

BROCHURE FOR STOCK MANAGEMENT LLC

ADV Part 2A

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This brochure provides information about the qualifications and business practices of Stock Management LLC.

If you have any questions about the contents of this brochure, please contact us at 253-535-5530 or Invest@BenHeeb.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. Registration does not imply a certain level of skill or training. We do business as Stock Management LLC. Prior to 2001, we did business as "Ben Heeb & Associates." Consider these as equivalent names. We are phasing out the name "Ben Heeb & Associates."

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Item 3 – Material Changes, page 1.

Annual Update: The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update: The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisors to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. Our registration has changed from SEC to the State of Washington. This version of the brochure supersedes the version created on 5/1/2012 in order to incorporate guidance we received from the Washington DFI on 5/23/2012.

Item 4 – Advisory Business, page 2.

Stock Management LLC was founded as SEC File 801-21200 on 5/14/1984 under the predecessor name “Ben Heeb & Associates,” changed to Washington State registration 9/24/1985, registered at the SEC file 801-67769 on 5/10/2007, and registered in Washington State in June 2012. The principal owners of the Stock Management LLC are Ben Heeb, Carol Heeb and Susan Williams and more information about them is listed in the brochure supplement. The service we provide is discretionary asset management. You may always ask questions and you can give direction to us. Our major concern is to provide appropriate investments for you, your families and businesses within the goals we set together. We do not participate in wrap fee programs or use load mutual funds. As of April 30, 2012 we manage about \$46 Million in client assets on a discretionary basis.

We provide the discretionary asset management for a percentage of assets under management and do not charge on a commission basis. We determine a set of goals, in discussion with you, based on your circumstances and when you expect to need to use your investments. Those goals will include your cash requirements, as you know them and share with us. These discussions will yield portfolio targets for stocks, fixed income and money market funds. Those ratios being set, we will select the stocks, bonds, ETFs and no-load mutual funds that will appropriately approach your goals, as previously agreed. Sell targets for the stocks will be initially set by the Investment Advisor. The client may request or direct modifications to the sell target or to order the sale of a stock or to change the goals previously set. There are a few other ways a stock’s sell target is set. If the stock goes up 60%, it is sold. If the stock goes down 40% or if the stock’s financial strength is downgraded by Value Line to C+ or worse, it is sold. A sale may also be made because of a fundamental change in the company’s circumstances.

Item 5 – Fees and Compensation, page 2.

You may choose to pay by direct billing or deduction by the custodian from your account. Fees are not negotiable. Fees may be waived or decreased for employees and non-profit organizations at the discretion of the company. Fees are billed quarterly, in arrears, based on the account value as of the last day of the quarter. Bonds are not assessed fees and so are not included in the billable assets for the purpose of fees. Only half of the mutual fund total is considered as billable assets for the purpose of fees.

The fee schedule is:

Billable Assets	Quarterly Fee
Portion over \$1,000,000.....	0.0625%
Portion between \$100,000 and \$1,000,000.....	0.125%
Portion between \$50,000 and \$100,000.....	0.250%
Portion between \$15,000 and \$50,000.....	0.500%
Portion below \$15,000	0.625%

For example: A \$500,000 account of 50% bonds, 40% stocks, and 10% mutual funds at the end of a quarter might have \$250,000 in bonds, \$200,000 in stocks and \$50,000 in mutual funds. The billable assets would be

\$225,000 consisting of zero in bonds, \$25,000 (half of the mutual funds) plus \$200,000 in stocks. Fees are based on the billable assets (\$225,000), not the \$500,000 total assets.

For this example, the fee would be \$550. The calculation would be: \$93.75 (first \$15000 x .00625); plus \$175 (next \$35,000 x .0050); plus \$125 (next \$50,000 x .0025); plus \$156.25 (next \$125,000 x .00125).

The quarterly fee rate for this example is the \$550 divided by the \$500,000 which is 0.11%. Multiplying the quarterly fee by 4 would give an annual rate for fees of 0.44% in the example.

Monthly statements contain the formula for how billable assets are calculated and the fee table and the quarterly fee rate for the account. We generally have small accounts mainly in mutual funds and small accounts should never contain all individual stocks. If they did, the 0.625% quarterly fee, and corresponding 2.5% annual rate would be too expensive. In practice since only half of the mutual fund assets are included in billable assets, small accounts actually are managed for a lesser annual rate than that. In the extreme condition where a small portfolio holds only stocks and no bonds or mutual funds, then that service should be obtained elsewhere. At the top of each balance sheet, three performance figures are calculated: A return of the portfolio since inception, a year-to-date ratio, and the most recent quarterly return. If there have been no deposits or withdrawals in the period, the current value is simply subtracted from the closing value at the end of the last period and that result divided by the closing value at the end of last period. When deposits or withdrawals occur during the period, appropriate pro-rated adjustments are made so that the timing of the transfers is not a factor in the performance figures. Performance returns are net of fees since fees are deducted before performance is calculated. Dividends and interest are included since they are part of the performance of the portfolio. Clients will incur brokerage and mutual fund expenses in addition to our fees. We never recommend load mutual funds unless the loads are waived.

Item 6 – Performance-Based Fees and Side-by Side Management, page 3.

We think this would be a conflict of interest and we do not use this type of management.

Item 7 – Types of Clients, page 3.

We provide discretionary asset management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations.

We invest mainly in exchange-listed securities, mutual funds, and in corporate bonds and CDs. If appropriate, we will buy municipal bonds and government bonds. We will help you with your existing variable annuities and may help buy fixed annuities, in the rare case that they are appropriate. We try to keep costs down and have an incentive to do so.

We use fundamental analysis to pick stocks to your goals. We mainly buy stocks with data from Value Line. We tend to think data from other sources has a bias. We do listen to the news and read the Wall Street Journal, Barron's, Fortune, Money Magazine and such, but we are skeptical of this information. Our first screening of a potential stock is the company's financial strength. We do not consider it if the company does not have at least a B+ financial strength. We are bargain hunters by instinct. We want to buy the most growth at the most reasonable price. Our primary source is Value Line data and we do a comparative analysis of all of the stocks, with proper financial strength, to give us a current list in order of the growth at a reasonable price. Dividends are considered in this analysis, of course, as applicable.

We buy the stocks with the intent of holding for at least a year, but will sell earlier if our sell targets are met. We very seldom use margin, and then only at a client's request.

Investing in securities and bonds involves risk of loss that clients should be prepared to bear. As discussed above, our discussions will yield targets for stocks, fixed income and money market funds. No matter how well chosen, most stocks will go down if the market goes down. Since we are not in stocks only, the entire portfolio should not lose as much as the stocks alone. Bonds go down when interest rates go up or the quality of the company decreases. We mitigate this by having mainly bonds that mature and have the intent to hold to maturity. This is called a bond ladder and it reduces interest rate risk. If the portfolio is too small for individual bonds we use shorter duration bond funds to reduce the risk. Money Market Funds are not FDIC insured and pay very small interest. We keep these levels small in line with the next two month's liquidity needs. The market fluctuates, up and down. We review the portfolio's goals at least monthly and reinvest if the goals are out of balance by 2% or more. This means that we harvest gains when we have them and have the money to invest when there are losses.

Item 8 – Disciplinary Information, page 4.

There have never been any legal or disciplinary events in our firm's history.

Item 9 – Other Financial Industry Activities and Affiliations, page 4.

We don't have any other financial industry activities and affiliations.

Item 10 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, page 4.

The company has established a code of ethics. The underlying fact is that we have a fiduciary responsibility to the client to do our actions in a way that is favorable to the client. A client or prospective client may request a copy of the code of ethics by contacting the contact persons on page 1 or emailing us at Invest@BenHeeb.com. We don't have any securities for sale, so we cannot recommend things on which we have a conflict of interest. Employees of the firm do buy the same listed securities that we buy for clients. We prohibit buying for ourselves before buying for clients. That would be "front running" and is a conflict of interest. Employees do not place their own trades so each transaction is reviewed by a principal of the firm. When market trade orders involve stock, the client always gets the better or same price. Employee accounts are included in block trades and receive identical prices as clients. Limit orders use the same formula to decide to sell targets as clients. In a case of an accidental or discovered favoritism, remedy will be made. We will bring the trade back to the master account and blend the averages so that we are not getting a better price than the clients.

Item 11 – Brokerage Practices, page 4.

Stock Management LLC does not have the authority to determine the broker to be used or the commission rates paid. This is established at the time the account is opened and funded. Clients may specify the broker to be used, but are advised that a discount broker is recommended, such as Schwab, or Fidelity or Scottrade, which allow appropriate management of client accounts and have reasonable fees. No broker is paid extra commissions in recognition of the value of services provided, unless the client has requested a more expensive brokerage agreement. In such a case, no portion would go to our company.

Item 12 – Research and Other Soft Dollar Benefits, page 5.

Stock Management LLC does have an arrangement where it receives some economic benefit from a non-client in connection with giving advice to clients which is known as "soft money". Charles Schwab & Co provides

“Schwablink for Windows” and “Schwablink Web” software and internet access codes as account management tools. Fidelity Investments currently provides “Advisor Channel Technology Suite” as an account management tool. There is no cost to the company or any client for these services. These programs are necessary to effectively manage accounts, view positions, place trades electronically, enroll new accounts, obtain sales materials, and communicate more effectively with the brokerage firm.

Item 13 – Brokerage for Client Referrals, page 5.

We do not receive referrals from Brokers. This would be a potential conflict of interest because it would give an incentive to not pick a broker based on the clients’ interests.

Item 14 – Direct Brokerage, page 5.

We pick listed securities, funds, and bonds. We buy them all in the brokerage firm selected by the client when they fund the account. If we bought securities of any kind at a different brokerage fund than where the account is located, the client might have to pay higher brokerage commissions, we may not be able to aggregate orders to reduce transaction cost, or the client may receive less favorable prices. Additionally there could be costs related to paying for the securities and transferring them to the account. We often aggregate orders when we buy or sell the same stocks at the same time at the same brokerage firm. This will generally reduce transaction costs and each client is not front running another client, resulting in fairness to all.

Item 15 – Review of Accounts, page 5.

We review each account at least monthly and whenever a position is sold or when a deposit or withdrawal is made. This review leads to a rebalancing when appropriate. Portfolios are reviewed by Ben Heeb, Susan Williams, or Austin Goddard. Carol Heeb does not review portfolios. We offer monthly statements to clients of all accounts. These statements are sent by the method requested by the client. If clients prefer email delivery, they must specify this in writing.

Item 16 – Client Referrals and Other Compensation, page 5.

We appreciate all referrals but we do not compensate persons for them.

Item 17 – Custody, page 5.

The Broker sends each client a monthly account statement. Clients should carefully review those statements. Since you also receive an account statement from us, we urge you to compare the account statements. It is your best defense to make sure that they match up in all material ways. Many frauds occur when there are not two statements to check against each other.

Item 18 – Investment Discretion, page 5.

We manage security accounts on behalf of clients who have provided us with discretionary authority in their brokerage applications and confirm it on their contracts with us. We exercise that discretion within the constraints of the asset allocation goals. Clients may provide us a list of stocks to avoid.

Item 19 – Voting Client Securities, page 6.

We do not vote proxies; however, we will offer advice at the request of the client.

Item 20 – Financial Information, page 6.

We do not require or solicit prepayment of fees. We have not been the subject of a bankruptcy petition in our history. There are no financial conditions that are likely to impair our ability to meet contractual commitments to our clients.

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BROCHURE SUPPLEMENT

ADV Part 2B

DATED: May 31, 2012

This brochure supplement contains information about Ben Heeb, Susan Williams, Austin Goddard, and Carol Heeb (the advisory personnel on whom clients rely for investment advice) that supplements Stock Management LLC brochure. You should have received a copy of that brochure. Please contact Ben Heeb if you did not receive Stock Management LLC's brochure or if you have any questions about the contents of this supplement. Among other things, this brochure supplement contains information about the educational background, business experience and disciplinary history (if any) of the supervised persons who provide advisory services to the clients.

Educational Background and Business Experience.

Ben Heeb: President. CRD# 3036833

Educational Background

- MBA, Duke University
- BA Mathematics, University of Washington, Seattle, WA
- Othello High School, Othello, WA
- Series 65 (NASD Uniform Investment Advisor Law Examination)
- Series 24 (General Securities Principle Qualification Examination)

Business Experience

- US Navy Commander, Retired
- Office of the Joint Chiefs of Staff, Pentagon, Washington DC
- Office of the Inspector General of the Navy Supply Corps
- Program Manager, NAVSUP
- Registered with SEC, 1984
- Founded the Stock Management LLC, 1984

Susan Williams: Vice President, Reg. Investment Advisor Representative. CRD# 3062867

Educational Background

- University of Puget Sound, Tacoma, WA, No Degree
- Rogers High School, Puyallup WA
- Series 65 (NASD Uniform Investment Advisor Law Examination)

Business Experience

- Stock Management LLC 1984-1989, 1997-Present
- Accounting Staff, Japan Airlines Subsidiary, Seattle, WA
- Instructing Accounting Software, Business Set Up
- Volunteer at PTA, Reading Incentives, Book Fairs, Church, Boy Scouts of America, Cultural Activities, various other charities.
- French Speaking

Austin Goddard: Registered Investment Advisor Representative. CRD# 5257056

Educational Background

- OIT 97-98, CCAF 00-03, UMUC 03-06, Pierce College 08-10, CPTC 10-12 – Emphasis on business, finance, data analysis and information technology.
- Graduate, McNary Salem High School, Salem OR
- Series 65 (NASD Uniform Investment Advisor Law Examination)
- Cost Accounting, Accounting I and II, Financial Accounting, Government Accounting
- Business Management, Business Finance
- U.S. Stock Market, Marketing, Business Law, Business Ethics, International Business
- Microeconomics, Macroeconomics
- Statistical Analysis, Argumentation and Research
- Technical Report Writing, Business Information Systems, Management Information Systems
- Leadership, Organizational Behavior

Business Experience

- Stock Management LLC 2006-Present
- US Air Force Sergeant, Honorable discharge
- Resource manager, Keflavik Iceland – oversight of \$45 million of assets
- Management of 24 subordinates
- Commendation Medal for Meritorious Service May '06
- Air Force Achievement Medal April 2004
- Airman of the Quarter April 2004

Carol Heeb: Co-Owner. CRD# 3062871

Educational Background

- University of Washington, no degree
- George Mason University, BSN Nursing
- Series 65 (NASD Uniform Investment Advisor Law Examination)

Business Experience

- Special Projects. Carol does not give investment advice or review portfolios.

Disciplinary Information.

There have never been any legal or disciplinary events in any of the advisory personnel's histories.

Other Business Activities.

None.

Additional Compensation.

None.

Supervision.

Ben Heeb: President, Chief Compliance Officer, Owner, Managing Member

Susan Williams: Vice President, Co-Owner, Managing Member