

Douglas C. Lane & Associates, Inc.

Registered Investment Advisor

Part 2A of Form ADV – The Brochure

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Douglas C. Lane & Associates, Inc. (“DCLA[®]”) is an independently-owned investment advisor registered with the Securities and Exchange Commission (SEC). This Form ADV Part II is our Disclosure Brochure (“Brochure”) as required by the SEC and under the Investment Advisors Act of 1940. This Brochure provides information about the qualifications and business practices of DCLA[®]. If there are any questions about the contents of this Brochure, please contact us at 212-262-7670 or by email at info@dclaonline.com. The information in this Brochure has not been approved or verified by the SEC or by any State Securities Authority nor does our registration as an investment advisor imply any level of skill or training.

Additional information about DCLA[®] is also available at the SEC’s website www.adviserinfo.sec.gov

Item 2 – Material Changes

There have been no material changes made to DCLA[®]'s Brochure since its previous filing on March 31, 2011.

We may at any time update this Brochure and either send, or offer to send, a copy by email or in hard copy form.

This Brochure can be downloaded from the SEC's Investment Adviser Public Disclosure website (IAPD) www.adviserinfo.sec.gov, or obtained from our Chief Compliance Officer, Gay Lane at (212) 262-7670.

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Item 4 – Advisory Business

Douglas C. Lane & Associates, Inc. (DCLA[®]) is a registered investment advisory (RIA) firm founded in 1994 by Douglas and Gay Lane. Based in New York City, we provide wealth management for high-net-worth families, trusts, endowments, pension and retirement accounts, foundations and institutions. Our clients currently reside in 44 states and 12 countries around the world. As of December 31, 2011, discretionary assets under management totaled \$2,230,290,264 with an additional \$25,254,478 of non-discretionary assets. (Discretionary management means the client has given us authority to place trades on their behalf in their accounts. Non-discretionary management means the client chooses whether or not to place the trades we recommend.)

DCLA[®] is independently owned and operated. We have 31 employees, nine of whom are owners: Douglas C. Lane, Gay Lane, Edward D. (“Ned”) Dewees, Sarat Sethi, John R. Sini, Jr., Matthew L. Vetto, Andrew P. Segal, Barbara Colucci, and Marc V. Milic.

DCLA[®] provides customized management of stock and bond portfolios for our clients. We seek to provide equity returns above the Standard & Poor’s 500 stock index, but allocate clients’ capital between common stocks and fixed-income securities in accordance with their risk tolerance and their investment objectives. Our clients generally own individual common stocks and fixed-income securities. We do not invest in or sell any financial products such as mutual funds, annuities, insurance, and so on, nor do we collect any commissions from any activity. The only revenue of our firm comes from the investment advisory fee we charge to manage our clients’ portfolios.

Each client portfolio is managed on an individualized basis. We do not manage assets in any “pooled” way (e.g., a mutual fund or “model portfolio”). Instead, we believe that we add significant value to our clients by customizing each portfolio to their specific circumstances and needs. We work with clients to determine an investment strategy that supports their financial goals, lifestyle and risk profile. Certain clients may wish to impose minor restrictions on investing in certain securities or types of securities. Consistent communication is an essential part of a relationship, and we are always available to our clients by phone or for face-to-face meetings should questions arise.

For those clients who seek additional guidance, we also offer a variety of financial planning services. These services include, but are not limited to, planning for retirement, education savings, charitable giving, tax and estate matters, and guidance related to mortgage and insurance topics. Our years of collaborating with our clients’ accountants, lawyers, and other advisors provide us with considerable experience in identifying and managing critical issues. While we have CFP[®] practitioners on our team, we do not charge a fee for financial planning services. Rather, we view these services as an ongoing part of our relationships that add significant direct

value as our clients navigate their financial lives, and deepen our understanding of their circumstances that, in turn, help us to more effectively manage their investment portfolios.

We handle all the technical aspects of portfolio management and ensure that our policies and procedures satisfy all state and federal regulations. We place trade orders to buy or sell securities for all of our discretionary clients, and we have software that reconciles our portfolio management information with client brokerage statements at least monthly. In most cases, we reconcile accounts daily through electronic downloads from custodians. We also keep careful records of realized capital gains and losses for each account.

In some instances a client may have an arrangement with a custodian or financial institution in which the financial institution provides a variety of services for a bundled fee. These accounts are managed the same as any other account under our management, but at a reduced fee.

Item 5 – Fees and Compensation

The only source of revenue for our firm is the fee assessed to manage our clients' assets. The fee is based on a client's assets under our management according to the following schedule:

1.00% on the first	\$ 5 million
.75% on the next	\$10 million
.60% on the next	\$15 million
.50% on the next	\$20 million
.30% thereafter	

DCLA[®] will generally bill clients quarterly, in advance, utilizing a quarterly fee calculation based upon the total market value of the assets in each account at the close of business on the last business day of the preceding quarter (the "Appraisal Date"). Quarterly periods do not necessarily correspond to calendar quarters. They are determined by the inception date of an account. In some instances, when there are special circumstances and/or there are special grounds, fees may be negotiated.

Clients may from time to time have cash assets invested in money-market funds which charge a management fee on the assets invested in the money-market funds. DCLA[®] also charges a fee on cash invested in money-market funds when such cash is considered available for long-term investment.

Fee Payment Options

As indicated in our Investment Advisory Agreement, there are two options from which to select to pay for our services:

- **Direct Debiting:** Most clients choose to have their fees deducted directly from their accounts. Therefore, each quarter we send a statement of fees due and payable to us to the client's custodian, and a copy of this statement to the client. The custodian does not validate or check our fee or its calculation.
- **Pay-by-check:** We issue a fee statement quarterly for our services and clients pay us by check.

The Investment Advisory Agreement may be terminated at will by either party upon written notice. Fees are owed up to the date we receive written notice of termination from a client, and any fees paid in advance or unearned will be refunded.

Additional Fees and Expenses:

Advisory fees payable to us do not include expenses a client pays when we purchase or sell securities for his/her account(s). The following lists fees or expenses that are generally paid directly by clients to their broker/custodian and or the broker dealer completing the trade.

- Brokerage commissions
- Transaction fees
- Exchange fees
- SEC fees
- Transfer taxes
- Wire transfer and electronic fund processing fees;

These fees are charged by and paid to the broker/custodian from the clients' accounts. We do not receive, directly or indirectly, any portion of these fees charged to our client. In addition, none of our employees receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for our clients. As a result, we are a "fee only" investment advisor.

Item 6 – Performance-Based Fees and Side-By-Side Management

Not Applicable.

Item 7 – Types of Clients

We provide our services to the following types of Clients:

- Individuals, including high- net-worth individuals
- Trusts, estates and charitable organizations
- Corporations or other business entities
- Taft-Hartley plans, government plans, municipalities
- Pension and profit sharing plans
- Others

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Analysis: Our investment philosophy seeks to provide above-average total returns for our clients' capital through long-term investment in individual equity and fixed-income securities. We seek to invest in companies that have business models that can generate attractive long-term returns on the company's invested capital. We do not invest in any pooled or collective vehicles such as mutual funds, hedge funds or private equity funds.

Central to every investment decision we make on behalf of our clients is our proprietary fundamental research process. We have a seven-member Research Committee which includes five principals, four of whom hold the Chartered Financial Analyst® designation. All portfolio managers at DCLA® are directly involved in the process of macro-economic and company-specific research. While we have access to the vast quantity of research produced by Wall Street firms, we find there is no substitute for independent, critical thinking. Our portfolio managers and research analysts travel extensively during the year to meet individually with the managements of companies and to attend meetings, conferences and trade shows sponsored by brokerage firms or industry groups. Our location in New York City is helpful in this regard as many companies come to Manhattan throughout the year to meet with investors. In addition to visiting with companies, DCLA® utilizes proprietary fundamental, top-down, bottom-up analysis for determining investment decisions. Our analysis includes the study of company annual reports, prospectuses, filings with the Securities and Exchange Commission and press releases. We do not use timing services of any kind.

Investment Strategies: We employ a "core" strategy which we believe derives its advantage from its flexibility. Since we are not constrained by company size, style, or geography, we can identify the best risk-adjusted investment opportunities available in the market, regardless of how they may be classified by the broader investment community. We are long-term investors who believe our clients benefit primarily from the growth and capital generation of the companies in which we invest, rather than any trading strategies we could employ.

Risk of Loss:

All investments in securities include a risk of loss of principal (invested amount) and any profits that have not been realized (securities that have not been sold to “lock in” the profit). Stock markets and bond markets can fluctuate substantially over time, and performance of any investment is not guaranteed. As a result, there is a risk of loss in the value of the assets we manage that may be out of our control. We do our best in the management of our clients’ assets. However, we cannot guarantee any level of performance or that clients will not experience a loss in their account assets.

Item 9 – Disciplinary Information

Not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

Not applicable.

Item 11 – Code of Ethics

DCLA[®] has a fiduciary duty to serve and act in the best interests of our clients. In this regard, our Code of Ethics, a copy of which is available on request, governs how we conduct our business and seeks to nurture a culture of compliance within our firm.

Our Code of Ethics is comprehensive and is distributed to each employee at the time of hire and annually thereafter if there are changes. Our policies and procedures address conduct and practices by our firm and our employees that involve such matters as complying with all Federal Securities Laws, Rules, and Regulations applicable to our business, personal trading by our employees, insider trading, accuracy of disclosures to clients and others, safeguards for the privacy protection of client records and information, portfolio management processes, and trading practices.

With respect to the purchase and sale of securities by employees for their personal accounts or any accounts in which they have direct or indirect beneficial ownership, the following guidelines apply:

Unless written permission is granted by Douglas Lane or Gay Lane, employees are not permitted to purchase or sell options, puts, calls or any other similar derivatives for their own accounts or accounts in which they have direct or indirect beneficial ownership. Employees are also prohibited from buying securities in an initial public offering or in a limited offering for their accounts or the accounts in which they have direct or indirect beneficial ownership without prior approval from either Douglas Lane or Gay Lane.

Securities currently being researched or considered for investment in clients' accounts (securities on the DCLA[®] "Presentation List") cannot be purchased by an employee for their accounts or the accounts in which they have direct or indirect beneficial ownership. Additionally, employees cannot purchase securities for their accounts or the accounts in which they have direct or indirect ownership for five business days following the date that a security has been added to the "Approved List" by the DCLA[®] Research Committee. Although our Personal Trading Policy does not place further restrictions on our employees' trading, all employees must keep in mind that our priority is to serve our clients first, and they must consider whether a personal trade may adversely affect one or more of our clients. If they have any concern, employees must speak with Douglas Lane or Gay Lane before proceeding with a transaction.

Item 12 – Brokerage Practices

DCLA[®] does not custody client funds. Thus, each client is free to select a brokerage firm/custodian of their choice. In general, we recommend that clients choose a large, financially strong, low-cost custodian. Sometimes, for reasons specific to the client, clients choose custodians with higher costs. Except in instances when we may "trade away" (as described below), equity trades are placed individually for all DCLA[®] managed accounts using the account's custodian. In most cases, these trades are placed electronically and executed within seconds of their placement. We are not market timers, and do not attempt to time trades based on market movements during the day. We believe that all trades placed for our clients' accounts in this manner are executed quickly, fairly and accurately by the custodian.

Directed Brokerage means a client has instructed us to execute securities transactions through a specific broker. Trades made through a directed broker may, or may not, be competitive with regard to "best execution." Employing a directed broker may mean the loss of the opportunity to receive "discount" commissions, negotiate commissions, or obtain volume discounts, any of which may, or may not, result in less competitive execution.

The vast majority of DCLA[®] clients' accounts that are maintained at various custodians are not charged separate custody fees. Generally, the custodian receives compensation from the client in the form of brokerage commissions. In addition, custodians usually receive management fees on

cash balances held in money market accounts at the custodian. Occasionally, as described below, DCLA[®] will execute trades for a client “away” from the custodian and deliver the shares into the client’s account. In this case, in addition to the commission paid to the executing broker, it is typical for the custodian to charge a “trade away” fee for the clearance and settlement of trades executed through the outside broker-dealer.

Research and Other Soft Dollar Benefits:

When we have discretion to select brokers for client security trades or engage in “trade away” transactions, commissions are used not only to complete the transaction, but also to compensate for investment research provided to us (Soft Dollars). Use of Soft Dollars is permitted under Section 28(e) of the Securities Exchange Act of 1934 and allows us to pay broker-dealers more than the lowest commission available in order to obtain research and brokerage services, as long as certain conditions are met. Section 28(e) allows us to use Soft Dollars to pay for research used in the investment decision-making process. In choosing brokers, we consider their track records and depth of expertise relative to the types of transactions we are executing. Some of the brokers we may trade with are Citigroup, Goldman Sachs, Jeffries, JP Morgan, Morgan Stanley, and Sanford Bernstein.

We receive access to investment conferences sponsored by various brokers that we select for security trades. These conferences provide us with direct access to the managements of companies that our clients own, or that we are researching for potential investment. These conferences are an important part of our research process. In addition, we receive proprietary research from the broker-dealers and other related third parties. Although this research is not a core tool for the DCLA[®] Research Committee, we believe that it can contribute to our investment process and the investment returns achieved in our clients’ accounts.

We may have an incentive to select or recommend a broker based on our interest in receiving research or access to conferences, rather than our clients’ interests in receiving most favorable execution and, therefore, clients may pay commissions higher than those charged by other brokers. We use Soft Dollar benefits to service all of our client accounts. We believe it would be impractical to allocate Soft Dollar benefits to client accounts proportionately to the Soft Dollar credits the accounts generate.

Item 13 – Review of Accounts

Investment advice and management of portfolios is provided by Douglas C. Lane, Ned Dewees, Sarat Sethi, John R. Sini, Jr., and Matthew L. Vetto, each of whom is a principal of DCLA[®], portfolio manager and equity analyst. Client accounts are reviewed on a continuous basis. Triggering factors which cause the portfolio manager to do additional reviews of client accounts include, among other things, corporate mergers and acquisitions, changing conditions in the

stock and bond markets, adjustment in our investment strategy, and the revision of a client's specific objectives and/or circumstances. Each time a transaction is done in an account, a letter summarizing the transaction is sent to the client, together with a year-to-date gain/loss report for taxable accounts.

We generally prefer to meet with clients every year or so to review their portfolios in a place convenient to our clients, be it their homes, offices, or our office. Typically, a comprehensive report is presented showing, among other things, investment performance, asset allocation, economic sector breakdowns, fixed-income maturity schedules and cash-flow summaries.

Item 14 – Client Referrals and Other Compensation

DCLA[®] receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through DCLA[®]'s participation in the Schwab Advisor Network[®] (“The Service”). The Service is designed by Schwab to help investors find Registered Investment Advisors. Schwab is a broker-dealer independent of and unaffiliated with DCLA[®]. Schwab does not supervise DCLA[®] and has no responsibility for DCLA[®]'s management of clients' portfolios or other advice or services DCLA[®] may provide. DCLA[®] pays Schwab compensation related to client obtained through The Service. DCLA[®]'s participation in The Schwab Advisor Network[®] may raise potential conflicts of interest described below.

DCLA[®] pays Schwab “Participation Fees” on all client accounts obtained through The Service prior to January 1, 2007, and maintained in custody at Schwab. Participation Fees are generally 18% of our fee and are based on a percentage of the value of the assets in the client's account. Participation Fees are billed to DCLA[®] quarterly and may be increased, decreased or waived by Schwab from time to time. Participation Fees are paid by DCLA[®] and not by the client. DCLA[®] does not charge clients referred through The Service fees or costs greater than the fees or costs DCLA[®] charges clients with similar portfolios who were not referred through The Service.

DCLA[®] generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to 75 basis points of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees DCLA[®] generally would pay in a single year. Thus, DCLA[®] will have an incentive to recommend that client accounts referred through The Service be held in custody at Schwab.

For accounts referred by The Service after January 1, 2007, DCLA[®] pays Schwab a Participation Fee on a graduated scale. Schwab households clients' accounts in order to give them the most favorable rate. Clients referred by Schwab do not pay higher fees to DCLA[®] than anyone else does by reason of the referral.

The Participation Fee schedule for client accounts is based on the average daily total assets during the quarter in all client accounts of a household maintained at Schwab. The fee is calculated by Schwab and paid quarterly based on the following fee schedule:

.25% on the first	\$ 2 million
.20% on the next	\$ 3 million
.15% on the next	\$ 5 million
.10% on amounts over	\$10 million

DCLA[®] has also entered into a relationship with Fidelity Brokerage Services LLC ("Fidelity") through which Fidelity may, from time to time, provide to DCLA[®] certain client referral services. At no charge, Fidelity provides DCLA[®] access to the Fidelity Wealth Advisor Solutions program ("WAS"), whereby DCLA[®]'s name and business profile is made available to potential customers who have requested such information in connection with exploring the possibility of working with an investment advisor. Assets managed by DCLA[®] and custodied at Fidelity must be maintained at certain minimum levels in order for DCLA[®] to participate in the WAS program. As a result of receiving such services, DCLA[®] may have an incentive to recommend Fidelity's custodial and related services to its clients. DCLA[®] and Fidelity are not affiliated companies.

DCLA[®] has entered into a written solicitation agreement with Maxa Partners Inc. ("Maxa") (formerly MSL Business Solutions, Inc.), a certified public accountant unaffiliated with DCLA[®] under which Maxa has agreed to introduce prospective clients to DCLA[®]. In the event that a person referred by Maxa becomes a client of DCLA[®], Maxa is entitled to receive a referral fee equal to 25 basis points per annum of the assets under management in the account of the solicited client. These referral fees are payable out of the fees paid to DCLA[®] by the referred clients, and are payable to Maxa only to the extent that DCLA[®] has received payment of fees from such clients. Although the referral fees are paid to Maxa by DCLA[®] and out of DCLA[®]'s advisory fee, the referral fees are a factor in DCLA[®]'s determination of the advisory fees to be charged by DCLA[®] to solicited clients. The fee rate charged to a solicited client will likely be higher than that charged to a client with an account of comparable size and investment objectives who was not referred by Maxa to take into account the amount of the referral fee. Prior to entering into an advisory relationship with DCLA[®], each prospective client is given a copy of Part II of DCLA[®]'s Form ADV, as well as a written disclosure statement by Maxa, including disclosure of the advisory fee differential between a client who is referred by Maxa and one who is not so referred. Each prospective client's written acknowledgement of receipt of these disclosure

documents is obtained by Maxa and provided to DCLA[®] at or before the time DCLA[®] enters into an advisory relationship with the client.

DCLA[®] is a participating investment advisor in the Wells Fargo Advisors Private Advisor Network ("Private Advisor Network"). Pursuant to this program, clients pay Wells Fargo, as the sponsoring broker, a minimum fee of \$375/quarter. DCLA[®]'s fee for investment advisory services is a negotiated fee and is based on an annual percentage of assets under management; this fee is paid by the client. DCLA[®]'s advisory fee is separate from the fee charged by the Private Advisor Network and is paid by the client.

DCLA[®] is a participating investment advisor in the Deutsche Bank Consulting Direct Program ("Consulting Direct Program"). Pursuant to this program, clients pay Deutsche Bank a minimum annual fee for consulting services. DCLA[®]'s fee for investment advisory services is a negotiated fee and is based on an annual percentage of assets under management; this fee is paid by the client. DCLA[®]'s advisory fee is separate from Deutsche Bank's fee.

Item 15 – Custody

DCLA[®] does not generally custody any client funds. Our general policy and practice is that all funds, securities, and other assets of our clients are maintained in the name of the client and held for safekeeping at a bank, broker-dealer, or other qualified custodian within the meaning of Investment Advisor Rule 206(4)-2 of the client's choice. DCLA[®] will not intentionally take custody of client cash or securities.

DCLA[®] believes that all custodians selected by our clients send monthly account statements. In addition, DCLA[®] sends a quarterly appraisal of assets under our management. DCLA[®] urges clients to compare our statement with the statement received from their custodian. For tax and other purposes, the custodial statement is the official record of our clients' accounts.

As a result of the Amended Custody Rule dated January 11, 2010, DCLA[®] is deemed to have custody of certain accounts when a DCLA[®] principal serves as Trustee to a specific account. In light of this determination, Compliance performs quarterly reviews of all the accounts where we are deemed to have custody. The purpose of this review is to compare statement values at the custodian versus DCLA[®] statement values. All findings are documented and any irregularities are noted. DCLA[®] has engaged an independent public accountant to perform an annual surprise audit of those accounts of which we are deemed to have custody.

Item 16 – Investment Discretion

Accounts at DCLA[®] are managed on a discretionary, restricted-discretionary or non-discretionary basis. The vast majority of our accounts are managed as discretionary accounts. Prior to assuming discretionary authority, clients are provided our Investment Advisory Agreement along with our ADV Part II. A “Client Investment Objectives and Restrictions” Annex is included with our Advisory Agreement, and this Annex directs us as to a client’s asset allocation and investment objectives, along with any account restrictions the client may have. The most common restrictions prohibit us from buying or selling a specific stock or stocks within specific economic or industrial sectors.

Item 17 – Voting Client Securities

As a general rule, DCLA[®] does not vote proxies on behalf of its advisory clients. Clients receive their proxies and other solicitations directly from their custodian. In rare instances where proxy voting is mandated by the client, DCLA[®] has retained Institutional Shareholder Services (“ISS”) to act as the voting agent. Generally, proxies are voted in accordance with ISS guidelines. However, at any time, DCLA[®] can recommend our own vote should we disagree with ISS guidelines. A copy of proxy-voting history as well as our proxy voting policy is available upon request. If clients have any questions concerning proxies, they may contact us at (212) 262-7670.

Item 18 – Financial Information

Not Applicable.

Item 19 – Requirements for State-Registered Advisors

Not Applicable.