

Gosting Capital Management

Form ADV Part 2A - Disclosure Brochure

Effective: April 30, 2012

This Disclosure Brochure provides information about the qualifications and business practices of Donald L. Gosting, Jr. d/b/a Gosting Capital Management. If you have any questions about the content of this Disclosure Brochure, please contact Mr. Gosting at (214) 343-2040.

Mr. Gosting is the sole proprietor of Gosting Capital. He is the only employee and is responsible for client contact, portfolio management, preparation of quarterly client reports, regulatory submissions, and business conducted by Gosting Capital.

Additional information about Gosting Capital and Mr. Gosting is available on the SEC's website, www.adviserinfo.sec.gov.

This Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities regulatory authority. Registration does not imply any specific level of skill or training.

Gosting Capital Management
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Dallas, TX 75243
Phone: (214) 343-2040 * Fax: (214) 341-9721

Item 2 - Material Changes

Form ADV 2 is divided into two parts: Part 2A and Part 2B. Part 2A ("the Disclosure Brochure") provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. Part 2B ("the Brochure Supplement") provides information about the advisory personnel of Gosting Capital, i.e. Donald L. Gosting, Jr.

Gosting Capital believes that communication and transparency are the foundation of our relationship and continually strives to provide complete and accurate information to Clients. We encourage all current and prospective Clients to read this Disclosure Brochure and solicit any questions you may have. And, of course, your feedback is always welcome.

Material Changes

During 2011, there have been no material changes to the investment management business conducted by Mr. Gosting as discussed in this Disclosure Brochure and Brochure Supplement for Donald L. Gosting, Jr.

Pursuant to the Dodd-Frank Act, Gosting Capital will be transitioning from registration with the U.S. Securities and Exchange Commission to registration with the State of Texas. An additional disclosure Item 19 has been added to the Disclosure Brochure as required by state regulations.

Future Changes

From time to time, the Disclosure Brochure is amended to reflect changes in business practices, changes in regulations and routine annual updates as required by the securities regulators. This Disclosure Brochure or a Summary of Material Changes will be provided to each Client annually.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Though a copy of the Disclosure Brochure is attached to our Investment Management Agreement, you may request a copy at any time.

Item 3 - Table of Contents

ADV Part 2A

| | <u>Page</u> |
|---|-------------|
| Item 1 - Cover Page..... | 1 |
| Item 2 - Material Changes..... | 2 |
| Item 3 - Table of Contents..... | 3 |
| Item 4 - Advisory Business..... | 4 |
| A. Firm Information..... | 4 |
| B. Investment Management Services..... | 4 |
| C. Client Account Management..... | 4 |
| D. Wrap Fee Programs..... | 4 |
| E. Assets Under Management..... | 4 |
| Item 5 - Fees and Compensation..... | 5 |
| A. Fees for Investment Management..... | 5 |
| B. Fee Billing..... | 5 |
| C. Other Fees and Expenses..... | 5 |
| D. Advance Payment of Fees and Termination..... | 6 |
| E. Compensation for Sale of Securities..... | 6 |
| Item 6 - Performance-Based Fees..... | 6 |
| Item 7 - Type of Clients..... | 6 |
| Item 8 - Methods of Analysis, Investment Strategy and | |
| Risk of Loss..... | 6 |
| A. Methods of Analysis..... | 6 |
| B. Risk of Loss..... | 7 |
| Item 9 - Disciplinary Information..... | 7 |
| Item 10- Other Financial Activities and Affiliations.... | 8 |
| Item 11- Code of Ethics, Participation in Client Trans- | |
| actions and Personal Trading..... | 8 |
| A. Code of Ethics..... | 8 |
| B. Personal Trading and Conflicts of Interest.. | 8 |
| Item 12- Brokerage Practices..... | 9 |
| A. Recommendation of Brokerage Firm/Custodian.. | 10 |
| B. Aggregating and Allocation of Trades..... | 10 |
| Item 13- Review of Portfolios..... | 10 |
| A. Frequency of Reviews..... | 10 |
| B. Causes for Reviews..... | 10 |
| C. Review Reports..... | 10 |
| Item 14- Client Referrals and Other Compensation..... | 10 |
| A. Compensation Received..... | 10 |
| B. Client Referrals..... | 10 |
| Item 15- Custody..... | 11 |
| Item 16- Investment Discretion..... | 11 |
| Item 17- Voting Client Securities..... | 11 |
| Item 18- Financial Information..... | 11 |
| Item 19- Requirements for State Registered Advisors.... | 12 |

ADV Part 2B

| | |
|--|-----------|
| Part 2B, Donald L. Gosting, Jr..... | 13 |
| Privacy Policy..... | 16 |

Item 4 - Advisory Business

A. Firm Information - Gosting Capital is the sole proprietorship of Donald L. Gosting, Jr. He is the only employee. Donald L. Gosting, Jr. entered the investment management business in 1971 as a securities analyst at the First National Bank in Dallas; became a portfolio manager in 1974; left successor to First National Bank in 1981 to join MH/Edie as regional manager; left MH/Edie Investment Counsel in 1986 to establish Gosting & Company Investment Management, Inc. and its successor Gosting Capital Management in 1989. In 1988 he was the equity portfolio manager of Lomas Capital Management.

B. Investment Management Services - I provide discretionary investment management services to clients. Investment portfolios managed on a discretionary basis permits the review of client objectives, evaluation of investment suitability, and the execution of buy and/or sell orders for securities in the client's portfolio.

C. Client Account Management - Each client's investment needs are approached on an individual basis. By doing so, each client is afforded the best opportunity to achieve specific objectives. I work closely with each client to determine the rate of return and stability of capital value appropriate to meet his or her investment objectives. Each client provides a written set of Investment Guidelines and Objectives which are incorporated as an attachment to our Investment Management Agreement and reviewed periodically. Managing clients' investment portfolios is my sole business activity.

Asset allocation between stocks and bonds is the primary determinant of achieving income and capital appreciation objectives. Usually, an investment grade, laddered bond portfolio provides the income objective. Capital appreciation is achieved with a portfolio of 30 to, at times, perhaps 40 listed or NASDAQ stocks. I do not buy mutual funds or ETFs or other derivative or synthetic securities; just the stock of individual companies, diversified among generally 30 to 35 names. In the client's written investment guidelines, direction may be given which limits or prohibits the purchase of certain companies or industries.

D. Wrap Fee Programs - I do not participate in wrap fee programs.

E. Assets Under Management - As of December 31, 2011, I have \$38,910,752 in assets under management. All portfolios are managed with full investment discretion.

Item 5 - Fees and Compensation

A. Fees for Investment Management - The graduated fee schedule for stock portfolio management is provided below:

0.75% for first \$500,000
0.50% for next \$1 million
0.25% above \$1.5 million

Bond Management Fee - During my 25-year experience managing portfolios, there have been two instances where the client paid a fixed or flat fee as opposed to a graduated fee. I disclose the fixed fee relationship because I still manage one of those portfolios. The circumstances for the fixed fee revolved around a preponderance of the portfolio assets being invested in municipal bonds. Since my approach to managing municipal bonds is a "one-decision" ladder of maturities of high-quality municipal issuers, I felt it inappropriate to charge a management fee based on asset value. Therefore, I proposed a fixed fee for managing the entire portfolio, which, in reality reduced the fee for managing the municipal bond segment to almost nothing. I do not seek bond portfolio management; I am a manager of stock portfolios; I do not offer fixed fee management of stock portfolios. I do not have a minimum annual fee.

B. Fee Billing - My quarterly graduated investment management fee is calculated based on the market value of the stock portfolio at the end of each quarter, applying the annual percentage rate, and dividing by four. My fee is billed one quarter in advance. The fixed fee for bond management is negotiated at the initiation of our relationship and billed one quarter in advance.

Cash balances held in an account are usually invested in a money market fund, earning interest; therefore, in addition to my investment management fee, you will also pay a fee for the management of the money market fund. Money market funds are the only mutual fund or collective fund in which I invest your portfolio.

A client may direct his or her custodian, whether a brokerage firm or bank trust department, to pay my quarterly investment management fee from the portfolio. You will receive an informational copy of my invoice in your quarterly appraisal report, normally mailed to you the day after the end of each calendar quarter.

C. Other Fees and Expenses - In addition to my investment management fee, you will pay brokerage commissions, and possibly a brokerage account maintenance fee (usually an annual fee) or monthly fee at a bank trust department.

Gosting Capital Management

D. Advance Payment of Fees and Termination - My investment management fee is billed one-quarter in advance. There are no termination fees or charges. Your portfolio is custodied at a brokerage firm or bank trust department and you have full control of the assets upon termination of our Investment Management relationship.

E. Compensation for Sale of Securities - I do not pay or receive compensation from brokers or third parties for sale of securities or for acquiring clients.

Item 6 - Performance-Based Fees

I do not manage portfolios for a performance-based fee!

Item 7 - Types of Clients

I manage portfolios for individuals, foundations, and corporations. I manage both IRA and taxable portfolios for individual investors. My foundation portfolios are invested in stocks only.

I do not have a minimum size account, though the risks in managing a small, less diversified portfolio are discussed with a prospective client, understood and agreed to before an investment relationship is begun.

Item 8 - Methods of Analysis, Investment Strategy and Risk of Loss

A. Methods of Analysis - Stock selection and retention is based on fundamental analysis of a company's business, management, industry, balance sheet and income statement.

Selection is based on GARP or "growth at a reasonable price". Dividend growth, but not yield, is also considered.

I am dependent upon third party analysis, primarily from brokerage firms, as well as primary research.

My investment time horizon is three-to-five years. My portfolio turnover and transaction cost are considered to be low. Portfolio turnover is generally less than 20% per year.

I am not a "closet indexer"; my stock selection is not based on the inclusion of a company in a market index; nor do I pay any attention to the weight of a particular industry within my portfolio relative to a market index.

I am not a "market timer". I manage "fully invested" portfolios; generally, cash and money market fund represent less than 5% of total fund value. Remaining fully invested poses a higher risk of capital loss due to "systematic" or market related causes as opposed to the fundamental risk found in individual stocks.

Subject to specific client objectives and guideline limitations, I attempt to maintain a commonality of names in all the portfolios I manage; therefore, the risk associated with any one stock is viewed as appropriate for the vast majority of client portfolios I manage.

In a bond portfolio, the investment objective is generating income, as opposed to total return or income plus capital appreciation. Generally, I focus on municipal bonds of Texas issuers, with particular interest in General Obligation school districts guaranteed by the Permanent School Fund and laddered in maturity over a number of years.

B. Risk of Loss - The risks involved in managing a portfolio of 30 to 35 stocks are higher than a mutual fund of many more names; however, the attention paid to each name in the portfolio is very high. It is expected that by close attention to selection, the performance of a diversified portfolio of 30 to 35 stocks will exceed that of the broad market; however, there is no guarantee.

Past performance is no guarantee of future returns. Investing in stocks requires the assumption of a level of risk acceptable to the client. The development of investment guidelines and objectives provides a framework of mutual understanding for the rate of return sought and the stability of capital value desired to attain it.

Item 9 - Disciplinary Information

Beyond the 1997 Texas registration lapse disclosed below, there are no legal, regulatory or disciplinary events involving Gosting Capital or Donald L. Gosting, Jr. Trust is at the heart of our investment management relationship; therefore, I encourage you to perform the requisite due diligence on the www.adviserinfo.sec.gov website. Gosting Capital's IARD/CRD Number is 107061 and Mr. Gosting's CRD Number is 4331524.

"A description of the action. Without Mr. Gosting admitting or denying the findings set forth below, it was found that during a period in which the applicant was registered as an investment adviser with the SEC and Texas, his registration lapsed. Upon filing an application for re-registration in

Item 9 - Disciplinary Information (continued)

in Texas, a determination was made that the applicant had acted as an investment adviser in Texas without being registered. Mr. Gosting consented to a \$5,000 fine and was permitted to withdraw his application for investment adviser registration in Texas because he has claimed exemption from registration." There were no sanctions. 97-055 Board Order # Fin-1215. Order signed May 23, 1997. Appeared and acknowledged Order September 18, 1997. Link to Texas State Securities Board is www.ssb.state.tx.us.

Item 10 - Other Financial Activities and Affiliations

I am involved in no other financial activities; portfolio management is by sole business endeavor. I am not affiliated with any financial organizations. I provide no non-public information about you to anyone.

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

A. Code of Ethics - My Code of Ethics outlines the fiduciary obligation I owe to my clients; to always act in their best interest; to provide investment management that I believe to be suitable in light of their investment objective, guidance and circumstances. I will use reasonable care and judgment to achieve and maintain independence and objectivity in making investment decisions for clients. I have attempted to insulate every opportunity for a conflict of interest to arise between me and my clients with policies that reflect my effort to always act in their best interest.

B. Personal Trading and Conflicts of Interest - I do not participate in nor do I have an interest in any client transactions. I do not buy the same stocks in my portfolio, or accounts in which I have a financial interest, that I buy in clients' portfolios. My first obligation is to my clients; and in my judgment, my clients receive the stocks I consider to have the better risk-adjusted expected return relative to those I buy for my portfolio.

I maintain a file of my transaction confirmations and monthly statements and those of my family. That file is available for comparison with the purchases I have made in client portfolios; I have never bought a stock in my portfolio that I bought for my clients.

Item 12 - Brokerage Practices

A. Recommendation of Custodian/Broker - In a very high percentage of my client relationships, the client has a pre-existing broker/custodian relationship that he or she wishes to continue. In those instances, I only ask that the broker disclose to the client and to me the brokerage commission our mutual client will be charged. This disclosure becomes an attachment to our Investment Management Agreement.

There are occasions when a client does not have a broker/custodian when we enter into an investment management relationship. In the past, this occurred when a client inherited a cash sum, sold property for cash, or transferred cash from a previous manager who utilized mutual funds. Not having an established broker/custody relationship, the client has asked for a recommendation. Depending on specific circumstances, I usually recommend an on-line/discount brokerage firm. While Charles Schwab and TD/Ameritrade may also be presented as options, I usually recommend E*Trade, a brokerage firm I have used for other clients since the late- 1980s at predecessor Kahn & Co. E*Trade provides market order executions for \$5.00 and limit order executions for \$10.00. I have no financial interest in E*Trade and receive nothing for recommending a client to them.

Following are additional details regarding my brokerage practices:

1. Soft Dollars - I have no "soft dollar" relationships. None of my expenses are paid with your brokerage commissions.

2. Brokerage Referrals - I do not direct brokerage commissions to brokers for client referrals. I do not pay for client referrals.

3. Directed Brokerage - Each client's assets are held in custody at a brokerage firm or a bank trust department. The selection of that brokerage firm, broker or bank trust department is solely the client's decision. Each client must meet the compliance standards of the brokerage firm or bank trust department they choose to custody their assets. As custodian, the brokerage firm or bank trust department provides a record of trades and a monthly statement of transactions, holdings and portfolio market value. Additionally, the broker or trust officer may provide additional valuable services to the client. For custodial services and broker services, the client and custodian agree upon the commissions to be paid for buying and selling securities in the account. At the outset of my relationship with a client, I receive a

Item 12 - Brokerage Practices (continued)

A. Recommendation of Custodian/Broker

3. Directed Brokerage(continued) - written acknowledgment signed by the client and broker that the client knows what brokerage commissions will be paid for transactions I undertake on behalf of the client. Therefore, while brokerage commissions are directed to the client's broker, they are disclosed by the broker and I have no commission discretion.

B. Aggregating and Allocating Trades - Transactions in each account are entered separately, there is no trade aggregation or allocation. For highly liquid stocks, trades are entered at market with each client's broker or trust department trader. Limit orders are used when appropriate.

Item 13 - Review of Accounts

A. Frequency of Reviews - There are two review levels. Daily, I watch the stocks that are in each portfolio and monitor the individual portfolios. On a quarterly basis, I meet with many clients face-to-face and review the market environment, stocks in their portfolio, and the performance of their portfolio with them. I also meet with some clients on an annual basis, as that is the frequency which they have established. Portfolio performance is compared with the S&P 500 and Lipper's Average U.S. Equity fund for various time periods.

B. Causes for Reviews - As mentioned above, I meet with most clients quarterly; and generally, on an annual bases, every client's investment objectives and guidelines are reviewed to insure they are current and relevant to the times.

C. Review Reports - As noted above, client's receive a monthly statement from their brokerage firm or bank trust department. I provide an Advent Software generated report on a quarterly bases.

Item 14 - Client Referrals and Other Compensation

A. Compensation Received - My only compensation comes from managing client portfolios. I receive no compensation or benefit from third parties.

B. Client Referrals - I do not pay for referrals or compensate brokers for referrals.

Item 15 - Custody

Gosting Capital does not accept or maintain custody of any Client accounts. Brokerage firms and bank trust departments have custody of the assets of my clients. I have a trading authorization or limited power of attorney to enter purchase and sale transactions with their custodian. I do not vote proxies. I do not handle client funds. Clients may direct their broker or trust department custodian to pay my investment management fee from their portfolio. In addition to forwarding my quarterly invoice to the brokerage firm or bank custodian for payment, I forward an informational copy of the invoice to each client with their quarterly report.

Item 16 - Investment Discretion

At the outset of our investment management relationship, each client provides a written set of investment objectives and guidelines. Generally, full discretion to undertake purchases and sales in their portfolio is provided subject to possible guideline limitations. Certain social, religious and client employer or directorship issues have arisen in the past which required certain limitations on the selection of stocks in specific portfolios. Subject to appropriateness and guideline limitations, I manage portfolios with full investment discretion.

Item 17 - Voting Client Securities

I do not vote proxies. Securities held in each client's portfolio are registered in their name or street name and voted by client, brokerage firm or trustee.

Item 18 - Financial Information

Donald L. Gosting, Jr. d/b/a Gosting Capital Management has no adverse financial situation that would reasonably impair my ability to meet all client obligations. I have not been subject to a bankruptcy or financial compromise. I am not required to deliver a balance sheet with this Brochure as I do not collect investment management fees six months or more in advance of providing service.

Item 19 - Requirements for State Registered Advisors

A. Educational Background and Business Experience - The Portfolio Manager and Chief Compliance Officer of Gosting Capital is Donald L. Gosting, Jr. Mr. Gosting is the sole proprietor of Gosting Capital and the only employee. Information regarding his formal education and background is provided in ADV Part 2B.

B. Other Business Activities of Principal Officer - Mr. Gosting is not involved in any other enterprise; managing portfolios is his sole endeavor.

C. Performance Fee Calculations - Mr. Gosting does not manage portfolios on a performance-based fee.

D. Disciplinary Information - There are no legal or civil events to disclose regarding Mr. Gosting. Mr. Gosting has never been involved in a civil or criminal action. One regulatory action involving a lapse in registration in Texas is disclosed and described in Item 9 of the Disclosure Brochure, ADV Part 2A. The event was resolved without admitting or denying the findings, paying a \$5,000 fine, and withdrawing my registration application. No sanction was imposed.

E. Material Relationships with Issuers of Securities

I have no relationship or arrangement with issuers of securities. I do not accept wrap accounts.

Form ADV Part 2B - Brochure Supplement
for
Donald L. Gosting, Jr.
Portfolio Manager and Chief Compliance Officer

Effective: April 30, 2012

This Brochure Supplement provides information about the background and qualifications of Donald L. Gosting, Jr. (CRD Number 4331524) in addition to the information contained in the Gosting Capital Management, Donald L. Gosting, Jr. d/b/a Gosting Capital Management (herein "Gosting Capital" and "Mr. Gosting") IARD/CRD Number 107061 Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the content of the Gosting Capital Disclosure Brochure or this Brochure Supplement, please call Mr. Gosting at (214)-343-2040.

Additional information about Mr. Gosting is available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Gosting Capital Management

Item 2 - Educational Background and Business Experience

Mr. Gosting is the Portfolio Manager and Chief Compliance Officer of Gosting Capital. He was born January 4, 1945 in Ponca City, Oklahoma.

Mr. Gosting holds a BBA (67) and MBA (70) in finance from Texas Tech University.

Mr. Gosting began his investment career as a securities analyst at the First National Bank in Dallas in 1971; became a portfolio manager in 1974; and remained with the successors to the First National until 1981. Mr. Gosting managed the pooled employee benefits fund, large individual corporate pension fund portfolios and a pooled fund focused on investment in southwestern based companies.

In 1981 he was hired as the regional manager of MH/Edie Investment Counsel, Inc., a subsidiary of Manufacturers Hanover Trust Co., NYC.

In 1987 he established Gosting Capital, and except for a year (1988) at Lomas Capital Management, a subsidiary of Lomas and Nettleton, remains in private investment management to date.

Item 3 - Disciplinary Information

There are no legal or civil events to disclose regarding Mr. Gosting. Mr. Gosting has never been involved in a civil or criminal action. One regulatory action involving a lapse in registration in Texas is disclosed and described in Item 9 and Item 19(D) of the Disclosure Brochure, ADV Part 2A. The event was resolved without admitting or denying the findings, paying a \$5,000 fine, and withdrawing my registration application. No sanction was imposed.

Item 4 - Other Business Activities

Mr. Gosting is not involved in any other business activity. Managing portfolios is his sole activity.

Item 5 - Additional Compensation

Mr. Gosting receives no other compensation than the investment management fees for managing portfolios.

Item 6 - Supervision

Mr. Gosting serves as the Portfolio Manager and Chief Compliance Officer of Gosting Capital. Mr. Gosting can be reached at (214) 343-2040.

Gosting Capital has implemented a Code of Ethics and internal compliance procedures that insures business is conducted in an ethical manner, fulfilling the fiduciary obligation owed to each client. Further, Gosting Capital and Mr. Gosting are subject to regulatory oversight by various agencies. As a registered investment advisor, Gosting Capital is required to maintain files and records which are subject to examinations by regulators. Gosting Capital is required to periodically update the information provided to these agencies and provide various reports regarding the business activities and assets under management.

Item 7 - Requirements for State Registered Advisors

Mr. Gosting does not have any additional information to disclose.

PRIVACY OF CONSUMER FINANCIAL INFORMATION

The Securities and Exchange Commission has adopted Regulation S-P, Privacy of Consumer Financial Information. The following is provided as a **Disclosure Statement** addendum and annually thereafter.

1. The categories of nonpublic personal information that I collect and disclose.

RESPONSE: I DO NOT DISCLOSE ANY INFORMATION TO ANYONE. IN MANAGING YOUR PORTFOLIO, PURCHASES AND SALES OF SECURITIES ARE UNDERTAKEN. THOSE PURCHASES AND SALES AND THE SECURITIES HELD IN YOUR PORTFOLIO ARE KNOWN TO NO ONE ELSE. THE VALUE OF YOUR PORTFOLIO, ITS PERFORMANCE, REALIZED GAINS AND LOSSES, BROKERS THROUGH WHOM TRADES ARE EXECUTED AND ANY OTHER INFORMATION CONSIDERED PERSONAL NONPUBLIC INFORMATION IS KNOWN ONLY TO YOU AND ME. AT YOUR INSTRUCTION ONLY WILL I PROVIDED YOUR ACCOUNTANT WITH INFORMATION.

2. The categories of affiliates and nonaffiliated parties to whom I disclose nonpublic personal information, other than specified exceptions.

RESPONSE: I HAVE NO AFFILIATES OR NONAFFILIATED PARTIES; THEREFORE, YOUR NONPUBLIC PERSONAL INFORMATION IS SHARED WITH NO ONE.

3. The categories of nonpublic personal information about my former customers that I disclose and to whom.

RESPONSE: I DO NOT PROVIDE NONPUBLIC PERSONAL INFORMATION ABOUT FORMER CLIENTS TO ANYONE.

4. If I disclose nonpublic personal information to a nonaffiliated service provider or joint marketer, the categories of information disclosed.

RESPONSE: I DO NOT PROVIDE NONPUBLIC PERSONAL INFORMATION TO ANYONE. I DO NOT HAVE A NONAFFILIATED SERVICE PROVIDER OR JOINT MARKETER.

Gosting Capital Management

Privacy of Consumer Financial Information

Page 2

5. An explanation of the consumer's right to opt out of the disclosure of nonpublic personal information to nonaffiliated parties and the method they may use to do so, such as mailing back a form, or calling a toll-free number.

RESPONSE: YOU HAVE NOTHING TO OPT OUT OF! ABSOLUTELY NO INFORMATION ABOUT OUR INVESTMENT MANAGEMENT RELATIONSHIP, YOUR FINANCIAL CIRCUMSTANCE, OR IDENTITY IS PROVIDED TO ANYONE.

6. My policies and practices with respect to protecting the confidentiality and security of nonpublic personal information.

RESPONSE: IN OUR INVESTMENT MANAGEMENT RELATIONSHIP, I AM THE ONLY PERSON WITH ACCESS TO YOUR NONPUBLIC PERSONAL INFORMATION. INFORMATION IS MAINTAINED ON THE COMPUTER AND IN "HARD COPY" IN A FILING CABINET; ACCESS TO BOTH IS LIMITED TO ME. THE SECURITY AND CONFIDENTIALITY OF YOUR RECORDS AND INFORMATION IS HELD TO THE HIGHEST STANDARD.

If you have any questions regarding my handling of your non-public personal information, please give me a call.

Initially provided to each client by letter dated, June 30, 2001. Provided with annual offer of Disclosure Statement and ADV thereafter.

Gosting Capital Management

Page 17