing attractive business opportunities or addressing other developments that may arise prior to the completion of the merger or from executing its business strategies.

The merger agreement limits Gilman's ability to pursue alternatives to the merger and contains provisions that could affect the decisions of a third party considering making an alternative acquisition proposal to the merger.

The merger agreement prohibits Gilman from soliciting, initiating, or encouraging alternative merger or acquisition proposals from any third party. Under the terms of the merger agreement, Gilman will be required to pay to National a termination fee of up to $800,000 if the merger agreement is terminated under certain circumstances. This termination fee would be payable in certain circumstances involving Gilman accepting a different acquisition proposal or its board of directors recommending a different acquisition proposal to its stockholders prior to their vote. These provisions could affect the decision by a third party to make a competing acquisition proposal, including the structure, pricing, and terms proposed by a third party seeking to acquire or merge with Gilman.

The unaudited pro forma financial information in this proxy statement/prospectus may not necessarily reflect National's operating results and financial condition following the merger.

The unaudited pro forma financial information included in this proxy statement/prospectus is derived from National's and Gilman's separate historical consolidated financial statements. The preparation of this pro forma information is based upon available information and certain assumptions and estimates that National and Gilman currently believe are reasonably the value of the assets and liabilities of Gilman being acquired. These assumptions and estimates may not prove to be accurate, and this pro forma financial information does not necessarily reflect what National's results of operations and financial position would have been had the merger been completed if these assumptions were accurate, or occurred during the period presented, or what National's results of operations or financial position will be in the future.

If the merger does not qualify as a "reorganization" under Section 368(a) of the Code, the stockholders of Gilman may be required to pay substantial United States federal income taxes as a result of the merger.

National and Gilman intend that the merger will qualify as a "reorganization" under Section 368(a) of the Code. National and Gilman currently anticipate that the United States holders of shares of Gilman common stock generally should not recognize taxable gain or loss as a result of the merger. However, neither National nor Gilman has requested, or intends to request, a ruling from the IRS with respect to the tax consequences of the merger, and there can be no assurance that the companies' position would be sustained if challenged by the IRS. Accordingly, if there is a final determination that the merger does not qualify as a "reorganization" under Section 368(a) of the Code and is taxable for United States federal income tax purposes, Gilman stockholders generally would recognize taxable gain or loss on their receipt of common stock of National in connection with the merger equal to the difference between such stockholder's adjusted tax basis in their shares of Gilman capital stock and the fair market value of the equity securities of National. For a more complete discussion of the material United States federal income tax consequences of the Merger, see the section entitled "Material United States Federal Income Tax Consequences of the Merger" beginning on page 79.

Litigation may be instituted against National, members of the National board of directors, Gilman, members of the Gilman board of directors, and Merger Sub challenging the merger and adverse judgments in these lawsuits may prevent the merger from becoming effective within the expected timeframe or at all.

National, members of the National board of directors, Gilman, members of the Gilman board of directors, and Merger Sub may be named as defendants in class action lawsuits to be brought by National or Gilman stockholders challenging the merger. If the plaintiffs in these potential cases are successful, they may prevent the parties from completing the merger in the expected timeframe, if at all. Even if the plaintiffs in these potential actions are not successful, the costs of defending against such claims could adversely affect the financial condition of National or Gilman.

Costs associated with the merger are difficult to estimate, may be higher than expected and may harm the financial results of the combined company.

Both National and Gilman will incur substantial direct transaction costs associated with the merger, whether or not the merger is completed, and additional costs associated with consolidation and integration of operations. If the total costs of the merger exceed estimates, or the benefits of the merger do not exceed the total costs of the merger, Gilman’s financial results could be adversely affected.

Risks Related to the Combined Company if the Merger is Completed

National may not realize the expected benefits of the merger because of integration difficulties and other challenges.

The success of the merger will depend, in part, on National’s ability to realize the anticipated revenue, cost, tax, and other synergies from integrating Gilman’s business with its existing business. The integration process may be complex, costly, and time-consuming. The difficulties of integrating the operations of Gilman’s business could include, among others:

- failure to implement National’s business plan for the combined business;

- unanticipated issues in integrating logistics, information, communications, and other systems;
- lost sales and customers as a result of certain customers of either of the two companies deciding not to do business with National after the merger;
- loss of key Gilman employees and consultants with knowledge of Gilman's historical business and operations;
- unanticipated changes in applicable laws and regulations;
- negative impacts on National's internal control over financial reporting; and
- other unanticipated issues, expenses, or liabilities that could impact, among other things, National's ability to realize any expected synergies on a timely basis, or at all.

National may not accomplish the integration of Gilman's business smoothly, successfully, or within the anticipated costs or time frame. The diversion of the attention of management from National's current operations to the integration effort and any difficulties encountered in combining operations could prevent National from realizing the full benefits anticipated to result from the merger and could adversely affect its business. In addition, the integration efforts could divert the focus and resources of the management of National and Gilman from other strategic opportunities and operational matters during the integration process.

Gilman stockholders will have a reduced ownership and voting interest in National after the merger and, as a result, will be able to exert less influence over management.

Following the merger, each Gilman stockholder will become a stockholder of National with a percentage ownership of National after the merger that is much smaller than the stockholder's percentage ownership of Gilman. It is expected that the former stockholders of Gilman as a group will own approximately 21.2% of the outstanding shares of National common stock immediately after the completion of the merger. Because of this, Gilman stockholders will have substantially less influence on the management and policies of National after the merger than they now have with respect to the management and policies of Gilman.

National common stock has low trading volume and any sale of a significant number of shares is likely to depress the trading price.

National common stock is quoted on the OTC Bulletin Board. Traditionally, the trading volume of the National common stock has been limited. Because of this limited trading volume, the former Gilman stockholders may not be able to sell quickly any significant number of the National shares of common stock, and any attempted sale of a large number of National shares will likely have a material adverse impact on the price of the National common stock. Because of the limited number of shares of common stock being traded, the per share price is subject to volatility and may continue to be subject to rapid price swings in the future.

If there are Gilman stockholders that exercise their appraisal rights, the surviving corporation in the merger will be responsible for the resulting cash payment obligation.

If the merger is completed, holders of Gilman common stock are entitled to appraisal rights under Section 262 of the DGCL, or Section 262, provided that they comply with the conditions established by Section 262. If there are Gilman stockholders who exercise such rights and complete the process required by the DGCL, Gilman, as the surviving company in the merger, will be obligated to pay such stockholders the pre-merger cash value of their Gilman stock as determined by the Delaware Court of Chancery.

The merger will result in changes to the board of directors of National.

Upon completion of the merger, the composition of the board of directors of National will be different than the current boards of National and Gilman. The National board of directors currently consists of 9 directors and upon the completion of the merger, two directors designated by Gilman’s board of directors will join the National board of directors. This new composition of the board of directors of National may affect the future decisions of National.

Risks Related to National’s Business

National’s operating results have resulted in reporting losses.

National reported losses of approximately $1.94 million and $4.71 million in fiscal years 2012 and 2011, respectively, and profits of $454,000 and a loss of $ 2.77 million for the six months ended March 31, 2013 and March 31, 2012, respectively. There is no assurance that National will be profitable in the future. If National is unable to achieve or sustain profitability, National may need to curtail, suspend or terminate certain operations.

National may require additional financing.

In order for National to have the opportunity for future success and profitability, National periodically may need to obtain additional financing, either through borrowings, public offerings, private offerings, or some type of business combination (e.g., merger, buyout, etc.). National has actively pursued a variety of funding sources, and has consummated certain transactions in order to address National subsidiaries' capital requirements. National may need to seek to raise additional capital through other available sources, including borrowing additional funds from third parties and there can be no assurance that National will be successful in such pursuits. Additionally, the issuance of new securities to raise capital will cause the dilution of shares held by current National stockholders and those to be held by current Gilman stockholders. Accordingly, if National is unable to generate adequate cash from its operations, and if National is unable to find sources of funding, such an event would have an adverse impact on National's liquidity and operations and adversely affect its ability to meet any net capital requirements and consummate the merger.

National is exposed to risks due to investment banking activities.

Participation in an underwriting syndicate or a selling group involves both economic and regulatory risks. An underwriter may incur losses if it is unable to resell the securities it is committed to purchase, or if it is forced to liquidate its commitment at less than the purchase price. In addition, under federal securities laws, other laws and court decisions with respect to underwriters' liabilities and limitations on the indemnification of underwriters by issuers, an underwriter is subject to substantial potential liability for misstatements or omissions of material facts in prospectuses and other communications with respect to such offerings. Acting as a managing underwriter increases these risks. Underwriting commitments constitute a charge against net capital and National's ability to make underwriting commitments may be limited by the requirement that it must at all times be in compliance with SEC Rule 15c3-1(the "Net Capital Rule").

National's risk management policies and procedures may leave it exposed to unidentified risks or an unanticipated level of risk.

The policies and procedures National employs to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by National. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. National cannot assure you that National's policies and procedures will effectively and accurately record and verify this information. National seeks to monitor and control National's risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. National believes that it is able to evaluate and manage the market, credit and other risks to which it is exposed. Nonetheless, National's ability to manage risk exposure can never be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments could have a material adverse effect on National's results of operations and financial condition. The consequences of these developments can include losses due to adverse changes in inventory values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in National's credit risk to customers as well as to third parties and increases in general systemic risk.

National depends on senior employees and the loss of their services could harm National's business.

National depends on the continued services of National's management team, particularly Mark D. Klein, Robert B. Fagenson and Mark Goldwasser, as well as National's ability to hire additional members of management, and to retain and motivate other officers and key employees. National may not be able to find an appropriate replacement for any or all of the aforementioned or any other executive officer if the need should arise. If National loses the services of any executive officers or other key personnel, National may not be able to manage and grow its operations effectively, enter new brokerage markets or develop new products.

Failure to comply with the net capital requirements could subject National to sanctions imposed by the SEC or FINRA.

National's Broker-Dealer Subsidiaries are subject to the SEC's net capital rule, which requires the maintenance of minimum net capital. National Securities and vFinance Investments are each required to maintain $250,000 and $1,000,000, in minimum net capital, respectively. Due to their market maker status, both broker dealer subsidiaries are required to maintain a specified amount of capital for each security that it makes a market in, based on the bid price of each stock. This required amount can exceed the minimum net capital requirement, and in the case of vFinance Investments, the minimum net capital requirement has been $1,000,000 (the limit) in recent years. The net capital rule is designed to measure the general financial integrity and liquidity of a broker-dealer. Compliance with the net capital rule limits those operations of broker-dealers that require the intensive use of their capital, such as underwriting commitments and principal trading activities. The rule also limits the ability of securities firms to pay dividends or make payments on certain indebtedness, such as subordinated debt, as it matures. FINRA may enter the offices of a broker-dealer at any time, without notice, and calculate the firm's net capital. If the calculation reveals a deficiency in net capital, FINRA may immediately restrict or suspend certain or all of the activities of a broker-dealer. National's Broker-Dealer Subsidiaries may not be able to maintain adequate net capital, or their net capital may fall below requirements established by the SEC, and subject National to disciplinary action in the form of fines, censure, suspension, expulsion or the termination of business altogether. In addition, if these net capital rules are changed or expanded, or if there is an unusually large charge against net capital, operations that require the intensive use of capital would be limited. A large operating loss or charge against net capital could adversely affect National's ability to expand or even maintain present levels of business, which could have a material adverse effect on National's business. In addition, National's Broker-Dealer Subsidiaries may become subject to net capital requirements in other foreign jurisdictions in which it currently operates or which it may enter. National cannot predict its future capital needs or its ability to obtain additional financing.

National's business could be adversely affected by a breakdown in the financial markets.

As a securities broker-dealer, the business of each of National's Broker-Dealer Subsidiaries is materially affected by conditions in the financial markets and economic conditions generally, both in the United States and elsewhere around the world. Many factors or events could lead to a breakdown in the financial markets including war, terrorism, natural catastrophes and other types of disasters. These types of events could cause people to begin to lose confidence in the financial markets and their ability to function effectively. If the financial markets are unable to effectively prepare for these types of events and ease public concern over their ability to function, National's revenues are likely to decline and its operations are likely to be adversely affected.

National's revenues may decline in adverse market or economic conditions.

Unfavorable financial or economic conditions may reduce the number and size of the transactions in which National provides underwriting services, merger and acquisition consulting and other services. National's investment banking revenues, in the form of financial advisory, placement agent and underwriting fees, are directly related to the number and size of the transactions in which National participate and would therefore be adversely affected by a sustained market downturn. Additionally, a downturn in market conditions could lead to a decline in the volume of transactions that National executes for its customers and, therefore, to a decline in the revenues it receives from commissions and spreads. National must review customer relationships for impairment whenever events or circumstances indicate that impairment may be present, which may result in a material, non-cash write down of customer relationships. A significant decrease in revenues or cash flows derived from acquired customer relationships could result in a material, non-cash write-down of customer relationships. Such impairment would have a material adverse impact on National's results of operations and stockholders' equity.

Market fluctuations and volatility may reduce National's revenues and profitability.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity, such as the asset price deterioration in the subprime residential mortgage market.

National's revenue and profitability may be adversely affected by declines in the volume of securities transactions and in market liquidity. Additionally, National's profitability may be adversely affected by losses from the trading or underwriting of securities or failure of third parties to meet commitments. National acts as a market maker in publicly traded common stocks. In market making transactions, National undertakes the risk of price changes or being unable to resell the common stock it holds or being unable to purchase the common stock it has sold. These risks are heightened by the illiquidity of many of the common stocks National trades and/or makes a market. Any losses from National's trading activities, including as a result of unauthorized trading by National employees, could have a material adverse effect on its business, financial condition, results of operations or cash flows.

Lower securities price levels may also result in a reduced volume of transactions, as well as losses from declines in the market value of common stocks held for trading purposes. During periods of declining volume and revenue, National's profitability would be adversely affected. Declines in market values of common stock and the failure of issuers and third parties to perform their obligations can result in illiquid markets.

National generally maintain trading and investment positions in the equity markets. To the extent that National's own assets, i.e., have long positions, a downturn in those markets could result in losses from a decline in the value of such long positions. Conversely, to the extent that National has sold assets that National does not own, i.e., have short positions in any of those markets, an upturn could expose it to potentially unlimited losses as National attempts to cover its short positions by acquiring assets in a rising market.

National may, from time to time, have a trading strategy consisting of holding a long position in one asset and a short position in another from which National expects to earn revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that National did not anticipate or against which it has not hedged, National might realize a loss in those paired positions. In addition, National maintains trading positions that can be adversely affected by the level of volatility in the financial markets, i.e., the degree to which trading prices fluctuate over a particular period, in a particular market, regardless of market levels.

National is a holding company and depends on payments from its subsidiaries.

National depends on dividends, distributions and other payments from its subsidiaries to fund its obligations. Regulatory and other legal restrictions may limit National's ability to transfer funds freely, either to or from National's subsidiaries. In particular, National's Broker-Dealer Subsidiaries are subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder National's ability to access funds that it may need to make payments on its obligations. In addition, because National's interests in the firm's subsidiaries consist of equity interests, its rights may be subordinated to the claims of the creditors of these subsidiaries.

Competition with other financial firms may have a negative effect on National's business.

National competes directly with national and regional full-service broker-dealers and a broad range of other financial service firms, including banks and insurance companies. Competition has increased as smaller securities firms have either ceased doing business or have been acquired by or merged into other firms. Mergers and acquisitions have increased competition from these firms, many of which have significantly greater financial, technical, marketing and other resources than National. Many of these firms offer their customers more products and research than currently offered National. These competitors may be able to respond more quickly to new or changing opportunities, technologies and client requirements. National also faces competition from companies offering discount and/or electronic brokerage services, including brokerage services provided over the Internet, which National is currently not offering and does not intend to offer in the foreseeable future. These competitors may have lower costs or provide more services, and may offer their customers more favorable commissions, fees or other terms than those offered by National. To the extent that issuers and purchasers of securities transact business without National's assistance, its operating results could be adversely affected.

If National does not continue to develop and enhance its services in a timely manner, its business may be harmed.

National's future success will depend on its ability to develop and enhance its services and add new services. National operates in a very competitive industry in which the ability to develop and deliver advanced services through the Internet and other channels is a key competitive factor. There are significant risks in the development of new or enhanced services, including the risks that National will be unable to:

- effectively use new technologies;
- adapt National's services to emerging industry or regulatory standards; or
- market new or enhanced services.

If National is unable to develop and introduce new or enhanced services quickly enough to respond to market or customer requirements or to comply with emerging industry standards, or if these services do not achieve market acceptance, its business could be seriously harmed.

National is currently subject to extensive securities regulation and the failure to comply with these regulations could subject it to penalties or sanctions.

The securities industry and National's business are subject to extensive regulation by the SEC, state securities regulators and other governmental regulatory authorities. National is also regulated by industry self-regulatory organizations, including FINRA, the MSRB and the NFA. National's Broker-Dealer Subsidiaries are registered broker-dealers with the SEC and member firms of FINRA. Broker-dealers are subject to regulations which cover all aspects of the securities business, including sales methods and supervision, trading practices among broker-dealers, use and safekeeping of customers' funds and securities, capital structure of securities firms, record keeping, and the conduct of directors, officers and employees. Changes in laws or regulations or in governmental policies could cause National to change the way National conducts its business, which could adversely affect National.

Compliance with many of the regulations applicable to National's subsidiaries involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. These regulations often serve to limit National's activities, including through net capital, customer protection and market conduct requirements. If National is found to have violated an applicable regulation, administrative or judicial proceedings may be initiated against it that may result in a censure, fine, civil penalties, issuance of cease-and-desist orders, the deregistration or suspension of its regulated activities, the suspension or disqualification of its officers or employees, or other adverse consequences. The imposition of any of these or other penalties could have a material adverse effect on National's operating results and financial condition.

National relies on clearing brokers and unilateral termination of the agreements with these clearing brokers could disrupt its business.

National's Broker-Dealer Subsidiaries are introducing brokerage firms, using third party clearing brokers to process National's securities transactions and maintain customer accounts. The clearing brokers also provide billing services, extend credit and provide for control and receipt, custody and delivery of securities. National depends on the operational capacity and ability of the clearing brokers for the orderly processing of transactions. In addition, by engaging the processing services of a clearing firm, National is exempt from some capital reserve requirements and other regulatory requirements imposed by federal and state securities laws. If the clearing agreements are unilaterally terminated for any reason, National would be forced to find alternative clearing firms without adequate time to negotiate the terms of a new clearing agreement and without adequate time to plan for such change. There can be no assurance that if there were a unilateral termination of a clearing agreement that National would be able to find an alternative clearing firm on acceptable terms to it or at all.

National permits its clients to purchase securities on a margin basis or sell securities short, which means that the clearing firm extends credit to the client secured by cash and securities in the client's account. During periods of volatile markets, the value of the collateral held by the clearing brokers could fall below the amount borrowed by the client. If margin requirements are not sufficient to cover losses, the clearing brokers sell or buy securities at prevailing market prices, and may incur losses to satisfy client obligations. National has agreed to indemnify the clearing brokers for losses they incur while extending credit to National's clients.

Credit risk exposes National to losses caused by financial or other problems experienced by third parties.

National is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include trading counterparts, customers, clearing agents, exchanges, clearing houses, and other financial intermediaries as well as issuers whose securities National holds. These parties may default on their obligations owed to National due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from holding securities of third parties, executing securities trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries, and extending credit to clients through bridge or margin loans or other arrangements. Significant failures by third parties to perform their obligations owed to National could adversely affect its revenues and perhaps its ability to borrow in the credit markets.

Adverse results of current litigation and potential securities law liability would result in financial losses and divert management's attention from National's business.

Many aspects of National's business involve substantial risks of liability. There is a risk of litigation and arbitration within the securities industry, including class action suits seeking substantial damages. National is subject to actual and potential claims by dissatisfied customers, including claims alleging they were damaged by improper sales practices such as unauthorized trading, sale of unsuitable securities, use of false or misleading statements in the sale of securities, mismanagement and breach of fiduciary duty. National may be liable for the unauthorized acts of its retail brokers if National fails to adequately supervise their conduct. As an underwriter, National may be subject to substantial potential liability under federal and state law and court decisions, including liability for material misstatements and omissions in securities offerings. National may be required to contribute to a settlement, defense costs or a final judgment in legal proceedings or arbitrations involving a past underwriting and in actions that may arise in the future. National carries "Errors and Omissions" insurance to protect against such legal actions, however, the policy is limited in items and amounts covered and there can be no assurance that it will cover a particular complaint. The adverse resolution of any legal proceeding involving National and/or its subsidiaries could have a material adverse effect on National's business, financial condition, results of operations or cash flows.

National faces significant competition for registered representatives.

National is dependent upon the independent contractor model for its retail brokerage business. A significant percentage of National's retail registered representatives are independent contractors. National is exposed to the risk that a large group of independent contractors could leave the firm or decide to affiliate with another firm and that National will be unable to recruit suitable replacements. A loss of a large group of National independent contractors could have a material adverse impact on its ability to generate revenue in the retail brokerage business.

The precautions National takes to prevent and detect employee misconduct may not be effective, and it could be exposed to unknown and unmanaged risks or losses.

National runs the risk that employee misconduct could occur. Misconduct by employees could include:

- employees binding National to transactions that exceed authorized limits or present unacceptable risks to National;

- employees hiding unauthorized or unsuccessful activities from National; or

- the improper use of confidential information.

These types of misconduct could result in unknown and unmanaged risks or losses to National including regulatory sanctions and serious harm to National's reputation. The precautions National takes to prevent and detect these activities may not be effective. If employee misconduct does occur, National's business operations could be materially adversely affected.

Internet and internal computer system failures or compromises of National's systems or security could damage its reputation and harm its business.

Although a significant portion of National's business is conducted using traditional methods of contact and communications such as face-to-face meetings, a portion of National's business is conducted through the Internet. National could experience system failures and degradations in the future.

National cannot assure you that it will be able to prevent an extended and/or material system failure if any of the following events occur:

- human error;
- subsystem, component, or software failure;

a power or telecommunications failure;

an earthquake, fire, or other natural disaster or act of God;

hacker attacks or other intentional acts of vandalism; or

terrorist acts or war.

Failure to adequately protect the integrity of National's computer systems and safeguard the transmission of confidential information could harm its business.

The secure transmission of confidential information over public networks is a critical element of National's operations. National relies on encryption and authentication technology to provide the security and authentication necessary to effect secure transmission of confidential information over the Internet. National does not believe that it has experienced any security breaches in the transmission of confidential information, however National cannot assure you that advancements in computer capabilities, new discoveries in the field of cryptography or other events or developments will not result in a compromise of the technology or other algorithms used by its vendors and National to protect client transaction and other data. Any compromise of National's systems or security could harm National business.

National common stock has low trading volume and any sale of a significant number of shares is likely to depress the trading price.

National common stock is quoted on the OTC Bulletin Board. Traditionally, the trading volume of the common stock has been limited. For example, for the 30 trading days ending on June 28, 2013, the average daily trading volume was approximately 16,100 shares per day and on certain days there was no trading activity**.** During such 30-day period the closing price of National common stock ranged from a high of $0.30 to a low of $0.24. Because of this limited trading volume, holders of National common stock may not be able to sell quickly any significant number of such shares, and any attempted sale of a large number of National shares will likely have a material adverse impact on the price of National common stock. Because of the limited number of shares being traded, the price per share is subject to volatility and may continue to be subject to rapid price swings in the future.

The price of National common stock is volatile.

The price of National common stock has fluctuated substantially. The market price of National common stock may be highly volatile as a result of factors specific to National and the securities markets in general. Factors affecting volatility may include: variations in National's annual or quarterly financial results or those of its competitors; economic conditions in general; and changes in applicable laws or regulations, or their judicial or administrative interpretations affecting National or its subsidiaries or the securities industry. In addition, volatility of the market price of National common stock is further affected by its thinly-traded nature.

National principal stockholders, including its directors and officers, control a large percentage of shares of National common stock and can significantly influence National's corporate actions.

As of June 30, 2013, National's executive officers, directors and/or entities that these individuals are affiliated with, owned approximately 27.5% of National's outstanding common stock, or approximately 27.9% on a fully-diluted basis. Accordingly, these individuals and entities will be able to significantly influence most, if not all, of National's corporate actions, including the election of directors, the appointment of officers, and potential merger or acquisition transactions.

Because National common stock may be subject to "penny stock" rules, the market for National common stock may be limited.

If National common stock becomes subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions and trading activity in National securities may be adversely affected. If at any time the common stock has a market price per share of less than $5.00, and National does not have net tangible assets of at least $2,000,000 or average revenue of at least $6,000,000 for the preceding three years, transactions in the common stock may be subject to the "penny stock" rules promulgated under the Exchange Act. Under these rules, broker-dealers that recommend such securities to persons other than institutional accredited investors:

- must make a special written suitability determination for the purchaser;
- receive the purchaser's written agreement to a transaction prior to sale;
- provide the purchaser with risk disclosure documents which identify certain risks associated with investing in "penny stocks" and which describe the market for these "penny stocks" as well as a purchaser's legal remedies; and
- obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a "penny stock" can be completed.

If National common stock becomes subject to these rules, broker-dealers may find it difficult to effectuate customer transactions and trading activity in National securities may be adversely affected. As a result, the market price of National securities may be depressed, and stockholders may find it more difficult to sell National securities.

There are risks associated with National common stock trading on the OTC Bulletin Board rather than on a national exchange.

There may be significant consequences associated with National common stock trading on the OTC Bulletin Board rather than a national exchange. The effects of not being able to list National common stock securities on a national exchange include:

- limited release of the market price of National securities;
- limited news coverage;
- limited interest by investors in National securities;
- volatility of National common stock price due to low trading volume;
- increased difficulty in selling National securities in certain states due to "blue sky" restrictions; and
- limited ability to issue additional securities or to secure additional financing.

National's board of directors can issue shares of "blank check" preferred stock without further action by National's stockholders.

National's board of directors has the authority, without further action by National stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions in each series of the preferred stock, including:

- dividend rights;
- conversion rights;
- voting rights, which may be greater or lesser than the voting rights of National common stock;
- rights and terms of redemption;

liquidation preferences; and

sinking fund terms.

As of June 30, 2013, there are no shares of National preferred stock outstanding. The issuance of shares of National preferred stock, could adversely affect the voting power of holders of National common stock and the likelihood that these holders will receive dividends and payments upon National liquidation and could have the effect of delaying, deferring or preventing a change in control of National.

National does not expect to pay any dividends on National common stock in the foreseeable future.

National does not anticipate that it will pay any dividends to holders of National common stock in the foreseeable future. National expects to retain all future earnings, if any, for investment in National's business.

Risks Related to Gilman's Business

Gilman's insurance coverage may be inadequate, resulting in an increase in its out-of-pocket costs.

Gilman's insurance carrier interrelated all claims involving the variable annuity sales practices of certain registered representatives of PCS that involve an SEC Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21(c) of the Exchange Act, and Section 203(f) of the Investment Advisors Act of 1940. The total remaining insurance coverage for all of these claims has been exhausted after settling claims. As a result, Gilman could be required to pay significant additional costs out of pocket, which would reduce its working capital and have a material adverse effect on its results of operations.

As of March 31, 2013, Gilman had a 6.0 million deficit in working capital. Gilman will need additional capital to continue operations and to successfully execute its strategic plan including expanding its business plans and pursuing acquisitions. Failure to obtain capital could have an adverse effect upon Gilman's business and its strategic plan, including expanding its business plans and pursuing acquisitions.

The capital raised by Gilman in the recent past has been through the private sale of notes and Gilman common stock and there is no assurance that it will be able to continue to do so. Gilman's inability to find other sources of financing or its inability to raise additional capital through private sales could have an adverse effect upon its business strategic plan including expanding its business plans and pursuing acquisitions.

Gilman's business has and may continue to be harmed by market volatility and declines in general economic conditions.

When financial markets have deteriorated in the past, Gilman's financial planning channel has suffered decreased revenues. Gilman's revenue and profitability may continue to be adversely affected by future declines in the volume of securities transactions and in market liquidity, which generally result in lower revenues from trading activities and commissions. Lower securities price levels may also result in a reduced volume of transactions as well as losses from declines in the market value of securities held in trading, investment and underwriting positions. In periods of low volume, the fixed nature of certain expenses, including salaries and benefits, computer hardware and software costs, communications expenses and office leases will adversely affect profitability. Sudden sharp declines in market values of securities, like that experienced in the past, and the failure of issuers and counterparts to perform their obligations have resulted in illiquid markets in which Gilman has and may continue to incur losses in principal trading and market making activities.

Gilman has a history of losses and may incur losses in the future.

Gilman incurred losses in fiscal years 2012, 2011, and 2010, and may incur losses again in the future. As of March 31, 2013, Gilman's accumulated deficit was $35.4 million. If Gilman fails to earn profits, the value of a stockholder's investment may decline.

Litigation could have an adverse effect on Gilman's operating results and could harm Gilman's ability to effectively manage its business.

If Gilman was to be found liable to clients for misconduct alleged in civil proceedings, its operations may be adversely affected. Many aspects of Gilman's business involve substantial risks of liability. There has been an increase in litigation and arbitration within the securities industry in recent years, including class action suits seeking substantial damages. Broker-dealers such as PCS are subject to claims by dissatisfied clients, including claims alleging they were damaged by improper sales practices such as unauthorized trading, churning, sales of unsuitable securities, use of false or misleading statements in the sale of securities, mismanagement and breach of fiduciary duty. Broker-dealers may be liable for the unauthorized acts of their retail brokers and independent contractors if they fail to adequately supervise their conduct. PCS is a defendant and respondent in lawsuits and FINRA arbitrations in the ordinary course of business. PCS maintains securities broker-dealer's professional liability insurance to insure against this risk, but the insurance policy contains a deductible, a cap on each claim and a cumulative cap on coverage. In addition, certain activities engaged in by brokers may not be covered by such insurance. The adverse resolution of any legal proceedings involving Gilman could have a material adverse effect on Gilman's business, financial condition, and results of operations or cash flows. In addition, any litigation could divert management's attention from operating Gilman's business.

Certain private stockholders, including some of Gilman's directors and officers, control a substantial interest in Gilman and thus may influence certain actions requiring a vote of Gilman's stockholders.

On August 20, 2007, Michael Ryan (Gilman's Chief Executive Officer and President), Carole Enisman (former Executive Vice President of Operations and Michael Ryan's wife), Ted Finkelstein (Gilman's Vice President, General Counsel and Secretary), Dennis Conroy (Gilman's former Chief Accounting Officer), Prime Partners, Inc. and Prime Partners II, LLC (companies controlled by Michael Ryan), Wynnefield Small Cap Value Offshore Fund, Ltd., Wynnefield Partners Small Cap Value, L.P., Wynnefield Partners Small Cap Value, L.P.I and WebFinancial Corporation entered into a Shareholders Agreement concerning the voting of their shares of Gilman common stock. These stockholders collectively own approximately 64.6% of Gilman's issued and outstanding shares of common stock. Pursuant to the Shareholders Agreement, these stockholders have the ability to influence certain actions requiring a stockholder vote, including, the election of directors. This concentration of ownership and control by these stockholders could delay or prevent a change in Gilman's control or other action, even when a change in control or other action might be in the best interests of Gilman's other stockholders.

In addition, each of Michael Ryan (Gilman's Chief Executive Officer and President), Carole Enisman (former Executive Vice President of Operations and Michael Ryan's wife), Ted Finkelstein (Gilman's Vice President, General Counsel and Secretary), Edward Cohen (Gilman director), Fredrick Wasserman (Gilman director), John Levy (Gilman director), Allan Page (Gilman director), James Ciocia (Gilman director), Prime Partners II, LLC (company controlled by Michael Ryan), Prime Partners, Inc. (company controlled by Michael Ryan), Wynnefield Partners Small Cap Value L.P. I, Wynnefield Partners Small Cap Value L.P., Wynnefield Small Cap Value Offshore Fund, Ltd. and Dennis Conroy (Gilman's former Chief Accounting Officer) have each entered into a voting and support agreement with

National, Merger Sub and Gilman, under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal.

Gilman's staggered board may entrench management, could prevent or delay a change of control of Gilman and discourage unsolicited stockholder proposals or bids for Gilman common stock that may be in the best interests of Gilman stockholders.

Gilman's restated certificate of incorporation provides that Gilman's board of directors is divided into three classes, serving staggered three-year terms. As a result, at any annual meeting only a minority of Gilman's board of directors will be considered for election. Since Gilman's staggered board prevents its stockholders from replacing a majority of Gilman's board of directors at any annual meeting, it may entrench management, delay or prevent a change in Gilman's control and discourage unsolicited stockholder proposals or unsolicited bids for Gilman's common stock that may be in the best interests of its stockholders.

Gilman’s operations may be adversely affected if it is not able to make acquisitions.

If Gilman does not close on acquisitions, have the appropriate capital available to make acquisitions or does not make acquisitions on economically acceptable terms, its operations may be adversely affected. Gilman plans to continue to expand in the area of tax and accounting services by expanding the business through acquisitions. Gilman’s revenue growth will in large part depend upon the expansion of existing business and the successful integration and profitability of acquisitions.

Making and integrating acquisitions could impair Gilman's operating results.

Gilman’s current strategy is to actively pursue acquisitions of tax preparation and accounting firms. Acquisitions involve a number of risks, including: diversion of management’s attention from current operations; disruption of Gilman’s ongoing business; difficulties in integrating and retaining all or part of the acquired business, its customers and its personnel; and the effectiveness of the acquired company’s internal controls and procedures. The individual or combined effect of these risks could have an adverse effect on Gilman’s business. In paying for an acquisition, Gilman may deplete its cash resources. Furthermore, there is the risk that Gilman’s valuation assumptions, customer retention expectations and its models for an acquired product or business may be erroneous or inappropriate due to foreseen or unforeseen circumstances and thereby cause Gilman to overvalue an acquisition target. There is also the risk that the contemplated benefits of an acquisition may not materialize as planned or may not materialize within the time period or to the extent anticipated.

Gilman’s operations may be adversely affected if it is not able to expand its financial planning business by hiring additional financial planners and opening new offices.

If the financial planners that Gilman presently employs or recruits do not perform successfully, its operations may be adversely affected. Gilman plans to continue to expand in the area of financial planning, by expanding the business of presently employed financial planners and by recruiting additional financial planners. Gilman’s revenue growth will in large part depend upon the expansion of existing business and the successful integration and profitability of the recruited financial planners. Gilman’s growth will also depend on the success of independent financial planners who are recruited to join Gilman.

Gilman’s cost cutting strategy could adversely affect its operations.

As a result of declines in the financial markets, Gilman has consolidated certain job functions and implemented other cost cutting measures. There is no assurance that Gilman’s cost cutting strategy will be efficient or that such strategy will not have an adverse impact on its operations.

Gilman’s consolidated financial statements do not include any adjustments that might result from the opening of new offices or from the uncertainties of a shift in its business.

Gilman may choose to open new offices. When Gilman opens a new office, it incurs significant expenses to build out the office and to purchase furniture, equipment and supplies. Gilman has found that a new office usually suffers a loss in its first year of operation, shows no material profit or loss in its second year of operation and does not attain profitability, if ever, until its third year of operation. Therefore, Gilman’s operating results could be materially adversely affected in any year that it opens a significant number of new offices.

Shares of Gilman common stock are not quoted on a national securities exchange, which limits its ability to raise capital and your ability to trade in its securities, and which results in additional regulatory requirements.

Shares of Gilman common stock are quoted on the OTC Bulletin Board under the symbol GTAX. If Gilman fails to meet criteria set forth in Rule 15c2-11 (the “Rule”) under the Exchange Act (for example, by failing to file periodic reports as required by the Exchange Act), various practice requirements are imposed on broker-dealers who sell securities governed by the Rule to persons other than established customers and accredited investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transactions prior to sale. Consequently, the Rule may have a material adverse effect on the ability of broker-dealers to sell Gilman securities, which may materially affect the ability of stockholders to sell the securities in the secondary market. Not being listed on a national securities exchange may make trading Gilman shares difficult for investors, potentially leading to declines in the share price. It may also make it more difficult for Gilman to raise additional capital.

The low trading volume of Gilman common stock increases volatility, which could impair its ability to obtain equity financing.

Low trading volume in Gilman common stock increases volatility, which could result in the impairment of Gilman's ability to obtain equity financing. As a result, historical market prices may not be indicative of market prices in the future. In addition, the stock market has recently experienced extreme stock price and volume fluctuation. Gilman's market price may be impacted by changes in earnings estimates by economic and other external factors and the seasonality of its business. Fluctuations or decreases in the trading price of the common stock may adversely affect the stockholders' ability to buy and sell Gilman common stock and its ability to raise money in a future offering of Gilman common stock.

Changing laws and regulations have resulted in increased compliance costs for Gilman, which could affect its operating results.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act and newly enacted SEC regulations have created additional compliance requirements for companies such as Gilman. Gilman is committed to maintaining high standards of internal controls over financial reporting, corporate governance and public disclosure. As a result, Gilman intends to continue to invest appropriate resources to comply with evolving standards, and this investment has resulted and will likely continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Dependence on technology software and systems and Gilman's inability to provide assurance that its systems will be effective could adversely affect its operations.

As an information-financial services company with a subsidiary broker-dealer, Gilman is greatly dependent on technology software and systems and on the internet to maintain customer records, effect securities transactions and prepare and file tax returns. In the event that there is an interruption to Gilman's systems due to internal systems failure or from an external threat, including terrorist attacks, fire and extreme weather conditions, its ability to prepare and file tax returns and to process financial transactions could be affected. Gilman has offsite backup, redundant and remote failsafe systems in place to safeguard against these threats but there can be no assurance that such systems will be effective to prevent malfunction and adverse effects on operations.

Gilman faces substantial competition. If Gilman fails to remain competitive, it may lose customers and its results of operations would be adversely affected.

The financial planning and tax planning industries are highly competitive. If Gilman’s competitors create new products or technologies, or are able to take away Gilman’s customers, its results of operations may be adversely affected. Gilman’s competitors include companies specializing in income tax preparation as well as companies that provide general financial services. Gilman’s principal competitors are H&R Block and Jackson Hewitt in the tax preparation field and many well-known national brokerage and insurance firms in the financial services field. Many of these competitors have larger market shares and significantly greater financial and other resources than Gilman. Gilman may not be able to compete successfully with such competitors. Competition could cause Gilman to lose existing clients, impact its ability to acquire new clients and increase advertising expenditures, all of which could have a material adverse effect on Gilman’s business or operating results.

Additionally, federal and state governments may in the future become direct competitors to Gilman’s tax offerings. If federal and state governments provide their own software and electronic filing services to taxpayers at no charge it could have a material adverse effect on Gilman’s business, financial condition and results of operations. The federal government has proposed legislation that could further this initiative.

Government initiatives that simplify tax return preparation could reduce the need for Gilman’s services as a third party tax return preparer.

Many taxpayers seek assistance from paid tax return preparers such as Gilman because of the level of complexity involved in the tax return preparation and filing process. From time to time, government officials propose measures seeking to simplify the preparation and filing of tax returns or to provide additional assistance with respect to preparing and filing such tax returns. The passage of any measures that significantly simplify tax return preparation or otherwise reduce the need for a third party tax return preparer could reduce demand for Gilman’s services, causing Gilman's revenues or profitability to decline.

Changes in the tax law that result in a decreased number of tax returns filed or a reduced size of tax refunds could harm Gilman’s business.

From time to time, the United States Treasury Department and the Internal Revenue Service adopt policy and rule changes and other initiatives that result in a decrease in the number of tax returns filed or reduce the size of tax refunds. Such changes in the tax law could reduce demand for Gilman’s services, causing its revenues and/or profitability to decline.

The highly seasonal nature of Gilman’s business presents a number of financial risks and operational challenges which, if Gilman fails to meet, could materially affect its business.

Gilman’s business is highly seasonal. Gilman generates substantially all of its tax preparation revenues during tax season, which is the period from January 1 through April 30. The concentration of this revenue-generating activity during this relatively short period presents a number of operational challenges for Gilman including: (i) cash and resource management during the first eight months of its fiscal year, when it generally operates at a loss and incurs fixed costs and costs of preparing for the upcoming tax season; (ii) flexible staffing, because the number of employees at its offices during the peak of tax season is much higher than at any other time; (iii) accurate forecasting of revenues and expenses; and (iv) ensuring optimal uninterrupted operations during peak season, which is the period from January 1 through April 30.

If Gilman was unable to meet these challenges or was to experience significant business interruptions during tax season, which may be caused by labor shortages, systems failures, work stoppages, adverse weather or other events, many of which are beyond its control, Gilman could experience a loss of business, which could have a material adverse effect on its business, financial condition and results of operations.

Competition from departing employees and Gilman's ability to enforce contractual non-competition and non-solicitation provisions could adversely affect its operating results.

If a large number of Gilman employees and financial planners depart and begin to compete with Gilman, its operations may be adversely affected. Although Gilman attempts to restrict such competition contractually, as a practical matter, enforcement of contractual provisions prohibiting small-scale competition by individuals is difficult. In the past, departing employees and financial planners have competed with Gilman. They have the advantage of knowing Gilman's methods and, in some cases, having access to its clients. No assurance can be given that Gilman will be able to retain its most important employees and financial planners or that it will be able to prevent competition from them or successfully compete against them. If a substantial amount of such competition occurs, the corresponding reduction of revenue may materially adversely affect Gilman's operating results.

Gilman faces significant competition for registered representatives on the independent channel.

Approximately one-half of Gilman's financial planning revenue is generated by independent contractor financial planners. These independent contractors are not bound by non-competition and non-solicitation provisions. If a large number of Gilman's independent contractors depart and begin to compete with Gilman, Gilman's operations may be adversely affected. No assurance can be given that Gilman will be able to retain its most important independent contractors or that it will be able to prevent competition from them or successfully compete against them. If a substantial amount of such competition occurs, the corresponding reduction of revenue may materially adversely affect Gilman's operating results.

Departure of key personnel could adversely affect Gilman's operations.

If any of Gilman's key personnel were to leave, its operations may be adversely affected. Gilman believes that its ability to successfully implement its business strategy and operate profitably depends on the continued employment of James Ciocia, its Chairman of the Board of Directors, Michael Ryan, its President and Chief Executive Officer, Ted Finkelstein, its Vice President, General Counsel and Secretary and Maureen Abbate, its Chief Accounting Officer. If any of these individuals become unable or unwilling to continue in his or her present position, Gilman's business and financial results could be materially adversely affected.

The decision not to pay dividends could impact the marketability of Gilman common stock.

Gilman's decision not to pay dividends could negatively impact the marketability of Gilman common stock. Since Gilman's initial public offering of securities in 1994, it has not paid dividends and does not plan to pay dividends in the foreseeable future. Gilman currently intends to retain future earnings, if any, to finance its growth.

The release of restricted common stock may have an adverse affect on the market price of the common stock.

The release of various restrictions on the possible future sale of Gilman common stock may have an adverse affect on the market price of Gilman common stock. Based on information received from Gilman's transfer agent, approximately [____] million shares of the common stock outstanding are "restricted securities" under Rule 144 of the Securities Act of 1933.

In general, under Rule 144, a person who has satisfied a six-month holding period may, under certain circumstances, sell, within any three month period, a number of shares of "restricted securities" that do not exceed the greater of one percent of the then outstanding shares of common stock or the average weekly trading volume of such shares during the four calendar weeks prior to such sale. Rule 144 also permits, under certain circumstances, the sale of shares of common stock by a person who is not an "affiliate" of Gilman (as defined in Rule 144) and who has satisfied a six-month holding period, without any volume or other limitation.

The general nature of the securities industry as well as its regulatory requirements could materially affect Gilman's business.

If a material risk inherent to the securities industry was to be realized, the value of Gilman common stock may decline. The securities industry, by its very nature, is subject to numerous and substantial risks, including the risk of declines in price level and volume of transactions, losses resulting from the ownership, trading or underwriting of securities, risks associated with principal activities, the failure of counterparties to meet commitments, customer, employee or issuer fraud risk, litigation, customer claims alleging improper sales practices, errors and misconduct by brokers, traders and other employees and agents (including unauthorized transactions by brokers), and errors and failure in connection with the processing of securities transactions. Many of these risks may increase in periods of market volatility or reduced liquidity. In addition, the amount and profitability of activities in the securities industry are affected by many national and international factors, including economic and political conditions, broad trends in industry and finance, level and volatility of interest rates, legislative and regulatory changes, currency values, inflation, and the availability of short-term and long-term funding and capital, all of which are beyond Gilman's control.

Several current trends are also affecting the securities industry, including increasing consolidation, increasing use of technology, increasing use of discount and online brokerage services, greater self-reliance of individual investors and greater investment in mutual funds. These trends could result in Gilman facing increased competition from larger broker-dealers, a need for increased investment in technology, or potential loss of clients or reduction in commission income. These trends or future changes could have a material adverse effect on Gilman's business, financial condition, and results of operations or cash flows.

If new regulations are imposed on the securities industry, Gilman's operating results may be adversely affected. The SEC, FINRA, the NYSE and various other regulatory agencies have stringent rules with respect to the protection of customers and maintenance of specified levels of net capital by broker-dealers. The regulatory environment in which Gilman operates is subject to change. Gilman may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, FINRA, other U.S. governmental regulators or SROs. Gilman also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by the SEC, other federal and state governmental authorities and SROs.

PCS is subject to periodic examination by the SEC, FINRA, SROs and various state authorities. PCS sales practice, operations, recordkeeping, supervisory procedures and financial position may be reviewed during such examinations to determine if they comply with the rules and regulations designed to protect customers and protect the solvency of broker-dealers. Examinations may result in the issuance of letters to PCS, noting perceived deficiencies and requesting PCS to take corrective action. Deficiencies could lead to further investigation and the possible institution of administrative proceedings, which may result in the issuance of an order imposing sanctions upon PCS and/or their personnel.

Gilman's business may be materially affected not only by regulations applicable to Gilman as a financial market intermediary, but also by regulations of general application. For example, the volume and profitability of Gilman's, or its clients' trading activities in a specific period could be affected by, among other things, existing and proposed tax legislation, antitrust policy and other governmental regulations and policies (including the interest rate policies of the Federal Reserve Board) and changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities.

System or network failures or breaches in connection with Gilman's services and products could reduce its sales, impair its reputation, increase costs or result in liability claims, and seriously harm its business.

Any disruption to Gilman's services and products, its own information systems or communications networks or those of third-party providers upon whom Gilman relies as part of its own product offerings, including the internet, could result in the inability of Gilman's customers to receive its products for an indeterminate period of time. Gilman's services may not function properly for any of the following reasons:

- system or network failure;
- interruption in the supply of power;
- virus proliferation;

- security breaches;
- earthquake, fire, flood or other natural disaster; or
- an act of war or terrorism.

Although Gilman has made significant investments, both internally and with third-party providers, in redundant and back-up systems for some of its services and products, these systems may be insufficient or may fail and result in a disruption of availability of its products or services to its customers. Any disruption to Gilman's services could impair its reputation and cause it to lose customers or revenue, or face litigation, customer service or repair work that would involve substantial costs and distract management from operating its business. Failure to comply with laws and regulations that protect customers' personal information could result in significant fines and harm Gilman's brand and reputation.

Gilman manages highly sensitive client information, which is regulated by law. Problems with the safeguarding and proper use of this information could result in regulatory actions and negative publicity, which could adversely affect its reputation and results of operations.

In the event Michael Ryan, Gilman's Chief Executive Officer and President, violates the supervisory restrictions imposed by an SEC Administrative Law Judge, sanctions could be imposed against Mr. Ryan and on Gilman.

On June 25, 2010, an SEC Administrative Law Judge issued a decision which became effective on August 5, 2010 concerning Mr. Ryan prohibiting him from serving in a supervisory capacity with any broker, dealer, or investment advisor, including Gilman's wholly-owned subsidiaries, AFP and PCS, with the right to reapply after one year. Mr. Ryan has not reapplied for a new supervisory license.

Mr. Ryan continues to serve as the President and CEO of Gilman. To insure that Mr. Ryan does not violate the supervisory restrictions contained in the decision, Gilman's board of directors has imposed a restriction on Mr. Ryan that prohibits him from exercising any supervisory authority over PCS and AFP, their activities or representatives, including Gilman's employees in their capacity as PCS representatives. Gilman's board of directors delegated to Carole Enisman, Gilman's former Executive Vice President of Operations and wife of Michael Ryan, any issue that could potentially impact the conduct or employment of a PCS or AFP registered representative in his or her capacity as a PCS or AFP registered representative. Ms. Enisman was instructed that with respect to any such issue, she reported to Gilman's board of directors, and not to Mr. Ryan as President of Gilman Ciocia, Inc. This delegation ended with Ms. Enisman's resignation as an employee of Gilman effective May 31, 2013. The Gilman board of directors intends to delegate this role to another person.

THE GILMAN SPECIAL MEETING

Gilman is furnishing this document to holders of Gilman common stock in connection with the solicitation by Gilman's board of directors of proxies to be voted at the special meeting of Gilman stockholders to be held on , 2013, and at any adjournment or postponement of the meeting.

This document is first being mailed to Gilman's stockholders on or about , 2013. This document is also furnished to Gilman stockholders as a prospectus in connection with the issuance by National of shares of National common stock as contemplated by the merger agreement.

Time, Place and Purpose of the Special Meeting

This proxy statement/ prospectus is being furnished to Gilman stockholders as part of the solicitation of proxies by the Gilman board of directors for use at the special meeting to be held on , 2013, starting at a.m. local time, at the offices of Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32nd Floor, New York, NY 10006, or at any adjournment thereof. At the special meeting, holders of Gilman common stock will be asked to approve the proposal to adopt the merger agreement, to approve the nonbinding advisory proposal regarding "golden parachute" compensation, and to approve the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

Gilman's stockholders must approve the proposal to adopt the merger agreement in order for the merger to be consummated. If Gilman's stockholders fail to approve the proposal to adopt the merger agreement, the merger will not be consummated. A copy of the merger agreement is attached as **Annex A** to this proxy statement/prospectus, which Gilman encourages you to read carefully in its entirety.

Record Date and Quorum

Gilman has fixed the close of business on , 2013 as the record date for the special meeting. You are entitled to receive notice of, and to vote at, the special meeting if you owned shares of Gilman common stock at the close of business on the record date. On the record date, there were shares of Gilman common stock outstanding and entitled to vote. Each share of Gilman common stock entitles its holder to one vote on all matters properly coming before the special meeting.

A majority of the shares of Gilman common stock outstanding at the close of business on the record date and entitled to vote, present in person or represented by proxy, at the special meeting constitutes a quorum for the purposes of the special meeting. Shares of Gilman common stock represented at the special meeting but not voted, including shares of Gilman common stock as to which a stockholder votes to "**ABSTAIN**", as well as "broker non-votes" (as described below), will be counted for purposes of establishing a quorum. A quorum is necessary for stockholders to vote on the proposals to adopt the merger agreement ,to approve the nonbinding advisory proposal regarding "golden parachute" compensation and to adjourn the special meeting to solicit additional proxies. Once a share of Gilman common stock is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for an adjourned special meeting, then a new quorum will be required. In the event that a quorum is not present at the special meeting, it is expected that the special meeting will be adjourned or recessed until a quorum is present.

Attendance

All stockholders of record may attend the special meeting by showing photo identification and signing in at the special meeting. If your shares of Gilman common stock are held through a bank, brokerage firm or other nominee, please bring to the special meeting a copy of your most recent brokerage statement evidencing your beneficial ownership of Gilman common stock. If you are the representative of a corporate or institutional stockholder, please bring to the special meeting proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meeting.

Vote Required

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Gilman common stock entitled to vote thereon. Approval of the nonbinding advisory proposal regarding "golden parachute" compensation and approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies, require the affirmative vote of a majority of the votes cast, in person or proxy, at the special meeting and entitled to vote at the special meeting. For each of these proposals, you may vote "**FOR**", "**AGAINST**" or "**ABSTAIN**".

If you are a stockholder of record and you fail to submit a proxy or to vote in person at the special meeting, your shares of Gilman common stock will not be voted on the proposal to adopt the merger agreement, the advisory proposal regarding the "golden parachute" proposal or the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. Your failure to vote or submit a proxy will have the same effect as a vote **"AGAINST"** the proposal to adopt the merger agreement. An abstention will have the same effect as a vote **"AGAINST"** the proposal to adopt the merger agreement and the proposal regarding the adjournment of the meeting to solicit additional proxies, but will have no effect on the proposal regarding the golden parachute compensation, because the vote is advisory only and nonbinding on Gilman.

If your shares of Gilman common stock are registered directly in your name with Gilman's transfer agent, Corporate Stock Transfer, you are considered, with respect to those shares of Gilman common stock, the "stockholder of record." This proxy statement/ prospectus and proxy card have been sent directly to you by the Gilman.

If your shares of Gilman common stock are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares of Gilman common stock held in nominee or "street name." In that case, this proxy statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of Gilman common stock, the stockholder of record. As the beneficial owner of shares of Gilman common stock held in nominee or "street name," you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting. If you hold your shares of Gilman common stock in nominee or "street name," please contact your bank, brokerage firm or other nominee for their instructions on how to vote your shares. Please note that if you are a beneficial owner of shares of Gilman common stock held in nominee or "street name" and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting.

Banks, brokerage firms or other nominees who hold shares in nominee or "street name" for their customers only have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners, and are precluded from exercising their voting discretion with respect to approving non-routine matters, such as the proposal to adopt the merger agreement, the proposal to approve the nonbinding advisory proposal regarding "golden parachute" compensation and the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

As a result, absent specific instructions from the beneficial owner of such shares of Gilman common stock, banks, brokerage firms or other nominees are not empowered to vote those shares of Gilman common stock on non-routine matters, which Gilman refers to generally as broker non-votes. These broker non-votes will be counted for purposes of determining a quorum, but will have the same effect as a vote **"AGAINST"** the proposal to adopt the merger agreement.

If you are a stockholder of record, you may vote your shares of Gilman common stock on matters presented at the special meeting in any of the following ways:

in person—you may attend the special meeting and cast your vote there; or

by proxy—you may sign and date the enclosed proxy card you receive and return it in the enclosed prepaid reply envelope.

If you are a beneficial owner of Gilman common stock held in nominee or "street name," you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of Gilman common stock voted. Please note that if you are a beneficial owner of Gilman common stock held in nominee or "street name" and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee.

If you choose to submit your proxy by mailing a proxy card, your proxy card must be received by Gilman's Secretary by the time the special meeting begins. **Please do not send in your stock certificates with your proxy card**. If the merger is consummated, a separate letter of transmittal will be mailed to you that will enable you to surrender your stock certificates and receive the per share merger consideration.

If you vote by proxy, regardless of the method you choose to submit a proxy, the individuals named as your proxies on the enclosed proxy card, and each of them, with full power of substitution, will vote your shares of Gilman common stock in the way that you indicate. When completing the enclosed proxy card, you may specify whether your shares of Gilman common stock should be voted "**FOR**" "**AGAINST**" or "**ABSTAIN**", some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares of Gilman common stock should be voted on a matter, the shares of Gilman common stock represented by your properly signed proxy will be voted "**FOR**" the proposal to adopt the merger agreement and "**FOR**" the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies.

IT IS IMPORTANT THAT YOU SUBMIT A PROXY FOR YOUR SHARES OF GILMAN COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE.

Voting and Support Agreements

On June 20, 2013, each of the voting stockholders, entered into a voting and support agreement with National, Merger Sub and Gilman, the voting stockholders agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or approximately 60.6% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. . However, a closing condition of the merger (which can be waived by National) is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law.

A copy of the form of voting and support agreement executed and delivered by each of the voting stockholders is attached to this proxy statement/prospectus as **Annex B.**

Proxies and Revocation

Any stockholder of record entitled to vote at the special meeting may submit a proxy by returning the enclosed proxy card in the accompanying prepaid reply envelope, or may vote in person at the special meeting. If your shares of Gilman common stock are held in nominee or "street name" by your bank, brokerage firm or other nominee, you should direct your bank, brokerage firm or other nominee on how to vote your shares of Gilman common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or to vote in person at the special meeting, or if you vote "**ABSTAIN**", or if you do not provide your bank, brokerage firm or other nominee with voting instructions, your shares of Gilman common stock will not be voted on the proposal to adopt the merger agreement, which will have the same effect as a vote "**AGAINST**" the proposal to adopt the merger agreement.

If you are a stockholder of record, you have the right to revoke a proxy at any time before it is exercised, by submitting a later-dated proxy through any of the methods available to you, by giving written notice of revocation to Gilman's Secretary, which must be received by Gilman at Gilman Ciocia, Inc., 11 Raymond Avenue, Poughkeepsie, NY 12603, or by attending the special meeting and voting in person.

If your shares of Gilman common stock are held through a bank, brokerage firm or other nominee, please contact your bank, brokerage form or other nominee as to its procedures for the revocation of your instructions and/or the giving of new instructions on how to vote the shares held by them on your behalf.

Adjournments

Although it is not currently expected, the special meeting may be adjourned, including for the purpose of soliciting additional proxies, if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement. The special meeting may also be adjourned if a quorum is not present at the special meeting. Other than an announcement to be made at the special meeting of the time, date and place of an adjourned meeting, an adjournment generally may be made without additional notice, unless the adjournment is for more than 30 days or a new record date is fixed.

Anticipated Date of Completion of the Merger

National and Gilman are working towards completing the merger as soon as possible. Assuming timely satisfaction of necessary closing conditions, including the approval by Gilman's stockholders of the proposal to adopt the merger agreement and approval of FINRA National and Gilman currently anticipate that the merger will be consummated during the third quarter of calendar year 2013.

Dissenter's Rights

Under Delaware law, Gilman stockholders have the right to dissent from the merger and to receive payment for the fair value of their shares of Gilman common stock, as determined by the Delaware Chancery Court. This right of appraisal is subject to a number of restrictions and technical requirements. Generally, in order to exercise appraisal rights, a Gilman stockholder must: (1) send to Gilman a written demand for appraisal in compliance with Delaware law before the vote on the merger; and (2) not vote in favor of the merger.

Merely voting against the merger will not protect a Gilman stockholder's rights to appraisal. In order to protect such rights, the stockholder must adhere to all of the requirements set forth under Delaware law. The requirements under Delaware law for exercising appraisal rights are described in further detail in the section entitled "Dissenter's Rights" starting on page 74 of them. The relevant section of Delaware law regarding appraisal rights is reproduced and included as **Annex E** to this proxy statement/prospectus

A person having a beneficial interest in shares of Gilman common stock held of record in the name of another person, such as a broker, bank or other nominee, must act promptly to cause the record holder to follow the steps summarized in this proxy statement/prospectus and in a timely manner to perfect appraisal rights**. In view of the complexity of Section 262 of the DGCL, Gilman stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.**

ANY STOCKHOLDER WHO WISHES TO EXERCISE DISSENTERS RIGHTS OR WHO WISHES TO PRESERVE HIS, HER OR ITS RIGHT TO DO SO SHOULD REVIEW ANNEX E CAREFULLY AND SHOULD CONSULT HIS, HER OR ITS LEGAL ADVISOR, BECAUSE FAILURE TO TIMELY AND FULLY COMPLY WITH THE PROCEDURES SET FORTH THEREIN WILL RESULT IN THE LOSS OF SUCH RIGHTS.

Proxy Solicitations

The Gilman proxy accompanying this proxy statement/prospectus is solicited on behalf of Gilman's board of directors. Gilman will bear the costs of preparing and mailing this proxy statement/prospectus, and Gilman will bear the other costs of the solicitation of proxies from its stockholders. Following the mailing of this proxy statement/prospectus, the directors, officers, employees and agents of Gilman may solicit proxies in person, by mail, or by telephone, facsimile or other electronic methods without additional compensation other than reimbursement for their actual expenses.

Gilman will reimburse brokers, banks, institutions and others holding common stock of Gilman as nominees for their expenses in sending proxy solicitation material to the beneficial owners of such common stock of Gilman and obtaining their proxies.

Stockholders should not send stock certificates or other evidence of shares in book-entry form with their proxies. A letter of transmittal and instructions for the surrender of Gilman stock certificates will be mailed to Gilman stockholders shortly after the completion of the merger, if approved and completed.

Householding

In some instances, only one copy of the notice, this joint proxy statement/prospectus is being delivered to multiple stockholders sharing an address, unless Gilman has received instructions from one or more of its stockholders to continue to deliver multiple copies. Gilman will deliver promptly, upon oral or written request, a separate copy of the applicable materials to a stockholder at a shared address to which a single copy was delivered. If you wish to receive a separate copy of the notice or this joint proxy statement/prospectus you may call Gilman at (845) 485-5278 or send a written request to Gilman Ciocia, Inc., 11 Raymond Avenue, Poughkeepsie, New York 12603, attention Ted Finkelstein, Esq.

Questions and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call Ted Finkelstein, Vice President, Secretary and General Counsel (845-485-5278).

THE MERGER

This section of the proxy statement/prospectus describes material aspects of the proposed merger. For more information regarding the merger agreement, please see "The merger agreement" section of this proxy statement/prospectus starting on page 92. While National and Gilman believe that the description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to Gilman stockholders. You should read the merger agreement and the other documents National and Gilman refer to carefully and in their entirety for a more complete understanding of the merger.

General

National and Gilman has entered into a merger agreement dated as of June 20, 2013 that provides for the merger of Gilman and a wholly-owned subsidiary of National. As a result of the merger, Gilman will become a wholly-owned subsidiary of National and Gilman common stockholders will receive up to 24,000,000 shares (subject to rounding for fractional shares) of National common stock which equates to an exchange ratio of 0.248843451 shares of National common stock for each share of Gilman common stock. Pursuant to the terms of the merger agreement, immediately prior to closing of the merger, the outstanding indebtedness of Gilman may not exceed $5,400,000, which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries, and any amounts in excess of $5,000,000 and up to $5,400,000 (the "Difference") shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reduction in share amount equal to the quotient of the Difference and $0.30 (subject to equitable adjustment for any stock split, reverse stock split, stock dividend, extraordinary cash dividends, reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to National common stock). By way of example, if Gilman's outstanding indebtedness were $5,400,000 immediately prior to closing, this would have the effect of reducing the exchange ratio to approximately 0.23501881466 of a share of National common stock per share of Gilman common stock.

The merger agreement is attached to this proxy statement/prospectus as **Annex A.** The exhibits and schedules to the merger agreement are not included but may be obtained from Gilman upon request.

Background of the Merger

The senior management and board of directors of each of Gilman and National actively monitor and assess developments in the financial services industry and are generally aware of the business activities of others in the industry, including each other's activities.

In addition, on an ongoing basis, the board of directors and senior management of Gilman have evaluated options for achieving Gilman's long-term strategic goals and enhancing stockholder value. These options have included periodic assessments of potential strategic alternatives.

On June 12, 2009, Gilman's board of directors discussed the ongoing evaluation of strategic transaction options. In addition, Gilman's senior management informed the board of directors that National and Gilman commenced discussions concerning a possible merger.

On June 23, 2009, various members of National's senior management gave a presentation to Gilman's board of directors to further the discussions related to a possible merger. Discussions with National continued until around September 2009. Ultimately, these early discussions between Gilman and National ended due to the existence of sizeable amounts of National debt which have since been extinguished.

On May 20, 2010, Gilman's board of directors appointed a special independent committee of the board of directors (the "Special Committee") created for the purpose of investigating merger, acquisition and strategic opportunities. More specifically, the Special Committee's role included exploring various alternative transactions to maximize shareholder value, including (i) partnering with synergistic tax practices or financial services institutions; (ii) strategic mergers or acquisitions; (iii) franchising opportunities; (iv) going private; and (v) other strategic alternatives. The members of the Special Committee are currently John Levy, Frederick Wasserman and Edward Cohen, each of whom has served in such role since the inception of the Special Committee.

On August 1, 2010, Gilman's board of directors authorized the Special Committee to investigate mergers and acquisitions and to retain an advisory firm to do so. Although the Special Committee continued to investigate strategic alternative options, no advisory firm was retained.

On February 10, 2011, Gilman's board of directors discussed the initiation of discussions with a full-service accounting firm ("Prospect A") that proposed a strategic transaction with Gilman and provided an update on negotiations with a financial services company ("Prospect B") that proposed a cash purchase of Gilman's business. The negotiations for the cash purchase of Gilman's business ended after Prospect B decided to purchase another firm.

Beginning in or around April 2011, a merger transaction was proposed between Gilman and a financial services company ("Prospect C") resulting in the entry into of a non-binding term sheet. Although negotiations continued through 2012, the merger did not come to fruition due to Prospect C's desire to pursue alternative opportunities.

On or around April 11, 2011, Prospect A delivered to Gilman a term sheet outlining the key terms of a merger, the terms of which were rejected.

On April 29, 2011, Gilman's board of directors mandated the Special Committee to, among other things, engage financial advisors and legal and other advisors as it deems appropriate and advisable.

On June 27, 2011, as a result of ongoing negotiations related to a strategic transaction with Prospect A, Prospect A delivered to Gilman a new term sheet outlining the key terms of a management buyout. After further negotiation over the terms of the management buyout, Gilman's board of directors rejected the offer and negotiations ceased because of concerns over the value of the consideration offered, the reduced likelihood of the transaction actually closing and serious concerns regarding post-merger integration.

On October 10, 2011, an investment banking firm gave a presentation to Gilman's board of directors concerning their potential role as Gilman's investment banker for a strategic transaction. No engagement resulted from this presentation.

On January 18, 2012, Gilman's board of directors held a conference call with a national brokerage firm ("Prospect D") to discuss a strategic transaction.

On February 28, 2012, Gilman received a non-binding letter of intent from Prospect D to continue negotiations related to a buyout of certain financial advisory assets of Gilman.

On March 1, 2012, Gilman's board of directors met to discuss Prospect D's letter of intent and authorized Gilman's management to countersign the letter of intent.

On March 5, 2012, Gilman and Prospect D entered into the letter of intent, which contained a 90 day exclusivity agreement allowing Prospect D the exclusive rights to enter into a binding buyout transaction with Gilman.

On March 9, 2012, Gilman's board of directors authorized Gilman's management to discontinue the negotiations with Prospect D, as the board of directors did not believe it could successfully consummate the transaction under the terms required by Prospect D.

Beginning in or around July 2012, Gilman met with several investment banking firms in order to discuss strategic alternatives that would strengthen Gilman's business and maximize shareholder value. On July 18 and July 30, 2012, Gilman's board of directors was briefed about Gilman's progress in evaluating the investment banking firms that they had met.

On July 17, 2012, Gilman and Prospect C entered into a mutual non-disclosure agreement and re-engaged in discussions about a possible merger transaction.

On August 3, 2012, upon recommendation of the Special Committee, the board of directors of Gilman authorized Gilman to engage Cassel Salpeter to serve as Gilman's exclusive financial advisor in connection with exploring strategic alternatives, including the proposed sale of all or a substantial portion of Gilman pursuant to the terms of an investment banking agreement. On the same day, Gilman engaged Cassel Salpeter as its financial advisor.

On August 6, 2012, Gilman, with the assistance of Cassel Salpeter, had re-engaged in merger discussions with Prospect C. As a result of these discussions Prospect C and Gilman exchanged due diligence materials.

On August 13, 2012, Cassel Salpeter, on behalf of Gilman, began to contact potential strategic partners and acquirers from a list of financial services and accounting and tax preparation firms with which Gilman previously discussed business combination opportunities and that were already subject to a non-disclosure agreement with Gilman.

45

On August 29, 2012, Cassel Salpeter assisted Gilman in identifying a list of 70 prospects with which to explore a strategic transaction (the “Prospects List”). The Prospects List was comprised of 19 accounting and tax preparation firms and 51 financial services firms. Of the firms on the Prospects List, Gilman had previously discussed business combination opportunities with 12 of the 70 firms.

On September 12, 2012, at the request of Gilman, Cassel Salpeter began initial calls to the firms on the Prospects List that had not already been approached. Based on interest expressed during these calls, a non-disclosure agreement was sent to 37 of the prospective firms.

On September 24, 2012, after entering into talks with a national tax-preparation firm (“Prospect E”), Prospect E delivered to Gilman a non-binding term sheet setting forth detailed terms of a franchising agreement. A definitive agreement was not reached between Gilman and Prospect E because of concerns over price and restrictions placed on Gilman by the franchise agreement.

On October 1, 2012, a confidential information presentation (“CIP”) was finalized. At the direction of Gilman, Cassel Salpeter sent the CIP to the 15 prospective firms that executed the non-disclosure agreements. Many of these prospective firms were provided access to a virtual data room containing due diligence materials for evaluating Gilman’s business.

On October 19, 2012, Prospect C decided not to pursue a potential merger with Gilman for various reasons relating to their business.

On November 12, 2012, Cassel Salpeter, on behalf of Gilman, began to send indication of interest process letters to 12 interested parties. These process letters dictated the timing to submit non-binding indications of interests.

In November 2012 and December 2012, Gilman received indications of interest from 5 interested parties including Prospect G (as defined below).

Between December 19, 2012 and January 8, 2013, Gilman, with the assistance of Cassel Salpeter, hosted meetings and held calls with the management of various interested parties.

On January 28, 2013, at the direction of Gilman, Cassel Salpeter sent letter of intent process letters to three interested buyers (including “Prospect F”). These process letters dictated the timing to submit a letter of intent was to be by February 28, 2013. Gilman, with the assistance of Cassel Salpeter, remained in discussions with several other interested parties while waiting to hear back from these parties.

On February 8, 2013, Prospect F submitted a letter of intent to Gilman.

On February 15, 2013, the Special Committee, after meeting with Cassel Salpeter and reviewing the terms of the letter of intent submitted by Prospect F, authorized Gilman to enter into the letter of intent with a one month no-shop provision and to move forward with negotiating the terms of the transaction contemplated in the letter of intent submitted by Prospect F.

On February 28, 2013, Gilman entered into a letter of intent with Prospect F with a one month no-shop provision. Accordingly, all discussions with other prospective firms were put on hold, despite continued interest from several parties. At the time, Gilman believed that this was the most favorable offer.

On March 7, 2013 and March 12, 2013, Gilman, with the assistance of Cassel Salpeter, held a meeting with Prospect F in Poughkeepsie, NY and Ft. Lauderdale, Florida, respectively, to discuss a potential combination transaction.

On March 27, 2013, Prospect F concluded that they would not move forward with the transaction and the parties agreed to terminate their letter of intent, lifting the no-shop provision.

On April 1, 2013, at the direction of Gilman, Cassel Salpeter started to market the business combination opportunity again to 16 new and old prospective firms. Throughout April 2013, Gilman engaged in discussions with several prospective firms, including National.

On April 23, 2013, a financial services firm (“Prospect G”) re-submitted a non-binding indication of interest to Gilman, the terms of which ultimately were deemed less favorable than the terms later proposed by National.

On May 3, 2013, National submitted a letter of intent to Gilman.

On May 8, 2013, the Special Committee held a meeting by teleconference at which other members of the board, representatives of Cassel Salpeter and Sichenzia Ross Friedman Ference LLP, counsel to Gilman (“Sichenzia Ross”) were present. At the meeting, a strategic transaction update was made and the letter of intent submitted by National was discussed. The Special Committee, after reviewing the terms of the letter of intent submitted by National, recommended to Gilman’s board of directors to authorize Gilman to enter into the letter of intent and move forward with negotiating the terms of the transaction contemplated in the letter of intent submitted by National. Shortly after the meeting of the Special Committee, Gilman’s board of directors unanimously authorized Gilman to enter into the letter of intent. The next day, Gilman and National entered into a letter of intent, which included a no-shop provision. Accordingly, all discussions with other prospective firms were suspended.

On May 10, 2013, the National board of directors held a meeting, which representatives of Troutman Sanders LLP, counsel to National, also attended. At the meeting, Mark D. Klein, National's Co-Executive Chairman and Chief Executive Officer provided the National board with an update of his recent discussions with representatives of Gilman and the execution of the letter of intent. Mark Goldwasser, National's President then provided the National board with a description of Gilman's business, as well as the synergies and cost-savings of the proposed merger. The National board then ratified the actions taken by Mr. Klein with respect to negotiating the terms of the letter of intent and executing the letter of intent.

Beginning on May 15, 2013, National and Gilman began providing due diligence request lists and exchanging due diligence materials. In addition, the senior management of Gilman and National held various in-person meeting and teleconference calls to advance the business combination contemplated by their letter of intent.

On May 28, 2013, the National board of directors held a meeting, which representatives of Troutman Sanders also attended. At the meeting, Mr. Klein informed the Board that the proposed merger with Gilman was proceeding forward and Troutman Sanders was retained to represent National in the merger. The National board also discussed Mr. Klein's initial conversations with Houlihan Capital, LLC ("Houlihan") and the possibility of retaining a financial advisor in connection with the proposed merger. The National board discussed the type of services to be provided, including analytical services, as well as other customary financial advisory services. Based on the foregoing, the National board authorized the formal retention of Houlihan in connection with the merger. Subsequent to the meeting National and Houlihan negotiated the terms and conditions of an engagement letter and subsquently executed on engagement letter.

On May 28, 2013, Troutman Sanders began drafting a merger agreement between National, Merger-Sub and Gilman and the voting and support agreements between National, Merger Sub and the voting stockholders.

On June 3, 2013 and June14, 2013, Troutman Sanders distributed a draft of the merger agreement and voting and support agreement, respectively to Sichenzia Ross, and through to their signing on June 20, 2013, National and Gilman negotiated the merger agreement, the voting and support agreement and ancillary agreements and documents.

On June 4, 2013, Gilman's board of directors unanimously approved a resolution to formally engage Sichenzia Ross to provide legal representation in connection with the proposed merger that was being negotiated with National.

On June 7, 2013, Gilman's board of directors held a meeting by teleconference. At the meeting, the board discussed and reviewed retaining Cassel Salpeter to provide an opinion as to the fairness, from a financial point of view, to the holders of Gilman common stock of the exchange ratio in the proposed merger that was being negotiated with National in accordance with the investment banking agreement previously entered into with Cassel Salpeter. Following discussion, the board approved a motion approving the retention of Cassel Salpeter to provide such opinion.

On June 18, 2013, the National board of directors met by conference call to further discuss and consider the merger agreement and the merger. Representatives of Houlihan attended the meeting. The board discussed in detail the advantages and disadvantages of the merger, including those described in "*The Merger—National's Reasons for the Merger*, including, among other things, the directors' knowledge of National's business, financial condition, results of operations, and prospects. Representatives of Houlihan then reviewed its financial analyses and methodologies with regard to the merger which are described under *"The Merger—Opinion of National's Financial Advisor*. The National board then asked and Houlihan answered questions concerning its analyses, information considered by it, and the results of the analyses.

On June 19, 2013, after various discussions and negotiations, the senior management of Gilman and National substantially completed a draft Agreement and Plan of Merger ("Draft Merger Agreement") by and among National, Merger Sub and Gilman. Pursuant to the Draft Merger Agreement, at the closing, Gilman would merge with and into Merger Sub. As a result of such merger, Gilman would be the surviving entity and a wholly-owned subsidiary of National. In accordance with the Draft Merger Agreement, each issued and outstanding common stock of Gilman would convert into the right to receive 0.248843451 shares of common stock of National (the "Proposed Exchange Ratio"). However, National, in no event, would be obligated to issue its common stock in excess of 24,000,000 shares. Pursuant to the terms of the Draft Merger Agreement, National would assume the outstanding indebtedness of Gilman, which indebtedness may not exceed $5,400,000 (excluding any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries) immediately prior to the closing of the merger. Furthermore, any amounts of indebtedness in excess of $5,000,000 and up to $5,400,000 (the "Difference") shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reductions in share amounts equal to the quotient of the Difference and $0.30 (subject to equitable adjustment for any stock split, reverse stock split, stock dividend, extraordinary cash dividends, reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to National common stock).

On June 19, 2013, Gilman's board of directors and the Special Committee held a joint meeting by conference call. During the meeting, at the request of the board of directors, Cassel Salpeter reviewed its financial analyses with respect to Gilman and the proposed merger. Thereafter, at the request of the Gilman board, Cassel Salpeter rendered its oral opinion (which opinion was subsequently confirmed in writing by the delivery of Cassel Salpeter's written opinion dated the same date) to the effect that as of such date, and based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Cassel Salpeter in preparing its opinion, the Proposed Exchange Ratio in the merger pursuant to the merger agreement was fair, from a financial point of view, to the Gilman stockholders. The full text of the written opinion of Cassel Salpeter, which describes, among other things, the assumptions, qualifications, limitations and other matters considered in connection with the preparation of its opinion is attached as **Annex C**. During the meeting, the board also received an update on the results of the due diligence process relating to the proposed merger, the material terms of the Draft Merger Agreement were discussed, including those related party transactions described in *"The Merger—Interests of Directors and Executive Officers in the Merger"* and representatives of Sichenzia Ross discussed with the board of directors its fiduciary duties in connection with the proposed merger. After a discussion about the terms of the Draft Merger Agreement and other ancillary matters related to the merger contemplated therein and after taking into account all of the factors which had been considered by the board of directors at this meeting, and all of its other meetings, including, without limitation, those described in *"The Merger—Gilman's Reasons for the Merger"* below, Gilman's board of directors and the Special Committee determined that the merger is advisable and fair to and in the best interests of Gilman's shareholders and adopted resolutions authorizing Gilman to enter into the merger agreement substantially in the form of the Draft Merger Agreement and the transactions contemplated thereby. The board also approved the voting and support agreements.

On June 20, 2013, the National board of directors met again by conference call to further discuss and consider the merger agreement and the merger. Representatives of Troutman Sanders and representatives of Houlihan attended the meeting. At the meeting, the board again considered in detail the matters discussed and considered at the June 18, 2013 meeting. Representatives of Troutman Sanders summarized the principal terms and conditions of the form of Draft Merger Agreement, as well as the voting and support agreements and discussed with the board of directors its fiduciary duties in connection with the proposed merger. Representatives of Houlihan then reviewed its financial analyses and methodologies with regard to the merger which are described under *"The Merger—Opinion of National's Financial Advisor*. Houlihan then delivered its oral opinion, subsequently confirmed in writing, that, based upon and subject to the various assumptions and limitations to be set forth in the written opinion, a draft of which was presented to the directors, the per share merger consideration is fair, from a financial point of view, to the holders of National common stock. The full text of the written opinion of Houlihan, which describes, among other things, the assumptions, qualifications, limitations and other matters considered in connection with the preparation of its opinion is attached as **Annex D**. After considering the proposed terms of the merger agreement and the presentations of its advisors, including Houlihan's fairness opinion provided to the National board of directors, and taking into account all of the factors which had been considered by the board of directors at this meeting, the June 18, 2013 meeting and all of its other meetings, including, without limitation, those described in *"The Merger—National's Reasons for the Merger"* below, the National board approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair to, and in the best interests of National and its stockholders. The board also approved the voting and support agreements.

On June 20, 2013, National, the Merger Sub and Gilman entered into the Agreement and Plan of Merger and related agreements and on June 21, 2013 National and Gilman issued a joint press release announcing the execution of the merger agreement.

National’s Reasons for the Merger

Before approving the merger agreement, the National board of directors consulted with Houlihan Capital, LLC, its financial advisor, outside legal advisors and with National's senior management team. The National board of directors believes that the merger is advisable and in the best interests of its stockholders. In reaching its decisions, the National board of directors considered a variety of factors, including the following:

- the merger of National and Gilman will potentially result in (i) client assets of $9.0 billion, an increase of 57% from $5.7 billion; (ii) annual revenue of approximately $157.0 million, up 32% from $119 million; (iii) RIA assets of $1.3 billion, an increase of 31% from $1.0 billion; and (iv) the number of National’s registered representatives of over 825, an increase of 21% from 680;

- the merger will add recurring revenues from managed monies and packaged products to further counter balance more cyclical transactional revenues;

- the merger will expand National into a new line of business in tax preparation and bring in needed personnel in areas such as insurance and mutual funds;

- the merger will result in anticipated cost savings by eliminating duplicative expenses associated with public company and broker dealer compliance; and

- the financial analyses and oral opinion, subsequently confirmed in writing, of Houlihan to the National board of directors that, as of June 20, 2013, the per share merger consideration is fair, from a financial point of view, to the holders of Gilman common stock as more fully described below.

National’s board of directors also considered a variety of potential risks and detriments in its consideration of the merger agreement, including the following:

- Gilman’s history of operating losses;

that the announcement and pendency of the merger could result in the disruption of National’s business, including the possible diversion of management and employee attention;

that if the merger is not completed, National may be adversely affected due to potential disruptions in its operation;

that National is subject to restrictions on the conduct of its business prior to the consummation of the merger requiring it to conduct its business in the ordinary course consistent with past practice, subject to specified limitations, which may delay or prevent it from undertaking business opportunities that may arise during the pendency of the merger, whether or not the merger is completed; and

the risk that, while the merger is expected to be completed, there can be no assurance that all conditions to the parties’ obligations to complete the merger will be satisfied, and as a result, it is possible that the merger may not be completed even if approved by Gilman’s stockholders

The foregoing discussion of the factors considered by the National board is not intended to be exhaustive, but includes the material factors considered by the National board. In view of the large number of factors considered by the National board in connection with the evaluation of the merger agreement and the merger and the complexity of these matters, the National board did not consider it practicable to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching a decision, nor did the National board evaluate whether these factors were of equal importance. In addition, each member of the board may have given different weight to the various factors. The National board’s determinations were based upon the totality of the information considered.

Opinion of National’s Financial Advisor

National retained Houlihan to act as its financial advisor in connection with the transaction pursuant to which National acquired 100% of the common stock of Gilman. Houlihan is an investment banking firm that is regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, corporate restructurings, and private placements, as well as for corporate and other purposes. National selected Houlihan as its financial advisor on the basis of Houlihan’s experience in performing similar analyses in the context of similar matters, Houlihan’s standing and reputation in the investment community, as well as Houlihan’s familiarity with National, Gilman, and the relevant industry of operations.

On June 20, 2013 Houlihan made a presentation and delivered a written opinion dated June 20, 2013 to National, stating that, as of that date, based upon and subject to the information considered, analyses performed, assumptions made, and limiting conditions for Houlihan’s work (as set forth in Houlihan’s opinion and engagement letter for its assignment), the acquisition of 100% of the common stock of Gilman by National for a total enterprise value consideration of $12.5 million (the “Transaction”) was fair, from a financial point of view, to the shareholders of National.

For purposes of Houlihan's opinion, Houlihan was advised by National's management that the composition of the consideration is 25 million shares of National worth approximately $0.30 per share issued to Gilman and the retirement of $5 million of debt that Gilman represents will be all of the outstanding debt on its balance sheet at the closing of the transaction. Therefore, the total enterprise value consideration of the transaction is approximately $12.5 million, and the total equity value consideration ("Equity Consideration") is approximately $7.5 million. Furthermore, Houlihan was advised that the composition of the consideration as described above may change depending on Gilman's actual outstanding debt at the closing of the transaction and/or the implementation of an option incentive plan for certain key employees of Gilman.

The full text of Houlihan's opinion is attached as Annex D to this proxy statement/prospectus. Houlihan's opinion details the procedures followed, information considered, analyses performed, assumptions made, and qualifications and limitations on the work undertaken by Houlihan in rendering its opinion. The description of Houlihan's opinion set forth below is qualified in its entirety by reference to the full text of Houlihan's opinion, as attached. National's shareholders are urged to read Houlihan's entire opinion carefully in connection with informing themselves about the proposed transaction and the expected effects of such on the shareholders of National.

Houlihan's opinion was rendered, and provides Houlihan's understanding and conclusions, only as of the date of its opinion. Houlihan's opinion was necessarily based upon financial, economic, market and other conditions as they existed, and could be evaluated, as of the date of its opinion, including Houlihan's understanding of the transaction, as represented at that time by National's management. Events occurring after the date of Houlihan's opinion could materially affect Houlihan's opinion. Houlihan has not undertaken to update, revise, reaffirm, or withdraw its opinion, nor has it otherwise commented upon events that have occurred, after the date of its opinion. National has not obtained, nor will it obtain, an updated fairness opinion from Houlihan to reflect any differences in circumstances or financial, economic, market, or other conditions as of the date that the transaction is completed. Houlihan's fairness opinion was approved by Houlihan's internal fairness committee upon review.

Houlihan's opinion does not constitute a recommendation as to whether National should complete the transaction.

Process

In arriving at its opinion, Houlihan reviewed and analyzed all of the information that it deemed necessary and appropriate. In particular, Houlihan:

Houlihan held discussions and had other communications with certain members of National's and Gilman's management regarding the transaction, as well as the historical financial results of and the outlook for National and Gilman's businesses;

Reviewed a Confidential Information Presentation prepared for National by Gilman with the assistance Cassel Salpeter, dated October 2012;

Reviewed a Letter of Intent addressed to Cassel Salpeter, written by National and agreed and accepted by Gilman, regarding the National's indication of interest to acquire 100% of the common stock of Gilman, dated May 9, 2013;

Reviewed certain balance sheets forecasting Gilman's projected debt at the closing of the transaction;

Reviewed a draft Agreement and Plan of Merger among National, Merger Sub and Gilman, dated June 7, 2013;

Houlihan obtained, reviewed, and/or analyzed certain information relating to the historical, current, and future operations of National and Gilman including, but not limited to, the following:

- o The latest reports on SEC Form 10-Q and SEC Form 10-K, as well as other relevant publicly available documents, as filed with the SEC;

- o Projected financial results for National for the fiscal year ended September 30, 2013, excluding any cash flow or balance sheet projections, prepared by National management; and

- o Projected financial results for Gilman for the fiscal years ending June 30, 2013 through 2018, excluding any cash flow or balance sheet projections, prepared by the Gilman's management.

Houlihan obtained, reviewed, and/or analyzed information regarding the industry in which National and Gilman operate, which included a review of, but was not necessarily limited to, the following:

- o Certain industry research, such as analyst reports and data available from various financial research databases; and

- o Information regarding certain guideline publicly traded companies considered reasonably comparable to National and/or Gilman.

Houlihan reviewed certain other relevant, publicly available information, including economic, industry, and information specific to National and/or Gilman, as deemed reasonable and pertinent to this engagement and the associated analyses.

Houlihan developed indications of value for National and Gilman using generally accepted valuation methodologies, utilizing information and sources including, but not necessarily limited to, those described above.

As noted above, Houlihan held discussions and had other communications with National's management, as well as National's legal advisors, concerning National's and Gilman's business and operations, assets, liabilities, present conditions, and future prospects. Further, Houlihan undertook such other studies, analyses, and investigations, as Houlihan deemed relevant and appropriate to perform its assignment.

In preparing its opinion, Houlihan assumed and relied upon the accuracy and completeness of, and did not independently verify, the information supplied or otherwise made available to Houlihan by National and Gilman and National's advisors, discussed with or prepared for Houlihan, or as was publicly available, and did not make any independent verification of any such information. Houlihan further relied upon the assurance of National's management and National's advisors that they were unaware of any facts or circumstances that would make such information substantially incomplete or misleading.

Houlihan did not subject such information to either (i) any independent review by Houlihan or a third party of any kind, or (ii) an audit in accordance with generally accepted auditing standards, such as pursuant to U.S. generally accepted accounting principles, or the Statement on Standards for Prospective Financial Information issued by the American Institute of Certified Public Accountants. Further, the preparation of Houlihan's opinion did not include a review of any of National's day-to-day business operations, transactions, or books and records, and cannot be expected to identify any errors, irregularities, or illegal acts, including fraud or defalcations, of National that may exist.

In addition, Houlihan assumed and relied upon the reasonableness and accuracy of National's and Gilman's financial projections, forecasts, and analyses provided to Houlihan, and assumed that such projections, forecasts, and analyses were reasonably prepared in good faith and on a basis reflecting the best available judgments and estimates of National's management. Accordingly, Houlihan did not express an opinion or any other form of assurance regarding the accuracy, completeness, or correctness of such information (or, in the case of projections, forecasts, and analyses the assumptions upon which such were based and their achievability).

Houlihan's opinion was necessarily based upon economic, market, and other conditions and circumstances as they existed and could be evaluated as of the date of Houlihan's opinion. Although such conditions and circumstances may have changed or may change in the future, Houlihan neither has, nor had, any obligation to update, revise, or reaffirm its opinion to take into account such potential changes. Further, Houlihan expressed no opinion, and does not and will not express an opinion, as to the fairness of any consideration paid, or any other matters, in connection with any other agreements ancillary to the transaction or any other transaction, unless separately engaged to express such an opinion. Specifically, Houlihan expressed no opinion as to the fairness of the amount or nature of any compensation to any of National’s management, officers, directors, or employees to be received by such parties in connection with or as a result of the transaction or any other matters.

In determining its opinion, Houlihan did not conduct a physical inspection of the properties and facilities of National or Gilman, and did not review any of the books and records of National or Gilman (other than the historical financial statements, as described above). Houlihan neither made nor obtained any evaluations or appraisals from a third party of National’s or Gilman’s assets. Houlihan’s opinion assumed that the transaction would be completed without waiver or modification, by any party thereto, of any of the material terms or conditions, as communicated to Houlihan by National’s management during Houlihan’s procedures to determine its opinion, and that the final form of the transaction would be substantially similar in all material respects to terms and conditions considered by Houlihan in forming its opinion.

Houlihan did not provide advice concerning the structure, or terms and conditions, or the transaction. Houlihan expressed no opinion, and does not express an opinion, as to whether any alternative transaction might have resulted in terms and conditions more favorable to National or its shareholders than those contemplated by the transaction.

In connection with rendering its opinion, Houlihan performed certain financial, comparative, and other analyses, as summarized below. Each of the analyses conducted by Houlihan was carried out to provide a particular perspective of the Equity Consideration contemplated by the transaction and to enhance the total mix of information available. Houlihan did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to the fairness, from a financial point of view, to National's existing shareholders of the Equity Consideration, but rather considered such analyses in the aggregate to determine its opinion.

Further, the below summary of Houlihan's analyses is not a complete description of the analyses underlying Houlihan's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the particular work steps and assumptions involved in the application of those methods to the particular facts and circumstances. As a result, a fairness opinion is not readily susceptible to partial analysis or summary description. In determining its opinion, Houlihan made certain qualitative judgments as to the relevance of each analysis and with respect to various factors that it considered, as is typical within professional valuation practice.

In addition, Houlihan may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, such that the range of valuations resulting from any particular analysis described below should not be taken to be Houlihan's view of the value of National's or Gilman's assets. The estimates contained in Houlihan's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses or assets are intended to represent a reasonable range of indicated going concern values in their current use and neither purport to be appraisals nor do they necessarily reflect the prices at which businesses or assets may actually be sold. Accordingly, Houlihan's analyses and estimates are inherently subject to substantial uncertainty. Houlihan's analyses must be considered as a whole. Selecting portions of Houlihan's analyses or the factors considered therein, without considering all of Houlihan's analyses and factors collectively, could create an incomplete or misleading view of the processes underlying, and the conclusions determined through, the analyses performed by Houlihan.

The below summaries of Houlihan's financial reviews and analyses include information presented in tabular format. In order to fully understand Houlihan's financial reviews and analyses, the below tables must be read together with the accompanying text of each summary, and moreover should be considered in the context of and with an understanding of Houlihan's full opinion, as attached hereto as Annex D. The tables alone do not constitute a complete description of the financial analyses, such as the methodologies and assumptions underlying the analyses, and, if viewed in isolation, could create an incomplete or misleading view of the financial analyses performed by Houlihan.

Houlihan's opinion regarding the Equity Consideration contemplated by the transaction was just one of the many factors taken into account by the shareholders in making its determination to approve the transaction, including those described elsewhere in this proxy statement.

Fairness to Existing Shareholders of National

In arriving at its fairness opinion, Houlihan performed a guideline public company analysis and a capitalization of earnings analysis to determine a fair value range for the equity value of National. In addition, Houlihan performed a guideline public company analysis, a discounted cash flow analysis and a capitalization of earnings analysis to determine a fair value range for the equity value of Gilman. Houlihan compared the Equity Consideration to be paid in connection with the contemplated Transaction to the ranges of value indicated by the distinct analyses described below under "Guideline Public Company Analysis", "Capitalization of Earnings Analysis" and "Discounted Cash Flow Analysis". The Equity Consideration was considered to be within a reasonable range of the per-share valuation ranges indicated by Houlihan's guideline public company, discounted cash flow and capitalization of earnings analyses. On this basis, Houlihan concluded that it was of the opinion that the Equity Consideration to be paid in connection with the contemplated transaction was fair, from a financial point of view, to the existing shareholders of National.

Guideline Public Company Analysis – National

A guideline public company analysis reviews the trading multiples of publicly traded companies that are considered reasonably similar to the subject company with respect to industry of operation (business and revenue model), operating characteristics, and, often to a lesser extent, size. Houlihan identified eight guideline public companies that were considered broadly similar to National.

Ticker	Name
AMEX:ICH	Investors Capital Holdings, Ltd.
AMEX:LTS	Ladenburg Thalmann Financial Services Inc.
NYSE:OPY	Oppenheimer Holdings Inc.
NYSE:PJC	Piper Jaffray Companies
NasdaqCM:SIEB	Siebert Financial Corp.
OTCPK:SFNS	Summit Financial Services Group Inc.
NYSE:SWS	SWS Group, Inc.
OTCPK:ZGCO	The Ziegler Companies, Inc.

It was not possible to identify guideline public companies with characteristics identical to National. National's primary competitors are all either privately held companies or operate as divisions of larger, more diversified organizations for which no market value has been established for the specific division that competes with National. As a result, it is not possible to use such direct competitors as a basis for a comparable company analysis to determine an indicated market value for National. Therefore, Houlihan identified other guideline public companies that are broadly similar to National, but, again, cannot be considered identical to National. Houlihan notes that this is common practice in the professional valuation industry and is considered a generally accepted valuation methodology, since exactly comparable public companies can rarely be identified.

The guideline public companies used by Houlihan were those that most closely resembled National in terms of operating and risk characteristics as of the date of Houlihan's analysis. In selecting guideline public companies, Houlihan searched for companies engaged in similar lines of business, with similar product/service offerings, customers, and operating and margin structure.

Houlihan calculated multiples of: price divided by adjusted earnings ("Price / LTM Earnings") and price divided by book value ("Price / LTM Book Value") and have applied the multiples to the following metrics, respectively:

Earnings (Adjusted EBIT less Income Taxes) for the LTM period; and

Book Value for the most recent period reported.

The valuation multiples observed within Houlihan's guideline public company analysis are summarized in the following table:

National Holdings Corporation
Guideline Public Company Analysis - Valuation Multiples

		Price / Normalized Earnings			Price / BV
Ticker	**Company Name**	**LTM**	**2014E**	**2015E**	**LTM**
AMEX:ICH	Investors Capital Holdings, Ltd.	NM	N/A	N/A	3.6x
AMEX:LTS	Ladenburg Thalmann Financial Services Inc.	NM	N/A	N/A	5.6x
NYSE:OPY	Oppenheimer Holdings Inc.	10.6x	21.7x	20.7x	0.5x
NYSE:PJC	Piper Jaffray Companies	11.6x	13.8x	12.5x	0.7x
NasdaqCM:SIEB	Siebert Financial Corp.	NM	N/A	N/A	1.1x
OTCPK:SFNS	Summit Financial Services Group Inc.	8.6x	N/A	N/A	1.6x
NYSE:SWS	SWS Group, Inc.	NM	NM	48.7x	0.5x
OTCPK:ZGCO	The Ziegler Companies, Inc.	16.7x	N/A	N/A	1.0x
	Max	16.7x	21.7x	48.7x	5.6x
	75th Percentile	12.9x	19.7x	34.7x	2.1x
	Mean	11.9x	17.7x	27.3x	1.8x
	Median	11.1x	17.7x	20.7x	1.0x
	25th Percentile	10.1x	15.7x	16.6x	0.7x
	Min	8.6x	13.8x	12.5x	0.5x

Houlihan noted that relative to the guideline public companies, National is smaller (e.g., operating revenue, operating EBITDA, total assets), has similar profitability, historical growth, geographical diversification, and access to capital markets / financing, but has a much lower level of leverage (National has no debt). In general, National compares similar to the guideline public companies in terms of profitability, growth, and risk. Based on a review of the financial statistics and consideration of qualitative factors, National appears to represent a similar investment risk relative to the guideline public companies as a group.

In its guideline public company analysis for National, Houlihan applied multiples of Price to LTM Book Value and Earnings. The LTM period that Houlihan relied upon was ended March 31, 2013, which was the most recent historical period of data available. Based on the public company trading data and the considerations noted above, Houlihan concluded that reasonable valuation multiples to estimate a going-concern value for National would approximate range between the minimum and median Adjusted Net Income multiples and the median and 75th percentile for book value multiples as indicated by the guideline public company peer group identified. As a result, Houlihan selected the following multiples to apply to its guideline public company analysis:

	Price / LTM Book Value	**Price / LTM Earnings**
Selected Multiples - Low	1.90x	9.00x
Selected Multiples - High	2.20x	10.50x

Houlihan calculated the product of National's respective selected multiples stated above to determine a range of indicated equity values for National. National's financial metrics incorporated within the calculations represent non-controlling-interest level cash flows, a control premium of 20.0% was applied, based on the weighted average median control premium indicated by Houlihan's control premium study. Finally, Houlihan divided National's indicated range of equity values by the number of total shares outstanding to determine the indicated range of per-share equity values for National. It is common and generally accepted practice for financial advisors to develop a range of indicated values in this manner to account for the fact that it is difficult, if not impossible, to place an exact value on a company. The range of indicated equity values for National resulting from Houlihan's guideline public company analysis are presented in the following table:

	Indicated Equity Value Range	
Multiples	**Low**	**High**
Price / Book Value (millions)	$ 24.97	$ 28.91
Price / LTM Earnings (millions)	$ 24.59	$ 28.69

Please be advised that none of the guideline public companies identified and included within Houlihan's analysis have characteristics identical to National. An analysis of guideline public companies is not purely mathematical; rather it involves complex considerations and professional judgments concerning differences in financial and operating characteristics between those of National and the guideline public companies analyzed, as well as other internal and external factors that could affect the public trading prices of the guideline public companies and, therefore, the implied valuation multiples derived from such.

Because of the differences between National and the guideline public companies, Houlihan did not place a significant amount of weight on the results of its guideline public companies analysis. However, Houlihan does believe that this valuation methodology produced a range of indicated values for the shares that supports its overall conclusion within the broader context of its entire analysis and should be considered in conjunction with the results of the other valuation methodologies that Houlihan applied.

In summary, utilizing a reasonable range of the valuation multiples indicated by the guideline public companies identified (as adjusted for comparability between National and the guideline public companies), Houlihan calculated a range of indicated equity values for National. A summary of the results of Houlihan's guideline public company analysis is as follows:

	Indicated Equity Value Range
Indicated Equity Value (millions)	$ 25.00 to $ 29.00
Indicated Equity Value Per Share	$ 0.28 to $ 0.33

Capitalization of Earnings Analysis - National

A capitalization of earnings analysis estimates the value of a subject company or a subject company's equity when a representative level of the expected earnings of a business can be estimated and this level of earnings is expected to increase at a constant rate in the future. A capitalization of earnings analysis is dependent on historical financial results and is also dependent on numerous industry-specific and macroeconomic factors. To compensate the investor for the level of risk associated with receiving the expected earnings, the investor expects to receive a rate of return that measures the risk associated with investing in the ownership interest in the business. A capitalization rate measures the rate of return that the investor would expect to receive less the long-term growth rate in the earnings.

The first step in a capitalization of earnings analysis is to determine the cash flow available to invested capital of the subject company. In this instance, Houlihan relied upon historical results for year-ended September 30, 2012 and March 31, 2013 and a forecast prepared and provided by National's management as of September 30, 2013.

Further, Houlihan considered National's historical capital expenditures and net working capital levels. The Company's capital expenditures are expected to remain low and stable, which were determined in conjunction with Management's representation of future capital expenditures expectations. Net working capital levels for National have historically been slightly negative (current liabilities excluding debt have exceeded current assets excluding cash, cash equivalents, available-for-sale securities, and short-term investments) which led Houlihan to apply no working capital requirements. Some assumptions as included in Houlihan's analysis inevitably will not materialize and unanticipated events and circumstances may occur, which may cause National's actual results to vary materially from the assumptions applied in Houlihan's analysis. A summary of the cash flow available to invested capital is as follows:

	Year-Ended			
Capitalization of Earnings Method	**9/30/2012**	**3/31/2013**	**9/30/2013**	**Selected**
Adjusted Net Income	**$1.53**	**$ 3.35**	**$ 2.47**	**$ 2.45**

Less: Capital Expenditures	0.60
Less: Additions in Working Capital	0.00
Cash Flow Available to Invested Capital	**$ 1.85**

The second step in a capitalization of earnings analysis is to determine a reasonable capitalization rate. For purposes of Houlihan's analysis, the appropriate capitalization rate is a weighted average cost of capital ("WACC"), calculated using estimates of National's required rate of return on equity capital and after-tax required rate of return on debt capital (in this instance, National had no debt, so no actual cost of debt was available for National and no debt was included in the model capital structure to calculate National's estimated WACC) less a long-term growth rate.

Houlihan employed a range of capitalization rates based on National's estimated WACC. Houlihan determined National's estimated cost of equity of 18.0% utilizing the build-up method, based on data published by Ibbotson Associates. Houlihan would typically prefer the use of the Capital Asset Pricing Model ("CAPM"); however, the infrequent and illiquid trading of the shares of certain companies in the peer group distorted the calculation of Beta, an important measure of relative risk to the overall market in the CAPM.

Houlihan utilized the 20-year U.S. Treasury Bond yield and market equity risk premium data, as of the date of its analysis. Within the build-up formula, the industry risk premium is a measure of the risk of a particular investment relative to the market for all investment assets. Houlihan analyzed the industry risk premia for companies within National's industries, and determined an industry risk premium of 2.75%. It is well established in the valuation industry that smaller companies require a higher rate of return. In Houlihan's analysis of National, Houlihan applied a 6.03% size premium, based on decile 10 published in the 2013 Ibbotson SBBI Valuation Yearbook. Houlihan did not apply a company-specific risk premium in its build-up calculation for National, since Management represented that the financial results reflected the specific cash flows expected for National. Houlihan also estimated an after-tax cost of debt for National utilizing the published composite yield on Moody's Baa-rated corporate bonds, as of the date of Houlihan's analysis, and the 40% tax rate. However, Houlihan applied a capital structure of 100% equity and 0% debt to calculate National's estimate WACC, consistent with National's actual and historical capital structure. As a result, the estimated after-tax cost of debt did not impact the WACC calculated for National.

Houlihan estimated a long-term growth rate of 3.0% for determining National's capitalization rate. The long-term growth rate was based on estimates of projected U.S. GDP growth, inflation, and industry growth rates, as well as historical average and median measures of such macro-economic growth rates. Utilizing the base long-term growth rate of 3.0%, a low and high range of long-term growth rates was estimated to be 0.0% and 3.0%.

Houlihan calculated a range of indicated market value of invested capital excluding cash by dividing cash flow available to invested capital by the capitalization rates. Finally, National's cash and cash equivalents are added and any interest bearing debt is subtracted to determine the indicated value of the National's equity. It is common and generally accepted practice for financial advisors to develop a range of indicated values in this manner to account for the fact that it is difficult, if not impossible, to place an exact value on a company. A summary of the results of Houlihan's capitalization of earnings analysis is as follows:

	Indicated Equity Value Range
Indicated Equity Value (millions)	$ 26.00 to $ 28.00
Indicated Equity Value Per Share	$ 0.29 to $ 0.32

Miscellaneous Considerations - National

No single guideline public company utilized as a comparison in the above analyses (including for purposes of Houlihan's guideline public company analysis or capitalization of earnings analysis) is identical to National, and an evaluation of the results of the above referenced analyses is not entirely mathematical. Criteria used to select the peer group guideline public companies for use in the above referenced analyses, as well as to select valuation multiples based on relative characteristics, are inherently subjective. Further, the analyses involve complex considerations and professional judgments concerning relative financial performance, operating characteristics, and other factors that could affect the public trading or other values of the applicable companies, businesses, or transactions analyzed. The above referenced analyses were prepared solely for purposes of Houlihan providing an opinion as to the fairness to

National's existing shareholders, from a financial point of view, of the Equity Consideration contemplated by the proposed Transaction and Houlihan does not purport these analyses to be appraisals or the prices at which companies, assets, or securities actually may be sold, which are inherently subject to uncertainty.

Guideline Public Company Analysis - Gilman

A guideline public company analysis reviews the trading multiples of publicly traded companies that are considered reasonably similar to the subject company with respect to industry of operation (business and revenue model), operating characteristics, and, often to a lesser extent, size. Houlihan identified eleven guideline public companies that were considered broadly similar to Gilman.

Ticker	Name
NYSE:HRB	H&R Block, Inc.
AMEX:ICH	Investors Capital Holdings, Ltd.
NasdaqGM:TAX	JTH Holding, Inc.
AMEX:LTS	Ladenburg Thalmann Financial Services Inc.
OTCBB:National	National Holdings Corporation
NYSE:OPY	Oppenheimer Holdings Inc.
NYSE:PJC	Piper Jaffray Companies
NasdaqCM:SIEB	Siebert Financial Corp.
OTCPK:SFNS	Summit Financial Services Group Inc.
NYSE:SWS	SWS Group, Inc.
OTCPK:ZGCO	The Ziegler Companies, Inc.

It was not possible to identify guideline public companies with characteristics identical to Gilman. In the selection of the guideline public companies, Houlihan noted that Gilman derives approximately 20% of its revenues from tax preparation services and 80% from financial planning services, including brokerage. Within the universe of publicly traded companies, only two companies mainly involved in tax preparation were identified, one of which is significantly larger than Gilman. Nevertheless, it was determined that these companies should be included in the peer group, at least for illustration purposes. The other companies in the peer group are each involved in the investment banking/brokerage industry, with a significant portion of revenue being derived from broker-dealer activity. The majority of Gilman's competitors within the brokerage industry are all either privately held companies or operate as divisions of larger, more diversified organizations for which no market value has been established for the specific division that competes with Gilman. As a result, it is not possible to use such direct competitors as a basis for a comparable company analysis to determine an indicated market value for Gilman. Therefore, Houlihan identified other guideline public companies that are broadly similar to Gilman, but, again, cannot be considered identical to Gilman. Houlihan notes that this is common practice in the professional valuation industry and is considered a generally accepted valuation methodology, since exactly comparable public companies can rarely be identified.

The guideline public companies used by Houlihan were those that most closely resembled Gilman in terms of operating and risk characteristics as of the date of Houlihan's analysis. In selecting guideline public companies, Houlihan searched for companies engaged in similar lines of business, with similar product/service offerings, customers, and operating and margin structure.

Houlihan calculated multiples of: price divided by adjusted earnings ("Price / LTM Earnings") and price divided by book value ("Price / LTM Book Value") and have applied the multiples to the following metrics, respectively:

Earnings (Adjusted EBIT less Income Taxes) for the LTM period; and

Book Value for the most recent period reported.

The valuation multiples observed within Houlihan's guideline public company analysis are summarized in the following table:

Gilman Ciocia, Inc.

Guideline Public Company Analysis - Valuation Multiples

	Price / Normalized	Price / BV

		Earnings			
Ticker	**Company Name**	**LTM**	**2014E**	**2015E**	**LTM**
NYSE:HRB	H&R Block, Inc.	17.9x	15.5x	13.6x	6.2x
AMEX:ICH	Investors Capital Holdings, Ltd.	NM	N/A	N/A	3.6x
NasdaqGM:TAX	JTH Holding, Inc.	23.1x	11.0x	9.3x	2.6x
AMEX:LTS	Ladenburg Thalmann Financial Services Inc.	NM	N/A	N/A	5.6x
NYSE:OPY	Oppenheimer Holdings Inc.	10.6x	21.7x	20.7x	0.5x
OTCBB:National	National Holdings Corporation	12.5x	N/A	N/A	2.4x
NYSE:PJC	Piper Jaffray Companies	11.6x	13.8x	12.5x	0.7x
NasdaqCM:SIEB	Siebert Financial Corp.	NM	N/A	N/A	1.1x
OTCPK:SFNS	Summit Financial Services Group Inc.	8.6x	N/A	N/A	1.6x
NYSE:SWS	SWS Group, Inc.	NM	NM	48.7x	0.5x
OTCPK:ZGCO	The Ziegler Companies, Inc.	16.7x	N/A	N/A	1.0x
	Max	23.1x	21.7x	48.7x	6.2x
	75th Percentile	17.3x	17.0x	20.7x	3.1x
	Mean	14.4x	15.5x	21.0x	2.3x
	Median	12.5x	14.6x	13.6x	1.6x
	25th Percentile	11.1x	13.1x	12.5x	0.8x
	Min	11.0x	11.0x	9.3x	0.5x

Houlihan noted that relative to the guideline public companies, Gilman is smaller (e.g., revenue, earnings, total assets), has lower profitability, historical growth, geographical diversification, and has a higher level of leverage. In general, Gilman compares less favorable to the guideline public companies in terms of profitability, growth, and risk. Based on a review of the financial statistics and consideration of qualitative factors, Gilman appears to represent a higher investment risk relative to the guideline public companies as a group. Furthermore, Houlihan note that the Adjusted Net Income for Gilman includes synergies that have not yet been realized. Therefore, the Adjusted Net Income metric represents a forward looking estimate, which should be discounted relative to the peer group's LTM multiples.

In its guideline public company analysis for Gilman, Houlihan applied multiples of Price to LTM Book Value and Earnings. The LTM period that Houlihan relied upon was ended April 30, 2013, which was the most recent historical period of data available. Based on the public company trading data and the considerations noted above, Houlihan concluded that reasonable valuation multiples to estimate a going-concern value for Gilman would be below the median Adjusted Net Income multiples and above the median for book value multiples as indicated by the guideline public company peer group identified. As a result, Houlihan selected the following multiples to apply to its guideline public company analysis:

	Price / LTM Book Value	**Price / LTM Earnings**
Selected Multiples - Low	1.50x	4.50x
Selected Multiples - High	2.50x	6.50x

Houlihan calculated the product of Gilman's respective selected multiples stated above to determine a range of indicated equity values for National. Gilman's financial metrics incorporated within the calculations represent non-controlling-interest level cash flows, a control premium of 20.0% was applied, based on the weighted average median control premium indicated by Houlihan's control premium study. Finally, Houlihan divided Gilman's indicated range of equity values by the number of total shares outstanding to determine the indicated range of per-share equity values for Gilman. It is common and generally accepted practice for financial advisors to develop a range of indicated values in this manner to account for the fact that it is difficult, if not impossible, to place an exact value on a company. The range of indicated equity values for Gilman resulting from Houlihan's guideline public company analysis are presented in the following table:

	Indicated Equity Value Range	
Multiples	**Low**	**High**
Price / Book Value (millions)	$ 6.52	$ 10.87
Price / LTM Earnings (millions)	$ 9.42	$ 13.60

Please be advised that none of the guideline public companies identified and included within Houlihan's analysis have characteristics identical to Gilman. An analysis of guideline public companies is not purely mathematical; rather it involves complex considerations and professional judgments concerning differences in financial and operating characteristics between those of Gilman and the guideline public companies analyzed, as well as other internal and external factors that could affect the public trading prices of the guideline public companies and, therefore, the implied valuation multiples derived from such.

Because of the differences between Gilman and the guideline public companies, Houlihan did not place a significant amount of weight on the results of its guideline public companies analysis. However, Houlihan does believe that this valuation methodology produced a range of indicated values for the shares that supports its overall conclusion within the broader context of its entire analysis and should be considered in conjunction with the results of the other valuation methodologies that Houlihan applied.

In summary, utilizing Gilman's financial results a reasonable range of the valuation multiples indicated by the guideline public companies identified (as adjusted for comparability between Gilman and the guideline public companies), Houlihan calculated a range of indicated equity values for Gilman. A summary of the results of Houlihan's guideline public company analysis is as follows:

	Indicated Equity Value Range
Indicated Equity Value (millions)	$ 8.00 to $ 12.00
Indicated Equity Value Per Share	$ 0.08 to $ 0.12

Discounted Cash Flow Analysis - Gilman

A discounted cash flow analysis estimates the value of a subject company based upon the subject company's projected future free cash flow, discounted at a rate reflecting risks inherent in the subject company's business and capital structure. Unlevered free cash flow represents the amount of cash generated and available for principal, interest, and dividend / distribution payments after providing for ongoing business operations, including capital expenditures. A discounted cash flow analysis is dependent on projections of future financial results and is also dependent on numerous industry-specific and macroeconomic factors.

The first step in a discounted cash flow analysis is to determine the projected net cash flows of the subject company. In this instance, Houlihan relied upon a five-year financial forecast for Gilman prepared and provided by Gilman's management, including projections of Gilman's expected future revenues, expenses, acquisitions and personnel hiring. However, based on discussions with National management and a historical analysis of Gilman's financial statements, Houlihan believes certain growth assumptions are aggressive. In the financial model prepared by Gilman's management, an estimated two acquisitions occur in the first year of the five-year forecast, and the acquisitions are gradually ramped up to eight transactions in the fifth year of the forecast. National management believes an average of two transactions per year is more realistic for Gilman, which is more in line with the historical average. In addition, Gilman's expected margin expansion was adjusted downwards, again more in line with its historical financial statements. Furthermore, Gilman's financial model assumed approximately $3.3 million in synergies would be generated, whereas National management believes it can realistically obtain approximately $2.3 million in synergies. Houlihan assumed synergies of $2.3 million. Lastly, since revenue growth at the end of Gilman's projections exceeded the estimated long-term growth rate, Houlihan extended Gilman's management forecast for an additional five years, through 2023, to taper down revenue growth to long-term levels considered sustainable for Gilman.

Beginning with forecasted EBITDA from operations, Houlihan estimated projected debt-free cash flows for Gilman by subtracting depreciation and amortization, as well as income taxes, and then adding back projected depreciation and amortization (since these are non-cash items), subtracting projected capital expenditures, subtracting M&A related payments, subtracting recruiting capital needs, and adding projected decreases (or subtracting projected increases) in net working capital. Some assumptions as included in Houlihan's analysis inevitably will not materialize and unanticipated events and circumstances may occur, which may cause Gilman's actual results to vary materially from the projections applied in Houlihan's analysis, Gilman's management's financial forecast, as adjusted by Houlihan based on its professional judgment and discussions with National management, represented National management's best estimates of future results as of the date of Houlihan's analysis.

The second step in a discounted cash flow analysis is to discount the projected net cash flows to present value at an appropriate discount rate or estimated risk-adjusted required rate of return. For purposes of Houlihan's analysis, the appropriate discount rate is a WACC, calculated using estimates of Gilman's required rate of return on equity capital and after-tax required rate of return on debt capital (in this instance, National expects to retire Gilman's debt upon the closing of the Transaction so no debt was assumed in the pro-forma capital structure).

Houlihan employed a range of discount rates based on Gilman’s estimated WACC. Houlihan determined Gilman’s estimated cost of equity of 17.5% utilizing the Build-Up Method, based on data published by Ibbotson. Houlihan would typically prefer the use of the CAPM, however, the infrequent and illiquid trading of the shares of certain companies in the peer group distorted the calculated of Beta, an important measure of industry risk relative to the overall market in the CAPM. The Build-Up Method is based on the rationale that the required rate of return on equity is equal to the risk-free rate of return, plus the risk premium for the equity being valued. Houlihan utilized the 20-year U.S. Treasury Bond yield and market equity risk premium data, as of the date of its analysis. Within the build-up formula, the industry risk premium is a measure of the risk of a particular investment relative to the market for all investment assets. Houlihan analyzed the industry risk premia for companies within Gilman’s industries, and determined an industry risk premium of 2.25%. It is well established in the valuation industry that smaller companies require a higher rate of return. In Houlihan’s analysis of Gilman, Houlihan applied a 6.03% size premium, based on decile 10 published in the 2013 Ibbotson SBBI Valuation Yearbook. Houlihan considered a company-specific risk premium in its build-up calculation for Gilman in a range of 0.0% to 2.5% since National management believes the forecast provided by Gilman is aggressive, Gilman’s decline in revenue despite having completed acquisitions in the past, and the uncertain nature of the amount of synergies being realized. Houlihan also estimated an after-tax cost of debt for Gilman utilizing the published composite yield on Moody’s Baa-rated corporate bonds, as of the date of Houlihan’s analysis, and the 40% tax rate. However, Houlihan applied a capital structure of 100% equity and 0% debt to calculate Gilman’s estimated WACC, consistent with Gilman’s expected pro-forma capital structure. As a result, the estimated after-tax cost of debt did not impact the WACC calculated for Gilman.

Houlihan estimated a long-term growth rate of 3.0% for Gilman for use its terminal value calculation, based on estimates of projected U.S. GDP growth, inflation, and industry growth rates, as well as historical average and median measures of such macro-economic growth rates. Utilizing the terminal growth rate of 3.0%, and a reasonable range of discount rates of 17.5% to 20.0% based on the factors discussed above, Houlihan calculated a range of indicated equity values for Gilman. It is common and generally accepted practice for financial advisors to develop a range of indicated values in this manner to account for the fact that it is difficult, if not impossible, to place an exact value on a company. A summary of the results of Houlihan’s discounted cash flow analysis is as follows:

	Indicated Equity Value Range
Indicated Equity Value (Rounded to the Nearest $)	$ 7.00 to $11.00

Projected Financial Information - Gilman

In connection with its review of a potential sale of its business, Gilman management prepared financial projections (“Financial Model”). We do not, as a matter of course, create multi-year projections or publicly disclose forward-looking information as to future revenues, earnings, or other financial information. These projections for the fiscal years ending December 31, 2013 to 2017 were created and provided to Houlihan in June 2013.

The summary of the Financial Model being included in this document, as well as the detailed financial projections included within Houlihan's fairness opinion, are not intended to influence a decision whether to favor the transaction or not, as no further vote of the shareholders is necessary or will be taken to complete the transaction, but are being provided because such projected financial information was available to our National management and its financial advisor. Projections of this type are based on estimates and assumptions that are inherently subject to significant economic, industry, and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond our control. Because the projections cover multiple years, such information, by its nature, becomes less reliable with each successive year. Accordingly, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected.

In light of the uncertainties inherent in forward-looking information of any kind, we caution against placing undue reliance on any of the information summarized below. For information concerning the variety of factors which may cause the future financial results of Gilman to vary materially from such projected results, please see the "Forward-Looking Statements" section of this information statement. Gilman or National do not intend to update or revise any of the financial projections included in the Financial Model to reflect circumstances existing after the date that such projections were prepared or to reflect the occurrence of future events. None of the financial projections included in the Financial Model should be viewed as a representation by Gilman, National, Houlihan or any of their representatives that the forecasts reflected therein will be achieved.

The financial projections included in the Financial Model were prepared solely for internal use and not for publication or with a view of complying with the published guidelines of the SEC regarding projections or with guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. National's independent accountants have not compiled, examined, or reviewed any of the projections included in the Financial Model or performed any procedures with respect to such projections, and expressly disclaim any association with them. The financial projections included in the Financial Model do not give any effect to the Transaction. There can be no assurance that the assumptions made in preparing the projections summarized below will prove to be accurate, and the future financial results of Gilman may differ materially from those reflected in such projections, as summarized below.

Financial Projections - Gilman

Management of Gilman provided the Financial Model to National in October 2012 and to Houlihan in June 2013. Based on discussions with Gilman and National management, Houlihan made certain adjustment to the Financial Model. The financial projections are summarized in the following table:

Summary Projected Consolidated Financial Data
(provided on May 22, 2013)

($ in millions)	**Fiscal Years Ended June 30,**		
	2014E	**2015E**	**2016E**
Total Revenue	$39.55	$44.56	$50.87
EBITDA	2.98	3.45	4.16
Income From Operations	1.71	1.82	2.06

Note: The projections received by Houlihan included multiple line items for, among other things, commissions, operating expenses, general and administrative expenses, and depreciation.

Summary of Material Assumptions Underlying the Financial Projections - Gilman

The projected financial information included in the Financial Model was based on a number of assumptions. The following outlines the material assumptions underlying such Financial Model:

The financial projections incorporated assumptions regarding Gilman's acquisition strategy, including with respect to the following items:

- o Two acquisitions per year, which are expected to occur at an acquisition multiple of 1.4x revenue.
- o An average revenue size of $750,000 per acquisition, with the target average revenue size growing at 10.0% per year.

The financial projections incorporated assumptions regarding Gilman's recruitment strategy, including with respect to the following items:

- o An aggressive financial planning recruiting strategy, with 59 net cumulative recruits added within the next 5 years.
- o Annual gross revenue of $200,000 per recruit, and a 5.0% gross annual revenue growth rate for the new recruits.
- o An annual recruiting capital need of 30.0% of the gross annual revenue of each recruit.

The financial projections incorporated assumptions regarding Gilman's revenue growth, including with respect to the following items:

- o An existing financial planning revenue growth rate of approximately 4.5% per year.
- o An organic revenue growth rate of 2.0% for Gilman's existing tax & accounting fee revenue.
- o Additional financial planning revenue through cross-selling opportunities with the newly acquired tax & accounting business, equal to 20.0% of the tax & accounting fees generated by the M&A activity

The financial projections incorporated assumptions regarding Gilman's cots, including with respect to the following items:

- o The ratio of commissions relative to revenue remains constant.
- o Existing expenses increase at the same pace as the organic growth rate in existing revenue.
- o Expenses related to new revenue generated by the M&A activity grows at the same pace as the new revenue.
- o Depreciation & Amortization is based on the Gilman's current property, plant, and equipment, as well as the addition of Gilman's anticipated M&A and recruitment amortization; and
- o Capital expenditures keep pace with the rise in depreciation and amortization and increase annually as Gilman grows.

Capitalization of Earnings Analysis - Gilman

A capitalization of earnings analysis estimates the value of a subject company or a subject company's equity when a representative level of the expected earnings of a business can be estimated and this level of earnings is expected to increase at a constant rate in the future. A capitalization of earnings analysis is dependent on historical financial results and is also dependent on numerous industry-specific and macroeconomic factors. To compensate the investor for the level of risk associated with receiving the expected earnings, the investor expects to receive a rate of return that measures the risk associated with investing in the ownership interest in the business. A capitalization rate measures the rate of return that the investor would expect to receive less the long-term growth rate in the earnings.

The first step in a capitalization of earnings analysis is to determine the cash flow available to invested capital of the subject company. In this instance, Houlihan relied upon historical results for LTM April 30, 2013 and a forecast prepared Gilman’s management and adjusted by Houlihan based on discussions with National management for the year ending June 30, 2013.

Further, Houlihan considered the expected after tax value of the synergies to be realized by National upon consummation of the Transaction, as well as Gilman’s historical capital expenditures and net working capital levels. Gilman’s capital expenditures are expected to remain low and stable, which were determined in conjunction with National management’s representation of future capital expenditures expectations. Net working capital levels for Gilman have historically been slightly negative (current liabilities excluding debt have exceeded current assets excluding cash, cash equivalents, available-for-sale securities, and short-term investments) which Houlihan assumed would continue in the future. While some assumptions as included in Houlihan’s analysis inevitably will not materialize and unanticipated events and circumstances may occur, which may cause Gilman’s actual results to vary materially from the assumptions applied in Houlihan’s analysis. A summary of the cash flow available to invested capital is as follows:

	Year-Ended		
Capitalization of Earnings Method	**4/30/2013**	**6/30/2014**	**Selected**
Adjusted Net Income	**$2.84**	**$ 2.59**	**$ 2.57**
Less: Capital Expenditures			0.60
Less: Additions in Working Capital			-0.05
Cash Flow Available to Invested Capital			**$ 2.02**

The second step in a capitalization of earnings analysis is to determine a reasonable capitalization rate. For purposes of Houlihan's analysis, the appropriate capitalization rate is the WACC, which was discussed in detail in the Discounted Cash Flow Analysis.

Houlihan estimated a long-term growth rate of 3.0% for determining National's capitalization rate. The long-term growth rate was based on estimates of projected U.S. GDP growth, inflation, and industry growth rates, as well as historical average and median measures of such macro-economic growth rates. Utilizing the base long-term growth rate of 3.0%, a low and high range of long-term growth rates was estimated to be 0.0% and 3.0%. Houlihan did not add a company specific risk premium, as the Capitalization of Earnings method does not include the same aggressive growth forecast as the Discounted Cash Flow method.

Houlihan calculated a range of indicated market value of invested capital excluding cash by dividing cash flow available to invested capital by the capitalization rates. Finally, Gilman's expected pro-forma net interest bearing debt is subtracted to determine the indicated value of the Gilman's equity. It is common and generally accepted practice for financial advisors to develop a range of indicated values in this manner to account for the fact that it is difficult, if not impossible, to place an exact value on a company. A summary of the results of Houlihan's capitalization of earnings analysis is as follows:

	Indicated Equity Value Range
Indicated Equity Value (millions)	$ 6.00 to $ 9.00
Indicated Equity Value Per Share	$ 0.06 to $ 0.09

Miscellaneous Considerations - Gilman

No single guideline public company or comparable transaction target company utilized as a comparison in the above analyses (including for purposes of Houlihan's guideline public company analysis or discounted cash flow analysis) is identical to Gilman, and an evaluation of the results of the above referenced analyses is not entirely mathematical. Criteria used to select the peer group guideline public companies for use in the above referenced analyses, as well as to select valuation multiples based on relative characteristics, are inherently subjective. Further, the analyses involve complex considerations and professional judgments concerning relative financial performance, operating characteristics, and other factors that could affect the public trading, M&A total consideration, or other values of the applicable companies, businesses, or transactions analyzed. The above referenced analyses were prepared solely for purposes of Houlihan providing an opinion as to the fairness to Gilman's existing limited partners, from a financial point of view, of the Equity Consideration contemplated by the proposed Transaction and Houlihan does not purport these analyses to be appraisals or the prices at which companies, assets, or securities actually may be sold, which are inherently subject to uncertainty.

Conclusion

In determining the fairness of the Transaction, from a financial point of view, to National and its shareholders, Houlihan considered the following factors:

Houlihan considered the terms of transaction as described in the draft Agreement and Plan of Merger and the Letter of Intent and based on discussions with National management. For purposes of its opinion, Houlihan was advised by National's management that National will issue 25 million shares at $0.30 per share to Gilman, and will retire $5 million of debt that Gilman represents will be all of the outstanding debt on its balance sheet at the closing of the transaction, for a total enterprise value consideration of $12.5 million. Furthermore, Houlihan was advised that the composition of the consideration as described above may change depending on Gilman's actual outstanding debt at the closing of the transaction and/or the implementation of an option incentive plan for certain key employees of Gilman.

Houlihan also considered the going concern fair value of National indicated by several standard and generally accepted valuation methodologies, all using information provided by National management and certain research, such as data from established financial research databases and authoritative valuation literature.

- Within the Guideline Public Company Method, Houlihan considered information regarding certain guideline publicly traded companies considered reasonably comparable to National.

- Within the Capitalization of Earnings Method, Houlihan considered historical financial data for National obtained from SEC filings and projected financial data provided by National management, as well as an appropriate discount rate for National.

Houlihan further considered the historical and current market prices of National. While trading of National's stock is illiquid and infrequent, the valuation range derived based on the above mentioned valuation methodologies indicates a range of fair value of the equity of National close to its recent publicly traded price.

As detailed herein, the generally accepted valuation methodologies utilized indicated ranges of fair values for the National's equity, that approximate the $0.30 per share consideration contemplated by the transaction. Houlihan believes that this contributes to the Transaction being fair, from a financial point of view.

In addition, Houlihan also considered the going concern fair value of Gilman indicated by several standard and generally accepted valuation methodologies, all using information provided by National and Gilman management and certain research, such as data from established financial research databases and authoritative valuation literature.

- Within the Guideline Public Company Method, Houlihan considered information regarding certain guideline publicly traded companies considered reasonably comparable to Gilman.

- Within the Capitalization of Earnings Method, Houlihan considered historical financial data for Gilman obtained from SEC filings and projected financial data provided by Management, as well as an appropriate discount rate for Gilman.

- Within the Discounted Cash Flow Method, Houlihan considered Gilman expected future cash flows prepared by Gilman and adjusted by National management and Houlihan, as well as an appropriate discount rate for Gilman.

Houlihan further considered the historical and current market prices of Gilman. Trading of Gilman's stock is illiquid and infrequent, and the equity valuation range derived based on the above mentioned valuation methodologies indicates a range of fair value of the equity of Gilman above its recent publicly traded price. However, Houlihan believes this is due to the synergies to be realized upon consummation of the Transaction, and notes that the publicly traded enterprise value of Gilman is only slightly below the low end of the enterprise value range based on the above mentioned valuation methodologies.

As detailed herein, the generally accepted valuation methodologies utilized indicated ranges of fair values for the Gilman's equity, that approximate the $7.5 million equity consideration contemplated by the Transaction. Houlihan believes that this contributes to the Transaction being fair, from a financial point of view.

Based upon the foregoing, Houlihan concluded that, as of the date hereof, the transaction is fair, from a financial point of view, to National and its existing shareholders.

Houlihan Capital, LLC

Houlihan is an investment banking firm that is regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, corporate restructurings, and private placements, as well as for corporate and other purposes. National selected Houlihan as its financial advisor on the basis of Houlihan's experience in performing similar analyses in the context of similar matters, Houlihan's standing and reputation in the investment community, as well as Houlihan's familiarity with National, Gilman, and the relevant industry of operations.

In June 2013, National engaged Houlihan to render an opinion, as to whether, on the date of such opinion, the proposed Transaction is fair, from a financial point of view, to National's existing shareholders. Houlihan's fee for rendering such opinion was $60,000, which was earned and payable at the time the opinion was delivered to the general partner. National has agreed to indemnify Houlihan for certain liabilities that may arise out of Houlihan's engagement to render its opinion.

During the past two years, Houlihan has not provided any investment banking or other services to National, Gilman, the board of directors, or any of its affiliates. Neither Houlihan, nor its employees, have any direct or beneficial financial interest in National or Gilman.

Gilman's Reasons for the Merger and Recommendation of Gilman's Board of Directors

Before approving the merger agreement, the Gilman board of directors consulted with Cassel Salpeter, its financial advisor, outside legal advisors, the Special Committee and with Gilman's senior management team. The Gilman board of directors and the Special Committee believe that the merger is advisable and in the best interests of Gilman's stockholders. In reaching its decisions, the Gilman board of directors considered a variety of factors, including the following:

the review undertaken by Gilman's board of directors and management, with the assistance of its financial and legal advisors, with respect to the strategic alternatives available to Gilman;

the business strategy and strategic plan of Gilman and its prospects for the future as an independent institution, including the risks inherent in a successful execution of its strategic plan, its projected financial results, and expectations relating to the proposed merger with National;

a review of the challenges facing Gilman in the current competitive, economic, financial and regulatory climate, and the potential benefits of aligning Gilman with a larger organization;

a review of the anticipated cost savings by eliminating duplicative expenses associated with being a public company and with broker dealer compliance and operations;

the consistency of the merger with Gilman's long-term strategic plan to seek profitable future expansion, leading to continued growth in overall shareholder value;

a review of the historical financial statements and condition of Gilman and certain other internal information, primarily financial in nature, relating to the business, earnings and balance sheet of Gilman and Gilman's indebtedness that would be extinguished as a result of the merger;

a review of the historical financial statements and condition of National and certain other information, primarily financial in nature, relating to the business, earnings and financial condition of National;

its review and discussions with Gilman' management and its financial and legal advisors concerning the due diligence examination of National;

the complementary nature of the businesses of Gilman and National and the anticipated improved stability of the combined company's business and earnings in varying economic and market climates;

the belief of Gilman's senior management that the management teams and employees of Gilman and National possess complementary skills and expertise and the potential advantages of a larger institution when pursuing, or seeking to retain, talent;

the financial strength of National based on National historical revenues and revenue expectations over the near and long term and the potential access to capital from National to strengthen Gilman's business;

- the increased liquidity the merger consideration may provide to Gilman's shareholders;
- the financial and other terms of the merger agreement, including the exchange ratio, tax treatment and deal protection and termination fee provisions, which it reviewed with its outside financial and legal advisors;
- the ability of Gilman's shareholders to benefit from National's potential growth since it is more likely that the combined entity will have superior future earnings and prospects compared to Gilman's earnings and prospects on an independent basis as the result of greater operating efficiencies and better penetration of target markets;
- the ability of National to complete a merger transaction from a financial and regulatory perspective;
- the regulatory and other approvals required in connection with the merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions;
- the potential continued representation of certain of Gilman's management on the management team of the combined entity;
- the nature and amount of payments and other benefits to be received by Gilman management in connection with the merger;
- the anticipated effect of the acquisition on Gilman' employees;
- the belief that, while no assurances could be given, the business and financial advantages contemplated in connection with the merger were likely to be achieved within a reasonable time frame, particularly in light of the fact that National has transition experience due to successfully completed acquisitions in the past; and
- the financial analysis reviewed by Cassel Salpeter with the Gilman board of directors, and the oral opinion of Cassel Salpeter to the Gilman board of directors (which was subsequently confirmed in writing by delivery of Cassel Salpeter's written opinion dated the same date), as to, as of June 19, 2013, the fairness, from a financial point of view, to the holders of Gilman common stock of the exchange ratio in the merger pursuant to the merger agreement.

Gilman's board of directors also considered a variety of potential risks and detriments in its consideration of the merger agreement, including the following:

- that the announcement and pendency of the merger could result in the disruption of Gilman's business, including the possible diversion of management and employee attention;

that if the merger is not completed, Gilman may be adversely affected due to potential disruptions in its operation;

that Gilman is subject to restrictions on the conduct of its business prior to the consummation of the merger requiring it to conduct its business in the ordinary course consistent with past practice, subject to specified limitations, which may delay or prevent it from undertaking business opportunities that may arise during the pendency of the merger, whether or not the merger is completed; and

the risk that, while the merger is expected to be completed, there can be no assurance that all conditions to the parties' obligations to complete the merger will be satisfied, and as a result, it is possible that the merger may not be completed even if approved by Gilman's stockholders.

The foregoing discussion of the factors considered by the Gilman board is not intended to be exhaustive, but includes the material factors considered by the Gilman board. In view of the large number of factors considered by the Gilman board in connection with the evaluation of the merger agreement and the merger and the complexity of these matters, the Gilman board did not consider it practicable to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching a decision, nor did the Gilman board evaluate whether these factors were of equal importance. In addition, each member of the board may have given different weight to the various factors. The Gilman board's determinations were based upon the totality of the information considered.

Opinion of Gilman's Financial Advisor

On June 19, 2013, Cassel Salpeter rendered its oral opinion to the Gilman board (which was confirmed in writing by delivery of Cassel Salpeter's written opinion dated the same date), as to, as of June 19, 2013, the fairness, from a financial point of view, to the holders of Gilman common stock of the exchange ratio in the merger pursuant to the merger agreement.

The summary of the opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion, which is included as **Annex C** to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Cassel Salpeter in preparing its opinion. However, neither Cassel Salpeter's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus are intended to be, and do not constitute, advice or a recommendation to any stockholder as to how such stockholder should act or vote with respect to any matter relating to the proposed merger.

The opinion was addressed to the Gilman board for the use and benefit of the members of the Gilman board (in their capacities as such) in connection with the Gilman board's evaluation of the merger. Cassel Salpeter's opinion may not be used for any other purpose without Cassel Salpeter's prior written consent. Neither the opinion nor the summary of the opinion and related analyses set forth in this proxy statement/prospectus is intended to and they do not constitute advice or a recommendation to any of the holders Gilman common stock or any other security holders as to how such holder should vote or act with respect to any matter relating to the merger or otherwise. Cassel Salpeter's opinion should not be construed as creating any fiduciary duty on Cassel Salpeter's part to Gilman or any other party to the merger agreement, any security holder of Gilman or such other party, any creditor of Gilman or such other party, or any other person. Cassel Salpeter's opinion was just one of the several factors the Gilman board took into account in making its determination to approve the merger, including those described elsewhere in this proxy statement/prospectus.

The opinion only addressed whether, as of the date of such opinion, the exchange ratio in the merger pursuant to the merger agreement was fair, from a financial point of view, to the holders of Gilman common stock. It did not address any other terms, aspects, or implications of the merger or the merger agreement, including without limitation, any new capital raising transaction by National in connection with the repayment of indebtedness of Gilman contemplated by the merger (other than assuming the consummation thereof prior to the merger). In addition, the opinion did not address (i) any term or aspect of the merger that is not susceptible to financial analyses, (ii) the fairness of the merger or the exchange ratio to any other security holders of Gilman, National or any other person or any creditors or other constituencies of the Gilman, National or any other person, (iii) the appropriate capital structure of National, (iv) the dilutive or other effects of any capital raising transactions by National in connection with the repayment of indebtedness of Gilman contemplated by the merger on the security holders of National following the merger, or (v) the fairness of the amount or nature, or any other aspect, of any compensation or consideration payable to or received by any officers, directors, or employees of any parties to the merger, or any class of such persons, relative to the exchange ratio or otherwise. Cassel Salpeter did not express any opinion as to what the value of shares of National common stock actually will be when issued to the holders of Gilman common stock pursuant to the merger or the prices at which shares of National common stock or Gilman common stock may trade, be purchased or sold at any time.

The opinion did not address the relative merits of the merger as compared to any alternative transaction or business strategy that might exist for Gilman, or the merits of the underlying decision by Gilman to engage in or consummate the merger.

Cassel Salpeter's analysis and opinion were necessarily based upon market, economic, and other conditions, as they exist on, and could be evaluated as of the date of the opinion. Accordingly, although subsequent developments could arise that would otherwise affect its opinion, Cassel Salpeter did not assume any obligation to update, review, or reaffirm the opinion to the Gilman board or any other person or otherwise to comment on or consider events occurring or coming to Cassel Salpeter's attention after the date of the opinion.

In arriving at its opinion, Cassel Salpeter made such reviews, analyses, and inquiries as Cassel Salpeter deemed necessary and appropriate under the circumstances. Among other things, Cassel Salpeter:

Reviewed a draft, dated June 19, 2013, of the merger agreement.

Reviewed certain publicly available financial information and other data with respect to Gilman and National that Cassel Salpeter deemed relevant, including their respective Annual Reports on Form 10-K for the most recent fiscal year, certain Quarterly Reports on Form 10-Q for periods subsequent thereto, certain other communications to stockholders, and certain other publicly available filings with the Securities and Exchange Commission.

Reviewed certain other information and data with respect to Gilman and National made available to Cassel Salpeter by Gilman and National, including financial estimates with respect to the financial performance of the Company for the fiscal year ending June 30, 2013, prepared by management of Gilman (the "Gilman Financial Estimates"), financial estimates with respect to the financial performance of National for the fiscal year ending September 30, 2013, prepared by management of National (the "National Financial Estimates"), and other internal financial information furnished to Cassel Salpeter by or on behalf of Gilman and National.

Considered and compared the financial and operating performance of Gilman and National with that of other companies with publicly traded equity securities that Cassel Salpeter deemed relevant.

Considered the publicly available financial terms of certain transactions that Cassel Salpeter deemed relevant.

Considered the relative historical trading prices of Gilman common stock to National common stock.

Discussed the business, operations, and prospects of Gilman and National and the proposed merger with Gilman's and National's management and certain of Gilman's and National's representatives.

Conducted such other analyses and inquiries, and considered such other information and factors, as Cassel Salpeter deemed appropriate.

In arriving at its opinion, Cassel Salpeter, with the Gilman board's consent, relied upon and assumed, without independently verifying, the accuracy and completeness of all of the financial and other information that was supplied or otherwise made available to it or available from public sources, and Cassel Salpeter further relied upon the assurances of Gilman's and National's management that they were not aware of any facts or circumstances that would have made any such information inaccurate or misleading. Cassel Salpeter is not legal, tax, environmental, or regulatory advisors, and Cassel Salpeter did not express any views or opinions as to any legal, tax, environmental, or regulatory matters relating to Gilman, National, the merger, or otherwise. Cassel Salpeter understood and assumed that Gilman had obtained or would obtain such advice as it deemed necessary or appropriate from qualified legal, tax, environmental, regulatory, and other professionals. The Gilman board also advised Cassel Salpeter and Cassel Salpeter assumed that the Gilman Financial Estimates and the National Financial Estimates were reasonably prepared on a basis reflecting the best currently available estimates and judgments of management of Gilman and National with respect to their respective future financial performance. Gilman advised Cassel Salpeter that Gilman did not regularly prepare projections with respect to its future financial performance, and as the Gilman board was aware, Cassel Salpeter was advised by the management of National that National did not regularly prepare projections with respect to the future financial performance of National. Consequently, at the Gilman board's direction, Cassel Salpeter relied upon the Gilman Financial Estimates and the National Financial Estimates, which the Gilman board advised Cassel Salpeter and directed Cassel Salpeter to assume were a reasonable basis upon which to analyze and evaluate Gilman and National and form an opinion. Cassel Salpeter expressed no view with respect to the Gilman Financial Estimates or National Financial Estimates or, in either case, the assumptions on which they were based. With respect to the cost savings and synergies anticipated to result from the merger, Cassel Salpeter assumed that such cost savings and synergies were reasonably prepared on a basis reflecting the best currently available estimates and judgments of management of Gilman and National as to such cost savings and synergies and would be realized in the amounts and the times indicated thereby. Cassel Salpeter did not evaluate the solvency of Gilman, National or any other party to the merger, the fair value of Gilman, National or any of their respective assets or liabilities, or whether Gilman or National or any other party to the merger is paying or receiving reasonably equivalent value in the merger under any applicable foreign, state, or federal laws relating to bankruptcy, insolvency, fraudulent transfer, or similar matters, nor did Cassel Salpeter evaluate, in any way, the ability of Gilman, National or any other party to the merger to pay its obligations when they come due. Cassel Salpeter did not physically inspect Gilman's or National's properties or facilities and did not make or obtain any evaluations or appraisals of Gilman's or National's assets or liabilities (including any contingent, derivative, or off-balance-sheet assets and liabilities). Cassel Salpeter did not attempt to confirm whether Gilman or National had good title to their respective assets. Cassel Salpeter's role in reviewing any information was limited solely to performing such reviews as Cassel Salpeter deemed necessary to support its own advice and analysis and was not on behalf of the Gilman board, Gilman, or any other party.

Cassel Salpeter assumed, with the Gilman board's consent, that the merger would be consummated in a manner that complies in all respects with applicable foreign, federal, state, and local laws, rules, and regulations and that, in the course of obtaining any regulatory or third party consents, approvals, or agreements in connection with the merger, no delay, limitation, restriction, or condition would be imposed that would have an adverse effect on Gilman, National or the merger. Cassel Salpeter also assumed, with the Gilman board's consent, that the final executed form of the merger agreement would not differ in any material respect from the draft Cassel Salpeter reviewed and that the merger would be consummated on the terms set forth in the merger agreement, without waiver, modification, or amendment of any term, condition, or agreement thereof material to Cassel Salpeter's analyses or Cassel Salpeter's opinion. Cassel Salpeter also assumed that the representations and warranties of the parties to the merger agreement contained therein were true and correct and that each such party would perform all of the covenants and agreements to be performed by it under the merger agreement. Cassel Salpeter offered no opinion as to the contractual terms of the merger agreement or the likelihood that the conditions to the consummation of the merger set forth in the merger agreement would be satisfied. Cassel Salpeter assumed that for U.S. federal tax income purposes the merger would qualify as a plan of reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended.

In connection with preparing its opinion, Cassel Salpeter performed a variety of financial analyses. The following is a summary of the material financial analyses performed by Cassel Salpeter in connection with the preparation of its opinion. It is not a complete description of all analyses underlying such opinion. The preparation of an opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. As a consequence, neither Cassel Salpeter's opinion nor the respective analyses underlying its opinion is readily susceptible to partial analysis or summary description. In arriving at its opinion, Cassel Salpeter assessed as a whole the results of all analyses undertaken by it with respect to the opinion. While it took into account the results of each analysis in reaching its overall conclusions, Cassel Salpeter did not make separate or quantifiable judgments regarding individual analyses and did not draw, in isolation, conclusions from or with regard to any individual analysis or factor. Therefore, Cassel Salpeter believes that the analyses underlying the opinion must be considered as a whole and that selecting portions of its analyses or the factors it considered, without considering all analyses and factors underlying the opinion collectively, could create a misleading or incomplete view of the analyses performed by Cassel Salpeter in preparing the opinion.

The implied multiple ranges indicated by Cassel Salpeter's analyses are not necessarily indicative of actual values nor predictive of future results, which may be significantly more or less favorable than those suggested by such analyses. Much of the information used in, and accordingly the results of, Cassel Salpeter's analyses are inherently subject to substantial uncertainty.

The following summary of the material financial analyses performed by Cassel Salpeter in connection with the preparation of its opinion includes information presented in tabular format. The tables alone do not constitute a complete description of these analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses Cassel Salpeter performed.

For purposes of its analyses, Cassel Salpeter reviewed a number of financial metrics including:

Total Invested Capital — generally the value as of a specified date of the relevant company's outstanding equity securities (taking into account its options and other outstanding convertible securities) plus the value as of such date of its debt (the value of its outstanding capital structure indebtedness, preferred stock and minority interests).

EBITDA — generally the amount of the relevant company's earnings before interest expense on capital structure debt, taxes, depreciation and amortization for a specified time period.

Cassel Salpeter was advised that the exchange ratio of 0.248843451 shares of National common stock per share of Gilman common stock was subject to adjustment as provided in the merger agreement. For purposes of its analysis and opinion, Cassel Salpeter relied upon and assumed, at Gilman management's direction, that the adjustment would reduce the exchange ratio to 0.241931133 of a share of National common stock per share of Gilman common stock.

Unless the context indicates otherwise, share prices for the selected companies used in the selected companies analyses described below were as of June 18, 2013, and estimates of financial performance for Gilman and National were for the fiscal years ending June 30, 2013 and September 30, 2013, respectively, and were based on the Gilman Financial Estimates and the National Financial Estimates. Estimates of financial performance for the selected companies listed below for the calendar years ending December 31, 2013 and 2014 were based on publicly available research analyst estimates for those companies. In the selected companies analyses, estimates of EBITDA for the selected companies were adjusted to exclude unusual and extraordinary expenses and income and to include interest income and interest expense on operating debt. In the selected transactions analyses, historical EBITDA for the target companies were adjusted to include interest income.

Selected Companies Analysis

Cassel Salpeter considered certain financial data for Gilman and National and selected companies with publicly traded equity securities Cassel Salpeter deemed relevant. The selected companies with publicly traded equity securities were:

- Oppenheimer Holdings, Inc.
- Ladenburg Thalmann Financial Services Inc.
- SWS Group, Inc.
- FBR & Co.
- JMP Group, Inc.
- Investors Capital Holdings, Inc.
- Summit Financial Services
- Siebert Financial Corp.

The financial data reviewed included:

- total invested capital as multiple of revenue for the latest twelve month period, or LTM revenue
- total invested capital as multiple of projected EBITDA for the latest twelve month period, or LTM EBITDA.
- market value as multiple of book value

Cassel Salpeter calculated the following multiples with respect to the selected companies:

Total Invested Capital Multiple of	High	Mean	Median	Low
LTM revenue	2.18x	1.00x	0.76x	0.19x
LTM EBITDA	54.7x	18.1x	9.2x	3.5x
Market Value Multiple of				
book value	5.8x	1.9x	1.2x	0.5x

Taking into account the results of the selected companies analysis, Cassel Salpeter applied multiple ranges to corresponding financial data for Gilman and National. Cassel Salpeter applied multiples of 0.25x to 0.30x to Gilman's and National's respective LTM revenue, 8.0x to 9.0x to Gilman's and National's respective LTM EBITDA, and 1.6x to 2.1x to Gilman's and National's respective book value. The selected companies analysis indicated an implied exchange ratio reference range of 0.121 to 0.185 of a share of National common stock per share of Gilman common stock, as compared to the exchange ratio provided for in the merger, as adjusted per Gilman management, of 0.241931133 of a share of National common stock per share of Gilman common stock.

None of the selected companies have characteristics identical to Gilman or National. An analysis of selected publicly traded companies is not mathematical; rather it involves complex consideration and judgments concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading values of the companies reviewed.

Selected Transactions Analysis

Cassel Salpeter considered certain financial data for Gilman and National and the financial terms of the following business transactions Cassel Salpeter deemed relevant. The selected transactions were:

Target	Acquirer
Woodbury Financial Services, Inc.	AIG Advisor Group, Inc.
The Edelman Financial Group, Inc.	Lee Equity Partners LLC
Securities America Financial Corporation	Ladenburg Thalmann Financial Services, Inc.
Miller/Russell & Associates, Inc.	Management Group
H&R Block Financial Advisors, Inc.	Ameriprise Financial, Inc.
Triad Advisors, Inc.	Ladenburg Thalmann Financial Services, Inc.
M.L.Stern & Co., LLC	SWS Group, Inc.
vFinance, Inc.	National Holdings Corporation

The financial data reviewed included:

- total invested capital (calculated based on the consideration paid in the relevant transaction) as multiple of revenue for the trailing twelve month period, or TTM revenue
- total invested capital as multiple of EBITDA for the trailing twelve months period, or TTM EBITDA.
- total price paid as a multiple of book value

Total Invested Capital Multiple of	**High**	**Mean**	**Median**	**Low**
TTM revenue	1.86x	0.70x	0.42x	0.19x
TTM EBITDA	22.1x	13.5x	10.5x	7.7x
Total Price Paid Multiple of				
book value	9.1x	3.3x	1.0x	0.4x

Taking into account the results of the selected transaction analysis, Cassel Salpeter applied multiple ranges to corresponding financial data for Gilman and National. Cassel Salpeter applied multiples of 0.30x to 0.35x to Gilman's and National's respective LTM revenue, 9.0x to 10.0x to Gilman's and National's respective LTM EBITDA, and 2.0x to 2.5x to Gilman's and National respective book value. The selected transactions analysis indicated an implied exchange ratio reference range of 0.132 to 0.219 of a share of National common stock per share of Gilman common stock, as compared to the exchange ratio provided for in the merger, as adjusted per Gilman management, of 0.241931133 of a share of National common stock per share of Gilman common stock.

None of the target companies in the selected transactions have characteristics identical to Gilman or National. Accordingly, an analysis of selected business combinations is not mathematical; rather it involves complex considerations and judgments concerning differences in financial and operating characteristics of the target companies in the selected transactions and other factors that could affect the respective acquisition values of the transactions reviewed.

Historical Implied Exchange Ratio Review

Cassel Salpeter reviewed the daily closing prices for the shares of Gilman common stock and National common stock over the period from June 19, 2012 to June 18, 2013. For each trading day during that period, Cassel Salpeter derived the implied historical exchange ratio by dividing the closing price per share of Gilman common stock by the closing price per share of National common stock. The following table shows the mean, median, high and low implied historical exchange ratios for the periods indicated:

Time Period	Mean	Median	High	Low
1-Year	0.134	0.133	0.238	0.062
150-Trading Days	0.141	0.138	0.238	0.086
120-Trading Days	0.135	0.135	0.237	0.086
90-Trading Days	0.136	0.140	0.194	0.086
30-Trading Days	0.137	0.138	0.156	0.118
5-Trading Days	0.121	0.122	0.122	0.118

Other Matters Relating to Cassel Salpeter's Opinion

As part of its investment banking business, Cassel Salpeter regularly is engaged in the evaluation of businesses and their securities in connection with mergers, acquisitions, corporate restructurings, private placements and other purposes. Cassel Salpeter is a recognized investment banking firm that has substantial experience in providing financial advice in connection with mergers, acquisitions, sales of companies, businesses and other assets and other transactions.

Cassel Salpeter received a $75,000 fee for rendering its opinion, no portion of which was contingent upon the completion of the merger. Cassel Salpeter also acted as financial advisor to the Gilman board in connection with, and has participated in negotiations leading to, the merger, and will receive a fee for such services, a substantial portion of which is contingent upon the consummation of the merger. A portion of such contingent fee may be payable in restricted shares of National common stock. Cassel Salpeter previously acted as financial advisor to the board of directors of National in connection with National's January 2013 private placement and recapitalization and Cassel Salpeter was paid a fee for such services which was not contingent on the completion of National's January 2013 private placement and recapitalization. In addition, Gilman agreed to reimburse Cassel Salpeter for certain expenses incurred by it in connection with its engagement and to indemnify Cassel Salpeter and its related parties for certain liabilities that may arise out of its engagement or the rendering of its opinion. The Cassel Salpeter opinion was approved by a Cassel Salpeter committee authorized to approve opinions of such nature.

Treatment of Stock Options and Warrants

The merger agreement provides that at the effective time of the merger, there will be no options or warrants to purchase Gilman common stock outstanding. Accordingly, each outstanding option to purchase shares of Gilman common stock granted under Gilman stock award plans will be cancelled as of the effective time of the merger. There are no warrants to purchase shares of Gilman common stock presently outstanding.

As incentive to continued employment or retention, National shall issue following the merger five-year options to purchase an aggregate of 1,750,000 shares of National common stock to certain employees and independent contractors of Gilman at an exercise price of $0.50 per share.

Financing Matters

At closing National is required to pay off assumed indebtedness of Gilman of up to $5,400,000. The obligation to complete the merger is not subject to National securing financing to pay off the assumed indebtedness. National may payoff the assumed indebtedness though equity financing.

Interests of Directors and Executive Officers in the Merger

Gilman Stock Ownership

As of June 30, 2013, directors and executive officers of Gilman and their affiliates beneficially owned approximately 70.3% of the outstanding shares of Gilman common stock and will receive approximately 75,509,125 shares of National common stock in the merger (assuming that National issued 24,000,000 shares of its common stock in the merger).

Board of Directors

Following the closing of the merger, National has agreed to appoint two persons, nominated by the board of directors of Gilman and reasonably acceptable to National, to serve as Class I members of the board of directors of National and to nominate such persons for election at the next election of Class I directors of National.

Continued D&O Liability Insurance

Continued directors' and officers' liability insurance coverage for three years following the effective time of the merger and indemnification coverage for Gilman's current officers and directors as provided under Gilman's certificate of incorporation and bylaws.

Voting and Support Agreements

Each of Michael Ryan (Gilman's Chief Executive Officer and President), Carole Enisman (former Executive Vice President of Operations and Michael Ryan's wife), Ted Finkelstein (Gilman's Vice President, General Counsel and Secretary), Edward Cohen (Gilman director), Fredrick Wasserman (Gilman director), John Levy (Gilman director), Allan Page (Gilman director), James Ciocia (Gilman director), Prime Partners II, LLC (company controlled by Michael Ryan), Prime Partners, Inc. (company controlled by Michael Ryan), Wynnefield Partners Small Cap Value L.P. I, Wynnefield Partners Small Cap Value L.P., Wynnefield Small Cap Value Offshore Fund, Ltd. and Dennis Conroy (Gilman's former Chief Accounting Officer) (each a "voting stockholder" and collectively, the "voting stockholders") have each entered into a voting and support agreement with National and Merger Sub under which they agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal.

Change-in-Control Agreements

Ted Finkelstein is entitled to a change-in-control payment in the event of voluntary or involuntary termination resulting from the merger in an amount equal to $185,000. See "*The Merger—Golden Parachute Compensation*" beginning on page 78 for additional information with respect to the compensation that Ted Finkelstein may receive in connection with the merger.

Repayment of Related Party Debt

In connection with the closing of the merger, National will pay off up to $5,400,000 of outstanding indebtedness of Gilman which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries. Such outstanding indebtedness, which is referred to as assumed indebtedness, includes notes in the aggregate principal amount of $78,000 issued to Michael Ryan, notes in the aggregate principal amount of $260,000 issued to Carole Enisman, a note in the principal amount of $101,640 issued to Prime Partners, Inc., a company under the control of Michael Ryan, and notes in the aggregate principal amount of $600,000 issued to three trusts of which James Ciocia, Chairman of the Gilman's board, is the trustee.

Michael Ryan Employment Agreement

In connection with the closing of the merger, Michael Ryan, Gilman's President and Chief Executive Officer, will enter into an employment agreement with National relating to his continued employment at Gilman after the effective time of the merger, in the form attached to the merger agreement.

The Gilman board of directors was aware of and considered these interests, among other matters, in reaching its decision to approve and adopt the merger agreement and recommend that the Gilman stockholders adopt the merger agreement.

Dissenter's Rights

Under the DGCL, if you do not wish to accept the per share merger consideration provided for in the merger agreement, you have the right to seek appraisal of your shares of Gilman common stock and to receive payment for the fair value of your shares of Gilman common stock, exclusive of any element of value arising from the accomplishment or expectation of the merger, as determined by the Delaware Court of Chancery, together with interest, if any, to be paid upon the amount determined to be fair value. The "fair value" of your shares of Gilman common stock as determined by the Delaware Court of Chancery may be more or less than, or the same as, the merger consideration per share that you are otherwise entitled to receive under the terms of the merger agreement. These rights are known as appraisal rights. Gilman stockholders who do not vote in favor of the proposal to adopt the merger agreement, who properly demand appraisal for their shares of Gilman common stock in compliance with the provisions of Section 262 of the DGCL, or "Section 262," and who hold of record shares of Gilman common stock through the effective time of the merger will be entitled to appraisal rights. Strict compliance with the statutory procedures in Section 262 is required. Failure to follow precisely any of the statutory requirements will result in the loss of your appraisal rights.

This section is intended only as a brief summary of the material provisions of the Delaware statutory procedures that a stockholder must follow in order to seek and perfect appraisal rights. This summary, however, is not a complete statement of all applicable requirements and the law pertaining to appraisal rights under the DGCL, and is qualified in its entirety by reference to Section 262, the full text of which appears in **Annex E** to this proxy statement/prospectus. The following summary does not constitute any legal or other advice, nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262.

Under Section 262, when a merger agreement is to be submitted for adoption at a meeting of stockholders, the company submitting the matter to a vote of stockholders must notify the stockholders that appraisal rights will be available not less than twenty days before the meeting to vote on the transaction. A copy of Section 262 must be included with such notice. This proxy statement/prospectus constitutes Gilman's notice to its stockholders that appraisal rights are available in connection with the merger and the full text of Section 262 is attached to this proxy statement/prospectus as **Annex E,** in compliance with the requirements of Section 262. If you wish to consider exercising your appraisal rights, you should carefully review the text of Section 262 contained in **Annex E**. Failure to comply timely and properly with the requirements of Section 262 will result in the loss of your appraisal rights under the DGCL. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of Gilman common stock, Gilman believes that if a stockholder is considering exercising such rights, such stockholder should seek the advice of legal counsel.

If you wish to demand appraisal of your shares of Gilman common stock, you must satisfy each of the following conditions: You must deliver to Gilman a written demand for appraisal of your shares of Gilman common stock before the vote is taken to approve the proposal to adopt the merger agreement, which must reasonably inform Gilman of the identity of the holder of record of shares of Gilman common stock who intends to demand appraisal of his, her or its shares of Gilman common stock; and you must not vote or submit a proxy in favor of the proposal to adopt the merger agreement.

If you fail to comply with either of these conditions and the merger is completed, you will be entitled to receive the merger consideration for your shares of Gilman common stock as provided for in the merger agreement, but you will have no appraisal rights with respect to your shares of Gilman common stock. A holder of shares of Gilman common stock wishing to exercise appraisal rights must hold of record the shares of Gilman common stock on the date the written demand for appraisal is made and must continue to hold such shares of Gilman common stock of record through the effective time of the merger, because appraisal rights will be lost if such shares of Gilman common stock are transferred prior to the effective time of the merger. A proxy that is submitted and does not contain voting instructions will, unless revoked, be voted in favor of the proposal to adopt the merger agreement, and it will constitute a waiver of the stockholder’s right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must either submit a proxy containing instructions to vote against the proposal to adopt the merger agreement or abstain from voting on the proposal to adopt the merger agreement. Voting against or failing to vote for the proposal to adopt the merger agreement by itself does not constitute a demand for appraisal within the meaning of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote on the proposal to adopt the merger agreement.

All demands for appraisal should be addressed to Ted Finkelstein, Gilman's Secretary, at Gilman Ciocia, Inc., 11 Raymond Avenue, Poughkeepsie, New York 12603, and must be delivered before the vote is taken to approve the proposal to adopt the merger agreement at the Gilman special meeting. The demand must reasonably inform Gilman of the identity of the stockholder and the intention of the stockholder to demand appraisal of the “fair value” of his, her or its shares of Gilman common stock. A stockholder’s failure to make the written demand prior to the taking of the vote on the adoption of the merger agreement at the special meeting of Gilman stockholders will constitute a waiver of appraisal rights.

Only a holder of record of shares of Gilman common stock is entitled to demand an appraisal of the shares registered in that holder’s name. Accordingly, to be effective, a demand for appraisal by a stockholder of Gilman common stock must be made by, or in the name of, the record stockholder, fully and correctly, as the stockholder’s name appears on the stockholder’s stock certificate(s) or in the transfer agent’s records, in the case of uncertificated shares, should specify the stockholder’s mailing address and the number of shares registered in the stockholder’s name, and must state that the person intends thereby to demand appraisal of the stockholder’s shares in connection with the merger. The demand cannot be made by the beneficial owner if he or she does not also hold the shares of Gilman common stock of record. The beneficial holder must, in such cases, have the registered owner, such as a broker, bank or other nominee, submit the required demand with respect to those shares of Gilman common stock. **If you hold your shares of Gilman common stock through a broker, bank or other nominee and you wish to exercise appraisal rights, you should consult with your broker, bank or other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.**

If shares of Gilman common stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of a demand for appraisal should be made in that capacity. If the shares of Gilman common stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, he or she is acting as agent for the record owner. A record owner, such as a broker, bank or other nominee, who holds shares of Gilman common stock as a nominee for others, may exercise his or her right of appraisal with respect to the shares of Gilman common stock held for one or more beneficial owners, while not exercising this right for other beneficial owners. In that case, the written demand should state the number of shares of Gilman common stock as to which appraisal is sought. Where no number of shares of Gilman common stock is expressly mentioned, the demand will be presumed to cover all shares of Gilman common stock held in the name of the record owner.

Within ten days after the effective time of the merger, the surviving corporation in the merger must give written notice of the effective date of the merger to each stockholder of the acquired corporation who has properly filed a written demand for appraisal and who did not vote in favor of the proposal to adopt the merger agreement. At any time within sixty days after the effective time of the merger, any stockholder who has not commenced an appraisal proceeding or joined a proceeding as a named party may withdraw the demand and accept the consideration specified by the merger agreement for that stockholder’s shares of Gilman common stock by delivering to the surviving corporation a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than sixty days after the effective time of the merger will require written approval of the surviving corporation. Unless the demand is properly withdrawn by the stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party within sixty days after the effective date of the merger, no appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, with such approval conditioned upon such terms as the court deems just. If the surviving corporation does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any stockholder who withdraws such stockholder’s right to appraisal in accordance with the proviso in the immediately preceding sentence, if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding, the stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the consideration offered pursuant to the merger agreement.

Within 120 days after the effective time of the merger, but not thereafter, either the surviving corporation or any stockholder who has complied with the requirements of Section 262 and is entitled to appraisal rights under Section 262 may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of Gilman common stock held by all stockholders entitled to appraisal. Upon the filing of the petition by a stockholder, service of a copy of such petition shall be made upon the surviving corporation. The surviving corporation has no obligation to file such petition has no present intention to file a petition and holders should not assume that the surviving corporation will file a petition. In the event that the surviving corporation does not file such petition, it is the obligation of the holders of Gilman common stock to initiate all necessary action to perfect their appraisal rights with respect to shares of Gilman common stock within the time prescribed in Section 262 and the failure of a stockholder to file such a petition within the period specified in Section 262 could nullify the stockholder’s previous written demand for appraisal. In addition, within 120 days after the effective time of the merger, any stockholder who has properly filed a written demand for appraisal and who did not vote in favor of the merger agreement, will be entitled to receive from the surviving corporation, upon written request, a statement setting forth the aggregate number of shares of Gilman common stock not voted in favor of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within ten days after such written request has been received by the surviving corporation or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later. A person who is the beneficial owner of shares of Gilman common stock held either in a voting trust or by a nominee on behalf of such person may, in such person’s own name, file a petition for appraisal or request from the surviving corporation such statement.

If a petition for appraisal is duly filed by a stockholder and a copy of the petition is delivered to the surviving corporation, then the surviving corporation will be obligated, within twenty days after receiving service of a copy of the petition, to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares of Gilman common stock and with whom agreements as to the value of their shares of Gilman common stock have not been reached. After notice to stockholders who have demanded appraisal, if such notice is ordered by the Delaware Court of Chancery, the Delaware Court of Chancery is empowered to conduct a hearing upon the petition and to determine those stockholders who have complied with Section 262 and who have become entitled to the appraisal rights provided by Section 262. The Delaware Court of Chancery may require stockholders who have demanded payment for their shares of Gilman common stock to submit their stock certificates to the Register in Chancery for notation of the pendency of the appraisal proceedings; and if any stockholder fails to comply with that direction, the Delaware Court of Chancery may dismiss the proceedings as to that stockholder.

After determination of the stockholders entitled to appraisal of their shares of Gilman common stock, the Delaware Court of Chancery will appraise the shares of Gilman common stock, determining their fair value as of the effective time of the merger after taking into account all relevant factors exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. When the fair value has been determined, the Delaware Court of Chancery will direct the payment of such value upon surrender by those stockholders of the certificates representing their shares of Gilman common stock. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective time of the merger and the date of payment of the judgment.

Costs of the appraisal proceeding (which do not include attorneys' fees or the fees and expenses of experts) may be determined by the Delaware Court of Chancery and imposed upon the surviving corporation and the stockholders participating in the appraisal proceeding by the Delaware Court of Chancery, as it deems equitable in the circumstances. Upon the application of a stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts used in the appraisal proceeding, to be charged pro rata against the value of all shares of Gilman common stock entitled to appraisal. Any stockholder who demanded appraisal rights will not, after the effective time of the merger, be entitled to vote shares of common stock subject to that demand for any purpose or to receive payments of dividends or any other distribution with respect to those shares of Gilman common stock, other than with respect to payment as of a record date prior to the effective time of the merger. If no petition for appraisal is filed within 120 days after the effective time of the merger, or if the stockholder otherwise fails to perfect his or her appraisal rights, successfully withdraws or loses such holder's right to appraisal, then the right of that stockholder to appraisal will cease and that stockholder's shares of Gilman common stock will be deemed to have been converted at the effective time of the merger into the right to receive the merger consideration pursuant to the merger agreement. In addition, as indicated above, a stockholder may withdraw his, her or its demand for appraisal in accordance with Section 262 and accept the merger consideration offered pursuant to the merger agreement.

Failure to comply strictly with all of the procedures set forth in Section 262 of the DGCL will result in the loss of a stockholder's statutory appraisal rights. In view of the complexity of Section 262 of the DGCL, Gilman stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors.

Voting and Support Agreements

On June 20, 2013, each of the voting stockholders entered into a voting and support agreement with National and Merger Sub. Under the voting and support agreements, the voting stockholders agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, subject to their right to approve a superior proposal. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. . However, a closing condition of the merger (which can be waived by National) is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to Delaware law. See "*Voting and Support Agreements*" beginning on page 106.

A copy of the form of voting and support agreement executed and delivered by each of the voting stockholders is attached to this proxy statement as **Annex B**.

Michael Ryan Employment Agreement

In connection with the closing of the merger, Michael Ryan, Gilman’s President and Chief Executive Officer, has agreed to enter into an employment agreement with National and Gilman, such agreement to go into effect at closing of the merger.

Pursuant to the terms of the employment agreement, Mr. Ryan shall serve as Chief Executive Officer and President of Gilman and Executive Vice President of National for a term commencing on the date of closing of the merger and ending on September 30, 2015, subject to early termination or renewal of the term. The employment agreement provides that Mr. Ryan shall be entitled to a base salary of $360,000, a bonus payable in the discretion of the Compensation Committee of National, a car allowance of $1,000 per month and such other benefits made available for senior executives of National.

At closing of the merger, National has agreed to grant to Mr. Ryan non-qualified options to purchase up to 300,000 shares of National common stock under a stock option plan of National then in effect of which (i) options to purchase 100,000 shares of common stock vest immediately upon grant, one third of such options have an exercise price of $0.50, one third of such options have an exercise price of $0.70 and one third of such options have an exercise price of $0.90; (ii) options to purchase 100,000 shares of common stock will vest on the first anniversary of closing of the merger, one third of such options have an exercise price of $0.50, one third of such options have an exercise price of $0.70 and one third of such options have an exercise price of $0.90; and (iii) options to purchase 100,000 shares of common stock will vest on the second anniversary of the closing of the merger, one third of such options have an exercise price of $0.50, one third of such options have an exercise price of $0.70 and one third of such options have an exercise price of $0.90

If Mr. Ryan's employment is terminated by Gilman without cause, terminated due to death or disability, terminated by Mr. Ryan for Good Reason, terminated as a result of a change of control or at the expiration of the term, National or Gilman has not entered into an employment agreement with Mr. Ryan upon substantially similar terms to the employment agreement, then Mr. Ryan shall be entitled to his base salary and expenses and accrued benefits through the date of termination, any unpaid bonus, and an amount equal to 100% of his base salary.

Golden Parachute Compensation

Golden Parachute Compensation Table

Golden Parachute Compensation

Name	**Cash ($)**	**Equity ($)**	**Pension/ NQDC ($)**	**Perquisites/ Benefits ($)**	**Tax Reimburse-ments ($)**	**Other ($)**	**Total ($)**
Ted Finkelstein, *Vice President, Secretary and General Counsel*	$185,000	—	—	—	—	—	$185,000

Narrative to Golden Parachute Compensation Table

Ted Finkelstein is entitled to a change-in-control payment in the event of voluntary or involuntary termination resulting from the merger in an amount equal to $185,000.

Advisory Vote on Golden Parachute Compensation

Section 14A of the Exchange Act and Rule 14a-21(c) under the Exchange Act require that Gilman seek a nonbinding advisory vote from its stockholders to approve the "golden parachute" compensation that its named executive officers will receive in connection with the merger. As required by these provisions, we are asking our stockholders to vote on the adoption of the following resolution:

"RESOLVED, that the compensation that may be paid or become payable to Ted Finkelstein in connection with the merger, as disclosed in the table above in this proxy statement entitled "Golden Parachute Compensation" pursuant to Item 402(t) of Regulation S-K, is hereby APPROVED."

The board of directors recommends that the Gilman Stockholders vote "**FOR**" approval of this nonbinding advisory proposal. Approval of this proposal requires the affirmative vote of a majority of the votes cast by holders of shares of Gilman common stock in person or by proxy at the special meeting and entitled to vote on this proposal. Approval of this proposal is not a condition to completion of the merger. The vote with respect to this proposal is an advisory vote and will not be binding on Gilman or National. Therefore, regardless of whether stockholders approve this proposal, if the merger is approved by Gilman's stockholders and completed, the "golden parachute" compensation will still be paid to Mr. Finkelstein to the extent payable.

In addition, as in the case for the proposal to adopt the merger agreement, as a result of the voting and support agreements entered into by certain stockholders and officers and directors of Gilman, approval of the proposal to approve on a nonbinding advisory basis, the "golden parachute" compensation payable to one of Gilman's executive officers in connection with the merger as described in this proxy statement/prospectus is assured by Gilman stockholders.

Regulatory Approvals

The following is a summary of the material regulatory requirements for completion of the merger. There can be no guarantee if and when any of the consents or approvals required for the merger will be obtained or as to the conditions that such consents and approvals may contain. For further information, please see "Risk Factors" beginning on page 19.

Registration of National Shares. National must comply with applicable federal and state securities laws in connection with the issuance of shares of National common stock to Gilman's stockholders and the filing of this proxy statement/prospectus with the Securities and Exchange Commission. As of the date hereof, the registration statement of which this proxy statement is a part has not become effective.

FINRA Rule 1017 National and Gilman are required to obtain the approval of FINRA under Rule 1017 with respect to the merger. National and Gilman are in the process of filing an application under Rule 1017 with FINRA.

Accounting Treatment

National intends to account for the merger as an acquisition of Gilman by National using the acquisition method of accounting under generally accepted accounting principles. National will be deemed the acquiring party. As of June 30, 2013, National had 89,016,988 shares of common stock issued and outstanding. After the completion of the merger, the results of operations of Gilman will be included in the consolidated financial statements of National. The purchase price will be allocated to Gilman's assets and liabilities based on the fair values of the assets acquired and the liabilities assumed. These allocations will be made based upon valuations and other studies that have not yet been finalized. It is anticipated that the amount of intangible assets will be significant.

Material United States Federal Income Tax Consequences of the Merger

The following discussion summarizes certain material United States federal income tax consequences of the merger that are generally applicable to Gilman stockholders that are "U.S. holders" (as defined below), assuming that the merger is consummated as contemplated herein, and that no more than 5% of Gilman stockholders, in the aggregate, exercise dissent rights. The following discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations thereunder, and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of this discussion.

This discussion addresses only those U.S. holders that hold their Gilman common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment), and does not address all the United States federal income tax consequences that may be relevant to particular Gilman stockholders in light of their specific circumstances, such as:

- financial institutions;
- investors in pass-through entities;
- insurance companies;
- tax-exempt organizations;
- dealers in securities;
- traders in securities that elect to use a mark-to-market method of accounting;
- persons that hold Gilman common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- persons that purchased or sell their shares of Gilman common stock as part of a wash sale;
- certain expatriates or persons that have a functional currency other than the U.S. dollar;
- persons that are not U.S. holders; and
- stockholders who acquired their shares of Gilman common stock through the exercise of an employee stock option or otherwise as compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger.

While it is intended that the merger qualify as a reorganization within the meaning of Section 368(a) of the Code, and the following discussion assumes that the merger so qualifies, no opinion has been sought by National or Gilman relating to the merger, and neither National nor Gilman intends to seek or obtain a ruling from the Internal Revenue Service ("IRS") as to the United States federal income tax consequences of the merger. As a result, there can be no assurance that the IRS will agree with any of the conclusions described herein.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of Gilman common stock who for United States federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States or any state or political subdivision thereof;
- a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of one or more United States persons to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; or
- an estate that is subject to United States federal income tax on its income regardless of its source.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for United States federal income tax purposes) holds Gilman common stock, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Gilman common stock, you should consult your tax advisor.

ALL HOLDERS OF GILMAN COMMON STOCK ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE MERGER AND TAX REPORTING REQUIREMENTS WITH RESPECT THERETO.

Federal Income Tax Consequences of the Merger. The United States federal income tax consequences of the merger to U.S. holders of Gilman common stock are as follows:

- a holder who receives shares of National common stock in exchange for shares of Gilman common stock pursuant to the merger will not recognize gain or loss;

- the aggregate tax basis of the National common stock received in the merger will be the same as the aggregate tax basis of the Gilman common stock for which it is exchanged; and
- the holding period of National common stock received in exchange for shares of Gilman common stock will include the holding period of the Gilman common stock for which it is exchanged.

If U.S. holders of Gilman common stock acquired different blocks of shares of Gilman common stock at different times or at different prices, such holders' basis and holding period in their shares of National common stock may be determined with reference to each block of Gilman common stock. Any such holders should consult their tax advisors regarding the manner in which National common stock received in the exchange should be allocated among different blocks of Gilman common stock and with respect to identifying the bases or holding periods of the particular shares of National common stock received in the merger.

Dissenting U.S. Holders. U.S. holders of Gilman common stock that exercise appraisal rights with respect to the merger will recognize capital gain or loss equal to the difference, if any, between the amount of cash received and the tax basis in such holder's Gilman common stock. Any such capital gain or loss will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments to a holder of Gilman common stock may, under certain circumstances, be subject to information reporting and backup withholding, unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Backup withholding is not an additional tax, and any amounts withheld from payments to a holder under the backup withholding rules will be allowed as a refund or credit against the holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER. IT IS NOT A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS THAT MAY BE IMPORTANT TO YOU. YOU ARE STRONGLY ENCOURAGED TO CONSULT YOUR TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES RESULTING FROM THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL, AND OTHER TAX LAWS, AND THE EFFECT OF ANY PROPOSED CHANGES IN THE TAX LAWS.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements or expense efficiencies, among other factors, that could result as a consequence of the merger, and accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods.

The accompanying unaudited pro forma condensed combined financial statements present financial information from the National and Gilman unaudited pro forma condensed combined statements of operations for the years ended September 30, 2012 for National and June 30, 2012 for Gilman and for the six months ended March 31, 2013 for National and Gilman, respectively. For National, the six months data was derived from financial reports. For Gilman the six months data was derived from published unaudited subtracting the three months ended September 30, 2012 from the nine months ended March 30, 2013 to arrive at the six months ended March 31, 2013. The unaudited pro forma condensed combined balance sheets as of September 30, 2012 and June 30, 2012, are based on the historical balance sheets of National and Gilman respectively as of that date. The unaudited pro forma condensed combined statements of operations are presented as if the merger had occurred on September 30, 2012. The unaudited pro forma condensed combined balance sheets give effect to the transaction as if it occurred on September 30, 2012.

The unaudited pro forma condensed combined financial information is based on estimates and assumptions, which are preliminary and subject to change, as set forth in the notes to such statements and which are provided for informational purposes only. The unaudited pro forma condensed combined financial information is not necessarily indicative of the financial position or operating results that would have been achieved had the merger been consummated as of the dates indicated, nor is it necessarily indicative of future financial position or operating results. This information should be read in conjunction with the historical financial statements and related notes of National and Gilman included in this proxy statement/prospectus.

We anticipate that the merger will provide the combined company with financial benefits that may include increased revenues due to departmental synergies, cost savings on business expenses including but not limited to product marketing, insurance expenses, salaries, benefits, professional fees as well as other general and administrative costs. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of increased revenues due to departmental synergies, cost savings on business expenses including but not limited to product marketing, insurance expenses, salaries, benefits, professional fees as well as other general and administrative costs and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods.

The actual amounts recorded as of the completion of the merger may differ materially from the information presented in these unaudited pro forma condensed consolidated financial statements as a result of:

- changes in the trading price for National common stock;
- net cash used or generated in Gilman's operations between the signing of the merger agreement and completion of the merger;
- other changes in Gilman's net assets that occur prior to the completion of the merger, which could cause material changes in the information presented below; and
- changes in the financial results of the combined company.

The unaudited pro forma combined condensed consolidated financial statements are provided for informational purposes only. The unaudited pro forma combined condensed consolidated financial statements are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the merger been completed as of the dates indicated or that may be achieved in the future. The preparation of the unaudited pro forma combined condensed consolidated financial statements and related adjustments required management to make certain assumptions and estimates. The unaudited pro forma combined condensed consolidated financial statements should be read together with:

the accompanying notes to unaudited pro forma consolidated financial information;

the audited consolidated financial statements of National for the year ended September 30, 2012 and the notes relating thereto;

the unaudited consolidated financial statements of National as of and for the six months ended March 31, 2013 and the notes relating thereto;

the audited consolidated financial statements of Gilman for the year ended June 30, 2012 and the notes relating thereto;

the unaudited consolidated financial statements of Gilman as of and for the six months ended March 31, 2013 and the notes relating thereto; and

other information pertaining to National and Gilman contained in or incorporated by reference into this document. See “Selected Historical Financial Data of National” and “Selected Historical Financial Data of Gilman."

Unaudited Pro Forma Condensed Combined Statements of Financial Condition at March 31, 2013 National and Gilman

	Historical National	Gilman	Pro Forma Combined	Pro-Forma Adjustments		Pro-Forma Combined
Current Assets						
Cash and cash equivalents	$13,496,000	$666,000	$14,162,000	$(1,680,000)	a,b	$12,482,000
Restricted Cash	-	190,000	190,000			190,000
Deposit with clearing organizations	1,107,000	-	1,107,000			1,107,000
Receivables from broker-dealers and clearing organizations	3,572,000		3,572,000			3,572,000
Trade Accounts Receivable, Net	-	2,846,000	2,846,000			2,846,000
Receivables From Employees, Net	-	885,000	885,000			885,000
Other receivables, net of allowance for uncollectible accounts	747,000	-	747,000			747,000
Advances to registered representatives - Current portion	215,000	-	215,000			215,000
Securities owned: marketable at market value	2,072,000	2,000	2,074,000			2,074,000
Securities owned: non-marketable at fair value	423,000	-	423,000			423,000
Prepaid Expenses	-	513,000	513,000			513,000
Other assets	907,000		907,000			907,000
Other Current Assets	-	122,000	122,000			122,000
Total Current Assets	22,539,000	5,224,000	27,763,000			26,083,000
Non-Current Assets						
Advances to registered representatives - Long term portion	531,000	-	531,000			531,000
Fixed assets, net	474,000	579,000	1,053,000			1,053,000
Intangible assets, net	155,000	3,844,000	3,999,000			3,999,000
Goodwill	-	4,016,000	4,016,000	4,039,000	d	8,055,000
Other assets	155,000	260,000	415,000			415,000
Total Assets	**$23,854,000**	**$13,923,000**	**$37,777,000**	**$2,359,000**		**$40,136,000**
Current Liabilities						
Accounts payable, accrued expenses and other liabilities	$12,421,000	$966,000	$13,387,000			$13,387,000
Accrued Expenses	-	1,432,000	1,432,000			1,432,000
Commissions Payable	-	2,454,000	2,454,000			2,454,000
Deferred Income	-	119,000	119,000			119,000

Payable to broker-dealers and clearing organizations	13,000	-	13,000			13,000
Securities sold, but not yet purchased, at market	213,000	-	213,000			213,000
Capital Leases	-	311,000	311,000			311,000
Current Portion of Notes Payable	-	4,881,000	4,881,000	(4,881,000)	b	-
Due to Related Parties	-	1,081,000	1,081,000	(1,081,000)	b	-
Total Current Liabilities	12,647,000	11,244,000	23,891,000	(5,962,000)		17,929,000
Non-Current Liabilities						
Accrued expenses and other liabilities - Long term portion	236,000	-	236,000			236,000
Long Term Portion of Notes Payable and Capital Leases	-	5,000	5,000			5,000
Other Long Term Liabilities	-	475,000	475,000			475,000
Total Liabilities	12,883,000	11,724,000	24,607,000	(5,962,000)		18,645,000
Stockholders' Equity						-
Common stock	1,780,000	964,000	2,744,000	(151,000)	a,c	2,593,000
Additional paid-in capital	64,496,000	36,596,000	101,092,000	(25,959,000)	a,b,c,d	75,133,000
Accumulated deficit	(55,326,000)	(35,361,000)	(90,687,000)	34,431,000	a,d	(56,256,000)
Total Stockholders' Equity	10,950,000	2,199,000	13,149,000			21,470,000
Non Controlling Interest	21,000	-	21,000			21,000
Total Stockholders' Equity	10,971,000	2,199,000	13,170,000			21,491,000
Total Liabilities and Stockholders' Equity	**$23,854,000**	**$13,923,000**	**$37,777,000**	**2,359,000**		**$40,136,000**

a. Sale of $5,000,000 of National common stock resulting in the issuance of 16,666.667 shares of National Common Stock

b. Payoff of $5,400,000 of Gilman debt on closing

c. Issuance of no more than 24,000,000 shares of National stock in exchange for Gilman shares and Elimination of GTAX S.E and balance of debt not paid off

d. Valuation of intangibles and good will

84

Pro Forma Condensed Consolidated Statements of Operations (Unaudited) (USD $)
National and Gilman

	National 6 Months Ended Mar. 31, 2013	Gilman 9 Months Ended Mar. 31, 2013	Less Gilman 3 Months Ended Sept. 30, 2012	Gilman 6 Months Ended Mar. 31, 2013	Combined	Pro-Forma Adjustments		Pro-Forma Combined
Revenues								
Commissions	$36,809,000	$-	$-	$-	$36,809,000			$36,809,000
Net dealer inventory gains	6,912,000	-	-	-	6,912,000			6,912,000
Investment banking	4,389,000	-	-	-	4,389,000			4,389,000
Interest and dividends	2,050,000	-	-	-	2,050,000			2,050,000
Transfer fees and clearing services	4,040,000	-	-	-	4,040,000			4,040,000
Investment advisory fees and other income	5,193,000	-	-	-	5,193,000			5,193,000
Financial Planning Services	-	22,132,000	7,336,000	14,796,000	14,796,000			14,796,000
Tax Preparation and Accounting Fees	-	5,206,000	891,000	4,315,000	4,315,000			4,315,000
Total Revenues	59,393,000	27,338,000	8,227,000	19,111,000	78,504,000			78,504,000
Operating Expenses								
Commissions, compensation and fees	51,164,000	13,353,000	4,406,000	8,947,000	60,111,000	26,250	e	60,137,250
Salaries and Benefits	-	6,850,000	2,165,000	4,685,000	4,685,000	11,250	e	4,696,250
Clearing fees	997,000	-	-	-	997,000			997,000
Brokerage Fees & Licenses	-	801,000	271,000	530,000	530,000			530,000
Advertising	-	668,000	159,000	509,000	509,000			509,000
Communications	2,267,000	-	-	-	2,267,000			2,267,000
Occupancy, equipment and other administrative	1,754,000	-	-	-	1,754,000			1,754,000

costs							
Rent	-	1,777,000	589,000	1,186,000	1,188,000		1,188,000
Depreciation and Amortization	-	824,000	278,000	548,000	546,000	384,400 f	930,400
General & Administrative	-	3,200,000	1,070,000	2,130,000	2,130,000		2,130,000
Professional fees	1,535,000	-	-	-	1,535,000		1,535,000
Interest expense	230,000	-	-	-	230,000		230,000
Taxes, licenses, registration	777,000	-	-	-	777,000		777,000
Total Operating Expenses	58,724,000	27,473,000	8,938,000	18,535,000	77,259,000		77,680,900
Net Income (Loss) from Operations	669,000	(135,000)	(711,000)	576,000	1,245,000		823,100
Other Expenses							
Loss on investment in unaffiliated entity	(162,000)	-	-	-	(162,000)		(162,000)
Interest and Investment Income	-	22,000	7,000	15,000	15,000		15,000
Interest expense	-	(446,000)	(133,000)	(313,000)	(313,000)	313,000 g	-
Other income / (expense), net		895,000	804,000	91,000	91,000		91,000
Income tax expense - Current	(60,000)	-	-	-	(60,000)		(60,000)
Total Other Income (Expense)	(222,000)	471,000	678,000	(207,000)	(429,000)		(116,000)
Net income (loss) before non-controlling interest	447,000	336,000	(33,000)	369,000	816,000		707,100
Non-controlling interest	7,000	-	-	-	7,000		7,000
Net income (loss) attributable to common stockholders	$454,000	$336,000	$(33,000)	$369,000	$823,000		$714,100

Pro Forma Adjustments

e. Amortization of non cash compensation due to the issuance of 1,750,000 options with a 4 year vesting and $0.50 exercise price.

f. Amortization of intangibles is subject to change pending valuation of intangbles

g. Interest expense adjustment assuming that Gilman debt had been repaid at the time of the merger

Pro Forma Condensed Consolidated Statements of Operations (USD $)
National and Gilman

	National Fiscal Year End September 30, 2012 Audited	Gilman Fiscal Year End June 30, 2012 Audited	Combined	Pro-Forma Adjustments		Pro-Forma Combined
Revenues						
Commissions	$70,301,000	$-	$70,301,000			$70,301,000
Net dealer inventory gains	14,427,000	-	14,427,000			14,427,000
Investment banking	15,390,000	-	15,390,000			15,390,000
Interest and dividends	2,996,000	-	2,996,000			2,996,000
Transfer fees and clearing services	7,196,000	-	7,196,000			7,196,000
Investment advisory fees and other income	8,338,000	-	8,338,000			8,338,000
Financial Planning Services	-	32,419,000	32,419,000			32,419,000
Tax Preparation and Accounting Fees	-	7,953,000	7,953,000			7,953,000
Total Revenues	118,648,000	40,372,000	159,020,000			159,020,000
Operating Expenses						
Commissions, compensation and fees	103,800,000	20,685,000	124,485,000	52,500	e	124,537,500
Salaries and Benefits	-	9,283,000	9,283,000	22,500	e	9,305,500
Clearing fees	1,662,000	-	1,662,000			1,662,000
Brokerage Fees & Licenses	-	1,209,000	1,209,000			1,209,000
Advertising	-	881,000	881,000			881,000
Communications	4,731,000	-	4,731,000			4,731,000
Occupancy, equipment and other administrative costs	4,189,000	-	4,189,000			4,189,000
Rent	-	2,533,000	2,533,000			2,533,000
Depreciation and Amortization	-	1,094,000	1,094,000	768,800	f	1,862,800
General & Administrative	-	4,938,000	4,938,000			4,938,000
Professional fees	2,714,000	-	2,714,000			3,139,000
Interest Expense	916,000	-	916,000			916,000
Taxes, licenses, registration	1,536,000	-	1,536,000			1,536,000
Total Operating Expenses	119,548,000	40,623,000	160,171,000			161,014,800
Net Loss from Operations	(900,000)	(251,000)	(1,151,000)			(1,994,800)
Other Expenses						
Interest and Investment Income	-	8,000	8,000			8,000
Interest Expense	-	(562,000)	(562,000)	562,000	g	0
Other Income (Expense), Net	-	118,000	118,000			118,000
Loss on investment in unaffiliated entity	(1,051,000)	-	(1,051,000)			(1,051,000)

Total Other Expenses	(1,051,000)	(436,000)	(1,487,000)	(925,000)
Net loss before non-controlling interest	(1,951,000)	(687,000)	(2,638,000)	(2,919,800)
Non-controlling interest	(14,000)	-	(14,000)	(14,000)
Preferred stock dividends	(93,000)	-	(93,000)	(93,000)
Net loss attributable to common stockholders	$(2,030,000)	$(687,000)	$(2,717,000)	$(2,998,800)

Pro Forma Adjustments

e. Amortization of non cash compensation due to the issuance of 1,750,000 options with a 4 year vesting and $0.50 exercise price.

f. Amortization of intangibles is subject to change pending valuation of intangbles

g. Interest expense adjustment assuming that Gilman debt had been repaid at the time of the merger

Notes to Unaduited Pro Forma Condensed Combined Financial Statements

Note 1. Purchase Accounting Estimates

The purchase price allocation is preliminary and is based upon a preliminary estimated valuation of tangible and intangible assets acquired and liabilities assumed. The purchase price allocation included within these unaudited pro forma condensed combined financial statements is based upon a preliminary purchase price of approximately $12,200,000, estimated as follows:

Issuance of National common stock to Gilman stockholders (approximately 24,000,000 shares at an estimated $0.30 per share)	$7,200,000
Issuance of shares of National common stock to investors (approximately 24,000,000 shares at an estimated $0.30 per share)	5,000,000
	$12,200,000

For pro forma purposes, the stock prices for both National, $0.30 and Gilman, $0.08, on June 20, 2013, the date of the Agreement and Plan of Merger, were used to determine fair value. Any fluctuation in the price of National's common stock will impact the value of the purchase price. The actual values to be recorded in the transaction will be based on the price of National common stock on the transaction closing date.

For the purpose of the unaudited pro forma condensed combined financial statements, we have presumed an exchange ratio for the merger of approximately 0.2488 shares of As National common stock for each share of Gilman common stock based upon the terms of the Agreement and Plan of Merger dated June 20, 2013.

The purchase price of Gilman will be approximately $12,200,000 in aggregate consideration. The purchase price will be allocated to tangible and intangible assets and liabilities based on an estimate of the fair value of assets acquired and liabilities assumed. The significant intangible assets likely to be recognized in the valuation are customer relationships, broker relationship and trade names. The estimated useful lives that these assets, once determined, will be amortized utilizing the straight line method over their estimated economic life. If it were to be determined that the entire $12,200,000 are definite lived intangible assets with a 5 year economic life, the amortization of those intangible assets would be $2,440,000 per year. For the purposes of these pro forma financial statements, we are estimating that the fair value of the intangible assets acquired approximate their carrying value on the date of closing in the amount of $3,844,000. The following allocation of the aggregate fair value is preliminary and subject to adjustment based on the final determination of the total purchase price and the fair value of the assets acquired and liabilities assumed.

	September 30, 2012
Current assets	$5,224,000
Property, plant and equipment	579,000
Other assets	260,000
Current liabilities	(4,971,000)
Long-term liabilities	(480,000)
Current portion of capital leases	(311,000)
Net tangible assets acquired	301,000
Intangible assets including goodwill	11,899,000
Total estimated consideration	$12,200,000

The final purchase price and purchase price allocation could change significantly upon the completion of a detailed fair value study at the closing date of the merger transaction.

Note 2. Summary of Adjustments

Adjustments included in the unaudited pro forma condensed combined balance sheets and unaudited pro forma condensed combined statements of operations are summarized as follows:

a. Sale of $5,000,000 of NHLD common stock resulting in the issuance of approximately16,666.667 shares of NHLD Common Stock and recording of merger and capital raising costs as follows:

	National	**Gilman**	**Total**
Professional fees including legal and accounting	$310,000	$210,000	$520,000
Consulting fees	250,000*	325,000	575,000
Fairness opinions	75,000	75,000	150,000
Printing and other	25,000	10,000	35,000
	$660,000	$620,000	$1,280,000

* The estimated costs of the merger transaction have been reflected in the pro forma Accumulated Deficit and Additional Paid in Capital in the pro forma condensed combined balance sheet at September 30, 2012, but not reflected in the pro forma statements of operations as the amounts are nonrecurring and will be included in operations with 12 months following the closing of the merger transaction. Total estimated costs includes $620,000 paid by Gilman prior to June 30, 2013 and $620,000 to be paid in cash by National which amount includes $350,000 in closing costs associated with the $5,000,000 private placement.

b. Payoff of $5,400,000 of Gilman debt on closing and adjustment for excess debt

c. Issuance of no more than 24,000,000 shares of National stock in exchange for Gilman shares and valuation of intangibles and good will

d. Elimination of Gilman historical equity balances and

e. Amortization of non cash compensation due to the issuance of 1,750,000 options with a 4 year vesting and $0.50 exercise price.

f. Amortization of intangibles is subject to change pending valuation of intangbles

g. Interest expense adjustment assuming that Gilman debt had been repaid at the time of the merger

h. Reflect estimated costs of the merger transaction as follows:

The pro forma adjustments do not include any related income tax effects as National provided a full valuation allowance on its deferred tax assets. In addition, as Gilman is tendering all of its common stock, the use of Gilman net operating loss carryforwards are not expected to be limited under Section 382 of the Internal Revenue Code. Additionally, the pro forma adjustments do not include fair value adjustments related to the net tangible assets acquired as Gilman net assets approximate fair value.

The pro forma adjustments do not include any deferred tax liabilities due to the step-up of the intangibles to fair value from Gilman since Gilman has sufficient deferred tax assets to offset against such liabilities.

If, as a result of this transaction, it is determined that National underwent an ownership change as defined in Section 382 of the Internal Revenue Code, the use of its net operating loss and credit carryforwards may be further limited.

Certain National Non-GAAP Financial Presentations

National and Gilman management considers earnings before interest, taxes, depreciation and amortization, or EBITDA, as adjusted, an important indicator in evaluating our business on a consistent basis across various periods. In an effort to demonstrate what the EBITDA, as adjusted, performance of National would have been if the companies were consolidated for the six months ended March 31, 2013 and the fiscal year end September 31, 2012, the tables which follow are being provided.

National management estimates that through cost reductions and elimination of certain duplicative cost, they might acheive a reduction of operating costs of approximately $2.95 million on an annualized basis.

Due to the significance of non-recurring items, EBITDA, as adjusted, enables the National board of directors and management to monitor and evaluate our business on a consistent basis. We use EBITDA, as adjusted, as a primary measure, among others, to analyze and evaluate financial and strategic planning decisions regarding future operating investments and potential acquisitions. We believe that EBITDA, as adjusted, eliminates items that are not part of our core operations, such as interest expense and amortization expense associated with intangible assets, or items that do not involve a cash outlay, such as stock-related compensation. EBITDA, as adjusted should be considered in addition to, rather than as a substitute for, pre-tax income, net income and cash flows from operating activities.

Accordingly, there can be no assurance that actual performance consistent with this presentation will be realized, and actual results may vary materially from those shown. The inclusion of this presentation within this proxy statement/prospectus should not be regarded as an indication that National, Gilman or any of their respective affiliates, advisors, officers, directors or representatives considered or consider this presentation to be predictive of actual future events, and this presentation should not be relied upon as such. None of National, Gilman and any of their respective affiliates, advisors, officers, directors or representatives can give any assurance that actual results will not differ from this presentation, and none of them undertakes any obligation to update or otherwise revise or reconcile this presentation to reflect circumstances existing after the date this presentation was generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying this presentation is shown to be in error. Neither National nor Gilman intends to make publicly available any update or other revision to this presentation, except as otherwise required by law. None of National, Gilman nor any of their respective affiliates, advisors, officers, directors or representatives has made or makes any representation to any stockholder of Gilman or other person regarding the ultimate performance of National and Gilman compared to the information contained in this presentation or that this presentation will be achieved. National and Gilman have made no representation to each other or to each other’s affiliates, in the merger agreement or otherwise, concerning this presentation.

In light of the foregoing factors and the uncertainties inherent in the projections, stockholders are cautioned not to place undue, if any, reliance on these presentations.

Managements Presentation of EBITDA, as Adjusted For

National and Gilman

	National 6 Months Ended Mar. 31, 2013	Gilman 6 Months Ended * Mar. 31, 2013		Combined
Net income as reported	**$454,000**	**$369,000**		**$823,000**
Net income (loss) reconciled to EBITDA as adjusted:				
Interest expense	230,000	313,000		543,000
Taxes	108,000	-		108,000
Depreciation	227,000	130,000		357,000
Amortization	311,000	416,000		727,000
Non-cash compensation	-	12,500	**	12,500
Forgivable loan write down	135,000	21,000	**	156,000
Loss on investment in unaffiliated entity	162,000	-		162,000
Interest income	-	(15,000)		(15,000)
Other income	-	9,000		9,000
Legal fees and settlement costs for OFR Administrative Proceeding	-	(100,000)		(100,000)
EBITDA, as Adjusted	**$1,627,000**	**$1,155,500**		**$2,782,500**

* As derived from the 9 months ended March 31, 2013 less the three months ended September 30, 2012
** non cash compensation and forgivable loan writedown added to Gilman EBITDA calculation to conform to National presentation

Managements Presentation of EBITDA, as Adjusted For

National and Gilman

	National Fiscal Year End September 30, 2012 Audited	Gilman Fiscal Year End June 30, 2012 Audited	Combined
Net income as reported	**$(1,937,000)**	**$(687,000)**	**$(2,624,000)**
Net income (loss) reconciled to EBITDA as adjusted:			
Interest expense	916,000	562,000	1,478,000
Taxes	153,000	-	153,000
Depreciation	533,000	270,000	803,000
Amortization	538,000	824,000	1,362,000
Non-cash compensation	10,000	30,000	40,000
Forgivable loan write down	265,000	25,000	290,000
Loss on investment in unaffiliated entity	1,051,000	-	1,051,000
Interest income	-	(8,000)	(8,000)
Other income	-	(118,000)	(118,000)
Legal fees and settlement costs for OFR Administrative Proceeding	-	375,000	375,000
EBITDA, as Adjusted	**$1,529,000**	**$1,273,000**	**$2,802,000**

** non cash compensation and forgivable loan writedown added to Gilman EBITDA calculation to conform to National presentation

THE MERGER AGREEMENT

The following is a brief summary of the material provisions of the merger agreement dated as of June 20, 2013, a copy of which is attached as Annex A to this proxy statement/prospectus and is incorporated by reference into this summary. This summary may not contain all of the information about the merger agreement that is important to Gilman stockholders, and Gilman stockholders are encouraged to read the merger agreement carefully in its entirety. The legal rights and obligations of the parties are governed by the specific language of the merger agreement and not this summary.

Explanatory Note Regarding the Merger Agreement

The merger agreement has been included in its entirety as part of this proxy statement/prospectus to provide investors and Gilman stockholders with information regarding its terms. It is not intended to provide to any person not a party thereto any other factual information about National or Gilman. The merger agreement contains representations and warranties of National, Merger Sub and Gilman, negotiated between the parties and made as of specific dates solely for purposes of the merger agreement, including setting forth the respective rights of the parties with respect to their obligations to complete the merger. This description of the representations and warranties is not intended to provide any other factual information about National or Gilman. The representations, warranties and covenants contained in the merger agreement were made only for purposes of such agreement and as of specific dates, were solely for the benefit of the parties to such agreement, and may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the merger agreement. The representations and warranties may have been made for the purposes of allocating contractual risk between the parties to the agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in National's or Gilman's public disclosures. As a result, no person should rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of National, Merger Sub or Gilman or any of their respective subsidiaries or affiliates.

The Merger

The merger agreement provides for the merger of Merger Sub with and into Gilman. As a result of the merger, Merger Sub will cease to exist, and Gilman will continue as the surviving corporation in the merger. After the merger, the surviving corporation will be a direct wholly-owned subsidiary of National, and the former Gilman stockholders will have a direct equity ownership interest in National and not the surviving corporation.

When the Merger Becomes Effective

Under the merger agreement, the closing of the merger must occur no later than the second business day after all of the conditions to completion of the merger contained in the merger agreement, are satisfied or waived, unless the parties agree otherwise in writing (see "Merger Agreement—Conditions to the Merger" below). The merger will become effective at such time as a certificate of merger is duly filed with the Secretary of State of the State of Delaware unless a later date is specified therein.

Consideration to be Received Pursuant to the Merger

Conversion of Gilman Common Stock

The merger agreement provides that each share of Gilman common stock issued and outstanding immediately prior to the effective time of the merger will be cancelled and converted into the right to receive 0.248843451 shares of National common stock (the "merger consideration"); provided that in no event shall National issue in excess of 24,000,000 shares (subject to rounding for fractional shares), in the aggregate, of National common stock. Pursuant to the terms of the merger agreement, immediately prior to closing of the merger, the outstanding indebtedness of Gilman may not exceed $5,400,000, which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries, and any amounts in excess of $5,000,000 and up to $5,400,000 (the "Difference") shall cause a reduction in the number of shares of National common stock issued under the merger agreement, such reduction in share amount equal to the quotient of the Difference and $0.30 (subject to equitable adjustment for any stock split, reverse stock split, stock, extraordinary cash dividends, reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to National common stock). By way of example, if Gilman's outstanding indebtedness were $5,400,000 immediately prior to closing, this would have the effect of reducing the exchange ratio to approximately 0.23501881466 of a share of National common stock per share of Gilman common stock.

At the effective time, all shares of Gilman that have been converted into the right to receive the merger consideration will be automatically cancelled and cease to exist. Each holder of a certificate representing shares of Gilman common stock (other than shares for which dissenters' rights have been properly demanded and perfected under Delaware law) will no longer have any rights with respect to those shares, except for the right to receive the merger consideration.

Treatment of Options and Warrants

At the effective time, there shall be no outstanding options or warrants to purchase capital stock of Gilman and National shall issue five-year options to purchase 1,750,000 shares of National common stock to certain employees and independent contractors of Gilman at an exercise price of $0.50 per share.

Fractional Shares

No fractional shares of National common stock will be issued by virtue of the merger and any Gilman stockholder entitled under the merger agreement to receive a fractional share of National common stock will be rounded up to the next whole share.

Procedures for Receiving Merger Consideration

At or prior to the effective time, National will deposit, or cause to be deposited, with Computershare Trust Company to act as exchange agent for the transaction, sufficient shares of National common stock to pay the aggregate merger consideration pursuant to the merger agreement. The stock deposited pursuant to the foregoing is referred to as the "exchange fund." National shall have the right to withdraw from the exchange fund any shares of National common stock delivered by National or the surviving corporation with respect to any dissenting shares. The merger consideration will be payable upon the due surrender of the certificates ("certificates") that represented Gilman common stock as promptly as reasonably practicable after the effective time, or non-certificated shares of Gilman common stock ("uncertificated shares").

No later than 5 business days after the effective time, National will cause the exchange agent to mail to each record holder of Gilman common stock a letter of transmittal and instructions for use in effecting the surrender of certificates or uncertificated shares in exchange for the merger consideration. Each stockholder will be entitled to receive the appropriate merger consideration upon surrendering to the exchange agent such stockholder's certificates or uncertificated shares, together with a properly executed letter of transmittal and any other documents required by the exchange agent. **You should not return your certificates to the exchange agent without a letter of transmittal,**

and you should not return your certificates to Gilman.

If a payment is to be made to a person other than the person in whose name the surrendered certificate is registered, it will be a condition of payment that the certificate so surrendered will be endorsed properly or otherwise be in proper form for transfer and that the person requesting the payment will have paid all applicable

taxes relating to the payment of merger consideration to a person other than the registered holder of the certificate surrendered or will have to establish that such taxes either have been paid or are not applicable.

After the effective time, the stock transfer books of Gilman will be closed and there will be no further registration of transfers of Gilman common stock in the stock transfer books of the surviving corporation.

Lost, Stolen or Destroyed Certificates

If any stockholder is unable to surrender such holder's certificate because such certificate has been lost, mutilated or destroyed, such holder may deliver in lieu thereof an affidavit and, if reasonably requested, an indemnity bond in customary amount.

Representations and Warranties

The merger agreement contains customary representations and warranties of the parties. These include representations and warranties of Gilman, subject to certain limitations, with respect to:

due organization, valid existence, good standing and qualifications to do business;

disclosure of organizational documents (including certificates of incorporation, bylaws and certain board of directors' meetings minutes) and compliance with the terms thereof by Gilman and its subsidiaries;

capital structure;

corporate power and authority to enter into the merger agreement and consummate the transactions contemplated by the merger agreement and enforceability of the merger agreement;

consents and filings required for the merger;

absence of conflicts caused by the merger with organizational documents, contracts or laws;

compliance with any and all government permits and applicable laws;

accuracy of Gilman's SEC reports and financial statements since June 30, 2012;

absence of certain adverse changes or events since June 30, 2012;

- absence of undisclosed litigation;
- employee benefits matters;
- labor and employment matters;
- insurance matters;
- tax matters;
- accuracy of information provided for inclusion in this information statement or any other documents filed with the SEC in connection with the merger;
- opinions from financial advisor;
- brokers' fees;
- intellectual property matters;
- disclosure, enforceability and validity of material contracts;
- affiliate transactions;
- the effect of applicable takeover laws on the merger;
- service liabilities; and
- broker-dealer matters

The merger agreement also contains customary representations and warranties of National and Merger Sub, subject to certain limitations, with respect to:

- due organization, valid existence, good standing and qualifications to do business;

94

disclosure of organizational documents (including certificates of incorporation, bylaws and certain board of directors' meetings minutes) and compliance with the terms by National and its subsidiaries;

capital structure;

corporate power and authority to enter into the merger agreement and consummate the transactions contemplated thereby and enforceability of the merger agreement;

consents and filings required for the merger;

absence of conflicts caused by the merger with organizational documents, contracts or laws;

compliance with any and all government permits and applicable law;

accuracy of National's SEC reports and financial statements since September 30, 2012;

absence of certain adverse changes or events since September 30, 2012;

absence of undisclosed litigation;

insurance matters;

accuracy of information provided for inclusion in this information statement or any other documents filed with the SEC in connection with the merger;

brokers' fees;

operation of the Merger Sub;

disclosure, enforceability and validity of material contracts;

affiliate transactions;

- the effect of applicable takeover laws on the merger;
- service liabilities;
- broker-dealer matters;
- absence of ownership by National or its subsidiaries of Gilman common stock; and
- availability of a sufficient number of National common stock to complete the merger.

The representations and warranties contained in the merger agreement expire at the effective time. The representations, warranties and covenants in the merger agreement were made in part to allocate contractual risk between the parties and not as a means of establishing facts. The merger agreement might have a different standard of materiality than securities laws, and the representations, warranties and covenants are qualified by information contained in schedules of exceptions. Stockholders are not third-party beneficiaries under the merger agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of National or any of its affiliates or of Gilman or any of its affiliates.

Conduct of Business Pending the Merger

Restrictions on Gilman's Operations

Gilman has agreed that, until the earlier of completion of the merger and the earlier termination of the merger Agreement, except as contemplated by the merger agreement, required by law or approved by National (such consent not to be unreasonably conditioned, withheld or delayed), it will conduct its and its subsidiaries' business in the ordinary course of business and will use commercially reasonable efforts to preserve substantially intact its and its subsidiaries' business organization, and to preserve all present relationships with customers, suppliers, employees, licensees, licensors, partners and other persons with which it has significant business relations. In addition, between the date of the merger agreement and the effective time, Gilman and its subsidiaries will not, without the prior written consent of National (which consent shall not be unreasonably withheld or delayed):

amend or change its organizational documents;

except as set forth in the schedules to the merger agreement, issue, deliver, sell, pledge, dispose of or encumber any shares of capital stock, voting securities, or other equity interests, or any options, warrants, restricted stock or other rights of any kind to acquire or receive any shares of capital stock, voting securities, or other equity interests, except for the issuance of shares of Gilman common stock upon the exercise of options or in connection with other stock-based awards;

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock;

except as set forth in the schedules to the merger agreement, adjust, recapitalize, reclassify, combine, split, subdivide, redeem, purchase or otherwise acquire any shares of capital stock;

acquire (whether by merger, consolidation or acquisition of stock or assets or otherwise) any entity, business or division (whether by acquisition of assets or otherwise), enter into any new line of business;

sell or otherwise dispose of (whether by merger, consolidation, acquisition of stock or assets, exclusive license or otherwise) any entity, business or division thereof or any equity or assets, other than sales or dispositions of inventory in the ordinary course of business consistent with past practice;

except as set forth in the schedules to the merger agreement, (A) enter into, renew, terminate or materially amend (i) any contract or arrangement with revenues or payments in excess of $75,000 per annum, other than in the ordinary course of business consistent with past practice or otherwise imposing any material restrictions on Gilman or its subsidiaries or (ii) any joint venture, partnership or other similar arrangement or (B) engage in any transaction or series of transactions with any of Gilman's affiliates that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act;

authorize any new capital expenditures in amounts more than $50,000 in the aggregate other than in the ordinary course of business consistent with past practice;

except as set forth in the schedules to the merger agreement, incur or modify in any material respect the terms of any indebtedness for borrowed money, or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any person or entity, or make any loans or advances to any other person or entity in an amount exceeding $50,000 in the aggregate;

except as set forth in the schedules to the merger agreement, (i) increase the compensation or benefits of any of its directors, officers or employees, (including the payment of bonuses and the granting of stock options, stock appreciation rights or other equity or equity-like incentives) or pay any bonuses except that in the case of employees, Gilman or its subsidiaries may increase, without the prior written consent of the National, compensation or benefits of Gilman's or its subsidiaries' employees by not more than $75,000 in the aggregate for all employees; (ii) grant or pay any severance or termination pay not provided for under any plan, policy, guideline or agreement in effect on or prior to the date of the merger agreement; (iii) enter into, amend or modify the terms of any employment, consulting, change of control, indemnification, termination or severance agreement or arrangement with any of its present or former directors, officers or employees, or establish, adopt, enter into or materially amend or terminate any Gilman plans or collective bargaining agreement except that Gilman or its subsidiaries may enter into, without the prior written consent of National, any employment agreement or independent contractor agreement without change of control or severance provisions with any new field office employee or registered representative in the ordinary course of business consistent with prior practice; and (iv) accelerate the vesting or time of payment of any compensation or benefits of any director, officer, employee or consultant or fund or make any contribution to any Gilman plan or trust not required to be funded;

make any material change in any financial or regulatory accounting principles, except as required by a change in law or GAAP;

materially change any tax accounting period, adopt or change any material tax accounting method, file any material amended tax return, or settle a material tax claim or assessment, in each case, relating to Gilman or its subsidiaries, unless required by GAAP or applicable law;

agree to or otherwise settle, compromise or otherwise resolve in whole or in part any litigation, actions, suits, actual, potential or threatened claims, investigations or proceedings, whether pending on the date of the merger agreement or made or brought thereafter, which settlement or compromise would, in any single case, result in (i) damages, fines or other penalties payable to or by Gilman or any of its subsidiaries in excess of $50,000 net of insurance and net of collection from other parties or (ii) non-monetary relief, including debarment, corporate integrity agreements, any other undertaking of any kind, deferred prosecution agreements, consent decrees, plea agreements or mandatory or permissive exclusion;

abandon, sell, license (except in the ordinary course of business consistent with past practice), assign or grant any security interest in or to any material item of Gilman's intellectual property rights or any other material assets; or

agree to take any of the above actions.

Restrictions on National's Operations

Except as contemplated by the merger agreement, National and Merger Sub have each agreed that, between the date of the merger agreement and the effective time, it will not, without the prior written consent of Gilman (which consent shall not be unreasonably withheld or delayed):

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock;

adjust, recapitalize, reclassify, combine, split, or subdivide any shares of capital stock of National;

issue, deliver or sell any shares of capital stock, voting securities or other equity interests or any options, warrants, restricted stock or other rights of any kind to acquire or receive any shares of capital stock, voting securities, or other equity interests at an effective price per share of less than the price per share of the National common stock pursuant to that certain Securities Purchase Agreement dated as of January 24, 2013 (except for (i) the issuance of options to employees of National pursuant to any option plan in effect on the date hereof, and (ii) the issuance of shares of National common stock upon the exercise of options or in connection with other stock-based awards in each case outstanding as of the date hereof or pursuant to any option plan in effect on the date hereof);

acquire (whether by merger, consolidation or acquisition of stock or assets or otherwise) any entity, business or division (whether by acquisition of assets or otherwise), enter into any new line of business in an amount exceeding $1,500,000 in the aggregate;

sell or otherwise dispose of (whether by merger, consolidation, acquisition of stock or assets, exclusive license or otherwise) any entity, business or division thereof or any equity or assets in an amount exceeding $1,500,000 in the aggregate, other than sales or dispositions of inventory in the ordinary course of business consistent with past practice;

incur or modify in any material respect the terms of any indebtedness for borrowed money, or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any person or entity, or make any loans or advances to any other person or entity in an amount exceeding $1,500,000 in the aggregate; or

agree to take any of the above actions.

Additional Agreements

The merger agreement contains certain other agreements of the parties including, among other things, that:

Gilman shall as soon as practicable following the date upon which the Registration Statement on Form S-4 of which this proxy statement/prospectus forms a part becomes effective hold a meeting of its stockholders for the purpose of obtaining the approval of this merger no later than 20 business days following the mailing of the definitive proxy statement/prospectus;

Gilman and National shall cooperate in preparing and promptly cause to be filed with the SEC this proxy statement/prospectus and the Registration Statement on Form S-4;

National shall promptly cause to be filed with FINRA an application under Rule 1017 with respect to the merger;

National and Gilman will each allow reasonable access to their books and records until the closing of the merger;

National and Gilman will each maintain in confidence any non-public information received from the other party;

National and Gilman will consult with one another before issuing any public release or otherwise making any public statements about the merger, and will not release any such public release (including public filings with the SEC) without prior consent of the other party (which consent shall not be unreasonably conditioned, withheld or delayed) subject to certain exceptions;

National and Gilman will promptly notify one another of the occurrence or non-occurrence of any event that, individually or in the aggregate, would make the timely satisfaction of certain conditions of the merger agreement (set forth in "Merger Agreement—Conditions to Merger") impossible or unlikely;

all stock transfer, real estate transfer, documentary, stamp, recording and other similar taxes (including interest, penalties and additions to any such taxes) incurred in connection with the merger shall be paid by Gilman, and Gilman will cooperate with Merger Sub and National in preparing, executing and filing any tax returns with respect to such transfer taxes; and if any “fair price”, “moratorium”, “control share acquisition”, “business combination” or other similar antitakeover statute or regulation enacted under U.S. state or federal Laws, including those under the DGCL is or may become applicable to the merger agreement, then National, Merger Sub and Gilman and their respective Boards of Directors shall grant all approvals and take all actions as are necessary so that such transactions may be consummated as promptly as practicable on the terms contemplated by the merger agreement and otherwise act to eliminate or minimize the effects of such statute or regulation on such transactions.

Indebtedness

Immediately prior to the closing date, the outstanding indebtedness of Gilman shall not exceed the assumed indebtedness which shall exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries, and National shall cause the assumed indebtedness to be paid off at the closing of the merger and any amounts of assumed indebtedness in excess of $5,000,000 and up to $5,400,000 (the “Difference”) shall cause a reduction in the number of shares of National common stock issued hereunder and consequently the merger consideration; such reduction in a share amount equal to the quotient of the Difference and $0.30 (subject to equitable adjustment for any stock split, reverse stock split, stock dividend, extraordinary cash dividends, reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to National common stock).

Certain Fees and Expenses

At or prior to closing of the merger, Gilman shall pay in full its financial advisor, its outside legal counsel and its accountants for any fees and expenses incurred in connection with the merger and such persons shall deliver to National a statement that they have been paid in full.

Indemnification and Insurance

The merger agreement provides that all rights to indemnification and exculpation from liabilities occurring at or prior to the effective time (including rights for advancement of expenses) in favor of then current or former directors or officers of Gilman or its subsidiaries provided in their certificate of incorporation or bylaws and any indemnification or other agreements of Gilman and its subsidiaries in effect on the date of the merger agreement shall be assumed by the surviving corporation and shall survive the merger and continue in full force and effect in accordance with their terms. Further, the certificate of incorporation and bylaws of the surviving corporation and its subsidiaries shall contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of former or present directors and officers than are presently set forth in Gilman and its subsidiaries’ certificate of incorporation and bylaws, which provisions shall not be amended, repealed or otherwise modified for a period of six years from the effective time in any manner that would adversely affect the rights thereunder of any such individuals, except as amendments may be required by the DGCL during such period.

For a period of not less than 3 years after the effective time, National shall cause to be in effect either (i) Gilman and its subsidiaries directors' and officers' liability insurance covering each person currently covered by Gilman's and its subsidiaries' directors' and officers' liability insurance for acts or omissions occurring prior to the effective time by way of purchasing a "tail" or (ii) National may substitute thereof policies of another insurance company, reasonably acceptable to the Gilman board of directors, the material terms of which, including coverage and amount, are no less favorable in any material respect to such persons than Gilman's policies in effect immediately prior to the date of the merger agreement; provided that in no event shall National or Gilman or its subsidiaries be required to pay aggregate premiums for insurance in excess of 125% of the amount of the aggregate premiums paid by Gilman or its subsidiaries for policy year 2012-2013 for such purpose. The Gilman board of directors shall have the right to modify, in their discretion the ratio of "Side A" Coverage to "Side B" Coverage without regard to the existing percentage allocation in its existing coverage.

Conditions of the Merger

The obligations of the parties to consummate the transactions contemplated by the merger agreement are subject to the following conditions:

Conditions to Each Party's Obligations

National's Merger Sub's and Gilman's respective obligations to complete the merger are subject to the satisfaction or waiver of various conditions, including the following:

Stockholder Approval. Gilman stockholders holding a majority of the outstanding shares of Gilman common stock having approved the merger agreement;

No Injunction or Restraint. The absence of any federal, state, local or foreign statute, law, ordinance, rule, regulation, order, judgment, decree or legal requirement, or any injunction by any United States or state court or United States Governmental Body (as defined in the merger agreement) prohibiting, restraining or enjoining the completion of the merger;

Effectiveness of the S-4. The Registration Statement on Form S-4 has become effective under the Securities Act and is not the subject of any stop order or proceedings seeking a stop order shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC; and

No Material Misstatements or Omissions. The Registration on Form S-4 shall not contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Conditions to National's and Merger Sub's Obligations

National's and Merger Sub's obligations to complete the merger are also subject to various conditions, including the following:

Gilman's representations and warranties in the merger agreement being true and correct to the extent set forth in the merger agreement;

material compliance by Gilman with its covenants and agreements as to the extent set forth in the merger agreement;

the outstanding indebtedness of Gilman shall not exceed $5,400,000 which exclude any capital leases, leasehold improvements, insurance premium financing and financing of the AT&T equipment lease of Gilman or its subsidiaries;

receipt of all required consents, approvals, authorizations, permits, actions, or notifications;

Gilman stockholders holding a majority of the outstanding shares of Gilman common stock having approved the merger agreement;

the voting and support agreements have been delivered by the voting stockholders;

holders owning no more than 5 percent, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters' rights pursuant to the DGCL all planned severance, change of control payments, accelerations, accrued compensation, bonus, and vacation relating to any and all employees and consultants shall not be in excess of amounts set forth in the schedule to the merger agreement and Michael Ryan shall have entered into an employment agreement with National and Gilman; and

receipt of certificates executed by the chief executive officer of Gilman that the aforementioned conditions have been satisfied.

Conditions to Gilman's Obligations

Gilman's obligation to complete the merger is also subject to various conditions, including the following:

National's and Merger Sub's representations and warranties in the merger agreement being true and correct to the extent set forth in the merger agreement;

material compliance by National with its covenants and agreements as to the extent set forth in the merger agreement;

receipt of certificates executed by the chief executive officer or chief financial officer of National that the aforementioned conditions have been met;

FINRA shall have approved the Rule 1017 Application;

delivery by Merger Sub of the merger consideration to the exchange agent; and

National shall have sent by wire transfer of same day funds amounts necessary to payoff the assumed indebtedness.

Termination

The merger agreement may be terminated at any time before completion of the merger in any of the following ways:

by mutual written consent of National, Merger Sub and Gilman;

by either National or Gilman if any court or governmental body having jurisdiction in the United States shall have issued an order, decree or ruling enjoining or prohibiting the merger which has become final and nonappealable;

by either National or Gilman if the effective time has not occurred on or before December 31, 2013 (as extended, referred to as the "termination date"). Such right to terminate will not be available to any party whose action or failure to perform in breach of the merger agreement has been the cause of or resulted in the failure of the effective time to occur;

by National, so long as neither National nor Merger Sub has materially breached any of its obligations contained in the merger agreement, if Gilman breaches any representation, warranty, covenant or agreement contained in the merger agreement which breach would result in a failure of any of the conditions to the obligation of National or Merger Sub to effect the merger (as set forth in "Merger Agreement—Conditions to the Merger") and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to Gilman and (b) the termination date;

by Gilman, so long as Gilman has not materially breached any of its obligations contained in the merger agreement if National or Merger Sub breaches any representation, warranty, covenant or agreement contained in the merger agreement, which breach would result in a failure of any of the conditions to the obligation of Gilman to effect the merger(as set forth in “Merger Agreement—Conditions to the Merger”) and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to National and (b) the termination date;

by National if the Gilman board of directors withdraws or modifies in a manner adverse to National, or proposes publicly to withdraw or modify in a manner adverse to National , its recommendation that its stockholders vote to approve and adopt the merger agreement or resolves or agrees to take any such action; and

by Gilman in connection with the receipt of a superior proposal under the terms and subject to the conditions set forth in the merger agreement.

Should any of these potential grounds for termination occur, the National and Gilman board of directors, as applicable, may elect to exercise their respective rights to terminate the merger agreement.

Termination Fees and Expenses

Gilman has agreed to pay National a termination fee equal to $800,000 in connection with the transactions contemplated by the merger agreement if:

a bona fide acquisition proposal determined in accordance with the merger agreement shall have been made or any person or entity makes a public announcement of intention to make such a proposal and thereafter the merger agreement is terminated by either National or Gilman as a result of the effective time not having occurred by the termination date;

Gilman terminates the merger agreement in connection with the receipt of a superior proposal under the terms and conditions set forth in the merger agreement;

National terminates the merger agreement because the Gilman board of directors withdraws or modifies in a manner adverse to National or Merger Sub, or proposes publicly to withdraw or modify in a manner adverse to National or Merger Sub, its recommendation that its stockholders approve and adopt the merger agreement or resolves or agrees to take any such action; and

National terminates the merger agreement because Gilman breaches any representation, warranty, covenant or agreement contained in the merger agreement which breach would result in a failure of any of the conditions to the obligation of National or Merger Sub to effect the merger (as set forth in "Merger Agreement—Conditions to the Merger") and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to Gilman and (b) the termination date.

provided, that, in each case, no termination fee will be payable to National unless and until either prior to or within 12 months of such termination, Gilman or any of its subsidiaries shall have entered into a letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement relating to, or shall have consummated or shall have approved or recommended to Gilman stockholders, or otherwise not opposed, an acquisition proposal.

National has agreed to pay Gilman a termination fee equal to $800,000 if Gilman terminates the merger agreement because National breaches any representation, warranty, covenant or agreement contained in the merger agreement which breach would result in a failure of any of the conditions to the obligation of Gilman to effect the merger (as set forth in "Merger Agreement—Conditions to the Merger") and such breach has not been cured by the earlier of (a) 15 days after notice of the breach to National and (b) the termination date.

Effect of Termination

In the event of termination of the merger agreement prior to the effective time in accordance with the terms of the merger agreement, the merger agreement will become void, and there shall be no liability or further obligation on the part of National, Merger Sub or Gilman other than:

- the payment of fees and expenses described above under "Merger Agreement—Termination Fees and Expenses";
- liability for brokerage or finder's fees incurred by it;
- the parties' mutual obligations with respect to confidentiality and public announcements, which survive termination, under the terms of the merger agreement; and
- liability arising out of fraud or material and intentional breach of any provision of the merger agreement.

No Solicitation of Other Offers by Gilman

Under the terms of the merger agreement, subject to certain exceptions described below, Gilman has agreed that it and its officers and directors will not (and that it will use commercially reasonable efforts to ensure that its representatives will not) directly or indirectly:

- initiate, solicit or knowingly encourage or facilitate any inquiries or the making of any "acquisition proposal," as defined below; or
- engage in any negotiations concerning, or provide access to its properties, books and records or any confidential information or data to, any person relating to, an acquisition proposal.

In addition, under the merger agreement, Gilman has agreed that it will, and it will cause its agents and representatives to, promptly cease and cause to be terminated any existing activities, discussions or negotiations with respect to any acquisition proposal.

However, if Gilman receives an unsolicited bona fide written proposal for an acquisition proposal, Gilman may:

- provide access or furnish information with respect to Gilman to the person that made such proposal pursuant to a customary confidentiality agreement; and

- engage in discussions and negotiations with the person that made such proposal;

but only if:

- the Gilman board of directors determines in good faith, after consultation with its financial advisors, that the proposal constitutes a "superior proposal" as defined below; and

- the acquisition proposal did not result from a breach of Gilman's covenant not to initiate, solicit or knowingly encourage or facilitate any inquiries or the making of any acquisition proposal, or engage in any negotiations concerning, or provide access to its properties, books and records or any confidential information or data to any person relating to, an acquisition proposal.

An "acquisition proposal" means any proposal or offer with respect to the acquisition, including by way of a tender offer, exchange offer, merger, consolidation or other business combination, of:

- an equity interest representing a 10% or greater economic or voting interest in Gilman; or the assets, securities or other ownership interests of or in Gilman representing 10% or more of the consolidated assets of Gilman; in each case, other than the transactions contemplated by the merger agreement

A "superior proposal" means any offer made by a third party that Gilman's board of directors reasonably determines to be bona fide for a transaction that if consummated, would result in such third party (or in the case of a direct merger between such third party and Gilman, the stockholders of such third party) acquiring, directly or indirectly, more than 50% of the voting power of the Gilman common stock (or, in the case of a direct merger, the common stock of the resulting company) or all or substantially all the consolidated assets of Gilman and its subsidiaries for consideration consisting of consideration payable to holders of Gilman common stock that the Gilman board of directors determines in good faith, after consultation with its financial advisors, to be more favorable from a financial point of view to holders of Gilman common stock than the merger with National taking into account the termination fee, and is reasonably likely to be consummated in accordance with its terms, taking into account all financial, regulatory, legal and other aspects of such offer and transaction (including the likelihood of completion) and any changes to the terms of the merger agreement proposed by National in response to such superior proposal or otherwise.

Additionally, subject to the right of Gilman to withhold information where such disclosure would contravene any law or binding agreement entered into prior to the date of the merger agreement, Gilman is required to promptly provide National any non-public information that is provided to the person making an acquisition proposal or its representatives that was not previously provided to National or Merger Sub. Gilman has agreed to promptly (within 2 business days) notify National of the receipt of any acquisition proposal after the date of the merger agreement, including the identity of the person making such acquisition proposal and the material terms and conditions of such acquisition proposal, and to keep National apprised of any related material developments, discussions and negotiations related to such acquisition proposal.

Changes of Recommendation

The merger agreement requires Gilman's board of directors:

not to withdraw or modify, or to propose publicly to withdraw or modify, its recommendation to approve the merger in a manner adverse to National or Merger Sub;

not to recommend, adopt or approve any acquisition proposal or propose publicly to recommend, adopt or approve any acquisition proposal; and

not to cause or permit Gilman to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement constituting or related to, or which is intended to lead to any acquisition proposal (an

"Acquisition Agreement").

However, Gilman's board of directors may (i) withdraw its recommendation to approve the merger, if Gilman's board of directors determines in good faith, after consulting its legal advisors, that failure to take such action would, or would be reasonably likely to, be a breach of its fiduciary duties, and (ii) in response to a superior proposal cause Gilman to terminate the merger agreement in order to concurrently enter into an Acquisition Agreement, subject to compliance with certain formalities.

Amendments, Extensions and Waivers

The parties may amend the merger agreement in writing by action taken by their respective Boards of Directors at any time prior to the effective time; provided, however, that after approval of the merger agreement by the Gilman stockholders, the parties may not make any amendment that by law requires further approval by the Gilman stockholders without such approval.

At any time before the effective time, each party may:

- extend the time for the performance of any obligations or other acts of the other party;

- waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; and

- waive compliance by the other party with any of the agreements or conditions contained in the merger agreement, subject to the requirements of applicable laws.

THE VOTING AND SUPPORT AGREEMENT

The following summary describes certain material provisions of the definitive Voting and Support Agreement entered into by National and the Voting Stockholders and is qualified in its entirety by reference to the voting and support agreement, a copy of which is attached hereto as **Annex B** *and incorporated herein by reference. This summary may not contain all of the information about the Voting and Support Agreement that is important to Gilman Stockholders, and Gilman Stockholders are encouraged to read the voting and support agreement carefully in its entirety. The legal rights and obligations of the parties are governed by the specific language of the Voting and Support Agreement and not this summary.*

In connection with the execution and delivery of the merger agreement, National and Merger Sub entered into the Voting and Support Agreements, dated as of June 20, 2013, with Michael P. Ryan, Carole Enisman, Ted H. Finkelstein, Edward Cohen, Fredrick Wasserman, John Levy, Allan Page, James Ciocia, Prime Partners II, LLC, Prime Partners, Inc., Wynnefield Partners Small Cap Value L.P. I, Wynnefield Partners Small Cap Value L.P., Wynnefield Small Cap Value Offshore Fund, Ltd. and Dennis Conroy (each a “voting stockholder” and collectively, the “voting stockholders").

Under the Voting and Support Agreements, the voting stockholders agreed, among other things, to vote certain shares of Gilman common stock as to which they have the right to vote (58,439,849 shares, or 60.3% of the outstanding shares of Gilman common stock on the record date) (i) in favor of the adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement, and (ii) against any action, proposal, transaction or agreement that would result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of Gilman contained in the merger agreement or of the Voting Stockholders contained in the voting and support agreements. Accordingly, the approval of the merger agreement by the Gilman stockholders is assured. However, a closing condition of the merger (which can be waived by National), is that holders owning no more than 5%, in the aggregate, of the outstanding Gilman common stock shall have perfected and not withdrawn a demand for dissenters’ rights pursuant to Delaware law.

The voting stockholders further agreed, subject to certain exceptions, to (i) not participate in a “solicitation” of “proxies” or consents or powers of attorney or similar rights to vote, or seek to advise or influence any person with respect to the voting of, any shares of common stock in connection with any vote or other action on any matter, other than to recommend that stockholders of Gilman vote in favor of adoption of the merger agreement, (ii) not deposit any of its Gilman shares in a voting trust or subject any of its Gilman shares to any arrangement or agreement with any person with respect to the voting of its Gilman shares, except in favor of the merger agreement, (iii) not initiate, solicit or knowingly encourage or facilitate any inquiries or the making of any proposal or offer with respect to, or any indication of interest in, any acquisition proposal, engage in any negotiations or discussions concerning any acquisition proposal, or provide any non-public information or data to any person or any representatives thereof (other than National) that has made, or to such voting stockholder’s knowledge, is considering making an acquisition proposal, or make any public statements with respect to any acquisition proposal or any matter that relates to, supports, or could reasonably be expected to lead to any acquisition proposal, and (iv) cease immediately any and all existing discussions, conversations, negotiations and other communications with any person conducted heretofore with respect to any acquisition proposal or any matter which, to the knowledge of such voting stockholder, relates to, supports, or would reasonably be expected to lead to any acquisition proposal.

Nothing contained in voting and support agreements will be deemed to limit or affect a voting stockholder's ability to approve a superior proposal.

Each voting and support agreement will terminate upon the earliest of (a) the mutual written consent of National, Merger Sub and the voting stockholder, (b) the effective time of the merger, (c) the date of termination of the merger agreement, (d) an adverse recommendation change occurring under merger agreement, and (e) the Gilman board of directors accepting a superior proposal.

INFORMATION ABOUT NATIONAL

National's Business

General

National Holdings Corporation, a Delaware corporation organized in 1996, is a financial services organization, operating primarily through its wholly-owned subsidiaries, National Securities Corporation (“National Securities” or “NSC”) and vFinance Investments, Inc. (“vFinance Investments”) (collectively, the “Broker-Dealer Subsidiaries”). The Broker-Dealer Subsidiaries conduct a national securities brokerage business through their main offices in New York, New York, Boca Raton, Florida, and Seattle, Washington.

Through its Broker-Dealer Subsidiaries, National (1) offers full service retail brokerage to approximately 39,000 high net worth individual and institutional clients, (2) provides investment banking, merger and acquisition and advisory services to micro, small and mid-cap high growth companies, and (3) engages in trading securities, including making markets in over 5,800 securities, providing liquidity in both foreign and domestic issues on a variety of exchanges and also providing execution and technical analysis in the United States Treasury marketplace. The Broker-Dealer Subsidiaries are introducing brokers and clear all transactions through clearing organizations on a fully disclosed basis. They are registered with the SEC, are members of the FINRA, Securities Investor Protection Corporation (“SIPC”) and are also members of the National Futures Association (“NFA”).

National’s brokers operate primarily as independent contractors. An independent contractor registered representative who becomes an affiliate of a Broker-Dealer Subsidiary typically establishes his own office and is responsible for the payment of expenses associated with the operation of such office, including rent, utilities, furniture, computer and other equipment, stock quotation machines, software and general office supplies. The independent contractor registered representative is entitled to retain a higher percentage of the commissions generated by his sales than an employee registered representative at a traditional employee-based brokerage firm. This arrangement allows National to operate with a reduced amount of fixed costs and lowers the risk of operational losses for lower or non-production.

National’s wholly-owned subsidiary, National Asset Management, Inc., a Washington corporation (“NAM”), is a federally-registered investment advisor providing asset management advisory services to high net worth clients for a fee based upon a percentage of assets managed.

National's wholly-owned subsidiary, National Insurance Corporation, a Washington corporation ("National Insurance"), provides fixed insurance products to its clients, including life insurance, disability insurance, long term care insurance and fixed annuities.

Recent Developments

NASD Rule 1017

In September 2012, EquityStation filed pursuant to NASD Rule 1017, a request to transfer its business assets, primarily its customer accounts and brokers, to its affiliate, vFinance Investments and to withdraw its membership from FINRA. On December 10, 2012, FINRA advised National that the request had been approved and the transfer of assets was made accordingly.

In September 2012, National filed pursuant to NASD Rule 1017, a request to transfer its retail business assets, primarily its customer accounts and brokers, to its affiliate, vFinance Investments. On December 13, 2012, FINRA advised National that the request had been approved and the transfer of assets was made accordingly on December 14, 2012.

The effect of these changes is not expected to have a material impact on the revenue or profitability of National in future reporting.

Private Placement and Recapitalization

On January 25, 2013, National issued approximately 29,450,000 shares of its common stock for an aggregate purchase price of approximately $8.8 million. National used the proceeds from the issuance of the shares to repay certain outstanding indebtedness and for general corporate, working capital, and net capital purposes and associated costs and fees relating to the transaction.

Additionally, National granted registration rights to these investors. The registration rights provide for, among other things, registration payment arrangements. National agreed to use its commercially reasonable efforts to (i) file with the SEC as soon as practicable but in no event later than 45 days of the date of the closing, a registration statement covering the resale of the shares issued in the private placement and (ii) have the registration statement be declared effective under the Securities Act, no later than April 25, 2013 or if there is a review of the registration statement by the SEC, May 25, 2013. In the event that (1) a registration statement is not declared effective by such dates, (2) after the date the registration statement is declared effective by the SEC, (a) a registration statement ceases for any reason, to remain continuously effective or (b) the investors are not permitted to utilize the prospectus included in the registration statement therein to resell their shares, in each case, for more than an aggregate of 20 consecutive days or 45 days during any 12-month period, or (3) National fails to satisfy the current public information requirement pursuant to Rule 144(c)(1) under the Securities Act, it shall pay to each investor an amount in cash equal to approximately $88,000 on the date the failure occurs and every 30 days thereafter, until cured subject to a maximum amount of up to approximately $880,000.

On January 24, 2013, National issued 9,416,691 shares of its common stock in connection with the conversion of all issued and outstanding shares of series C and D convertible Preferred Stock, which amounted to 34,169 and 60,000 shares, respectively.

During January 2013, National issued 10,000,000 shares of its common stock in satisfaction of obligations under convertible notes aggregating $5,000,000.

On January 24, 2013, National issued to certain holders of warrants 12,951,196 shares of common stock in consideration of the cancellation of 17,426,187 warrants. These warrants were originally issued in connection with National's issuance of shares of its Series C, D, and E Convertible Preferred Stock.

Clearing Relationships

National’s Broker-Dealer Subsidiaries have clearing arrangements with National Financial Services LLC (“NFS”), COR Clearing LLC (“COR”) (formerly known as Legent Clearing, ICBC (formerly known as Fortis Securities, LLC (“ICBC”), Rosenthal Collins Group, LLC. (“Rosenthal”), and R.J. O’Brien (“RJO”).

Financial Information about Industry Segments

National realized approximately 80% and 83% of its total revenues in the first six months of fiscal 2013 and in fiscal year 2012, respectively, from brokerage services, principal and agency transactions, and investment banking. During the six months of fiscal year 2013 and 2012, brokerage services consisting of retail brokerage commissions represented 62% and 57%, respectively, of total revenues, principal and agency transactions consisting of net dealer inventory gains represented 12% and 12%, respectively, of total revenues, and investment banking, consisting of corporate finance commissions and fees, represented 7% and 15%, respectively, of total revenues. For a more detailed analysis of National's results by segment, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations of National” beginning on page 115 of this proxy statement/prospectus.

Brokerage Services

National’s Broker-Dealer Subsidiaries are each registered as a broker-dealer with the SEC and are licensed in all 50 states, the District of Columbia and Puerto Rico. The Broker-Dealer Subsidiaries are also members of the FINRA, the Municipal Securities Rulemaking Board (“MSRB”) and the SIPC, and are also members of the NFA. Brokerage services to retail clients are provided through National's sales force of investment executives at the Broker-Dealer Subsidiaries.

National's goal is to meet the needs of its investment executives and their clients. To foster individual service, flexibility and efficiency and to reduce fixed costs, National's investment executives primarily act as independent contractors responsible for providing their own office facilities, sales assistants, telephone, Internet, computer and other equipment, software, quote service, supplies and other items of overhead. Investment executives are given broad discretion to structure their own practices and to specialize in different areas of the securities market subject to supervisory procedures and applicable rules and regulations. In addition, investment executives have direct access to research materials, management, traders, and all levels of support personnel.

The brokerage services provided by National's investment executives include execution of purchases and sales of stocks, bonds, mutual funds, annuities and various other securities for individual and institutional customers. In fiscal year 2012, stocks and options represented approximately 69% of National's business, bonds represented approximately 12% of National's business, and mutual funds and annuities and insurance made up approximately 19% of National's business. The percentage of each type of business varies over time as the investment preferences of National's customers change based on market conditions.

Typically, the Broker-Dealer Subsidiaries do not recommend particular securities to customers. Rather, recommendations to customers are determined by individual investment executives based upon their own research and analysis, subject to applicable FINRA customer suitability standards. Most investment executives perform fundamental (as opposed to technical) analysis. Solicitations may be by telephone, email, seminars or newsletters.

National generally acts as an agent in executing customer orders to buy or sell listed and over-the-counter securities in which its does not make a market, and charges commissions based on the services it provides to its customers. In executing customer orders to buy or sell a security in which National makes a market, National may sell to, or purchase from, customers at a price that is substantially equal to the current inter-dealer market price plus or minus a mark-up or mark-down. National may also act as agent and execute a customer's purchase or sale order with another broker-dealer market-maker at the best inter-dealer market price available and charge a commission. National believes its mark-ups, mark-downs and commissions are competitive based on the services it provides to its customers. In each instance the commission charges, mark-ups or mark-downs, are to be in compliance with guidelines established by FINRA. In order to increase revenues generated from these activities, National continuously seeks to hire additional registered representatives and work with its current registered representatives to increase their productivity.

National's registered representatives are primarily independent contractors, not salaried employees. As such, payments to these persons are based on commissions generated and represent a variable cost rather than a fixed cost of operating National's business. Commission expense represents a significant majority of National's total expenses. National works to control its fixed costs in order to achieve profitability based upon its expectation of market conditions and the related level of revenues. Additionally, National requires most of its registered representatives to absorb their own overhead and expenses, thereby reducing National's share of the fixed costs.

Investment executives in the brokerage industry are traditionally compensated on the basis of set percentages of total commissions and mark-ups generated. Most brokerage firms bear substantially all of the costs of maintaining their sales forces, including providing office space, sales assistants, telephone and Internet service, computers and other equipment and supplies. The average commission paid to investment executives in the brokerage industry generally ranges from 30% to 50% of total commissions generated.

Since National requires most of its investment executives to absorb their own overhead and expenses, National pays a higher percentage of the net commissions and mark-ups generated by its investment executives, as compared to traditional investment executives in the brokerage industry. This arrangement also reduces fixed costs and lowers the risk of operational losses for lower or non-production. National’s operations include execution of orders, processing of transactions, internal financial controls, supervision and compliance with regulatory and legal requirements.

As of March 31, 2013, National had approximately 961 associates of which 141 were employees and 820 were independent contractors. Of these approximately 680 were registered representatives. Persons who have entered into independent contractor agreements are not considered employees for purposes of determining National’s obligations for federal and state withholding, unemployment and social security taxes. National’s independent contractor arrangements conform to accepted industry practice, and therefore, National does not believe there is a material risk of an adverse determination from the tax authorities that would have a significant effect on its ability to recruit and retain investment executives or on its current operations and financial results of operations. There is no assurance that the tax status of National’s independent contractors will not change as a result of regulatory or legislative actions. No employees are covered by collective bargaining agreements and National believes its relations are good with both its employees and independent contractors.

National's business plan includes the growth of its retail and institutional brokerage business, while recognizing the volatility of the financial markets. In response to historical market fluctuations, National has periodically adjusted certain business activities, including proprietary trading and market-making trading. National believes that consolidation within the industry may occur and it may consider strategic acquisitions in the future, but it is focused on generating positive cash flow and achieving profitability of its existing operations.

Periodic reviews of controls are conducted and supervision, administrative and operations personnel meet frequently with management to review operating conditions. Compliance, supervision and operations personnel monitor compliance with applicable laws, rules and regulations.

Principal and Agency Transactions

National buys and maintains inventories in equity securities as a "market-maker" for sale of those securities to other dealers and to National's customers. National may also maintain inventories in corporate, government and municipal debt securities for sale to customers. The level of National's market-making trading activities will increase or decrease depending on the relative strength or weakness of the broader markets. As of March 31, 2012, National made markets in over 5,800 micro and small-cap, NASDAQ and other exchange-listed stocks. National anticipates that it will continue market-making trading activity in the future, which may include companies for which National managed or co-managed a public offering.

National's trading departments require a commitment of capital. Most principal transactions place National's capital at risk. Profits and losses are dependent upon the skill of the traders, price movements, trading activity and the size of inventories. Since National's trading activities occasionally may involve speculative and thinly capitalized stocks, including stabilizing the market for securities which National has underwritten, it imposes position limits to reduce its potential for loss.

In executing customer orders to buy or sell a security in which National makes a market, it may sell to, or purchase from, customers at a price that is substantially equal to the current inter-dealer market price plus or minus a mark-up or mark-down. National may also as agent and execute a customer's purchase or sale order with another broker-dealer market-maker at the best inter-dealer market price available and charge a commission. National believes its mark-ups, mark-downs and commissions are competitive based on various factors including the services National provides to its customers.

In executing customer orders to buy or sell listed and over-the-counter securities in which National does not make a market, it generally act as an agent and charge commissions that it believes are competitive, based on the services it provides to its customers.

Investment Banking

National provides corporate finance and investment banking services, including underwriting the sale of securities to the public and arranging for the private placement of securities with investors. National's corporate finance operations provide a broad range of financial and corporate advisory services, including mergers and acquisitions, project financing, capital structure and specific financing opportunities. National also acts as an underwriter of equity securities in both initial and secondary public offerings. Corporate finance revenues are generated from capital raising transactions of equity and debt securities and fees for strategic advisory services, and will vary depending on the number of private and public offerings completed by National during a particular fiscal year.

Institutional Services

A critical element of National's business strategy is to identify institutional quality investments that offer above market returns. National supports that mission by providing institutional investment managers, primarily hedge fund managers, a complete array of services designed to enhance portfolio performance. Hedge funds represent the fastest growing segment of the money management market and by definition are focused on achieving positive returns for their investors while controlling risk. National offers fund managers access to advanced direct market access trading platforms, investment opportunities and independent research products. Additionally, National offers fund managers the ability to reduce their transaction costs by offering them access to National's trading desk for illiquid securities and automated trading systems for their liquid transactions as well as special execution services using volume weighted averages and average pricing for micro and small-cap stocks. National believes it has a mutually beneficial relationship with its Investment Banking Division ("IBD") as fund managers looking for investment opportunities fund IBD's corporate clients and National's relationships with fund managers may create opportunities to increase the number and quality of IBD clients.

As of March 31, 2013, National employed or had contractual relationships with approximately 10 individuals providing institutional services, approximately six of whom provide hedge fund related services. National services approximately 200 institutional customers, of which approximately 85 are hedge funds. For the first six months of fiscal year 2013 and for the fiscal year ended September 30, 2012, hedge fund related services accounted for approximately $1.5 million and $5.0 million respectively, in revenue.

Internet Strategy

One of National's websites, www.vfinance.com, is available to an audience of entrepreneurs, corporate executives and private and institutional investors in approximately 100 countries. The website provides sales leads to National's brokerage and institutional services divisions, giving visitors convenient access to a variety of financial services, proprietary business development tools, searchable databases and daily news. The website features National's database of venture capital firms and angel investors accessible with vSearch, a proprietary web-based data mining tool that allows entrepreneurs to search potential funding sources by different criteria, including geography, amount of funds required, industry, stage of corporate development or keyword. Much of the information on the website is provided free of charge, however, National charges nominal fees for the use of proprietary search engines and premium services such as its business planning services.

Administration, Operations, Securities Transactions Processing and Customer Accounts

The Broker-Dealer Subsidiaries do not hold any funds or securities for customers. Instead, they use the services of clearing agents on a fully-disclosed basis. These clearing agents process all securities transactions and maintain customer accounts. Customer accounts are protected through the SIPC for up to $500,000, of which coverage for cash balances is limited to $250,000. In addition to SIPC protection, National's clearing agent provides brokerage accounts additional "excess of SIPC" coverage from Lloyd's of London, together with other insurers. The "excess of SIPC" coverage would only be used when SIPC coverage is exhausted. Like SIPC protection, "excess of SIPC" protection does not cover investment losses in customer accounts due to market fluctuation. It also does not cover other claims for losses incurred while broker-dealers remain in business. Total aggregate "excess of SIPC" coverage available through National's clearing agent "excess of SIPC" policy is $1 billion. Within the "excess of SIPC" coverage, there is no per account dollar limit on coverage of securities, but there is a per account limit of $1.9 million on coverage of cash. This is the maximum "excess of SIPC" protection currently available in the brokerage industry.

Competition

National is engaged in a highly competitive business. With respect to one or more aspects of National's business, its competitors include member organizations of the New York Stock Exchange and other registered securities exchanges in the United States and Canada, the U.K., Europe and members of FINRA. Many of these organizations have substantially greater personnel and financial resources and more sales offices than National. Discount brokerage firms affiliated with commercial banks provide additional competition, as well as companies that provide electronic on-line trading. In many instances, National is also competing directly for customer funds with investment opportunities offered by real estate, insurance, banking, and savings and loans industries.

The securities industry has become considerably more concentrated and more competitive since National was founded, as numerous securities firms have either ceased operations or have been acquired by or merged into other firms. In addition, companies not engaged primarily in the securities business, but with substantial financial resources, have acquired leading securities firms. These developments have increased competition from firms with greater capital resources than National.

Since the adoption of the Gramm-Leach-Bliley Act of 1999, commercial banks and thrift institutions have been able to engage in traditional brokerage and investment banking services, thus increasing competition in the securities industry and potentially increasing the rate of consolidation in the securities industry.

National also competes with other securities firms for successful sales representatives, securities traders and investment bankers. Competition for qualified employees in the financial services industry is intense. National’s continued ability to compete effectively depends on its ability to attract new employees and to retain and motivate National's existing employees. For a further discussion of risks facing National, please see the “Risk Factors” section of this proxy statement/prospectus.

Government Regulation and Supervision

The securities industry, the Broker-Dealer Subsidiaries, and National’s investment advisor businesses are subject to extensive regulation by the SEC, FINRA, NFA and state securities regulators and other governmental regulatory authorities. The principal purpose of these regulations is the protection of customers and the securities markets. The SEC is the federal agency charged with the administration of the federal securities laws. Much of the regulation of broker-dealers, however, has been delegated to self-regulatory organizations, such as the FINRA, that adopt rules, subject to approval by the SEC, which govern their members and conduct periodic examinations of member firms’ operations. Securities firms are also subject to regulation by state securities commissions in the states in which they are registered. All of the Broker-Dealer Subsidiaries are registered broker-dealers with the SEC and members of FINRA. They are licensed to conduct activities as a broker-dealer in all 50 states, the District of Columbia and Puerto Rico.

In addition, as registered broker-dealers and members of FINRA, the Broker-Dealer Subsidiaries are subject to the SEC’s Uniform Net Capital Rule 15c3-1 (the “Rule”), which is designed to measure the general financial integrity and liquidity of a broker-dealer and requires the maintenance of minimum net capital. Net capital is defined as the net worth of a broker-dealer subject to certain adjustments. In computing net capital, various adjustments are made to net worth that exclude assets not readily convertible into cash. Additionally, the regulations require that certain assets, such as a broker-dealer’s position in securities, be valued in a conservative manner so as to avoid overstating of the broker-dealer’s net capital.

National Securities has elected to use the alternative standard method permitted by the Rule. This requires that National Securities maintain minimum net capital equal to the greater of $250,000 or a specified amount per security based on the bid price of each security for which National Securities is a market maker. The alternative method precludes National Securities from having to calculate a ratio of aggregate indebtedness to net capital. At March 31, 2013, National Securities had net capital of approximately $2,378,000 which was approximately $2,128,000 in excess of its required net capital of $250,000.

Due to its market maker status, vFinance Investments is required to maintain a minimum net capital of $1,000,000. In addition to the net capital requirements, vFinance Investments is required to maintain a ratio of aggregate indebtedness to net capital, as defined, of not more than 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At March 31, 2013, vFinance Investments had net capital of approximately $1,845,000, which was approximately $845,000 in excess of its required net capital of $1,000,000, and its percentage of aggregate indebtedness to net capital was 101%. Each of the Broker-Dealer Subsidiaries qualifies under the exemptive provisions of Rule 15c3-3 which relates to the custody of securities for the account of customers pursuant to Section (k)(2)(ii) of the Rule as none of them carry security accounts of customers or perform custodial functions related to customer securities.

The Exchange Act and the FINRA Conduct Rules require the Broker-Dealer Subsidiaries to supervise the activities of its investment executives. As part of providing such supervision, these subsidiaries maintain written supervisory procedures. Compliance personnel and outside auditors conduct inspections of branch offices periodically to review compliance with National's procedures. A registered principal provides onsite supervision at each of the Broker-Dealer Subsidiaries' larger offices. The other offices (averaging two investment executives per office) are not required by FINRA rules to have a registered principal on site and are therefore supervised by registered principals off site. Designated principals review customer trades to ensure compliance with FINRA Conduct Rules including mark-up guidelines.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") establishes new and enhanced compensation and corporate governance oversight for the financial services industry, provides a specific framework for payment, clearing and settlement regulation, and empowers the SEC to adopt regulations requiring new fiduciary duties and other more stringent regulation of broker-dealers, investment companies and investment advisors. National's existing policies and procedures already provided for much of the Dodd-Frank Act new requirements.

Application of Laws and Rules to Internet Business and Other Online Services

Due to the increasing popularity and use of the Internet and other online services, various regulatory authorities are considering laws and/or regulations with respect to the Internet or other online services covering issues such as user privacy, pricing, content copyrights and quality of services. In addition, the growth and development of the market for online commerce may prompt more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. When the Securities Act, which governs the offer and sale of securities, and the Exchange Act, which governs, among other things, the operation of the securities markets and broker-dealers, were enacted, such acts did not contemplate the conduct of a securities business through the Internet and other online services. The recent increase in the number of complaints by online traders could lead to more stringent regulations of online trading firms and their practices by the SEC, FINRA and other regulatory agencies.

Although the SEC, in releases and no-action letters, has provided guidance on various issues related to the offer and sale of securities and the conduct of a securities business through the Internet, the application of the laws to the conduct of a securities business through the Internet continues to evolve. Furthermore, the applicability to the Internet and other online services of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes and personal privacy is uncertain and may take years to resolve. Uncertainty regarding these issues may adversely affect the viability and profitability of National's business.

As National's services, through its subsidiaries, are available over the Internet in multiple jurisdictions, and as National, through its subsidiaries, have numerous clients residing in these jurisdictions, these jurisdictions may claim that its subsidiaries are required to qualify to do business as a foreign corporation in each such jurisdiction. While the Broker-Dealer Subsidiaries are currently registered as broker-dealers in the jurisdictions described in this proxy statement/prospectus, all of National's subsidiaries are qualified to do business as corporations in only a few jurisdictions. Failure to qualify as an out-of-state or foreign corporation in a jurisdiction where National is required to do so could subject National to taxes and penalties for the failure to qualify.

Intellectual Property

National owns the following federally registered marks: vFinance, Inc.(R), vFinance.com, Inc.(R), AngelSearch(R), Direct2Desk(R) and EquityStation (R).

Employees

As of March 31, 2013, National employed the following personnel:

Position	Salaried Employees	Independent Contractors	Total
Officers	9	0	9
Administration	78	234	312
Brokers	18	578	596
Traders	31	0	31
Investment Bankers	5	0	5
Advisors	0	8	8
Totals	141	820	961

None of National's personnel are covered by a collective bargaining agreement. National considers its relationships with its employees to be good. Any future increase in the number of employees will depend upon the growth of National's business. National's registered representatives are required to take examinations administered by FINRA and state authorities in order to qualify to transact business and are required to enter into agreements with National obligating them, among other things, to adhere to industry rules and regulations, National's subsidiaries' supervisory procedures and not to solicit other employees or brokers in the event of termination.

Seasonality and Backlog

National's business is not subject to significant seasonal fluctuations, and there are no material backlogs in its business.

Research and Development and Environmental Matters

National did not incur any research and development expenses during the last two fiscal years. National does not incur any significant costs or experience any significant effects as a result of compliance with federal, state and local environmental laws.

Properties

National owns no real property. Its corporate headquarters are in space leased by National Securities in New York, New York. National also leases office space through its subsidiaries in Boca Raton, Florida, New York, New York, Seattle, Washington and Tinton Falls, New Jersey. Independent contractors individually lease National's branch offices that are operated by those independent contractors.

Leases expire at various times through August 31, 2021. National believes the rent at each of its locations is reasonable based on current market rates and conditions. National considers its facilities and those of its subsidiaries to be reasonably insured and adequate for the foreseeable needs of National and its subsidiaries.

The following chart provides information related to these lease obligations:

Address	**Approximate Square Footage**	**Approximate Annual Lease Rental**	**Lease Termination Date**
410 Park Ave New York, NY	11,885	$ 582,365	October 31, 2018
120 Broadway New York, NY	19,872	$ 813,268	August 31, 2013
1001 Fourth Ave Seattle, WA	9,739	$ 338,436	June 30, 2017
4000 Rt. 66 Tinton Falls, NJ	4,258	$ 104,321	November 30, 2015
131 Gaither Drive Mount Laurel, NJ	1,400	$ 19,600	Month to Month
1200 N. Federal Highway Boca Raton, FL	11,510	$ 305,475	August 31, 2021
3010 North Military Trail Boca Raton, FL	2,634	$ 64,460	February 28, 2014
2170 W. St. Rd. 434 Longwood, FL	940	$ 13,632	September 30, 2013

Legal Proceedings

National and its subsidiaries are defendants in arbitrations and administrative proceedings, lawsuits and claims, which are routine and incidental to its business, alleging specified damages of approximately $17,000,000. National estimates, to the extent that it can, that based on discussions with legal counsel and prior experience, its aggregate liability from these pending actions may exceed $480,000 (exclusive of fees, costs and unspecified punitive damages related to certain claims and inclusive of expected insurance coverage). These matters arise in the normal course of business. National intends to vigorously defend itself in these actions, and based on discussions with counsel believes that the eventual outcome of these matters will not have a material adverse effect on National. However, the ultimate outcome of these matters cannot be determined at this time. The amounts related to such matters that are reasonably estimable and which have been accrued at March 31, 2013 and 2012, are $536,000 and $201,000 (inclusive of legal fees and estimated claims), respectively, and have been included in “Accounts Payable, Accrued Expenses and Other Liabilities” in National’s accompanying consolidated statements of financial condition. National has included in “Professional fees” litigation and FINRA related expenses of approximately $625,000 for the first six months of fiscal year 2013 and approximately $1,158,000 and $1,169,000 for fiscal years 2012 and 2011, respectively.

Management’s Discussion and Analysis of Financial Condition and Results of Operations of National

Economic Overview and Impact of Financial Market Events

In the quarter ending March 31, 2013, the U.S. domestic equity markets and the S&P 500 continued to rise from the levels in 2012. While corporate profits of US companies have consistently met or exceeded expectations for multiple quarters, the US domestic equity markets are still sensitive to lingering concerns over slowing economic growth and the elevated unemployment rate in the United States. Uncertainty over U.S. fiscal policy, specifically how the debt ceiling will be handled and continued sovereign debt concerns in Europe are expected to have an effect on the financial markets, but it is difficult to predict whether it will have an impact on the volatility in the US domestic equity markets. If the market participants believe that the volatility of such markets is too high, it might lead to a reduction in the volume of transactions of US equity securities. Additionally, if the market participants believe that the US equity securities market is not synchronized with the underlying corporate profits, it may create a sharp adjustment to such markets, with significantly higher volume of transactions, followed by a longer period in which the volume of transactions is lower than average. While the longer-term outlook of the European debt crisis is uncertain, National continues to maintain nominal direct exposure to sovereign debt securities.

In response to the concerns noted above and the overall economic environment, the central banks, including the Federal Reserve, have continued to maintain historically low interest rates. The average federal funds effective rate was .144% in the quarter ending March 31, 2013. In the September 2012 meeting of the Board of Governors of the Federal Reserve System, it was announced that interest rates are expected to remain low into 2015 with a relatively low yield-curve for mid-term debt securities. The long-term outlook of low interest rates provides opportunities for the

US equity securities market while it not hampering the US debt securities.

Growth Strategy

National continues to evaluate opportunities to grow its businesses, including potential acquisitions or mergers with other securities, investment banking and investment advisory firms, and by adding to its base of independent representatives organically. Prospective acquisitions may involve payments of material amounts of cash, the incurrence of a significant amount of debt or the issuance of significant amounts of National equity securities, which may be dilutive to National’s existing stockholders and/or may increase its leverage. National cannot assure you that it will be able to consummate any such potential acquisitions at all or on terms acceptable to National or, if it does, that any acquired business will be profitable. There is also a risk that National will not be able to successfully integrate acquired businesses into its existing business and operations.

Key Indicators of Financial Performance for Management

National’s management periodically reviews and analyzes its financial performance across a number of measurable factors considered to be particularly useful in understanding and managing National's business. Key metrics in this process include productivity and practice diversification of representatives, top line commission and advisory services revenues, gross margins, operating expenses, legal costs, taxes and earnings per share.

Critical Accounting Policies and Estimates

The SEC recently issued proposed guidance for disclosure of critical accounting policies and estimates. National’s most critical accounting policies relate to income recognition, income taxes, and stock-based compensation. The SEC defines “critical accounting estimates” as those that require application of management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods.\

National’s critical accounting policies are as follows:

Revenue Recognition - Customer security transactions and the related commission income and expense are recorded as of the trade date. Investment banking revenues include gains, losses, and fees, net of syndicate expenses, arising from securities offerings in which National acts as an underwriter or agent. Investment banking revenues also include fees earned from providing financial advisory services. Investment banking management fees and sales concessions are recorded on the offering date and underwriting fees at the time the underwriting is completed and the income is reasonably determinable. Customers who are financing their transaction on margin are charged interest. National’s margin requirements are in accordance with the terms and conditions mandated by its clearing firms, NFS, Legent, ICBC Rosenthal and RJO. The interest is billed based on the customer’s average daily balance of the margin account.

Net dealer inventory gains result from securities transactions entered into for the account and risk of National. Net dealer inventory gains are recorded on a trade date basis. Transfer fees are charged for each customer’s security transaction, and are recognized as of the trade date. Investment advisory fees are account management fees for high net worth clients based on the amount of the assets under management. These fees are billed quarterly and recognized at such time that the service is performed and collection is probable.

National generally acts as an agent in executing customer orders to buy or sell listed and over-the-counter securities in which it does not make a market, and charges commissions based on the services National provides to its customers.

In executing customer orders to buy or sell a security in which National makes a market, National may sell to, or purchase from, customers at a price that is substantially equal to the current inter-dealer market price plus or minus a mark-up or mark-down. National may also act as agent and execute a customer's purchase or sale order with another broker-dealer market-maker at the best inter-dealer market price available and charge a commission. Mark-ups, mark-downs and commissions are generally priced competitively based on the services it provides to its customers. In each instance the commission charges, mark-ups or mark-downs, are in compliance with guidelines established by FINRA.

Common Stock Purchase Warrants – National accounts for the issuance of common stock purchase warrants issued in connection with capital financing transactions in accordance with the provisions of Accounting Standard Codification 815- Derivatives and Hedging ("ASC 815"). Based on such provisions, National classifies as equity any contracts that (i) require physical settlement or net-share settlement or (ii) gives National a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). National classifies assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net-cash settle the contract if an event occurs and if that event is outside the control of National) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement).

National assessed the classification of its derivative financial instruments as of September 30, 2012, which consist of common stock purchase warrants, and determined that such derivatives meet the criteria for equity classification under ASC 815.

Convertible Instruments – National evaluates and accounts for conversion options embedded in its convertible instruments in accordance with ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments in accordance with Emerging Issues Task Force ("EITF") 00-19. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional (as that term is described).

National accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with the provisions of Accounting Standard Codification 470-20 Debt with Conversion Options. Accordingly, National records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. National also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

National evaluated the conversion option embedded in the Series A Preferred Stock and determined, in accordance with the provisions of these statements, that such conversion option does not meet the criteria requiring bifurcation of these instruments. The characteristics of the common stock that is issuable upon a holder's exercise of the conversion option embedded in the convertible preferred stock are deemed to be clearly and closely related to the characteristics of the preferred shares (as that term is defined under ASC 815). Additionally, National's conversion options, if free standing, would not be considered derivatives subject to the accounting guidelines prescribed under ASC 815.

However, National believes that certain conversion features embedded in its Series C and Series D Preferred Stock and the related warrants issued in connection with such instruments were not clearly and closely related to the economic characteristics of National's stock price prior to March 31, 2011. Accordingly, National recognized derivative liabilities in connection with such instruments. National uses judgment in determining the fair value of derivative liabilities at the date of issuance at every Statement of Financial Condition thereafter. National uses judgment in determining which valuation is most appropriate for the instrument (e.g., Black Scholes), the expected volatility, the implied risk free interest rate, as well as the expected dividend rate. As of March 31, 2011, the Series C and Series D Preferred Stock and the warrants associated with such Preferred Stock are accounted for as equity contracts.

Other Receivables – National extends unsecured credit in the normal course of business to its registered representatives. The determination of the amount of uncollectible accounts is based on the amount of credit extended and the length of time each receivable has been outstanding, as it relates to each individual registered representative. The allowance for doubtful accounts reflects the amount of loss that can be reasonably estimated by management, and is included in other expenses in the accompanying consolidated statements of operations.

National has historically used the Black-Scholes option valuation model to estimate the fair value of any options granted. The model includes subjective input assumptions that can materially affect the fair value estimates. The model was developed for use in estimating the fair value of traded options that have no vesting restrictions and that are fully transferable. For example, the expected volatility is estimated based on the most recent historical period of time equal to the weighted average life of the options granted. Options issued under National's option plans have characteristics that differ from traded options. In National's opinion, this valuation model does not necessarily provide a reliable single measure of the fair value of its employee stock options.

Results of Operations

<u>Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012</u>

Revenues

National's revenues for the three months ended March 31, 2013 decreased, with a greater decrease in fixed and variable expenses, compared to the same period last year. Despite the decline in revenues, National reported a net operating income of $716,000 compared with a net operating loss of $713,000 for the quarters ended March 31, 2013 and 2012, respectively.

	Three Months Ended		**Increase (Decrease)**	
	March 31,			
	2013	**2012**	**Amount**	**Percent**
Commissions	$20,769,000	$20,484,000	$285,000	1 %
Net dealer inventory gains	4,310,000	3,686,000	624,000	17 %
Investment banking	2,334,000	4,232,000	(1,898,000)	-45 %
Interest and dividends	1,004,000	663,000	341,000	51 %
Transfer fees and clearance services	2,033,000	2,141,000	(108,000)	-5 %
Investment advisory fees and other income	2,499,000	2,003,000	496,000	25 %
	$32,949,000	$33,209,000	$(260,000)	-1 %

Total revenues decreased $260,000, or 1%, to $32,949,000 from $33,209,000 in the second quarter of fiscal year 2013 compared to the second quarter of fiscal year 2012. The decrease in revenues is primarily due a decline in investment banking transactions substantially offset by an increase in investment advisory fees, trading profits and generally more favorable market conditions in the retail marketplace.

Commission revenue increased $285,000, or 1%, to $20,769,000 from $20,484,000 during the second quarter of fiscal year 2013 compared with the same period in fiscal year 2012, which is attributable to generally more favorable market conditions for retail brokerage. The volume of transactions during the second quarter of fiscal 2013 was consistent with the prior year period.

Net dealer inventory gains, which includes profits on proprietary trading, market making activities and customer mark-ups and mark-downs, increased $624,000, or 17%, to $4,310,000 from $3,686,000 during the second quarter of fiscal year 2013 compared with the same period in fiscal year 2012. The increase is primarily due to more favorable trading conditions including higher market volumes, affecting National's market making and fixed income trading activities in the quarter ended March 31, 2013 as compared to the same quarter in 2012.

Investment banking revenue decreased $1,898,000, or 45% to $2,334,000 from $4,232,000 during the second quarter of 2013 compared to the same period in fiscal year 2012. This decrease was attributable to fewer investment banking transactions during the second quarter of fiscal 2013 when compared with the same period in fiscal year 2012.

Interest and dividends revenue increased by $341,000 or 51%, to $1,004,000 from $663,000 in the second quarter of fiscal year 2013 compared with the same period in fiscal year 2012. The increase is primarily attributable to the slightly improved retail brokerage environment resulting in higher customer margin account balances, higher customer free cash balances, and slightly higher prevailing interest rates.

Transfer fees and clearance services decreased $108,000 or 5%, to $2,033,000 in the second quarter of fiscal year 2013 from $2,141,000 in the same quarter of fiscal year 2012. This decrease resulted from a decline in service fee income earned during the second quarter of fiscal 2013 offset by an increase in year end and other miscellaneous fee income.

Investment advisory fees and other income, consisting of asset management fees, other miscellaneous transaction fees and other investment income, increased $496,000, or 25%, to $2,499,000 from $2,003,000 during the second quarter of fiscal year 2013 compared to the same quarter of fiscal year 2012. The increase is due primarily to an increase in assets under management in National's registered investment advisory subsidiary, National Asset Management.

Operating expenses

In comparison with the $260,000, or 1% decrease in total revenues in the quarter ended March 2013 as compared to the same quarter of 2012, total operating expenses decreased by $1,689,000, or 5%, to $32,233,000 for the second quarter of fiscal year 2013 compared to $33,922,000 in the second quarter of fiscal year 2012. This decrease in total expenses is primarily a result of a decrease in employee compensation and slightly improved payout agreements relating to National's trading, banking and retail divisions.

	Three Months Ended March 31,		Increase (Decrease)	
	2013	2012	Amount	Percent
Commissions, compensation, and fees	$28,329,000	$29,682,000	$(1,353,000)	-5 %
Clearing fees	575,000	374,000	201,000	54 %
Communications	1,149,000	1,162,000	(13,000)	-1 %
Occupancy, equipment and other administrative expenses	981,000	1,345,000	(364,000)	-27 %
Professional fees	764,000	643,000	121,000	19 %
Interest	66,000	276,000	(210,000)	-76 %
Taxes, licenses and registration	369,000	440,000	(71,000)	-16 %
	$32,233,000	$33,922,000	$(1,689,000)	-5 %

Commissions, employee compensation, and fees, which primarily includes expenses related to commission revenue, net dealer inventory gains and investment banking revenues and employee payroll, decreased $1,353,000, or 5%, to $28,329,000 in the second quarter of fiscal year 2013 from $29,682,000 in the second quarter of fiscal year 2012. The decrease is primarily attributable to a decrease in employee compensation and a decrease in investment banking revenues offset by an increase in retail commission revenues. Commission expense also includes the amortization of advances to registered representatives aggregating $75,000 and $60,000 for the second quarter of fiscal year 2013 and 2012, respectively. These amounts fluctuate based upon the amounts of advances outstanding and the time period for which the registered representatives have agreed to be affiliated with National Securities.

Employee compensation includes the amortization of the fair value associated with stock based compensation of $0 and $4,000 in second quarter of fiscal years 2013 and 2012, respectively.

Clearing fees increased $201,000, or 54%, to $575,000 in the second quarter of fiscal year 2013 from $374,000 in the second quarter of fiscal year 2012. This is primarily due to clearing incentives given to two independent groups that joined National in the second quarter of fiscal year 2013 for which there was no comparable transaction in the same quarter of 2012.

Communications expense decreased by $13,000, or 1%, to $1,149,000 in the second quarter of fiscal year 2013 from $1,162,000 in the second quarter of fiscal year 2012. This decrease is primarily due to a focus by National's management on reducing bandwidth and overall telecommunication services costs since the beginning of the current fiscal year.

Occupancy, equipment and other administrative costs decreased $364,000, or 27%, to $981,000 in the second quarter of fiscal year 2013 from $1,345,000 in the second quarter of fiscal year 2012. This decrease is primarily due a reduction in the amounts paid for customer settlements and office rent offset by a slight increase in general insurance costs.

Professional fees increased $121,000, or 19%, to $764,000 from $643,000 in the second quarter of fiscal year 2013 compared to the second quarter of fiscal year 2012. This increase is attributed to continued cost of defense associated with various arbitrations as well as an increase in general corporate matters.

Interest expense decreased by $210,000, or 76%, to $66,000 from $276,000 in the second quarter of fiscal year 2013 compared to the second quarter of fiscal year 2012. The decrease is primarily due to lower weighted-average principal of interest-bearing debt resulting from the repayment of all remaining outstanding notes payable during the second quarter of fiscal year 2013.

Taxes, licenses and registration expenses decreased $71,000, or 16%, to $369,000 from $440,000 in the second quarter of fiscal year 2013 compared to the second quarter of fiscal year 2012. This decrease in taxes, licenses and registration fees is as a result of a general decline in the registration fees of new brokers during the second quarter of fiscal year 2013 as compared to the comparable quarter in 2012.

Six Months Ended March 31, 2013 Compared to Six Months Ended March 31, 2012

Revenues

National’s revenues for the first half of fiscal year 2013 increased despite the lower revenues in the second quarter. Operating expenses for the first half of fiscal year 2013 declined over the same period last year despite the increase in year to date revenues resulting in an operating profit of $669,000 as compared with a net operating loss of $1,735,000 for the first half of fiscal years 2013 and 2012, respectively.

	Six Months Ended March 31,		**Increase (Decrease)**		
	2013	**2012**	**Amount**	**Percent**	
Commissions	$36,809,000	$33,687,000	$3,122,000	9	%
Net dealer inventory gains	6,912,000	6,762,000	150,000	2	%
Investment banking	4,389,000	8,987,000	(4,598,000)	-51	%
Interest and dividends	2,050,000	1,366,000	684,000	50	%
Transfer fees and clearance services	4,040,000	3,971,000	69,000	2	%
Investment advisory fees and other income	5,193,000	3,835,000	1,358,000	35	%
	$59,393,000	$58,608,000	$785,000	1	%

Total revenues increased $785,000, or 1%, to $59,393,000 from $58,608,000 in the first half of fiscal year 2013 compared to the first half of fiscal year 2012. The increase in revenues is primarily due to more favorable market conditions in the retail marketplace as well as in trading and National’s investment advisory platform. The volume of transactions during the second quarter of fiscal 2013 was consistent with the prior year period.

Commission revenue increased $3,122,000, or 9%, to $36,809,000 from $33,687,000 during the first half of fiscal year 2013 compared with the same period in fiscal year 2012. The increase in commissions was primarily due more favorable market conditions for retail brokerage.

Net dealer inventory gains, which includes profits on proprietary trading, market making activities and customer mark-ups and mark-downs, increased $150,000, or 2%, to $6,912,000 from $6,762,000 during the first half of fiscal year 2013 compared with the same period in fiscal year 2012. The increase is primarily due modestly more favorable trading conditions affecting National's market making and fixed income trading activities in the first half of fiscal year 2013 as compared to the same period in fiscal year 2012.

Investment banking revenue decreased $4,598,000, or 51%, to $4,389,000 from $8,987,000 during the first half of 2013 compared to the same period in fiscal year 2012. This decrease was attributable to fewer investment banking transactions during the first half of fiscal year 2013 when compared to the same period in fiscal 2012.

Interest and dividend income increased by $684,000, or 50%, to $2,050,000 from $1,366,000 in the first half of fiscal year 2013 compared with the same period in fiscal year 2012. The increase is primarily attributable to the slightly improved retail brokerage environment resulting in higher customer margin account balances, higher customer free cash balances, and slightly higher prevailing interest rates.

Transfer fees and clearance services increased $69,000, or 2%, to $4,040,000 in the first half of fiscal year 2013 from $3,971,000 in the first half of fiscal year 2012, resulting from a higher number of transactions made on behalf of National’s clients during the most recent period, offset by a decline in service fee income.

Investment advisory fees and other income, consisting of asset management fees, other miscellaneous transaction fees and other investment income, increased $1,358,000, or 35%, to $5,193,000 from $3,835,000 during the first half of fiscal year 2013 compared to the first half of fiscal year 2012. The increase is due primarily to an increase in assets under management in National's registered investment advisory subsidiary, National Asset Management.

Operating expenses

In comparison with the 1% increase in total revenues, total operating expenses decreased by $1,619,000, or 3%, to $58,724,000 for the first half of fiscal year 2013 compared to $60,343,000 in the first half of fiscal year 2012. This decrease in total expenses is primarily a result of a decrease in employee compensation and slightly improved payout agreements relating to National's trading, banking and retail divisions.

	Six Months Ended March 31,		**Increase (Decrease)**	
	2013	**2012**	**Amount**	**Percent**
Commissions, compensation, and fees	$51,164,000	$52,412,000	$(1,248,000)	-2 %
Clearing fees	997,000	834,000	163,000	20 %
Communications	2,267,000	2,362,000	(95,000)	-4 %
Occupancy, equipment and other administrative expenses	1,754,000	2,206,000	(452,000)	-20 %
Professional fees	1,535,000	1,174,000	361,000	31 %
Interest	230,000	552,000	(322,000)	-58 %
Taxes, licenses and registration	777,000	803,000	(26,000)	-3 %
	$58,724,000	$60,343,000	$(1,619,000)	-3 %

Commissions, employee compensation, and fees, which primarily includes expenses related to commission revenue, net dealer inventory gains and investment banking and employee compensation, decreased $1,248,000, or 2%, to $51,164,000 in the first half of fiscal year 2013 from $52,412,000 in the first half of fiscal year 2012. The decrease is primarily attributable to a decrease in employee compensation and a decrease in investment banking revenues offset by an increase in retail commission revenues. Commission expense also includes the amortization of advances to registered representatives aggregating $135,000 and $143,000 for the first half of fiscal year 2013 and 2012, respectively. These amounts fluctuate based upon the amounts of advances outstanding and the time period for which the registered representatives have agreed to be affiliated with National Securities.

Employee compensation includes the amortization of the fair value associated with stock based compensation of $0 and $10,000 in first half of fiscal years 2013 and 2012, respectively.

Clearing fees increased $163,000, or 20%, to $997,000 in the first half of fiscal year 2013 from $834,000 in the first half of fiscal year 2012. This is primarily due to clearing incentives given to two independent groups that joined National during the first half of 2013 for which there was no comparable transaction in the same quarter of 2012.

Communications expenses decreased by $95,000, or 4%, to $2,267,000 in the first half of fiscal year 2013 from $2,362,000 in the first half of fiscal year 2012. This decrease is primarily due to a focus by management on reducing bandwidth and overall telecommunication services costs since the beginning of the fiscal year.

Occupancy, equipment and other administrative costs decreased $452,000, or 20%, to $1,754,000 from $2,206,000 in the first half of fiscal year 2013 compared to the first half of fiscal year 2012.This decrease is primarily due a reduction in the amounts paid for customer settlements and office rent offset by a slight increase in general insurance costs.

Professional fees increased $361,000, or 31%, to $1,535,000 from $1,174,000 in the first half of fiscal year 2013 compared to the first half of fiscal year 2012. This increase is attributed to continued cost of defense associated with various arbitrations as well as an increase in general corporate matters.

Interest expense decreased by $322,000, or 58%, to $230,000 from $552,000 in the first half of fiscal year 2013 compared to the first half of fiscal year 2012. The decrease is primarily due to lower weighted-average principal of interest-bearing debt resulting from the repayment of all remaining outstanding notes payable during the second quarter of fiscal year 2013.

Taxes, licenses and registration decreased $26,000, or 3%, to $777,000 from $803,000 in the second quarter of fiscal year 2013 compared to the second quarter of fiscal year 2012. This decrease in taxes, licenses and registration fees is as a result of a general decline in the registration fees of new brokers during the second half of fiscal 2013 as compared to the comparable period in 2012.

Fiscal Year 2012 Compared with Fiscal Year 2011

National's fiscal year 2012 resulted in a decrease in revenues, and a correlated decrease in variable expenses as well as cost savings in compensation and other fixed costs as implemented by management, compared with fiscal year 2011. As a result, National reported a net loss of $1,937,000 compared with a net loss of $4,713,000 for the fiscal years 2012 and 2011, respectively.

Revenues

	Fiscal Year		Increase (Decrease)	
	2012	2011	Amount	Percent
Commissions	$70,301,000	$85,296,000	$(14,995,000)	-18 %
Net dealer inventory gains	14,427,000	14,261,000	166,000	1 %
Investment banking	15,390,000	6,930,000	8,460,000	122 %
Interest and dividends	2,996,000	3,586,000	(590,000)	-16 %
Transfer fees and clearing services	7,196,000	8,528,000	(1,332,000)	-16 %
Investment advisory fees	8,092,000	7,567,000	525,000	7 %
Other	246,000	353,000	(107,000)	-30 %
	$118,648,000	$126,521,000	$(7,873,000)	-6 %

Total revenues decreased $7,873,000, or 6%, in fiscal year 2012 to $118,648,000 from $126,521,000 in fiscal year 2011. The decrease in revenues is primarily due to less favorable market conditions in retail brokerage offset by an increase in investment banking as described in National's overview of the business environment.

Commissions revenues decreased by $14,995,000, or 18%, to $70,301,000 from $85,296,000 during fiscal 2012 when compared to the prior year, primarily due to less favorable general market conditions resulting in lower volume of transactions made on behalf of National's clients.

Net dealer inventory gains, which includes profits on proprietary trading, market making activities, and customer mark-ups and mark-downs increased by $166,000, or 1%, to $14,427,000 from $14,261,000 during fiscal 2012 when compared to fiscal 2011, primarily due to slightly more favorable trading conditions affecting National's market making and fixed income trading activities in the year ended September 30, 2012, as compared to the prior year period.

Investment banking fees increased $8,460,000, or122%, to $15,390,000 from $6,930,000, during fiscal 2012 when compared to the prior year, primarily from a larger number of and generally larger average size of successful capital raising events for clients, and advisory and consulting services provided during the year.

Interest and dividend revenue primarily consists of interest on customer margin account balances. Interest and dividends decreased by $590,000, or 16% to $2,996,000 from $3,586,000 during fiscal 2012 when compared to the prior year. The decrease is primarily due to somewhat lower customer margin account balances, lower customer free cash balances, and slightly lower prevailing interest rates during the year.

Transfer fees and clearing service revenue, which primarily consists of fees charged to National's registered representatives to execute on their behalf, decreased by $1,332,000, or 16%, to $7,196,000 from $8,528,000 during fiscal 2012 when compared to the prior year. The decrease is primarily due to a lower number of transactions made on behalf of National's clients during the most recent year.

Investment advisory fees, which primarily consists of fees charged to National’s clients in its asset based money management group, increased by $525,000, or 7%, to $8,092,000 from $7,567,000 during fiscal 2012 when compared to the prior year. The increase is primarily due to an increase in assets under management during the most recent year.

Other revenue which consists of transaction fees charged to National's customers and other investment income decreased by $107,000, or 30%, to $246, 000 from $353,000 during fiscal 2012 when compared to the prior year. The decrease is primarily due to a lower number of these transactions made on behalf of National’s clients during the most recent year.

Operating expenses

	Fiscal Year		**Increase (Decrease)**	
	2012	**2011**	**Amount**	**Percent**
Commissions, compensation, and fees	$103,800,000	$113,325,000	$(9,525,000)	-8%
Clearing fees	1,662,000	2,107,000	(445,000)	-21%
Communications	4,731,000	4,571,000	160,000	4%
Occupancy and equipment costs	4,189,000	5,052,000	(863,000)	-17%
Professional fees	2,714,000	1,831,000	883,000	48%
Interest	916,000	1,147,000	(231,000)	-20%
Taxes, licenses and registration	1,536,000	1,639,000	(103,000)	-6%
	$119,548,000	$129,672,000	$(10,124,000)	-8%

In comparison with the 6% decrease in total revenues, total expenses decreased 8%, or $10,124,000, to $119,548,000 for fiscal year 2012 compared to $129,672,000 in fiscal year 2011. The decrease in total expenses is primarily the result of decreased commission expense which is consistent with the decrease in commission revenues combined with a decrease in occupancy and equipment costs resulting from National’s managements’ cost cutting efforts and the reduction of space in its New York office.

Commission, compensation, and fees expenses, which includes expenses based on commission revenue, net dealer inventory gains and investment banking, as well as base compensation to National's employees, brokers, and support staff, decreased by $9,525,000, or 8%, to $103,800,000 from $113,325,000 during fiscal year 2012 when compared to the prior year. The decrease is primarily attributable to a decrease in commission expense related to retail commission revenues, savings in salaries and other expenses as a result of cost cutting efforts by management, offset by a smaller increase in commission expense related to investment banking revenue and net dealer inventory gains. Commission expense also includes the amortization of advances to registered representatives aggregating $265,000 and $392,000 for fiscal 2012 and 2011, respectively. These amounts fluctuate based upon the amounts of advances outstanding and the time period for which the registered representatives have agreed to be affiliated with National Securities.

Employee compensation includes the amortization of the fair value associated with stock based compensation of $10,000 and $265,000 in fiscal 2012 and 2011, respectively.

Clearing fees decreased $445,000 or 21% to $1,662,000 from $2,107,000 during fiscal 2012 when compared to the prior year. The decrease is commensurate with a decrease in transaction volumes and clearance service revenues in fiscal 2012.

Communication expenses increased $160,000 or 4%, to $4,731,000 from $4,571,000 during fiscal 2012 when compared to the prior year. This increase is primarily due to a temporary duplication in costs necessitated by the replacement of National's primary phone system in its headquarters in New York due to fire damage, which occurred during the first quarter of fiscal 2012. Occupancy, equipment and other administrative expenses decreased $863,000, or 17%, to $4,189,000 from $5,052,000 during fiscal 2012 when compared to the prior year. This decrease is primarily due to the reduction of space rented in National's New York office after the fire which occurred in the first quarter of fiscal 2012 and other savings on rental costs due to renegotiated leases and the consolidation of some of National's smaller offices upon lease expiration.

Professional fees increased $883,000, or 48% to $2,714,000 from $1,831,000 during fiscal 2012 when compared to the prior year. The increase in professional fees is primarily a result of litigation costs associated with the New York City office rental abatement issue coupled with generally higher legal costs associated with arbitrations and civil matters and the consulting fees related to the trading group that joined National in fiscal 2012. The rental abatement issue was resolved in fiscal 2012. Additionally, in fiscal 2011, National received reimbursements from its insurance company primarily for legal fees in conjunction with two settlements of approximately $350,000.

Interest expense decreased by $231,000, or 20%, to $916,000 from $1,147,000 during fiscal 2012 when compared to the prior year. The decrease is primarily due to the payoff of $4.2 million of debt in March and September 2012, lower amortization of debt discount and lower rates on the remaining interest bearing debt. There was no amortization of debt discount during the second half of fiscal 2012, as it had been fully recorded by the second quarter of 2012 and National satisfied principal aggregating $4.2 million in a note bearing interest at 10% with a $5.0 million note bearing interest at 6% and a $1.0 million note bearing interest at 10% during fiscal 2012.

Taxes, licenses and registration decreased $103,000, or 6%, to $1,536,000 from $1,639,000 during fiscal 2012 compared to 2011. This decrease is not material.

Loss on disposition of unconsolidated joint venture

In April 2012, National relinquished its interest in an unconsolidated joint venture, Opus, resulting in a loss of disposition of such investment of $1,051,000 which was recorded at June 30, 2012. National did not incur such losses during fiscal 2011.

Increase in fair value of derivative liabilities

National did not have any derivative liabilities outstanding during fiscal year 2012. The fair value of derivative liabilities, as computed between measurement dates, increased by approximately $1.6 million during fiscal year 2011. The increase in fair value of derivative liabilities in 2011 was primarily due to an increase in National's quoted price per share between measurement dates, which is one of the main assumptions in National's computation of derivative liabilities.

National reported a net loss of $1,937,000 in fiscal year 2012 compared to a net loss of $4,713,000 in fiscal year 2011. The net loss attributable to common stockholders in fiscal year 2012 was $2,030,000 or $0.08 per common share, as compared to a net loss attributable to common stockholders of $5,127,000, or $0.18 per common share in fiscal year 2011. The net loss attributable to common stockholders for fiscal years 2012 and 2011 reflects $93,000 and $414,000, respectively, of cumulative preferred stock dividends on National's preferred stock.

Non-GAAP Information for the Three and Six Months Ended March 31, 2013 Compared to the Three and Six Months Ended March 31, 2012

National's management considers earnings before interest, taxes, depreciation and amortization, or EBITDA, as adjusted, an important indicator in evaluating its business on a consistent basis across various periods. Due to the significance of non-recurring items, EBITDA, as adjusted, enables National's board of directors and management to monitor and evaluate National's business on a consistent basis. National uses EBITDA, as adjusted, as a primary measure, among others, to analyze and evaluate financial and strategic planning decisions regarding future operating investments and potential acquisitions. National believes that EBITDA, as adjusted, eliminates items that are not part of its core operations, such as interest expense and amortization expense associated with intangible assets, or items that do not involve a cash outlay, such as stock-related compensation. EBITDA, as adjusted should be considered in addition to, rather than as a substitute for, pre-tax income, net income and cash flows from operating activities.

For the three months ended March 31, 2013 and 2012, EBITDA, as adjusted, was $1,150,000 and $109,000 respectively. This improvement of $1,041,000 in the three months ended March 31, 2013 over 2012 resulted from the general decrease in operating expenses as a result of management's focus on cost cutting and their attention to improving margins on revenue.

For the six months ended March 31, 2013 and 2012, EBITDA, as adjusted, was $1,627,000 and ($191,000) respectively. This improvement of $1,818,000 in the six months ended March 31, 2013 over 2012 resulted from the general decrease in operating expenses as a result of management's focus on cost cutting and their attention to improving margins on revenue.

The following table presents a reconciliation of EBITDA, as adjusted, to net income (loss) as reported in accordance with generally accepted accounting principles.

	Three Months Ended March 31,		**Six Months Ended March 31,**	
	2013	**2012**	**2013**	**2012**
Net income (loss), as reported	$494,000	$(1,760,000)	$454,000	$(2,769,000)
Interest expense	66,000	276,000	230,000	552,000
Taxes	88,000	43,000	108,000	83,000
Depreciation	110,000	140,000	227,000	288,000
Amortization	155,000	155,000	311,000	311,000
EBITDA	913,000	(1,146,000)	1,330,000	(1,535,000)
Non-cash compensation expense	-	4,000	-	10,000
Non-cash other administrative expense	-	140,000	-	140,000
Forgivable loan write down	75,000	60,000	135,000	143,000
Loss on disposition of joint venture	-	1,051,000	-	1,051,000
Loss on investment in unaffiliated entity	162,000	-	162,000	-
EBITDA, as adjusted	$1,150,000	$109,000	$1,627,000	$(191,000)

EBITDA, adjusted for gains or losses on sales of assets, non-cash compensation expense and loss on disposition of joint venture and loss on investment in unaffiliated entity, is a key metric National uses in evaluating National's business. EBITDA is considered a non-GAAP financial measure as defined by Regulation G promulgated by the SEC.

Non-G.A.A.P. Information for the Fiscal Year Ended September 30, 2012 Compared with September 30, 2011

National's management considers earnings before interest, taxes, depreciation and amortization, or EBITDA, as adjusted, an important indicator in evaluating its business on a consistent basis across various periods. Due to the significance of non-recurring items, EBITDA, as adjusted, enables National's board of directors and management to monitor and evaluate National's business on a consistent basis. National uses EBITDA, as adjusted, as a primary measure, among others, to analyze and evaluate financial and strategic planning decisions regarding future operating investments and potential acquisitions. National believes that EBITDA, as adjusted, eliminates items that are not part of its core operations, such as interest expense and amortization expense associated with intangible assets, or items that do not involve a cash outlay, such as stock-related compensation and changes in fair value of derivative liabilities. EBITDA, as adjusted should be considered in addition to, rather than as a substitute for, pre-tax income, net income and cash flows from operating activities. For fiscal year 2012 and 2011, EBITDA, as adjusted, was $1,529,000 and $119,000, respectively. This improvement of $1,410,000 during fiscal 2012 when compared to 2011 resulted from a general decrease in operating expenses partially offset by a lower decrease in revenues.

The following table presents a reconciliation of EBITDA, as adjusted, to net loss as reported in accordance with generally accepted accounting principles, or GAAP.

	Fiscal Year Ended	
	2012	2011
Net loss, as reported	$(1,937,000)	$(4,713,000)
Interest expense	916,000	1,147,000
Taxes	153,000	148,000
Depreciation	533,000	633,000
Amortization	538,000	644,000
EBITDA	203,000	(2,141,000)
Non-cash compensation expense	10,000	265,000
Forgivable loan write-down	265,000	392,000
Loss on disposition of unconsolidated joint venture	1,051,000	-
Change in fair value of derivative liabilities	-	1,603,000
EBITDA, as adjusted	$1,529,000	$119,000

EBITDA, as adjusted for, non-cash compensation expense, forgivable loan write-down and changes in fair value of derivative liabilities, is a key metric National uses in evaluating its business. EBITDA is considered a non-GAAP financial measure as defined by Regulation G promulgated by the SEC.

Liquidity and Capital Resources

Source of liquidity and capital resources

	Ending Balance at March 31,		Average Balance during first half of	
	2013	2012	2013	2012
Cash	$13,496,000	$8,953,000	$9,625,000	$7,826,000
Receivables from broker-dealers and clearing organizations	$3,572,000	$3,521,000	$3,271,000	$3,118,000
Marketable securities	$2,218,000	$880,000	$1,189,000	$667,000
Accounts payable, accrued expenses and other liabilities	$12,657,000	$15,755,000	$11,648,000	$13,794,000
Convertible notes payable excluding debt discount	$-	$6,100,000	$4,533,000	$6,050,000
Subordinated borrowings	$-	$40,000	$667,000	$70,000

At March 31, 2013 and 2012, 81% and 73%, respectively, of National’s total assets consisted of cash and cash equivalents, marketable securities owned and receivables from clearing brokers and other broker-dealers. The level of cash used in each asset class is subject to fluctuation based on market volatility, revenue production and trading activity in the marketplace. Allocation of cash into marketable securities classes are dependent upon overall market activity, but the majority of National's securities owned are in municipal securities and common stock.

The Broker-Dealer Subsidiaries are subject to the SEC’s Uniform Net Capital Rule 15c3-1, which is designed to measure the general financial integrity and liquidity of a broker-dealer and requires the maintenance of minimum net capital. Net capital is defined as the net worth of a broker-dealer subject to certain adjustments. In computing net capital, various adjustments are made to net worth that exclude assets not readily convertible into cash. Additionally, the regulations require that certain assets, such as a broker-dealer’s position in securities, be valued in a conservative manner so as to avoid over-inflation of the broker-dealer’s net capital. National Securities has elected to use the alternative standard method permitted by the rule. This requires that National Securities maintain minimum net capital equal to the greater of $250,000 or a specified amount per security based on the bid price of each security for which National Securities is a market maker. At March 31, 2013, National Securities’ net capital exceeded the requirement by approximately $2,128,000. Due to its market maker status, vFinance Investments is required to maintain a minimum net capital of $1,000,000 and at March 31, 2013, vFinance Investments’ net capital exceeded the requirement by approximately $845,000.

Advances, dividend payments and other equity withdrawals from the Broker-Dealer Subsidiaries are restricted by the regulations of the SEC and other regulatory agencies. These regulatory restrictions may limit the amounts that a subsidiary may dividend or advance to National. During the six-month periods ended March 31, 2013 and 2012, the Broker-Dealer Subsidiaries were in compliance with the rules governing dividend payments and other equity withdrawals.

National extends unsecured credit in the normal course of business to its brokers. The determination of the appropriate amount of the reserve for uncollectible accounts is based upon a review of the amount of credit extended, the length of time each receivable has been outstanding, and the specific individual brokers from whom the receivables are due.

The objective of liquidity management is to ensure that National has ready access to sufficient funds to meet commitments, fund deposit withdrawals, and efficiently provide for the credit needs of customers.

National's primary sources of liquidity include the sale of its securities and other financing activities and its cash flow from operations. National believes that it have sufficient funds from operations to fund its ongoing operating requirements for the foreseeable future. However, National may need to raise funds to enhance its working capital and use them for strategic purposes. If such need arise, National intends to generate proceeds from either debt or equity financing.

On January 25, 2013, National issued 29,450,000 shares of its common stock for gross proceeds of approximately $8.8 million. National used the proceeds from the issuance of shares to repay certain outstanding indebtedness and for general corporate, working capital and net capital purposes and associated costs and fees relating to the transaction.

During January 2013, National issued 10,000,000 shares of its common stock in satisfaction of obligations under convertible notes aggregating $5,000,000 and repaid senior subordinated notes payable of $2,800,000.

National does not have any material commitments for capital expenditures. National routinely purchases computer equipment and technology to maintain or enhance the productivity of its employees and such capital expenditures have ranged between $57,000 and $93,000 during the first half of fiscal 2013 and 2012, respectively.

Six months ended March 31, 2013

The increase in marketable securities as of March 31, 2013 is primarily due to an increase in the position of municipal securities held for resale by National than it had in September 2012. Changes in securities owned, marketable at market value are dependent upon overall market activity and opportunities perceived by National. The decrease in accounts payables during the first half of fiscal 2013 is primarily due to the reduction of certain payables as a result of National’s cash infusion from its recent issuance of common stock.

Cash used in investing activities during the first half of fiscal 2013 amounted to $36,000 which was primarily due to the purchase of fixed assets to maintain National’s infrastructure.

Cash provided by financing activities of $5,627,000 during the first half of fiscal 2013 resulted primarily from an issuance of common stock in January 2013 offset by the repayment of the balance of the convertible note payable of $2,800,000 which satisfied all of National's remaining obligations under the outstanding notes payable.

Six months ended March 31, 2012

The increase in receivables as of March 31, 2012 is primarily due to greater revenues earned in March 2012 than in September 2011. Receivables from clearing firms are usually paid to National within 10 days of the end of the preceding month. The increase in accounts payables during the first half of fiscal 2012 is primarily due to a corresponding increase in commission payable, which is commensurate to National’s increase of commission revenues during the second quarter of fiscal 2012. Changes in securities owned: marketable at market value are dependent upon overall market activity and opportunities.

Cash used in investing activities during the first half of fiscal 2012 amounted to $643,000 which was primarily due to an investment in an unconsolidated joint venture of $550,000, resulting from prior obligations and by recurring purchases of computer equipment of $93,000.

Cash provided by financing activities of $40,000 during the first half of fiscal 2012 resulted primarily from an issuance of convertible note payable of $3,100,000 which satisfied National's obligations under an outstanding convertible note payable of $3,000,000.

Sources of liquidity and capital resources

	Ending Balance September 30,		Average Balance during fiscal	
	2012	2011	2012	2011
Cash	$7,934,000	$6,698,000	$7,316,000	$6,044,000
Receivables from broker-dealers and clearing organizations	3,650,000	2,714,000	3,182,000	