



Heritage Wealth Management, Inc.
Wrap Fee Program Brochure

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March 2011

This wrap fee program brochure provides information about the qualifications and business practices of Heritage Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact us at 713-871-9800 and/or at Dan@heritageplanners.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 Heritage Wealth Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Because much of the information in this brochure is additional information not previously provided in our earlier brochure, we recommend that you read this in its entirety.

TABLE OF CONTENTS

Services, Fees and Compensation	1
Advisory Firm Description	1
Wrap Fee Program Description	1
Program Fees.....	1
Financial Planning Fees	2
Comprehensive Wealth Management Fees	2
Fee Comparison.....	3
Additional Fees.....	3
Other Compensation for Participation in Wrap Fee Program	3
Account Requirements and Types of Clients	3
Portfolio Manager Selection and Evaluation	4
Types of Advisory Services	
Program Services	4
Financial Planning Services	4
Comprehensive Wealth Management	5
Tailored Advisory Services	5
Performance-Based Fees and Side-by-Side Management.....	5
Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Voting Client Securities	6
Client Information Provided to Portfolio Managers.....	6
Client Contact with Portfolio Managers	6
Additional Information	7
Disciplinary Information	7
Other Financial Industry Activities and Affiliations.....	7
Code of Ethics, Participation or Interest in Client	
Transactions and Personal Trading	7
Misuse of Nonpublic Information	7
Personal Securities Trading	8
Outside Business Activities	8
Review of Accounts.....	8
Client Referrals and Other Compensation	9
Financial Information	9
Balance Sheet	9
Client Assets Under Management.....	9
Termination.....	9

SERVICES, FEES AND COMPENSATION

ADVISORY FIRM DESCRIPTION

Heritage Wealth Management, Inc. ("HWM" or the "Firm") has been in business since July 1, 2002. The principal owners are Daniel Paul Michalk and Brett Stephen Carleton. HWM provides its clients with investment advisory services, financial planning services and comprehensive wealth management services.

WRAP FEE PROGRAM DESCRIPTION

The HWM Wrap Fee Program (the "Program") is a fee-only investment advisory program sponsored by HWM. The Program provides individuals, pension and profit sharing plans, trusts, estates, charitable organizations and business entities the ability to trade in individual debt and equity securities, mutual funds, index funds, exchange-traded funds, options and other eligible securities without incurring separate brokerage commissions or transaction charges.

PROGRAM FEES

Clients in the Program pay a single annualized fee for participation in the Program (the "Program Fee") ranging between 0.9% and 1.5% of the market value of the assets being managed. The Program Fee is negotiable and may be adjusted based on the complexity of each client's individual situation. Program assets are generally aggregated by family with the minimum annual Program Fee of \$10,000/household.

Fees are generally billed quarterly in advance at the rate of one fourth of the annual fee shown above and may be deducted from clients' accounts. Fees for the next quarter are calculated based on the portfolio valuation, including interest, as of the close of market on the last business day of the previous quarter. This is done through the use of PortfolioCenter, a portfolio management software, which receives a daily valuation of securities from Fidelity Investments. This fee deduction is deemed a form of custody by the Securities and Exchange Commission, although all client securities, investments and funds are held by an outside custodian. The Firm may direct the movement of funds from one account in the client's name to another account in the client's name, but has no access to funds or securities except for this deduction of fees. Additional deposits and withdrawals of funds and/or securities to the Program may be made to the account at any time. Program Fees are calculated pro rata for partial billing periods based upon the value of the assets in the account and the number of days in the calendar quarter.

This Program Fee includes transaction fees, but is separate from all other account fees including exchange, wire transfer or margin interest fees charged by the custodian. To the extent that client assets are invested in money market or mutual funds, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus.

HWM's Investment Advisory Agreement and the client's agreement with the custodian may authorize the custodian to deduct the Program Fee from the client's account and

remit it directly to HWM. In arrangements where the Program Fee is deducted directly from the client's account, the custodian will send the client a statement, at least quarterly, indicating all amounts disbursed from their Account, including the amount of the Program Fee paid directly to HWM.

Assets Under Management	Annual Wrap Program Fee
\$500,000 or less	1.5%
\$500,001 to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.0%
Greater than \$3,000,000	0.9%

FINANCIAL PLANNING FEES

HWM utilizes the following financial planning fee schedule, subject to negotiation depending on the nature, complexity and time involved in providing the client with requested services.

- **Fixed Fees:** HWM will charge a fixed fee, which ranges between \$2,500 and \$10,000 for comprehensive financial planning services. The fee is determined at the onset of the engagement, and depends upon the complexity of the client's needs. The fee is charged one-half up front and one-half upon completion of the plan. Plans generally are completed within a three to four month period. *In limited circumstances*, the total cost could potentially exceed this fixed amount, which is directly dependent upon the complexity of the contracted service. In such cases, HWM will notify the client and may request that the client pay an additional fee.
- **Hourly Fees:** HWM charges an hourly fee, which ranges between \$100 and \$300 depending on the nature of the contracted services.

When the scope of the financial planning services has been agreed upon, a determination will be made as to applicable fee. The final fee shall be directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the financial plan or service requested. An estimate of the total cost will be determined at the start of the advisory relationship. If the client chooses to proceed, one half of the estimated fee is due upon signing of the financial planning agreement. The balance is due and payable upon completion of the contracted services.

COMPREHENSIVE WEALTH MANAGEMENT FEES

Because of the differing nature of each family's needs, this service is provided on a proposal basis, where the Firm outlines to the family (or individual) what will be provided at what price. An agreement for Comprehensive Wealth Management, which will contain the proposal as an addendum, will be executed and will show exactly what services the client will receive from the Firm, any reports and regular meetings, and what fees the client will be paying.

FEE COMPARISON

Under the Program, clients receive both investment advisory services and the execution of transactions in eligible securities for a single, combined annualized fee, the Program Fee. Participation in the Program may cost the client more or less than purchasing such services separately. The number of transactions made in the client's Account, as well as the commissions charged for each transaction, will determine the relative cost of the Program versus paying for execution on a per-transaction basis and paying a separate fee for advisory services. The Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

ADDITIONAL FEES

Program participants may incur certain charges imposed by third parties in addition to the Program Fee. Such charges include but are not limited to charges imposed directly by a mutual or money market fund purchased in the client's Account which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses, including mark-ups and mark downs), certain deferred sales charges on previously purchased mutual funds, odd-lot differentials, spreads paid to market makers from whom securities were obtained by the broker/dealer, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and securities transactions.

OTHER COMPENSATION FOR PARTICIPATION IN WRAP FEE PROGRAM

HWM recommends "qualified custodians" for clients' accounts, with each client signing a separate agreement with the custodian. In recommending a custodian, HWM considers the range and quality of the products the custodian offers, the technical support provided, execution quality, commission rates, the financial responsibility and responsiveness of the custodian to both HWM and its clients. HWM recognizes its responsibility to attain best execution and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade-by-trade basis. However, HWM evaluates its entire custodial relationship in assessing best execution on a client-by-client basis. Although HWM has not entered into any formal soft-dollar arrangements, HWM may receive access to research, proprietary account management and data transmission services offered by brokers and/or the applicable custodian to enable HWM to trade clients' accounts electronically. The applicable custodian may also provide HWM with educational and compliance material, such as newsletters and access to research, educational materials, seminars and conferences.

ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

HWM provides investment supervisory services and manages investment advisory accounts for:

- individuals,
- high net worth individuals,
- pension and profit sharing plans,
- trusts, estates or charitable organizations, and

- corporations or other business.

HWM prefers a minimum investment amount to start of \$1,000,000. The Firm reserves the right to waive or lower this minimum.

PORTFOLIO MANAGER SELECTION AND EVALUATION

In addition to providing Comprehensive Wealth Management and Financial planning services, HWM acts as portfolio manager for the Program described in this wrap fee program brochure.

TYPES OF ADVISORY SERVICES

Program Services

This service is for clients who want assistance in designing, implementing, monitoring and maintaining an investment portfolio. This service includes:

- Determining clients' investment goals.
- Evaluating current assets.
- Determining projected cash flow needs.
- Determining any investment constraints.
- Determining client risk tolerance.
- Developing an asset allocation, including specific investment recommendations.
- Placing trades in the client's account as appropriate.
- Ongoing support:
 - Support to the client for the Investment Account establishment and/or transfer assistance.
 - Portfolio monitoring.
- Quarterly reports.

NOTE: The Firm's services do not include:

- Tax preparation.
- Tax advice.
- Legal counsel.

Financial Planning Services

Financial planning advice will typically involve providing a variety of services to clients regarding the management of their financial resources based upon an analysis of their individual needs. The Firm will first conduct a complimentary initial consultation during which pertinent information about the client's financial circumstances and objectives is collected. The information normally covers, but is not limited to, present and anticipated assets and liabilities, retirement goals, investment horizon, financial and cost of living needs. Once such information has been reviewed and analyzed, a written financial plan designed to achieve the client's stated financial goals and objectives will be produced and presented to the client.

The financial planning process will involve the collection, organization and assessment by HWM of all relevant client data, as well as identification of the client's financial concerns, goals and objectives. The primary objective of this process is to allow HWM to assist the client in developing a strategy for the successful management of income, assets and liabilities in meeting the client's long-term financial goals and objectives.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on financial information disclosed by the client to HWM. HWM cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives or needs change, the client must notify HWM promptly.

Comprehensive Wealth Management

The Firm also provides a customized service to families or individuals requiring the Firm to take a much more integrated role in coordinating the client's financial picture. This service may include some or all of the following:

- Financial planning
- Investment management
- Interviewing, selecting and overseeing:
 - Accountants
 - Mortgages
 - Banking relationships
 - Tax planning and filing
 - Estate planning
 - Bill paying

Because of the differing nature of each family's needs, this service is provided on a proposal basis, where the Firm outlines to the family (or individual) what will be provided at what price. An Agreement for Comprehensive Wealth Management, which will contain the proposal as an addendum, will be executed and will show exactly what services the client will receive from the Firm, any reports and regular meetings, and what fees the client will be paying.

TAILORED ADVISORY SERVICES

Clients can impose restrictions on investing in certain securities in any agreement they may enter into with HWM on an individually negotiated basis.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

HWM does not receive performance-based fees.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

HWM uses a combination of the following types of analysis in evaluating investments for client accounts:

- Charting—Analysis of charts of past stock performance
- Fundamental—Analysis of financial attributes of a company, such as revenue growth, debt to equity ratio, inventory turnover, etc.
- Technical—Analysis which assumes past performance is a predictor of future performance
- Cyclical—Analysis based on business, industry, calendar or historical cycles

Investment strategies for client accounts are structured to meet each client's objective. Asset allocation is the major differentiation between strategies. Diversification is accomplished within asset categories by varying sectors, time horizons and income production. Risks vary accordingly, although all accounts are subject to market risk. Investing in securities involves risk of loss that clients should be prepared to bear.

HWM uses the following sources of information in its analysis:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases

VOTING CLIENT SECURITIES

HWM does not vote client proxies for securities held in client accounts. Clients receive proxy information directly from the custodians by email or US mail, and may contact HWM for assistance in voting on any particular issue.

CLIENT INFORMATION PROVIDED TO HERITAGE WEALTH MANAGEMENT

After an analysis of the information provided by the client, HWM shall assist the client in developing an appropriate investment strategy for the assets in his/her account (the "Investment Strategy"). Thereafter, clients will be contacted periodically and are requested to provide HWM with information regarding changes to their financial situation or investment objectives. HWM shall periodically reassess the current Investment Strategy based on any other information provided by the client regarding his/her client profile.

The agreement that clients enter with HWM provides that the client grants HWM complete discretion (through a limited power of attorney) to determine both the securities purchased and sold and the amounts of those purchases and sales. Clients may place restrictions on HWM's discretion in writing.

CLIENT CONTACT WITH HERITAGE WEALTH MANAGEMENT

All clients are encouraged to contact or meet on a quarterly basis with HWM to review their account reports, update their client information and determine whether changes

should be made to their Investment Strategy. There are no restrictions on clients to contact or consult with HWM regarding the Program or their account.

ADDITIONAL INFORMATION

DISCIPLINARY INFORMATION

There have been no disciplinary actions against HWM, Messrs. Michalk and Carleton nor any individuals associated with the Firm.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

None.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

HWM has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client: misuse of confidential information; personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm’s Code of Ethics which will be provided at no cost. The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees’ interests on the one hand and clients’ on the other.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or client securities trades.

Personal Securities Trading

Messrs. Michalk and Carleton or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. Such trades may occur simultaneously with or after trades placed on behalf of clients and receive average pricing or after client trades with clients always receiving the same or better pricing.

To avoid conflicts of interest, the Firm has established the following policies:

- An officer, director or employee of HWM shall not buy or sell securities for a personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with the Firm, unless the information is also available to the investing public on reasonable inquiry. No person associated with HWM shall prefer his or her own interest to that of any client. Employees may participate in block trades.
- Employee accounts must be held at Fidelity, so the Firm can monitor any trades that employees have placed in their personal accounts.

The Firm's Code of Ethics allows the purchase of IPOs or private placements with prior permission from Mr. Michalk, the Firm's Chief Compliance Officer. Clients may request to review a copy of the Firm's Code of Ethics, which contains the employee trading policy.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed.

REVIEW OF ACCOUNTS

Mr. Michalk and Mr. Carleton conduct all account reviews. Reviews are conducted as a matter of course at least quarterly and consist of looking at portfolio holdings, cash flows, and market activity in light of client objectives. Additional reviews 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.

The Firm provides quarterly written statements of portfolio holdings and annual summaries of income, investment management fees paid, and realized gains and losses. All clients are encouraged to contact or meet on at least a semi-annual basis with HWM to review their account reports, update their client information and determine whether changes should be made to their Investment Strategy.

CLIENT REFERRALS AND OTHER COMPENSATION

Some custodians provide investment advisors with additional benefits which are not paid for with soft dollars. These additional benefits include access to national conferences and local seminars, newsletters covering compliance and practice management, research, and electronic downloads of client data. These services might assist HWM with its administration of client accounts, and thus slightly help its profitability, creating a potential conflict of interest with clients. HWM believes this is not a material conflict.

HWM does not compensate any person directly or indirectly for client referrals.

FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair HWM's ability to meet its contractual commitments to its clients. None of HWM, Messrs. Michalk and Carleton nor any individuals associated with the Firm have been the subject of a bankruptcy petition at any time during the past ten years.

Client Assets Under Management

At 12/31/2010, HWM had \$137,884,400 of discretionary assets and \$3,924,100 of non-discretionary assets under management.

Termination

The typical Financial Planning agreement HWM enters into with clients allows for either party to terminate the agreement immediately upon receipt of written notice. The client may terminate a Financial Planning agreement without penalty within five (5) business days after entering the Agreement. Otherwise, at the date of termination, the client agrees to pay fees due the Firm on a pro rata basis.

The typical Program agreement HWM enters into with clients allows for either party to terminate the agreement immediately upon receipt of written notice. The client may terminate the agreement without penalty within five (5) business days after entering the agreement. Otherwise, at the date of termination, the client agrees to pay fees due the Firm on a pro rata basis. The Firm will provide clients of the Program services with summary statements on a year-to-date basis upon termination.

Either a client or the Firm may terminate the typical Comprehensive Wealth Management agreement HWM enters into with clients at any time upon written receipt of notice from the other party, and any fees due to the Firm or to outside parties will be paid promptly by the client, and to the extent that prepaid fees have not yet been earned, those fees will be promptly refunded to the client.