

ROBERT D. BROWN

INVESTMENT COUNSEL INC.

ITEM 1: COVER PAGE

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This annual brochure provides information on the qualifications and business practices of Robert D. Brown Investment Counsel Inc. It has been prepared by Robert D. Brown Investment Counsel Inc. at the request of the Securities and Exchange Commission. However, it has not been approved by the United States Securities and Exchange Commission or by State securities authority. If you have questions about the contents of this brochure, contact us at 713-524-3018 or rdbico@sbcglobal.net.

Additional information about Robert D. Brown Investment Counsel Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 2: MATERIAL CHANGES

THERE HAVE BEEN NO SIGNIFICANT CHANGES AT ROBERT D. BROWN INVESTMENT COUNSEL INC. (RDBIC) SINCE THE LAST ANNUAL UPDATE.

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ITEM 4: ADVISORY BUSINESS

Robert D. Brown Investment Counsel Inc. (RDBIC) is an investment advisory service that has provided and provides investment advice to individuals, profit sharing and pension plans. It is owned by Robert D. Brown (75%) and family, 12.5% owned by David H. Brown and 12.5% owned by Louise B. Conway. It is a state-registered advisory in the State of Texas. The company has been an investment advisor since 1969. RDBIC provides analysis, research and judgment on security selections, makes investment decisions, gives instructions on the Client's behalf to the Broker-Dealer on a discretionary basis by which the Broker-Dealer can execute security transactions. RDBIC invests the Client's funds in marketable securities, preferred and common shares, municipal bonds (often Texas municipal bonds), corporate notes and bonds, Certificates of Deposits, and U.S. Treasury securities and, selectively, in investment grade foreign government bonds. RDBIC relates its investment advice to needs of the individual Client. The Client may impose restrictions on its securities investments. As of 31 December 2011, RDBIC is advising on approximately \$80 million of client assets on a discretionary basis. Presently, RDBIC does not solicit prospective clients.

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ITEM 5: FEES AND COMPENSATION

For services rendered, RDBIC charges a management fee based on the assets under management. The management fee is to be paid quarterly, based upon the ending account market value in the Client's custodial Broker-Dealer account(s) that have been under management at the quarter end. Payment is due on invoice at each quarter. The payment of fees can be deducted from Client's Broker-Dealer custodial account, if Broker-Dealer provides that facility and the Client requests. The management fee schedule is:

Investment counsel services are rendered on an annual fee basis. The annual schedule of fees is applied on the appraised market value of the Investment Portfolio at the end of each quarter. The fee is then computed at one-fourth the annual rate and is invoiced and payable at the end of each quarterly period. The annual fee schedule is:

0.90 of 1%	on the first \$1,000,000
0.75 of 1%	on the next \$1,500,000
0.65 of 1%	on the next \$2,500,000
0.55 of 1%	on the next \$15,000,000
0.45 of 1%	Over \$20,000,000
Minimum annual fee	\$4,500

The computed annual rate on appraised market values is approximately as follows:

\$1,000,000	0.90%
2,500,000	0.80
5,000,000	0.70
10,000,000	0.60
20,000,000	0.50

Where two or more portfolios are managed for one client, the portfolios are consolidated for fee computation. Separate portfolios for an immediate family are consolidated to compute separate fees. On qualified tax advice, these advisory fees may be tax-deductible.

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ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

RDBIC does not participate in these types of investments and payment plans.

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ITEM 7: TYPES OF CLIENTS

RDBIC provides investment advice to individuals, trusts, estates and charitable organizations.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

RDBIC will invest Clients' funds in marketable securities, preferred and common stocks, municipal bonds (often Texas municipal bonds), corporate notes and bonds, Certificates of Deposits and U.S. Treasury securities and, selectively, investment grade foreign government bonds. The Client may trade on margin. RDBIC evaluates business trends, market and economic considerations in selecting investments. RDBIC invests in a security, usually, with the intention of investment (not "to trade in and out") of the security. Frequent trading increases costs to the Client in commissions and market spreads. It is important the Client realizes that the securities purchased are at risk of capital and may provide a capital loss. The Client should be prepared to accept and bear that loss. RDBIC is not an activity service. It is an investment service focused on what an asset (investment) earns, has earned, and will earn. A majority of RDBIC Clients have been discretionary investment Clients for more than 20 years.

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ITEM 9: DISCIPLINARY INFORMATION

RDBIC neither has, and nor ever has had, a disciplinary order or judgment against it.

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ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

RDBIC has no affiliations with any other financial industry activity. It is neither associated with nor receives payments from other financial industry organizations (such as lawyers, accountants, brokers, real estate brokers, bankers, other investment advisers or financial planners).

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**ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTIONS AND PERSONAL TRADING**

RDBIC does not buy, sell or recommend securities in which it has a major financial interest. However, it may invest limited personal funds in the stocks, bonds or other securities that it invests Clients' funds.

ITEM 12: BROKERAGE PRACTICES

The Client's best interests are an important consideration in selecting Broker-Dealers to effect securities transactions. Broker-Dealers are selected with several considerations: the Broker-Dealer's ability effectively to complete transactions in a timely manner; competitively priced for the Client, considering both transaction price and commission paid; the general quality of investment service provided by the Broker-Dealer. These services may include company and industry analysis, securities markets commentaries, financial statistics, and other information pertinent to securities portfolios. Research services provided by Broker-Dealers with whom securities transactions are effected may be used in servicing several Client accounts. RDBIC receives neither payments nor benefits from Broker-Dealers as a consequence of using Broker-Dealer services.

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ITEM 13: REVIEW OF ACCOUNTS

RDBIC reviews the securities in Client accounts, at least, on a quarterly basis. The reviews are performed by Robert D. Brown, the investment (portfolio) manager. Reviews are done periodically, especially depending upon markets and the economy. RDBIC provides Clients with a written portfolio evaluation with covering letter at the end of each quarter. Quarterly portfolio evaluation consists of an Account Summary evidencing the market value of securities and the current quarter. The cost of each security purchased is detailed in a separate Account Summary. The Account Summary also includes an Account History of purchases and sales of securities (dates of purchase and sale and gain). Also, it includes in quarterly review the Dow-Jones Closing Averages.

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ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

RDBIC does *not* have any arrangement whereby it is compensated by a person or organization for Client referrals.

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ITEM 15: CUSTODY

RDBIC does not hold custody of the Client's cash funds and securities. These assets are either held with the Broker-Dealer of choice or by the Client. If held by the Broker-Dealer, the Broker-Dealer usually provides the Client with the opportunity to view their accounts on the Broker-Dealer's website. The Client's account is in Client's name; RDBIC has only trading authority on the account. This should provide protection and security to the Client.

ITEM 16: INVESTMENT DISCRETION

RDBIC and the Client begin their relationship by entering into an Investment Advisor Agreement. By signing the agreement, the Client opens a discretionary account with a limited, revocable power of attorney whereby RDBIC is authorized to buy and/or sell securities for the Client's account, without necessarily discussing the prospective transaction. The Client agrees to execute a limited trading authorization with the designated Broker-Dealer authorizing RDBIC to enter orders for the Client's account. The limited revocable power of attorney is required by the Securities and Exchange Commission and the New York Stock Exchange for the advisor to execute securities transactions through the Broker-Dealer. RDBIC's function is to provide analysis, research, and judgment as to security selections, to enter investment decisions on the Client's behalf with the Broker-Dealer, and to give instruction to the Broker-Dealer whereby the Broker-Dealer can effect security transactions. It is agreed and understood by the parties that RDBIC has no legal responsibility for the execution of orders by the Broker-Dealer. The Client may impose limits to the discretionary powers of RDBIC by providing written instructions to RDBIC. When a securities transaction is effected for the Client, the client immediately and without exception is notified in writing by the Advisor and is expected to receive a confirmation of purchase/sale by the Broker-Dealer. Our services are provided without the benefit of commission compensation and without limitation, on the selection of securities for investment, either because of the absence of commission compensation or transaction profit.

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ITEM 17: VOTING CLIENT SECURITIES

RDBIC does not to vote Client securities. Proxy statements are mailed to the Client by the Broker-Dealer and the Client may then vote their securities. Client may question RDBIC when the Client has received solicitations.

ITEM 18: FINANCIAL INFORMATION

It is advised Investment Advisers can be required to disclose financial information to Clients. For example, if the advisor has custody of Client assets or require prepayment of fee, six months or more in advance, the Adviser must disclose that financial information to the Client. RDBIC does not meet these considerations and is not required to disclose financial information to the Client because it has neither custody nor required (received) payment of fees.

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ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

The executive of RDBIC is Robert D. Brown. College education: William and Mary, Bachelor of Arts University of Virginia. Business background: entered Investment banking industry 1947/1948 in New York, with a major national securities underwriter. In 1969, formed Robert D. Brown Investment Counsel Inc., registered with Securities & Exchange Commission and licensed by the State of Texas as a private non-public adviser for prospective clients to include individuals, pension and profit sharing plans. The twenty years prior to 1969, Robert D. Brown largely was engaged as a Texas registered independent broker-dealer. Securing an advisory relationship was motivated by the questions asked: whose money is taking the risk; would you ask a seller what you should buy?

Robert D. Brown is the President of RDBIC and is its investment (portfolio) adviser. He has been in that position for 43 years.