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Part 2 of Form ADV

Crossvault Capital Management, LLC

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January 31, 2012

This Brochure provides information about the qualifications and business practices of Crossvault Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (210) 223-6929. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Crossvault Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Crossvault Capital Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Material Changes to previously filed ADV Part 2 dated 02/24/2011

(Dated January 31, 2012)

Effective January 1, 2012 Sarah Calvert Doerr has joined Crossvault Capital Management, LLC as a Partner and Portfolio Manager.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Lexia Limon, Administrative Officer at (210) 223-6929 or llimon@crossvault.com.

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Item 1 – Advisory Business

(Dated January 31, 2012)

Crossvault Capital Management, LLC (Crossvault) provides investment supervisory services. Crossvault has provided portfolio development and management since 1999.

Crossvault's principal owners are:

- Laura Lee Ehrenberg-Chesler
- Marilou Moursund Long

Crossvault offers diversified portfolio development and management. Crossvault's services include supervision of the account, periodic client meetings in person or by phone, web site access, and quarterly statements of assets.

In Crossvault's initial meeting with a new client, Crossvault will assess the client's goals and objectives. The client package contains a profile with questions regarding the client's financial situation; level of investment experience; risk tolerance; and need for income versus growth. Services are customized to each client's goals and strategy, and regular communication ensures that both Crossvault and the client concur on the appropriate strategy. If a client decides not to invest in a certain type of security, and it is documented in his/her file, Crossvault will not invest in the security.

Crossvault offers advice on the following type of investments:

- Equity Securities
 - Exchange-listed securities
 - Securities traded over-the-counter
 - Foreign issuers
- Corporate debt securities
- Commercial paper
- Certificates of Deposit
- Municipal securities
- Investment company mutual fund shares
- United States government securities
- Option contracts on securities

Please refer to the strategy section under Item 5 for details on investment strategies.

As fee-based investment managers, Crossvault works with clients to construct a customized portfolio that meets the client's financial objectives. The client will give Crossvault discretionary authority over their account(s) to make and effect investment decisions in order to implement the agreed upon strategy without prior approval. There are no restrictions to this authority.

Item 1 – Advisory Business (continued)

As of January 13, 2012, Crossvault manages \$113,819,898 of client assets on a discretionary basis.

Item 2 – Fees and Compensation

(Dated January 31, 2012)

Crossvault's compensation is based on a percentage of assets under management.

The fee schedule is as follows:

Equity Only and Balanced Accounts

1.00% on the first \$1,500,000 of market value
0.75% on the next \$3,500,000 of market value
0.50% on the next \$20,000,000 of market value
0.35% on the market value over \$25,000,000

Fixed Income only accounts

0.35% on the total portfolio market value

ETF Portfolios that may also hold mutual funds

0.50% on the total portfolio market value

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Fees are negotiable based on the size of the account (must exceed \$15,000,000 to be considered for negotiation), length of time with Crossvault, any other factors deemed applicable, and/or at Crossvault's sole discretion.

Clients may choose to be billed for fees directly or to authorize Crossvault to directly debit the fees from the client's accounts.

Fees are computed quarterly and are billed in arrears at the end of each calendar quarter based on the market value of the previous quarter-end. Quarter-end market values are obtained primarily from a third party pricing service, Interactive Data Pricing and Reference Data, and some prices are downloaded from a custodian.

All fees paid to Crossvault for investment advisory services are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be

Item 2 – Fees and Compensation (continued)

incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment management and other third parties custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charged internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of, and in addition to, Crossvault's fee. Crossvault does not receive any portion of these commissions, fees, and costs.

In certain instances, clients may be paying a fee to the custodian for funds invested in money market securities which may not be disclosed on the custodian's statement. Any such fee charged by the custodian is in addition to the fees charge by Crossvault.

Item 9 further describes the factors that Crossvault considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 3 – Performance-Based Fees and Side-By-Side Management

(Dated January 31, 2012)

Crossvault does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 4 – Types of Clients

(Dated January 31, 2012)

Crossvault provides portfolio management services to individuals, high net worth individuals, pensions and profit sharing plans, Trusts, estates, corporations and business entities.

The minimum requirement for investment supervisory services is \$500,000.

Item 5 – Methods of Analysis, Investment Strategies and Risk of Loss

(Dated January 31, 2012)

Crossvault looks for high quality companies that can grow their earnings, provide a positive return on capital, and generate free cash flow over a longer span of time than the next quarter or year.

Crossvault looks for three types of growth: emerging, consistent, or reaccelerating. Emerging growth refers to a younger company that is beginning to see accelerating sales. Consistent growth refers to an established company that is a market leader. Reaccelerating

Item 5 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

growth refers to a company that may have stumbled due to poor execution or industry fundamentals that is beginning to see stronger sales and earnings growth.

While Crossvault is careful what it will pay for growth, it would rather pay a fair price for a great company than a cheap price for a mediocre one.

Goals/Tactics

- Invest for the long term
 - Harness the power of compounding
 - Focus on after-tax returns for taxable investors
- Willing to capitalize on near-term opportunities
- Target themes that will grow into a meaningful piece of the economy
- Identify and select superior businesses with management teams that deliver results
- Define risk as the erosion of fundamental earnings power as well as relative volatility
- Concentrated portfolio of 20 to 30 stocks which provides adequate diversification without diluting our best ideas

Strategies

- Equity Portfolio Management
 - Conservative Growth
 - Growth (a higher component of more aggressive ideas)
 - Growth and Income (a higher allocation to higher dividend paying stocks)

Risks: large movements in equity markets, greater volatility, and less diversification across asset types.
- Balanced Portfolio Management
 - Blend of our equity style with intermediate fixed income
 - Asset allocation customized to client's comfort level

Risks: same risks as the Equity Portfolio and Fixed Income Portfolio, offset by asset class diversification.
- Fixed Income Portfolio Management
 - Focus on Intermediate Maturities
 - Investment Grade
 - Laddered Maturities
 - Taxable versus Tax-Exempt
 - Diversified by sector/industry

Risks: interest rate fluctuations, less diversification across asset types, credit risk, and purchasing power risk.

Item 5 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

- ETF Portfolio
 - Primarily index ETFs
 - Diversified by style
 - Diversified by market cap
 - Model ETF Portfolio
 - Taxable versus Tax-Exempt
 - Custom asset allocation combining ETF model with individual fixed income securities
- Risks: same risks as the Equity Portfolio and Balanced Portfolio, lower management fee offsets risk of ETF fee structure

Methods of analysis include fundamental (evaluating the financial statements of companies) and technical (examining the price changes of other securities in the same sector and indices.)

The investment strategies are implemented through the following:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Option writing, including covered options, uncovered options or spreading strategies. Trading in options may incur losses greater than the initial investment.

There is no guarantee that the advisory services offered will result in the clients' goals and objectives being met. Nor is there any guarantee of profit or protection from loss. Investing in securities involves the risk of loss that clients should be prepared to bear.

Any portfolio involves a certain level of risk.

Item 6 – Disciplinary Information

(Dated January 31, 2012)

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Crossvault or the integrity of Crossvault's management.

Crossvault has no information to disclose for this Item.

Item 7 – Other Financial Industry Activities and Affiliations

(Dated January 31, 2012)

Crossvault does not have any Financial Industry activities or affiliations applicable to this Item.

Item 8 – Code of Ethics

(Dated January 31, 2012)

Crossvault has adopted a code of ethics, (the “Code of Ethics”) that emphasizes the highest standards of ethical conduct. The Code of Ethics consists of general principles that are understood to govern the personal investment activities of Crossvault’s personnel, Crossvault’s fiduciary duty to clients, and the obligations of Crossvault’s partners and employees to uphold Crossvault’s fundamental duties.

Crossvault’s clients or prospective clients may request a copy of Crossvault’s Code of Ethics by contacting Lexia Limon (llimon@crossvault.com).

Crossvault and employees are subject to a Code of Ethics that imposes certain procedures, disclosures, and/or restrictions designed to mitigate conflicts of interest between Crossvault and its Clients. It is our policy to prohibit any individual associated with Crossvault from purchasing securities being actively considered for purchase for advisory accounts and selling securities being considered for sale for advisory accounts unless approved by either Marilou Long or Laura Ehrenberg-Chesler. Personal trades must be executed after the client transactions are completed. All officers and employees who have access to information concerning client transactions must comply with the following provisions.

- Generally clear in advance with Marilou Long or Laura Ehrenberg-Chesler all security transactions in which they have a direct or indirect interest except transactions in government securities, bankers’ acceptances, bank certificates of deposit, commercial paper and mutual fund shares.
- Request that duplicate confirmations and monthly statements are sent to Crossvault’s compliance officer.
- Provide a quarterly statement of transactions to Crossvault’s compliance officer. This quarterly statement is generally satisfied by the delivery of monthly custodial statements along with a quarterly statement of transactions in IPO’s or Private Placements that may not be included in the custodial statement.
- Submit an initial and subsequent annual holdings report (new employees must submit an initial holdings report.) The annual holdings report requirement can be satisfied by the delivery of the custodial statements to the Compliance Officer.
- All such reports are reviewed by the Chief Compliance Officer in light of the code of Ethics, and employees who breach the firm’s trading policy may be sanctioned as appropriate.

Item 9 – Brokerage Practices

(Dated January 31, 2012)

Crossvault generally selects the brokers or dealers to handle securities transactions. Crossvault negotiates the commissions unless a client directs us to keep assets with a broker-dealer of their choice. In this case, the client is responsible for the custodial fee arrangement.

Directed Brokerage

When brokerage is directed by the client, Crossvault does not negotiate commissions. As a result, the Client may not be receiving the best execution on trades where the Client has directed brokerage. Additionally, when the client directs brokerage, the client will not be able to participate in block trades, which might result in better executions and a more competitive commission rate.

A directed client's custodian may allow Crossvault to "trade away" (executing trades away from this custodian). Crossvault will consider doing so in order to obtain a better execution, assuming that the "trade away" charge would not offset the execution and/or commission savings.

Non-Directed Brokerage

Clients may ask Crossvault to provide a list of custodians (bank or broker-dealer) to choose from. If asked, Crossvault will offer a range of possible custodians, including discount brokers Charles Schwab and Fidelity Investments, from which the client may select. Crossvault has no affiliation with any of the possible custodians used by the client.

Transactions for clients whose assets are not in custody at a specific broker-dealer (non-directed) will be allocated to brokers on the basis of best execution, considering such factors as price, commission rate, brokerage and research services (e.g. research ideas, investment strategies, special execution and block positioning capabilities, clearance, settlement and custodial services), financial stability, reputation and efficiency of such broker-dealers. All commissions negotiated by Crossvault are negotiated on the basis of order size, quality of execution, and quality and quantity of other services provided to Crossvault by the broker.

For non-directed clients, a block trade is put together after a review of the individual accounts. If the block is large enough to meet the minimum ticket charge, the order may be placed with a broker/dealer that provides research. In this instance the commission rate may be higher than an execution only trade. If the block is not large enough to qualify, the order is placed as an execution-only trade, which generally carries a lower commission. The entire block order is usually filled and the average price is given to all accounts in the block. If the block order does not fill completely, the purchased shares would be allocated on a pro-rata basis to each client unless the number of shares purchased is so small as to

Item 9 – Brokerage Practices (continued)

make the position insignificant and would create an administrative difficulty for the client. Crossvault personnel may not participate in a block trade with clients.

Crossvault may from time to time, and in accordance with applicable law, pay commissions to brokers that are higher than those that might be obtainable elsewhere in consideration for research and brokerage services. There is no commitment to an agreed upon level of commissions. Generally, only client accounts that are not directed participate in these trades and those client accounts may bear a disproportionate share of commissions directed by Crossvault for research benefiting all clients. This differs from a formal “soft dollar” arrangement, where the Registered Investment Advisor commits to a set dollar amount of commissions to pay for a service that is expected to enhance the long term value of the assets managed by Crossvault.

Research products and services provided would include but are not limited to:

- Printed or electronic delivery of company, industry, market, and economic research.
- Availability of research analyst by telephone or personal meetings.
- Informational conference calls.

Although Crossvault does not have any formal “soft dollar” arrangements, Crossvault may receive access to research, proprietary account management and data transmission services offered by brokers and/or the applicable custodian to enable Crossvault to trade clients’ accounts electronically. The applicable custodian also may provide Crossvault with educational and compliance material, such as newsletters and access to seminars and conferences.

Crossvault has institutional relationships with Schwab Institutional and Fidelity Institutional Wealth Services. Crossvault does not have formal soft dollar relationships where a portion of client commissions is used to defray the firm’s expenses.

For Crossvault client accounts maintaining custody with Schwab Institutional, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Crossvault other products and services that benefit Crossvault but may not directly benefit its clients’ accounts. Many of these products and services may be used to service all or some substantial number of Crossvault’s accounts, including accounts not maintained at Schwab. Schwab’s products and services that assist Crossvault in managing and administering clients’ accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade order for multiple client accounts; (iii) provide research, pricing and other market data;

Item 9 – Brokerage Practices (continued)

(iv) facilitate payment of Crossvault's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab Institutional also offers other services intended to help Crossvault manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Crossvault. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Crossvault. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Crossvault personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Crossvault may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Similarly, Fidelity Institutional Wealth Services makes many of the same products and services available to Crossvault that Schwab does.

Item 10 – Review of Accounts

(Dated January 31, 2012)

Marilou Long, Co-CEO, Laura Ehrenberg-Chesler, Co-CEO, and Sarah Calvert Doerr, Portfolio Manager, conduct all reviews of managed accounts. Reviews are conducted as a matter of course at least monthly. Additional reviews of accounts may be triggered by events such as a client meeting, change in a client's risk tolerance, financial position or investment objective, change in a company or fund's management, unusual market or economic circumstances or other unforeseen events. Crossvault suggests quarterly meetings for clients and all clients are encouraged to meet with Crossvault annually.

The periodic statements of holdings and transactions are sent to clients by a "qualified custodian" at least quarterly and typically monthly. Crossvault also sends quarterly statements of portfolio holdings. Crossvault may provide annual gain/loss statements and statements of annual management fees paid by the client.

Item 11 – Client Referrals and Other Compensation

(Dated January 31, 2012)

Crossvault does not compensate individuals or entities for client referrals.

Item 12 – Custody

(Dated January 31, 2012)

All client assets are held by “qualified custodians.” Periodic statements of holdings and transactions are sent to clients by their custodian at least quarterly and typically monthly. Crossvault urges clients to carefully review such statements and compare official custodial statements to the account statements provided by Crossvault. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We would not expect these variations to be material.

The process of deducting management fees from client accounts is deemed a form of custody by the SEC. Other than this deduction of investment management fees, Crossvault has no access to client funds or securities. Crossvault does have the authority to move assets from a client’s account to another account owned by the client, when requested to do so.

Item 13- Investment Discretion

(Dated January 31, 2012)

The client will give Crossvault discretionary authority through a limited power of attorney over its account at the outset of the advisory relationship to select the identity and amount of securities to be bought and sold as seem appropriate by Crossvault without client permission for each individual trade.

There are no limitations to this authority. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Item 14 – Voting Client Securities

(Dated January 31, 2012)

With regard to the investment supervisory services provided to our clients pursuant to the advisory agreement, Crossvault has no authority to vote proxies. Clients receive proxy material directly from the account custodian either by email or by mail. However, clients may contact us with any questions.

In some instances, a client may request that Crossvault vote their proxies and indicate such on the account application with their custodian. In these cases, Crossvault would have authority to vote only those proxies. To comply with Rule 206(4)-6 of the Advisers Act, Crossvault has implemented Proxy Voting Guidelines and Procedures as follows:

Crossvault Capital Management believes that a proxy vote can affect the ultimate value of an investment, so each vote is researched and considered carefully by a portfolio manager. Good corporate governance practices should promote accountability of management, reduce conflicts of interest and align management’s interests with those of shareholders,

Item 14 – Voting Client Securities (continued)

protect shareholder rights, and increase full and fair disclosure of the company's financial status.

There are potential conflicts of interest that could affect Crossvault's ability to vote proxies. In the case of a material conflict of interest, Crossvault will disclose the conflict to clients, describe how the conflict could affect the vote, state Crossvault's policy on the vote, and obtain client permission on the vote.

A copy of the complete guidelines will be provided to clients upon request. When Crossvault has authority to vote a client's proxy, a portfolio manager will determine how the proxy shall be voted, the proxy administrator will process the vote, and a record of the vote along with materials used to determine votes, is maintained in a file for a period of five years. The client may request a copy of their voting records at any time, as long as the request is not for information older than 5 years. Crossvault also maintains a log of client requests for proxy voting guidelines and/or voting records.

Item 15 – Financial Information

(Dated January 31, 2012)

Registered investment advisers are required in this Item to provide the client with certain financial information or disclosures about the Crossvault's financial condition. Crossvault has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.