

Washburn Capital Management, Inc.

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**FORM ADV PART 2
BROCHURE**

This brochure provides information about the qualifications and business practices of Washburn Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 772.299.4998 or susan@washburncapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Washburn Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Washburn Capital Management, Inc. is 125708.

Washburn Capital Management, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

Form ADV Part 2A, Item 4

Description of Our Business

Washburn Capital Management, Inc. is a registered investment advisor with offices in Vero Beach, Florida and Banner Elk, North Carolina. We are a Florida corporation and began doing business in January 1997 as Paradigm of Indian River County. The company changed its name to Washburn Capital Management, Inc. in 2005. Robert E. Washburn is the majority owner, President and Chief Compliance Officer of Washburn Capital Management, Inc. David J. Washburn is the Vice President and is a minority owner. We provide discretionary investment management services as well as investment consulting services.

Our brochure will hereafter refer to Washburn Capital Management, Inc. as "Washburn" and clients and perspective clients as "Client". The term "Associated Persons" includes officers, employees, and all individuals providing investment advice on behalf of Washburn.

Our sole objective is to meet the individual investment needs of each and every client. Although we do provide consulting services the majority of our time relates to providing discretionary portfolio management. Washburn is client centric and we recognize each client has his/her own financial circumstances, risk tolerance, time horizon and set of investment goals. Our firm works closely with each client – through meetings and frequent formal and informal communications – to understand the client's financial situation, risk limitations and growth expectations.

Based on these meetings we partner with our clients, set realistic goals and devise strategies to achieve the desired goals. At this point, we also discuss any restrictions a client may wish to impose. Each and every client receives close, personal attention where we share our expertise and become personally involved in the development of the portfolio.

For each discretionary relationship a formal strategy and investment objective letter is created and approved by Washburn and the Client. This letter establishes the account's objective and provides asset allocation ranges. These agreements are used throughout the management of the portfolio and reviewed frequently for compliance.

Types of Investments

In general, we offer advice on equity securities, corporate debt securities, commercial paper, certificates of deposit, master limited partnerships, municipal securities and U.S. Government securities.

We may also advise our clients on any investment held in the portfolio at the inception of the advisory relationship.

Assets Under Management

As of December 31, 2010, Washburn managed \$74,336,076 in client assets on a discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

Washburn and our Clients enter into an investment management agreement. This agreement establishes an annual compensation amount billed on a quarterly basis in advance. The billing is performed at the end of each calendar quarter based on the market value of the portfolio. If a contract is entered into at any other time than the first day of a calendar quarter, our fees will include the upcoming quarter plus the number of days in the prior quarter for which you were a client. We do not receive commissions from any products and we do not compensate others for referrals. This independent status allows us to avoid potential conflicts of interests.

- Our annual fee is 8/10ths of 1%
- Related accounts may be aggregated for fee calculation
- The management of assets in excess of \$5,000,000 can be negotiated
- The management of assets less than \$100,000 is 1%
- Consulting engagements are billed on a hourly basis
- We do not require a minimum account size

Advisory fees will be deducted directly from the client's account, unless otherwise agreed to by Washburn and the Client. Washburn will only deduct fees from an account at a qualified custodian after all written authorizations have been satisfied. On a quarterly basis, Washburn will:

- provide the client with a statement calculating the quarterly advisory fee;
- provide the custodian with instructions of the amount of the advisory fee to be deducted from the qualified custody account; and
- the client will receive a statement from the custodian, at a minimum of quarterly, showing all advisory fees paid.

Upon written notice, either party may terminate the investment management agreement. Fees will be refunded in the event the termination happens on any other day than the last day of a calendar quarter.

Additional Fees and Expenses

As part of the advisory process, our Clients or perspective clients will be required to enter into an agreement with a registered broker-dealer regarding custodial and brokerage services. In addition to Washburn's advisory fee, clients will incur transaction and/or brokerage fees when purchasing or selling securities. These fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. In addition, Washburn may invest in exchange traded funds or mutual funds as a part of the advisory services. These investments generally include a management fee and other expenses which are detailed in each fund's prospectus. These fees are distinct and separate from Washburn's advisory fee. We do not share in any transaction and /or brokerage fee or the fees relating to the mutual funds and exchange traded funds. See item 12 of this brochure "Brokerage Practices" for further details on the broker-dealer selection process.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Washburn does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client). We do not participate in side-by-side management.

Types of Clients

Form ADV Part 2A, Item 7

We provide investment advisory services to a variety of clients including:

- Individuals
- Businesses
- Trust and Estates
- Charitable Organizations
- Retirement Accounts

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Methods of Analysis:

We may use one or more of the following methods of analysis in providing our investment advice and/or managing client assets:

Fundamental Analysis – This method attempts to measure a security's intrinsic value by analyzing various economic and financial factors. The factors include the overall economy, industry conditions and the financial condition and management of a specific company. This type of analysis attempts to determine a value which can then be compared to the security's current price. At this point, a decision can be made to purchase or sell the security.

Fundamental analysis does not attempt to anticipate market movement. This presents a potential risk, as the security price may move up or down along with the overall market, regardless of the economic and financial factors considered.

Technical Analysis – This method evaluates a security's by analyzing statistics generated by market activity, such as past prices and volumes. Technical analysts use charts and various tools to identify patterns that can suggest future activity.

Technical analysis does not consider a security's intrinsic value or financial condition of a company. This type of analysis presents a risk that a financially troubled or poorly managed company may underperform regardless of market movement.

Investment Strategies:

Our investment strategies will vary depending upon each client's specific financial situation. As such, we determine allocations and investments based upon your objectives, time horizon, risk tolerance, liquidity needs and any restrictions that may affect the composition of your portfolio.

Asset Allocation - It is our investment strategy to provide our clients with consistent long term growth opportunities through proper asset diversification. We spread the investment risk over several types of assets classes including equities, fixed income and cash and cash equivalents. The actual portfolio mix will be based on a client's investment objectives.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a period of one year or longer. This strategy is employed when we believe the securities are currently undervalued and/or we want exposure to a particular asset class or sector of the market.

A risk of a long term purchase strategy is the security may be affected by unpredictable long term changes in the company in which you are invested or in the overall market.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of conditions we believe will result in short term price fluctuations.

Short term investing generally involves a greater degree of risk due to market volatility over a shorter period of time.

We encourage our clients to discuss any risks with us that they are willing or unwilling to take in their portfolios.

We do not have a strategy of frequently trading securities. Since we do not earn sales commission or have sales quotas, it does not influence when or how frequently we make trades. The freedom from these considerations allows us to make decisions based on what is in our client's best interest.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms or insulate clients from losses due to market corrections or declines. Past performance is in no way an indication of future performance.

Disciplinary Information

Form ADV Part 2A, Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Washburn or the integrity of Washburn's management. There are no legal or disciplinary events affecting Washburn.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Washburn does not conduct any other financial industry activities nor have any affiliations with the following groups:

1. broker-dealer, municipal securities dealer or government securities dealer or broker;
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
3. other investment adviser or financial planner;
4. futures commission merchant, commodity pool operator or commodity trading advisor;
5. banking or thrift institution;
6. accountant or accounting firm;
7. lawyer or law firm;
8. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer;
11. sponsor or syndicator of limited partnerships.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Form ADV Part 2A, Item 11

Code of Ethics: Washburn has adopted a Code Of Ethics and an Insider Trading Policy for all Associated Persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. Our Code of Ethics is based on the principle that all Associated Persons of Washburn Capital Management have a promise to place our clients' interests first. The Code of Ethics includes provisions relating to the confidentiality of client information, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items and personal trading procedures provisions. All associates must acknowledge the terms of the Code of Ethics annually. To request a copy of our Code of Ethics, please contact us at 772.299.4998.

Our firm and Associated Persons may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, Associated Persons may have an interest or position in certain securities which may also be recommended to a client. However, these investments are never of sufficient magnitude to materially impact the price of the security.

Brokerage Practices

Form ADV Part 2A, Item 12

The Custodian and Brokers We Use

Your assets must be maintained in an account at a “qualified custodian” generally a broker/dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. Washburn Capital Management is independently owned and operated and we are not affiliated with Schwab. The custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as a custodian/broker you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

How We Select Brokers/Custodians

We recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We will consider a wide range of factors including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc) and willingness to negotiate the prices
- Reputation, financial strength and stability
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”).

Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle in your Schwab account. Schwab’s commission rates applicable to our client account were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities brought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades for your account is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

Products and Services Available to Us From Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we do have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab.

Services That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account,

Schwab agreed not to charge us for use of Portfolio Center for the year 2011, a software product that allows us to administer all accounts. This arrangement was made in response to our rapid growth and is an exception to our soft dollar policies. All clients benefit from our use of Schwab's "Portfolio Center" which gives us access to information such as:

- All transactions including purchases, sells, dividends etc. historically for any account
- Cash balances for each account
- Reports that show cost basis information.

Ultimately, these capabilities allow us to help manage our clients' accounts more effectively.

Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statement)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping and client reporting.

Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences of practice management and business successions
- Access to employee benefit providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees.

Washburn Capital Management's Use of Schwab's Services

Though we are independently owned and operated, Schwab provides us with access to its institutional trading and custody services. Specifically, we use Schwab's software products to access clients' account data and to facilitate trades. We have also assessed and determined that the following areas do not pose any conflicts at our firm because we do not participate in the following: 1) IPO allocations; 2) client referrals; 3) selling shares of sponsored plans; 4) directed brokerage arrangements; and 5) equity interest in market centers.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's service that benefit only us. We have over \$70 million dollars in clients assets under management and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Our sole objective is to meet the investment need of each and every client. Washburn seeks the best terms reasonably available under the circumstances for our clients. We seek to have clients' orders executed at prices that are as favorable as possible under prevailing market conditions. We evaluated the following factors in retaining our broker/dealer: 1) the competitiveness of commission rates and transactions; 2) capability to execute trades efficiently; 3) the value of research provided; and 4) customer service.

We do allow clients the opportunity to choose their own broker. A client is under no obligation to use Schwab as a broker. If a client chooses a different broker, we disclose to the client the potential disadvantages of such a relationship including increased commission and transactions costs. We also do not have an established working relationship with their choice of an alternative broker.

Block trading (aggregating transactions) is permitted where the Company determines that the block trade of an order is in the best interest of each client participating in the order. The prices of the securities purchased or sold in a block trade shall be at the average executed prices for all transactions of the client in that security of a given day. It is our policy to allow Associated Persons to participate in blocked trades and the effects of blocked trades such as average pricing. They will not however be given preferential treatment.

Review of Accounts

Form ADV Part 2A, Item 13

Mr. Robert Washburn, President and Chief Compliance Officer and/or Mr. David Washburn, Vice-President conduct a daily review of all clients' accounts. We reconcile our internal accounts daily with the information provided by the custodian. The daily reconciliation shows the following types of information: 1) accounts opened/closed; 2) daily pricing of securities; 2) all withdrawals and deposits; 3) dividends/income paid; 4) all trades; and 5) trade commissions. In addition, each quarter we perform a "forensic test" on our accounts. We take a random sample of clients plus new clients to determine if the accounts are in compliance with the investment strategy letters.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

Washburn and its associated persons do not receive commissions from any products and we do not compensate others for referrals.

Custody

Form ADV Part 2A, Item 15

The qualified custodian maintains actual physical custody of client assets. This third party relationship brings an extra layer of protection for our clients. The custodian is responsible for performing the following functions.

- Safekeeping securities and cash
- Collecting dividends and interest
- Settling purchases and sales
- 1099's and year end tax information

Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. Washburn urges you to carefully review such statements.

Under government regulations, we are deemed to have limited custody of your assets if you authorize us to instruct the qualified custodian to deduct our advisory fees directly from your account. In this situation, the client signs paperwork with the qualified custodian granting such authority.

Investment Discretion

Form ADV Part 2A, Item 16

Washburn usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amounts of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account.

When selecting securities and determining amounts, Washburn observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Washburn in writing.

Voting Client Securities

Form ADV Part 2A, Item 17

As a matter of firm policy and practice, Washburn does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any all securities maintained in client portfolios. In certain situations, Washburn may provide advice to clients regarding the voting of proxies.

Financial Information

Form ADV Part 2A, Item 18

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Washburn Capital Management's financial condition. Washburn Capital Management 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.