

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Northwest Investment Counselors, LLC. If you have any questions about the contents of this brochure, please contact us at 800.685.7884. 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 Northwest Investment Counselors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This brochure was last updated in 2010. Since then, there have been no material changes.

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Item 4 Advisory Business

Our Company

Northwest Investment Counselors, LLC (Advisor) was founded in 1998. The owners are Mark E. Scarlett, CFA, Matthew J.N. Roehr, CFA, and John S. Woolley.

Our Services

We offer a wide range of investment services tailored to our clients' objectives. We are typically granted discretionary authority to execute investment recommendations in accordance with our Statement of Investment Policy (or similar document used to establish your objectives and suitability) without your prior approval of each specific transaction. Under this authority, we will purchase and sell securities and other investments in your account, arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on your behalf in most matters necessary or incidental to the handling of the account. You will be asked to execute instructions (typically a form granting limited power of attorney to us) regarding our trading authority as required by your custodian. You may impose reasonable restrictions on our investment management services.

We will typically establish a target asset allocation consisting of one or more asset classes based on your objectives and suitability. Your target asset allocation may consist of one of our Model Strategies (see below) or a custom asset allocation. We typically utilize individual stocks and bonds as well as certain index funds in your account. Transitioning to your target asset allocation may take some months depending on your asset allocation at the time of engaging us, market conditions, tax considerations, and any restrictions you place on us. Transitioning to your target asset allocation may result in significant taxable gains and/or losses as well as commission costs. You may have significant unrealized gains and/or losses on investments at the time of engaging us. We may take some months to rebalance and reposition your account and we may have no specific opinion or knowledge of your existing investments. We do not analyze, render an opinion on, or warrant the suitability of each investment held by you at the time of engaging us. We may choose not to vote proxies received on investments owned by you at the time of engaging us and before said investments are sold.

We have defined and employ with our clients Model Strategies consisting of various asset classes chosen by us to meet certain risk and return objectives. We have discretionary authority to alter the asset classes in the Model Strategies without first gaining your approval.

As noted above, we prefer to employ individual equity and fixed income securities in your account when possible. This typically is a function of your account having a minimally efficient size to allow for reasonable diversification in our equity and/or fixed income strategies and justify expected commission costs. This can pose a potential conflict of interest for us since we hold ourselves out as an active manager of individual securities. If we employ a large number of asset classes in our Models or in custom allocations for clients or employ asset classes for which we lack the in house resources to use individual securities, we may have to utilize more or solely index funds in our clients' accounts. Under such a scenario, we may be incented to employ fewer asset classes than might be considered efficient.

Your actual portfolio asset allocation may differ, at times substantially, from your target asset allocation. Our personnel have discretion, for example, to vary from your target asset allocation due to, but not limited to, market conditions, tax consideration, and rebalancing costs.

We employ a fundamental, long-term (sometimes referred to as buy-and-hold) philosophy. We do not attempt to time markets or any sectors of the markets. You cannot expect to avoid market volatility or losses by engaging us. Investing carries certain unavoidable or inherent risks of loss.

You should notify us immediately if your circumstances change which may alter your objectives, risk tolerance or suitability for the target asset allocation we set with you.

Financial Planning Services

We also provide financial planning services. Fees for planning services are based on a flat fee of \$1,500.00, with half due at the time you sign the engagement letter and half due on completion of the engagement. Special arrangement may be made if you wish to retain financial planning services on an ongoing basis.

Services include:

- Investment Planning/Investment Policy Statements
- Financial Independence/Retirement Planning
- Capital Needs Analysis (Goal Funding)
- Income Tax Planning
- Estate Planning
- Education Planning
- Employee Stock Option Planning

Financial Plans:

We will prepare a written financial plan for all financial planning clients. The plan includes gathering all information necessary to provide you with appropriate and agreed upon services, which may include one or more of the following: budgeting and cash flow planning, disability planning and income protection, debt management, estate planning, business succession planning, retirement planning and investment planning. The plan considers all of your assets, liabilities, goals and objectives.

The fee also includes the time and activities necessary to work with your attorney and/or accountant in reaching agreement on solutions, as well as assisting those advisors in implementation of all appropriate documents. We are not responsible for attorney or accountant fees charged to you as a result of the above activities.

You are encouraged to review your plan on a regular basis, based on your individual circumstances.

Assets Under Management

As of December 2011, our discretionary assets under management were \$189,300,000 and our non-discretionary assets under management were \$1,200,000.

Item 5 Fees and Compensation

We bill for our services quarterly in advance based on the fee schedules below, which may be amended from time to time by us upon 30 days prior written notice to you. The fees are typically paid directly to us from the account by your custodian. Payment of fees may result in the liquidation of some of your securities if there is insufficient cash in your account. Copies of our fee invoices will be mailed to you if requested.

Standard Fee Schedule

Equity Accounts	
On the first \$1 million	1.000%
On the next \$5 million	0.875%
On amounts over \$6 million	0.750%
Fixed Income Accounts	
On the first \$1 million	0.600%
On the next \$5 million	0.500%
On amounts over \$6 million	0.375%

Balanced Accounts (mix of stocks/bonds)	
On the first \$1 million	0.875%
On the next \$5 million	0.700%
On amounts over \$6 million	0.500%

Minimum fee: \$4,000 per family of accounts per annum.

Notwithstanding the above, our fees are generally negotiable.

The market value on which we base our bill will be equal to the sum of the values of all assets in your account including accrued interest. Fees for partial quarters at the commencement or termination of this Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Your account is considered to be open when your assets are set up on our investment management system and is considered terminated upon written notice.

For purposes of determining market value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded (or, if there shall be no sales on such date, then at the mean between the closing bid and asked prices on such date). Other readily marketable securities shall be priced using a pricing service or through quotations from one or more dealers. All other assets shall be valued at fair value by us.

Other Fees

All brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to us. You may be required to pay, in addition to our fee, a proportionate share of any mutual fund's fees and charges. We receive no other compensation, other than our investment management fees, from managing your account.

Item 6 Performance-Based Fees and Side-by-Side Management

This item is not applicable to our investment management services.

Item 7 Types of Clients

We provide investment supervisory services to individuals and families, pension and profit sharing plans, trusts, estates, and charitable organizations.

We generally maintain a minimum relationship size of \$500,000. Exceptions to this minimum are made on a case by case basis. Relationships smaller than \$500,000 and not referred by Charles Schwab & Co. may be custodied at FOLIOfn Investments, an independent brokerage firm. From our standard fee schedules (see fee schedules), FOLIOfn Investments will retain an annual fee (paid quarterly) of 0.25% of assets for custody and brokerage services in lieu of commissions (excepting trades which do not qualify for "window trades," which will incur a commission cost).

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

Our method of security analysis is fundamental. We gather research information from: financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Our single investment strategies (Blue Chip Growth, Equity Income, Smaller Companies, Intermediate Fixed Income, Cash Reserves Plus, Preferred Stock, and Municipal Fixed Income) and our Model Strategies

(Conservative, Target Income, Moderate, Growth & Income and Growth) are implemented using long-term purchases (securities held at least a year), short term purchases (securities sold within a year), and margin transactions (only when requested by a client and incidental to any investment advice).

Our single investment strategies, Model Strategies, as well as the index and open-end funds we use to form your portfolio involve the risk of loss that you should be prepared to bear. We will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement and understand that investment decisions made for this account are subject to various market, currency, interest rate, economic, political and business risks. Except as may otherwise be provided by law, we will not be liable to you for (a) any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (b) any loss arising from our adherence to your instructions; or (c) any act or failure to act by a custodian of your account. Nothing in this Agreement shall relieve us from any responsibility or liability we may have under state or federal statutes.

Item 9 Disciplinary Information

We have no material legal or disciplinary events which would impact your evaluation of our advisory business or the integrity of our management.

Item 10 Other Financial Industry Activities and Affiliations

Tamarack Mezzanine Partners, LP (Tamarack) is a private investment limited partnership established in 1999 to make investments in small, privately-held companies throughout the 11 western states. The fund ceased making new investments in 2006 and is in the process of liquidating its portfolio. As of 9/30/10, there were two investments remaining in the portfolio. John Spring Woolley, a member of our Investment Committee, is one of two managing members of Tamarack Capital Partners, the fund's general partner. Mr. Woolley spends approximately 10 hours per week involved in the management of the fund, most of which takes place after market trading hours. Mark E. Scarlett, a Principal of Advisor, is a passive investor in Tamarack. Mr. Scarlett spends no time with regard to Tamarack operations. Other than Mr. Scarlett's passive investment, we had no relationship with Tamarack until Mr. Woolley's employment. We have never solicited clients to invest in Tamarack.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We, or employees of our firm, may buy and sell some of the same securities for our own account that we buy and sell for you. We make every effort to purchase a security for all of our existing client accounts for which the investment is appropriate before purchasing any of the securities for our own or employee accounts and, likewise, when we determine that a security should be sold, we make every effort to sell these securities for all of our client accounts prior to permitting the selling of the securities from our, or our employee, accounts. You should note the exception to the above general procedures detailed below under the *FOLIOfn, Inc.* heading. In some cases we, or our employees, may buy or sell securities for reasons not related to the strategies adopted by our clients. We maintain a Pre-Authorization policy to prevent conflicts of interests, such as front-running of trades.

General Personal Security Transaction Policy

Employees may not purchase or sell any security unless the transaction occurs in an exempted security (such as direct obligations to the U.S. Government; open-end investment company shares, including money market mutual funds, certificates of deposit; and interests in variable products, variable annuities) or the employee has complied with the pre-authorization policy set forth below for reportable securities (typically equities, closed-end mutual fund, exchange-traded fund, corporate bonds, preferred stocks) transactions as defined by the Securities and Exchange Commission. The exception to this is employee accounts (401(k) accounts and one personal

account) held at FOLIOfn, Inc. (an independent broker-dealer) noted below. The accounts are all fee paying discretionary accounts managed by one portfolio manager for the benefit of employee 401(k) accounts.

Pre-Authorization for Personal Trades

Employees must have written clearance for all personal securities transactions before completing the transactions. With limited exceptions, employees will not be allowed to make a personal trade in any security where we have placed a client trade in the same security on the same day. We reserve the right to disapprove any proposed transaction that may have the appearance of improper conduct.

Generally, employees must complete a Pre-Authorization Form. All pre-authorization requests must be submitted to the Chief Compliance Officer (CCO) or a person the CCO designates. Once pre-clearance is granted to an employee, such employee may only transact in that security for the remainder of the day. If the employee wishes to transact in the same security on the following or any other day, he/she must again obtain pre-clearance from the CCO. Unless otherwise noted, no pre-authorization is required for transactions taking place in the exempted securities (such as direct obligations to the U.S. Government; open-end investment company shares, including money market mutual funds, certificates of deposit; and interests in variable products, variable annuities).

We have a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to you. Prompt reporting of internal violations is mandatory. Our CCO regularly evaluates employee performance to ensure compliance with the code of ethics. A copy of the code of ethics is available to you upon request.

FOLIOfn, Inc.

FOLIOfn, Inc. is an independent broker-dealer at which we custody some client accounts and employee accounts (employee 401(k) accounts and one employee personal account). Accounts of clients and employees are typically subscribed to our various portfolios and asset allocation strategies discussed above. Changes to our portfolios or strategies are executed automatically in two trading windows during the trading session with all accounts receiving the same price for a security during the trading window. Due to the number of securities which may be purchased or sold during a rebalancing, the inability of us to determine the exact timing of any security transaction and the fact that our clients and employees of ours receive the same price for transactions at FOLIOfn, Inc., we have exempted these accounts (if subscribed to our portfolios or strategies) from requiring Pre-Authorization.

Item 12 Brokerage Practices

Generally, we have the authority to determine, without obtaining your consent, the securities bought or sold and the amount of securities bought or sold and commission rates paid. The only restrictions on the above discretionary authority are those set by our clients on a case-by-case basis. We make it a practice to question you to determine if there are any limitations on our discretionary authority on the above matters.

Except to the extent that you direct otherwise, we may use our discretion in selecting or recommending the broker-dealer. You are not obligated to effect transactions through any broker-dealer recommended by us. In recommending broker-dealers, we will generally seek "best execution." In recommending a broker-dealer we will comply with our fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934 and will take into account such relevant factors as (a) price, (b) the broker-dealer's facilities, reliability and financial responsibility, (c) the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order, (d) the research and related brokerage services provided by such broker or dealer to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services and (e) any other factors we considers to be relevant.

Recommending a broker dealer can create a conflict of interest. Accordingly we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. A director, officer, associated person, or employee of ours shall not buy or sell securities for his or her personal account where the decision is substantially derived, in whole or in part, by reason of their employment unless the information is also available to the investing public or reasonable inquiry. No employee shall prefer his or her own interest to that of any of our clients.
2. We maintain a list of all securities holdings for anyone associated with our firm with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of ours.
3. If we were to receive separate compensation for effecting transactions on your behalf, such compensation arrangements will be fully disclosed to you.
4. We emphasize your unrestricted right to select any broker or dealer with which you want to do business.
5. Advisor requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

In the last fiscal year, we did obtain research from brokers. That research was used to service all of our clients. Research received included industry and company specific research reports and access to brokerage analysts. Transactions conducted with these brokers during the fiscal year were at commission rates generally higher than the rates which could have been paid for purely execution services.

We typically recommend you establish your brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of your assets and to effect trades for you. Although we may recommend that you establish accounts at Schwab, it is your decision to custody your assets with Schwab. We are independently owned and operated and not affiliated with Schwab.

Schwab provides our firm with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific additional amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, pricing of assets, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit our firm but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist our firm in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and

account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help our firm manage and further develop our business. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to our firm. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that you custody your assets at Schwab, we may consider the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Item 13 Review of Accounts

Your portfolio will be reviewed on an ongoing basis by assigned portfolio managers with respect to asset diversification, sector concentrations, and specific security concentrations. Our investment management software is available to all investment professionals as a means of assisting these reviews. The frequency of reviews and the number of accounts assigned to each portfolio manager are not fixed, but subject to the workloads and assessment by individual portfolio managers. Review of accounts may be triggered by the purchase or sale of a new (or existing) stock, bond, or exchange traded fund.

You will receive an evaluation of your portfolio on a schedule determined by mutual agreement. Typically, you will receive semi-annual reports detailing asset allocation, securities holdings at cost and market value, and various other fundamental measures depending on whether your portfolio is an equity, fixed, or balanced portfolio.

You will receive face-to-face portfolio reviews on a schedule determined by mutual agreement.

Item 14 Client Referrals and Other Compensation

We do not presently have any written or oral arrangement, nor do we intend to enter in to any arrangements, where we would be paid cash or receive some economic benefit from a third party in connection with giving advice to you.

We receive client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of clients' portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service may raise potential conflicts of interest described below.

We pay Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by us is a percentage of the value of the assets in the client's account. Although based on the size of client's account, this fee is typically 0.25% per annum (the highest fee based on Schwab's Participation Fee schedule) based on the typical referral historically received from Schwab. We pay Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by us and not by the client. We have agreed not to charge clients referred through the Service fees or costs

greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service. However, as the fee is typically 0.25%, we have an incentive to recommend client referrals from Schwab invest in our highest fee paying strategies. Notwithstanding, we use a risk questionnaire along with personal meetings with you to make every effort to implement an investment strategy suitable for your risk tolerance regardless of fee schedule.

We generally pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fee we generally would pay in a single year. Thus, we will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of our clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts.

For accounts of our clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from our clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally higher than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees. Thus, we may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. We nevertheless, acknowledge our duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for our other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Item 15 Custody

We are typically granted authority by you to deduct management fees directly from your account. This grants us a limited form of custody over your assets. All of your accounts will be maintained at qualified custodians, such as Charles Schwab, which are independent of us. All of the qualified custodians we utilize to provide custody services to you will deliver monthly statements to you in either hardcopy or digital formats. We encourage you to review those statements carefully (particularly the month after a quarter end when management fees are typically deducted and the June 30th and December 31st statements compared to the internal statements we send you) for errors and discrepancies with the semi-annual statements we send. We encourage you to notify us if any discrepancy is found or you want details on how management fees are calculated.

Item 16 Investment Discretion

Generally, we have the authority to determine, without obtaining your consent, the securities bought or sold and the amount of securities bought or sold and commission rates paid. The only restrictions on the above discretionary authority are those set by our clients on a case-by-case basis. We make it a practice to query you to determine if there are any limitations to our discretionary authority on the above matters. You will be asked to sign a limited power of attorney granting us the discretion to execute trades in your account.

Item 17 Voting Client Securities

Unless you specifically direct otherwise, we are authorized to receive and vote proxies on issues held in your account and receive annual reports. As the proxies are typically consolidated by our custodians, your proxies will be voted uniformly with the proxies of other clients. You can exercise the option of receiving proxies directly upon

request. A copy of how we voted proxies and our proxy voting policies is available upon request. Below, is a summary of our proxy voting policy.

We vote proxies related to securities held by our clients in a manner solely in the interest of the clients. We consider only those factors that relate to your investment, including how our vote will economically impact and affect the value of the investment. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, we will vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot. We may choose not to vote the proxies on securities brought in with a new account or securities which you instruct us to purchase.

Item 18 Financial Information

There is no outstanding financial condition or issue which we would expect to impair our ability to meet any contractual commitment to our clients.