MarketView

GS INVESTMENTS, INC.

Fourth Quarter 2005

GSI Tenets

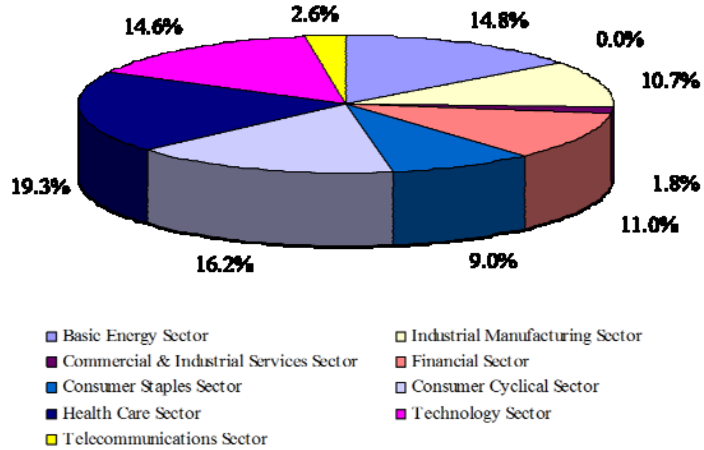
GS Investments, Inc. represents a logical choice for investment management for the following reasons:

1. A commitment to high-quality, personalized, client service.
2. Utilization of individual securities.
3. Balanced account manager utilizing bonds and stocks, their mix based on account objectives.
4. Use of large-cap growth stocks, adding a mid/small-cap "twist" for superior investment performance.
5. Extensive experience in the management of both individual and institutional investment accounts.
6. A competitive fee schedule.
7. Confidential environment.

Investment Strategy

1. Invest for the long-term.
2. Diversify investments.
3. Use fixed income securities for portfolio risk control and income.
4. Use equities to maximize portfolio return and offset inflation.
5. Manage portfolios according to each owner's risk parameters

Industry Breakdown—September 30, 2005



Top Ten Holdings (as a percent of Equities)

Proctor & Gamble	2.20%
Amgen	1.89%
Wells Fargo	1.81%
Exxon Mobil	1.74%
General Electric	1.71%
PepsiCo	1.61%
Caterpillar	1.54%
Microsoft	1.50%
American International Group	1.48%
Peabody Energy	1.45%
Target	1.44%

Market Summary

2005 has been another interesting year. Throughout the ebbs and flows of this year's market experience, the S&P 500 has moved ahead 2.7% through the end of September. During this period, market gyrations brought on by the likes of spiking energy prices, continued war in Iraq, devastating hurricanes, and a vigilant Federal Reserve have left the somewhat apathetic investors wondering what the next 12 months will bring. Glenn and I will attempt to leave readers with a number of thoughts.

The Good

- Tax cuts were helping to reduce the federal deficit and, one might conclude, helping to aid consumer spending; that was the case until the recent hurricanes paid the southern United States a visit. This was in spite of dramatic spending on social programs and the war in Iraq. During the April to June quarter, receipts to the Federal Treasury (from capital gains, dividends and stock options) increased 29% year-over-year, resulting in a pay down of roughly $42 billion in federal debt. Assuming that the economy is able to "weather" the hurricane season aftermath, it is realistic to think that this trend might continue. [1]
- To date, the year-over-year (August 2004 to August 2005) increase in operating earnings of the average company in the S&P 500 index was 14%. Consensus estimates of for 2006 call for a 10% increase. [2]

Market Summary (Cont)

- The Energy Information Administration estimates that petroleum, natural gas and electricity currently represent 8.7% of GDP. Although this percentage has probably increased a bit recently, it is assuredly well below its 1981 mark of 14% of GDP. 3 In short, although energy prices have risen dramatically, its collective economic impact is not what it once was.
- Ex-food and energy, core inflation remains in check, running about 2.5% for 2005. Forecasts call for a 2.4% increase for 2006. 4
- Unemployment is the lowest in years, running at a scant 5.1% annualized rate. 5
- Despite 11 increases in 15 months, the federal funds rate, currently at 3.75%, remains low.
- The spending that should take place in the aftermath of hurricanes Katrina and Rita should bode well for consumer stocks and industrial stocks alike.
- An "October" effect? The myth is that October is historically a poor month for the markets as many of our largest sell-offs have taken place during this time. Since 1990 however, the average gain in October for the S&P 500 is 2.4%, with 13 of the past 15 years posting gains in the month. 6

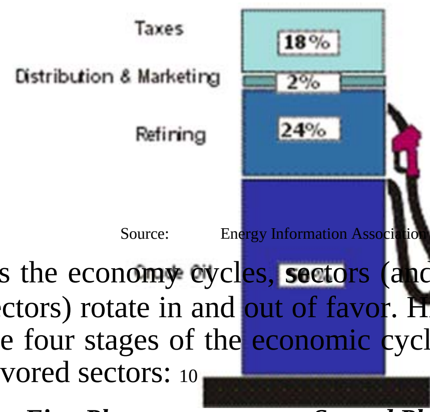
The Bad

- On average, during the past 4 tightening cycles, the Federal Reserve Board has raised short-term interest rates 2.75% over a 15 month period. The decision to increase rates to 3.75% in September, marks the 11th rate hike in past 15 months for the Federal Reserve. 7 Most believe however, that this tightening cycle is not yet over. This is one our main concerns as we move forward.
- History also suggests that the Federal Reserve Board, in its ongoing effort to keep inflation in check, goes too far and is forced to cut rates the following year. 8
- Assuming that the Federal Reserve Board does go too far in increasing interest rates, the yield curve may become inverted (a situation in which short-term interest rates exceed longer-term rates). Historically inverted yield curves are found during times of economic recession. Such a situation would seriously crimp the short-term borrowing power of the average corporation and consumer alike, slowing and potentially stopping economic growth.
- Assuming the worst in the hurricane aftermath, estimated federal spending to "rebuild" could be dramatically understated, resulting in an increasing budget deficit and a subsequent increase in government borrowing costs.

The Interesting

- As energy prices have spiked this year, the driving costs passed on to the average consumer have risen sharply. For example, someone driving 20,000 miles per year in a car averaging 25 miles per gallon will pay an additional $800 to drive his/her car. Subsequently, that same person, driving a car that averages 15 miles per gallon, will spend $1,400 over the same period. 9
- "Big Oil" companies, often blamed for the run-up in gasoline prices, are not the only takers of your gasoline dollars. We thought you might find it interesting to review the actual break-down of the average cost per gallon of gasoline.

What we pay for a Gallon of Gasoline



Source: Energy Information Association

- As the economy cycles, sectors (and companies in these sectors) rotate in and out of favor. Highlighted below are the four stages of the economic cycle and the associated favored sectors: 10

First Phase
Consumer Staples
Health Care
Financial

Second Phase
Consumer Cyclical
Industrial Manufacturing

Third Phase
Industrials
Energy
Materials

Fourth Phase
Consumer Staples
Healthcare
Energy

Our economy continues to expand in terms of Gross Domestic Product (GDP). Both Glenn and I believe that we are somewhere in the midst of the third phase of the most recent economic cycle. We will continue to exercise caution, looking to capture market opportunities for our client accounts.

1 Kudlow, Larry. "Lower tax rates, higher tax receipts.", *National Review Online.* May 5, 2005.
2 "Better times ahead?" *The Outlook*, October 5, 2005, Volume 77, Number 37, p.1.
3 "Software and Steel." *The Outlook*, September 21, 2005, Volume 77, Number 36, p.1.
4 "Better times ahead?" *The Outlook*, October 5, 2005, Volume 77, Number 37, p.1.
5 Bureau of Labor Statistics.
6 "Better times ahead?" *The Outlook*, October 5, 2005, Volume 77, Number 37, p.1.
7 "Fed increases rates again." *EquityLine*, September 21, 2005, p.2.
8 "Fed increases rates again." *EquityLine*, September 21, 2005, p.2.
9 "Cost impact of higher gas prices." *The Informed Investor*, September, 2005, p.2.
10 "Third phase of market movement." *EquityLine*, September 21, 2005, p.3.

We are committed to providing our clients with high-quality service and superior performance over the long-term.

Glenn & John Steinke