

Professional Investment Counsel, Inc.
5845 Cromo Drive, Suite 3
El Paso, Texas 79912

SEC Form ADV, Part 2A
January 10, 2012

Contacts: Gary M. Borsch
David B. Prilliman

This brochure provides information about the qualifications and business practices of Professional Investment Counsel, Inc. If you have any questions about the contents of this brochure, please contact us at (915) 845-6700.

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Item 1 - Material Changes

There have been no material changes since the last form ADV, part 2 brochure submitted on January 1, 2011.

Item 2 - Advisory Business

Professional Investment Counsel, Inc. (PIC; the Company) was founded in 1973 by Harry J. Stone in El Paso, Texas. The Company registered with the Securities and Exchange Commission (SEC) that same year and has been a Registered Investment Advisor with the SEC since inception (thirty-eight years.)

The Company's El Paso, Texas business address is the firm's only location. PIC is also locally owned and not affiliated with any broker/dealer or any other institution.

Professional Investment Counsel's only business is portfolio management and on-going advice¹ with regard to stock and bond investment. Clients include individuals, trusts and individual retirement plans, foundations, endowments and corporate/public pension plans.

The Company does not professionally advise on other matters such as insurance, real estate or other assets, or on matters pertaining to personal and family obligations or financial planning. If questions arise within these areas the client is advised that any opinion expressed is not a substitute for that of experts in these fields. In these cases the client is urged to seek the advice of qualified attorneys, accountants or other appropriate professionals.

PIC invests in higher quality large capitalization stocks, both domestic and foreign, listed on U.S. exchanges. While our focus is on equities, we also invest in fixed-income securities if indicated by market conditions or to satisfy client objectives. This would include interest-bearing instruments such as U.S. Treasuries, high-grade corporate and municipal bonds, certificates of deposit or money market funds.

Professional Investment Counsel currently manages \$54 million in taxable and tax-exempt client assets as of 12/31/11.

Item 3 – Fees and Compensation

Management fees are based upon the total value of the client's portfolio that may include stocks, bonds, mutual funds, money market funds, cash and/or other investment instruments.

Professional Investment Counsel is a fee-only investment advisor. No other forms of compensation such as commissions or performance-based fees are received.

¹ During the initial interview with a prospective client it may be mutually agreed that active portfolio management is not in their best interest. In these cases, PIC may make general suggestions for consideration without giving specific advice or recommending specific strategies. There is no charge for these suggestions.

However, if the prospective client insists on specific non-continuous one-time advice, a negotiable one-time fee would be mutually agreed upon.

For portfolio management and on-going advice relating to stocks and fixed-income securities, the annual fee, payable quarterly in arrears, is computed as follows:

<i>Portfolio Market Value</i>	<i>Annual Management Fee (%)</i>
<i>Up to \$1,000,000*</i>	<i>1.00%</i>
<i>\$ 1,000,000 - \$2,000,000</i>	<i>0.75%</i>
<i>\$ 2,000,000 - \$3,000,000</i>	<i>0.60%</i>
<i>Above \$3,000,000</i>	<i>0.50%</i>

** Management fees on portfolios above \$1,000,000 can be mutually negotiable and modified at the discretion and consent of both Professional Investment Counsel, Inc. and the client.*

To calculate the quarterly management fee, the annual rate is divided by four and then multiplied times the total value of the portfolio at the end of that quarter. For example, the quarterly fee on a portfolio with an annual fee of 1.00% would be calculated each quarter by taking the portfolio's value at the end of that quarter and then multiplying that value by 0.25%. This would be the management fee for the quarter just ended.

At the discretion of the client, management fees can be deducted directly from the custodian holding the client assets (i.e., a broker-dealer such as Charles Schwab or Merrill Lynch) or clients can be billed directly. In either case, the client receives a quarterly statement from PIC stating the amount of these management fees and the basis of their calculation.

It should also be noted that the broker involved in the purchase or sale of a security will incur a transaction cost. However, since PIC's investment strategy involves a low frequency of trading and low portfolio turnover, these costs are considered nominal in nature.

Cancellation of the advisory service agreement can be made, in writing, by either the client or the Company at any time. If the effective cancellation date does not coincide with the end of the quarter, any management fees due will be assessed on a daily pro-rata basis beginning on the first day of the quarter.

Item 4 – Performance-Based Fees

As previously noted, Professional Investment Counsel, Inc. does not receive any fees based on portfolio performance. In addition, no employees of PIC receive performance-based fees.

Item 5 – Types of Clients

Professional Investment Counsel's clients include individuals, trusts and individual retirement plans, foundations, endowments and corporate/public pension plans. The minimum account size for opening an account is \$100,000.

Item 6 – Methods of Analysis, Investment Strategies and Risk of Loss

Professional Investment Counsel uses a “top-down” approach that is based upon in-house economic and fundamental analysis. What this top-down approach simply means is that we start our investment process by first analyzing the economy and market as a whole. This is accomplished by constantly monitoring economic and market inputs such as inflation, interest rates and market valuations.

From this analysis we reach conclusions concerning the future direction of the economy and of financial markets. From this we determine which stock market sectors or industry groups will perform best under the parameters we see going forward.

Our investment style could be described as conservative in that we have a long-term view toward investment and invest in larger, higher quality securities that pay dividends. In addition and as previously noted, PIC client portfolios have a low trading frequency since it is our belief that active trading strategies eventually hurt performance.

Also unless directed by the client we do not engage in option or futures trading either as a speculation or hedge, and we do not sell stocks short.

There are risks involved when investing in stocks or bonds in that their market value could decline over a short or even an extended period of time causing the value of the assets to go down. There is also risk in that the securities selected may fail to perform as expected.

Therefore, investment in the types of securities described is only suitable for long-term investors willing to accept short-term market price fluctuations.

Item 7 – Disciplinary Information

There have been no legal or disciplinary events that are material to client or prospective client evaluation of the Company’s advisory business or the integrity of management.

Item 8 – Other Financial Industry Activities and Affiliations

Professional Investment Counsel, Inc. is a 100% privately held corporation that is incorporated in the state of Texas. The Company has no affiliation with any broker-dealer or other financial/non-financial institution including accounting firms, investment advisors or financial planners, law firms, or insurance companies and agencies.

Item 9 – Code of Ethics

Professional Investment Counsel established the Company’s “Code of Ethics and Conduct” in 2004 in accordance with SEC rule 204A-1. A copy is available upon request.

The Company's Code of Ethics and Conduct is predicated on the principle that Professional Investment Counsel, Inc. owes a fiduciary duty to its clients. Accordingly, PIC employees are required to act with integrity, competence, diligence, respect, and in an ethical manner, and must avoid activities, interests and relationships that run contrary to the best interests of clients.

In summary, employees of Professional Investment Counsel, Inc. must:

- Place client interests ahead of PIC or personal interests.
- Avoid taking advantage of their position through investment opportunities, excessive gifts or other gratuities from individuals seeking to conduct business with the Company.
- Follow PIC established procedures if engaging in personal investment.
- Maintain the confidentiality of client security holdings, financial circumstances and personal information at all times.
- Maintain compliance with Federal and State Securities Laws.

Item 10 – Brokerage Practices

The selection of a broker-dealer for client security transactions and/or custody is at the full discretion of the client.

As previously noted, there is no commission or other compensation received by Professional Investment Counsel for trades, or any other activity, placed with a broker-dealer. This would include non-cash items such as paid vacations and gifts/entertainment that are not of de minimis value. This would also include soft-dollar arrangements.

Soft-dollars refer to research or products and services that are received by an advisor from a broker-dealer or a third party as part of the commission paid for the execution of client securities transactions. As noted, Professional Investment Counsel, Inc. does not have any soft-dollar arrangements.

Item 11 – Review of Accounts

Portfolios are monitored on a continuous basis. An in-depth review is triggered when a particular stock, industry or sector either comes into question or has a more favorable outlook.

Clients receive a statement from the Company on a quarterly basis. This statement is in addition to the statements the client receives from the broker-dealer or other institution that has custody of the assets.

The quarterly Professional Investment Counsel statement includes a listing of all securities, cash and equivalents, or other assets such as mutual funds within the portfolio. It also specifically denotes the following items:

- The quantity or number of shares held.*
- The purchase price for each security.*
- The total initial cost of the security at time of purchase.*
- The current market price of each security as of the statement date.*
- The current market value of each security as of the statement date.*
- The percent of assets that each security represents within the portfolio.*
- The percent of assets and current yield that each investment category (i.e., stocks, bonds, etc.) represents within the portfolio.*
- The total initial cost, the current market value and current yield of the entire portfolio as of the statement date.*

Item 12 – Client Referrals and Other Compensation

Professional Investment Counsel, Inc. does not have any referral agreements whereby third parties receive compensation for referring prospective clients to PIC.

At one time, the Company did enter into an agreement with Charles Schwab & Co., Inc., an independent and unaffiliated broker-dealer to participate in the Schwab Advisor Network, an advisor referral service.

This agreement was terminated in 2006, however there are residual affects from the agreement resulting in a nominal fee being paid to Charles Schwab.

Item 13 - Custody

Professional Investment Counsel, Inc. does not have custody of any client assets. Instead, client assets are placed with a third party non-affiliated broker-dealer, bank or other qualified custodian chosen by the client.

Professional Investment Counsel, Inc. has no access to the client assets held by the third party custodian other than the deduction of quarterly management fees as agreed to and

authorized by the client at the client's discretion. This authorization is in writing and in possession of the custodian, PIC and the client.

As previously noted under Item 11, PIC statements are sent to clients on a quarterly basis while custodians normally send monthly statements.

Professional Investment Counsel has internal controls whereby custodial monthly statements are meticulously reviewed each month on every account against our records in order to verify accuracy. Clients are urged to also compare PIC quarterly statements with the custodial statements.

Item 14 – Investment Discretion

Professional Investment Counsel, Inc. obtains discretionary authority in order to manage client securities accounts on behalf of the client.

In a discretionary account, PIC obtains a Limited Power of Attorney (LPOA) from the client that allows the Company to buy and sell securities within the portfolio on their behalf, but does not allow the Company to transfer or withdraw funds from the account other than the pre-agreed quarterly management fee as authorized by the client. As noted under Item 13, the deduction of quarterly management fees is at the client's discretion.

Item 15 – Voting Client Securities

It is the policy of PIC to vote client proxies in the interest of maximizing shareholder value in a manner consistent with its fiduciary duty to clients. Under most circumstances this involves voting as the Board recommends.

However, under special circumstances if the Company determines after due diligence that the recommended proposals are not in the client's best interest then a contrary vote will be cast.

In addition, the client has the option to receive and vote proxies on the shares within their account if so desired.

Professional Investment Counsel, Inc.
5845 Cromo, Suite 3
El Paso, Texas 79912

SEC Form ADV, Part 2B
January 10, 2012

Principals: Gary M. Borsch
David B. Prilliman

This brochure provides information about the principal officers of Professional Investment Counsel, Inc. that serves as a supplement to the SEC Form ADV Part 2A. If you have any questions about the contents of this brochure, please contact us at (915) 845-6700.

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Item 1 - Educational Background and Business Experience

Name: Gary Martin Borsch

Year of Birth: 1945

Formal Education: 1968 – BA, English and History, Monmouth College

Business Background: (Since 1981)

2009 – Present	Professional Investment Counsel, Inc. CEO and Principal Owner
2005 – 2009	Professional Investment Counsel, Inc. President/CEO and Principal Owner
1998 – 2005	Professional Investment Counsel, Inc. Executive Vice President and Principal Owner
1991 – 1998	Professional Investment Counsel, Inc. Executive Vice President
1988 – 1991	Eppler, Guerin and Turner – El Paso Vice President, Investments
1981 – 1988	Rotan Mosle, Inc. - El Paso Vice President

Name: David Bruce Prilliman

Year of Birth: 1955

Formal Education: 1978 – BS, Civil Engineering, Texas Tech University
1987 – MBA, Finance and Management, North Texas State University

Business Background: (Since 1978)

<i>2009 – Present</i>	<i>Professional Investment Counsel, Inc.</i> <i>President and Principle Owner</i>
<i>1998 – 2009</i>	<i>Professional Investment Counsel, Inc.</i> <i>Senior Vice President and Principle Owner</i>
<i>1991 – 1998</i>	<i>Professional Investment Counsel, Inc. – Dallas</i> <i>Senior Vice President</i>
<i>1978 – 1991</i>	<i>Employers Casualty Company – Dallas</i> <i>Regional Manager</i> <i>District Manager</i>

Item 2 – Disciplinary Information

There have been no material legal or disciplinary events to either officer/principle owner or employee of Professional Investment Counsel, Inc.

Item 3 – Other Business Activities

Neither officer/principal owner is currently engaged in any investment-related business or occupation outside of Professional Investment Counsel, Inc.

Item 4 - Additional Compensation

Neither officer/principal owner nor employees receive economic benefit for advisory services outside of Professional Investment Counsel, Inc.

Item 5 – Supervision

The two officer/principal owners are the only supervised persons as defined by SEC rules. The Company's Chief Compliance Officer performs audits to monitor supervised person activities.