

Part 2A of Form ADV

Firm brochure for

Michael J. Porro & Co. Financial Advisors, LLC

March 1, 2011

On July 28, 2010 the Securities and Exchange Commission, amended reporting requirements of Registered Investment Advisors to include a narrative brochure that summarizes in Plain English a description of the advisors business, conflicts of interest, disciplinary history and other important information that would help you make an informed decision about whether to hire or retain an advisor. This brochure is our attempt to fulfill this requirement.

This brochure provides information about the qualifications and business practices of Michael J. Porro & Co. Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 201-768-0218 or www.porrofinancial.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.

Additional information about Michael J. Porro & Co. Financial Advisors, LLC also is available on the SEC's website www.adviserinfo.sec.gov.

Being registered with the SEC as an investment advisor does not imply a certain level of skill or training.

Thank you for choosing Michael J. Porro & Company, Financial Advisors, LLC
as your financial and investment advisor.

Material Changes

(Item 2)

We are required to provide in concise form any material changes from our last annual ADV filing with the Security and Exchange Commission. Our annual filing is completed by March 31st of each calendar year. If we list no material changes on this page, then we have none to report and the information filed with our annual ADV filing remains consistent.

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ADVISORY BUSINESS

(Item 4)

Description of our Firm

(4.A)

Michael J. Porro incorporated Michael J. Porro & Co. Financial Advisors, LLC in 2003 after Michael J. Porro, the firm's principal and founder, divided his previous business, Faraldi & Porro Inc, with his former partner. Faraldi & Porro Inc., a Registered Investment Advisor, was established in 1985. Like its predecessor, Michael J. Porro & Co. is a fee-only Registered Investment Advisor firm. We provide a full range of financial planning services. These include planning for: investments, retirement, college tuition, medical expenses, income taxes, estate taxes, business growth, risk management, insurances and others.

Description of the Advisory Services We offer

(4.B)

We offer a full range of financial advisory services. Driven by the standard financial planning process as developed by the College for Certified Financial Planning, we uncover needs of clients and then, develop means to address these. Over the years, we have developed modules to aid in determining answers to such needs. These include our: Retirement Cash Flow Analysis, Income Tax Planner, Estate Tax forecast, Insurance Needs Analysis, Investment Portfolio Analysis, Qualified Plan Review, College Funding Analysis and Comprehensive Annual Financial Review.

We begin our engagement with a client by undertaking the standard financial planning process. This is a six step procedure that includes: 1) gathering data; 2) determining personal financial goals & objectives; 3) brainstorming means to satisfy these objectives and goals; 4) identifying the most practical steps to implement; 5) Implementing plan; and 6)periodically reviewing progress and modifying as necessary. Most often one of our proprietary modules helps us to implement this process quickly and efficiently. When required, we reach beyond these modules to find solutions to our clients' financial needs.

Over the years, we have found that our emphasis in service has gravitated to portfolio and tax management. While we still hold competencies in delivering other services, most of our time is devoted to the successful management and growth of assets our clients have given us to manage.

Tailoring Services to Clients Needs

(4C)

Each client is different. Although in one sense, we all are alike. Simply put, we all want to be able to pay our bills, make adequate income to do so, own a place to live, raise our children, pay for their education, pay for our medical needs and retire comfortably. We want our investments to grow in value, not shrink or disappear. Yes, there are variations to this generalized summary, but like genetics, we are not very different from each other. NEVERTHELESS, in order to make sure that we understand you and your financial needs, we undertake the standard financial planning process, as described above, when we first meet you. During this first meeting, we expect to come to know each other better. This face-to-face meeting is essential, and while, circumstances do not always allow for such a meeting, we encourage it, at least annually. Of course, over time, we develop a close relationship and find that a simple phone call or email serves us both well. We value time here at, Porro & Co., and do not need to build up our value to you by requiring visits to our office when we can address your needs over the phone or the internet. Nevertheless, as stated, the face-to-face time together, when possible, is important to us.

Therefore, we develop your needs, a plan to address them, a periodic review of our progress and revisions as necessary. If we are off base, you let us know. If we are on target, you let us know. Talk to us. We promise to get back within twenty-four hours. Most often, our principal, Michael John Porro, answers our phones him self.

In portfolio matters, we work with you to determine your risk profile. However, no investment is risk free. It is more important for you to understand the risks associated with each type of investment and then to decide which to take.

Wrap Fee Programs (4D)

We offer none. We have no interest in these kinds of arrangements. If we cannot manage your investments directly, we do not need to charge you for someone else to do so. We have monitored such arrangements for clients, who participated in these over the years. We have never found the results justified the Wrap fee.

Assets Managed on a Discretionary Basis (4E)

We oversee assets clients in two distinct ways: 1) we manage specific assets under a discretionary basis; and 2) we oversee assets for financial planning purposes.

Under the first method, you give us discretion to invest specific assets. Our job is to grow the holdings. Your job is to let us do our work.

Under the second method, you retain full control over your assets and debts. We serve as an organizer of these assets. We maintain the inventory of what you own, owe, and deliver to you, on request, this inventory along with current financial statements. We may recommend changes in your holdings during our annual planning conference, and may implement such changes, but only under your authority. We do hold some influence over these assets, by way of persuasion and recommendation, but we do not have discretion over them. In simple terms: we manage these assets, but we do not have discretion over them.

As of December 31, 2010, we manage assets totaling \$46,578,572. We have discretion over assets totaling \$26,264,838.

Fees and Compensation (Item 5 A-E)

Our hourly rate for what we refer to as billable services range from between \$65-210 per hour, depending on the level of work entailed. Clerical work, including bookkeeping services begins at the \$65 level. Experienced financial advise is billed out at the \$210 level. Junior financial advise is billed out at a \$165 hourly level. Generally, a retainer of up to \$1,000 is required for billable work prior to our commencement of such work. Thereafter, work is completed and billed to you on a monthly basis.

Fees for manager portfolio work are billed monthly according to the following schedule. Once a break point is reached, the entire portfolio enjoys the lower rate, not just those assets valued above the breakpoint. For example, taking the first breakpoint of \$125,000. Until your portfolio reaches this level, our management fees are 1.50%. Thus, our annual fee for \$124,999 is \$1,875. Once your portfolio reaches \$125,000, our fees fall to 1.375% or to \$1,719. The management fee is determined on the value of the last day of the month. Therefore, if the value happens to fall on the last day of the month after having been higher for the prior twenty-nine days, our fee is lower. On the other hand, if the value jumps on the last day of the month, after having been lower throughout the previous twenty-nine days, our fee is higher. We believe that this averages itself out over time and do not fuss one way or the other.

Our fees are not negotiable. We rather deliver to you more value for the money you pay us for our work, than to reduce our delivery of service because you twisted our arm for a lower rate. We believe that we should deliver 110% or more of what is expected of us.

Having stated this, we do recognize that larger accounts may require the same amount of time to manage as do smaller. There are economies of scale, which we recognize. While we reflect this in our progressive fee

structure, we may not have fully recognized this for larger accounts. Thus, for accounts over \$5 million in value, we may limit or reduce, our fee depending on the time on task required to deliver our service.

Discretionary Management Fee Schedule

Annual Rates

1.500% for accounts under \$125,000
1.375% for accounts under \$250,000
1.250% for accounts under \$375,000
1.125% for accounts under \$500,000
1.000% for accounts under \$750,000
0.875% for accounts above \$750,000

Means of Receiving Payment

We compute our invoices at the end of each month for all work completed during that month. All work is recorded and coded in our time management system on a daily basis. Our management fees are computed, as described in the previous section, on the last day of the month as a factor of the value of your portfolio on that day. We do not average the daily value of your portfolio during the month, but only the value on the day our invoices are generated. You receive a written invoice from us monthly.

Our management fees are debited directly from the managed account. This is essential in order to determine true performance after management fees. Our hourly fees are invoiced to you for payment. You may direct us to debit our hourly fees from your account for expediency purposes. When authorized by you, we will debit your billable fees from your account. Our accounting software will distinguish between management debits and billable debits.

You will receive a detailed monthly invoice whenever work we perform on your behalf. This is detailed for two reasons: a) it allows us to manage our time on task efficiently; b) affords you clarity of the time commitment to your matters. Should you have questions regarding service or the time required to deliver, you have the data before you to ask.

Additional Fees

We have no additional fees. We strive to keep this as simple and clear as possible. Our only form of compensation is the fee you pay us. We receive no other compensation from any investment sponsor, or any custodian or any broker with whom we may do business.

We do not mark up investments.

We do not sell to you loaded mutual funds.

We continually negotiate with our custodian for lower commissions to our clients.

We require them to mark up debt investments at their lowest rate.

The only other form of compensation we receive for our work is the commission on the sale of life, health, disability and long-term care insurance. Our principal, Michael J. Porro, has been licensed to sell these insurance products since 1977 and has retained his license to sell these. When, during our financial planning work, we uncover a need for one of these products to manage your risk, we will recommend them. Once we make a recommendation and you choose to purchase insurance through Michael J. Porro, or Elm Street Financial Services, all further work provided related to the underwriting of such insurance is a non-billable service. Compensation for such work is paid to Mr. Porro or to Elm Street Financial Services by the insurance companies. We retained these licenses in order to facilitate the needs of our clients. Mr. Porro is not a captive agent with any one company and does not have any production requirements to retain such contracts. We want to make clear that you are free to work with other trustworthy agents to address your insurance needs. We always obtain quotes from several companies before making a specific recommendation to you.

Performance-based Fees and Side-by-Side Management (Item 6 ADV Part 2A)

We discourage such arrangements. In fact, our principle, Michael J. Porro, will not manage portfolios under such an arrangement. While it may be possible to generate more monthly or annual income to a client under a performance-based arrangement, we believe that such arrangements distract from a long-term perspective. Porro & Co is more of a long-term investor, as opposed to a trader, and has a long history of successful results. Furthermore, a split of quick profits could distract required attention from portfolios that do not share in the profits. Thus, we discourage such arrangements.

Nevertheless, some clients like this action. Managing under such an arrangement requires additional frequent attention and the performance-based split of profits compensates Porro & Co accordingly. As of December 31, 2010, we held one account under such an arrangement. Generally, such accounts are frequently in cash at the end of each trading day with a bias towards pocketing profits from short-term trades. These profits are distributed to you at the end of each month. Should you wish to place some of your assets under such an arrangement, please let us know. There is some value to being fully in cash at the end of each day during periods of downside market action.

Performance-based fee structure:

We split trading profits 80/20 with 80% going to you and 20% going to Porro & Co AFTER a 2% management fee at the end of each month.

Types of Clients (Item 7 ADV Part 2A)

All of our clients, to date, are Earthlings. Most of our clients are individuals and their private retirement accounts. We do manage several trusts also. We do not have minimum requirements, as we wish to encourage individuals to participate in financial planning and investing. We do note, however, that both you and we must be comfortable in working together. Your financial program is a major component to a successful life. Therefore, we may choose not to work together for reasons other than your portfolio size.

Methods of Analysis, Investment Strategies and Risk of Loss (Item 8 ADV Part 2A)

ALL INVESTMENT IN SUBJECT TO RISK OF LOSS OF PRINCIPAL

Capitalism is an inherently unstable system of commerce. Then again, so is life on earth. We must also recognize that money hidden under a pillow, as well as cash held in banks, is subject to risk of loss too. \$10,000 in cash stored away for safety purposes will not purchase \$10,000 worth of goods twenty years from now. While you may have your \$10,000, it lost value. \$250,000 held in a savings account or Certificates of Deposit may be insured by the FDIC, but, as with the \$10,000 held under the pillow, this \$250,000 will also lose purchasing power twenty years from today. You will receive annual interest for loaning your money to the bank, but this interest will barely keep up with inflation.

We developed expertise in investing because we came to believe, early in life, that prudent investing offers the best possibility of real asset growth. Therefore, despite the associated risks of owning shares in businesses, we seek to find our increase in net worth by investing in stocks.

With the belief that risk is inherent in everything, the management of risk leads to ultimate success. We seek diversification of holdings and time to manage risk. Diversification of holdings allows us to spread our

chances of success, or our potential for loss, over a large and wide pool. Time allows us to hold through periods of economic weakness, without panic, until our investments appreciate.

We have experienced several severe stock market downturns over our career going back to the Crash of 1987. In each case, we have also experienced the recovery and subsequent stock market advances. The values of our overall holdings have increased through these periods when we were not shaken out of our investments. We expect this pattern of bull and bear markets to continue as long as Capitalism continues as our economic framework.

Selecting the right companies to invest in is critical to success too. We generally are a fundamental, more than a technical, investment house. We like to uncover themes of investing and then find those companies that we expect will best profit as these themes unfold. We like to determine the so-called “best of class” in a given sector of interest and then purchase shares of these companies for all accounts that we manage. Best in class for us means that company, which holds dominance in innovation, production or distribution of the product, or service it delivers. Price to earnings ratio, book value, debt to equity, earnings growth, sales growth, profit margins and improving trends in each contribute to our decisions to invest. We also like to uncover companies that develop innovations with potential to become critical to commerce in the future. We wish to own these early on in their development.

We generally buy common and preferred stocks in the companies we choose. We do not use leverage excessively. We do not use options frequently. Simply put, we buy stocks long and hold them until we find a replacement candidate with what we perceive to be better prospects. We like to purchase shares in many companies in various industry sectors in order to spread our risk of failure among a broad range of bets. Doing so also exposes us to a greater chance of success. Our approach is rather basic and simple. It is also more reliant on the judgment of our investment team rather than computer models.

Risks associated with our investment posturing include the failure of the company we purchased to appreciate; the failure of events to unfold as anticipated; fraudulent information; lost opportunity by investing in one asset and not another; as well as all other associated risks of security ownership.

We do make investments in other investment classes than stocks. We have had our greatest investment successes in the ownership of stocks and believe that these remain most attractive for future growth of net worth. We also have created three real estate limited partnerships over the years so that our clients can participate in the real estate sector too. We also invest in bonds and government securities when the risk profile of our clients warrant doing so, or when market conditions warrant. However, we are most comfortable with stock ownership.

Disciplinary Information

(Item 9)

We have never had any disciplinary action, criminal or civil action, administrative proceeding before the SEC or other federal, state or foreign financial regulatory agency or self-regulatory agency filed against us.

Other Financial Industry Activities and Affiliations

(Item 10)

We, nor our employees, are registered representatives of a broker-dealer. Nor do we have any intention to do so. We work only for the benefit of our clients and never want this allegiance compromised by a requirement to achieve production requirements or sale incentives of a broker-dealer or other employer.

We are not and do not intend to register as a futures commission agent, commodity pool operator, commodity-

trading advisor or hold any association with any of these foregoing entities.

In order to avoid conflicts of interest, we have no material relationships with any of the following, except an insurance agency:

- a) a broker-dealer, municipal securities dealer, or government securities dealer or broker;
- b) an investment company or other pooled investment vehicle;
- c) another investment advisor or financial planner;
- d) a futures commission merchant, commodity pool operator, or commodity-trading advisor;
- e) a banking or thrift institution;
- f) an accountant or accounting firm;
- g) a lawyer or law firm;
- h) a pension consultant;
- i) a real estate broker or dealer;
- j) a sponsor or syndicator of limited partnerships.
- k) an insurance company or agency.

Relationship with Life and Health Insurance Agency

As disclosed previously on page 7 under Fees and Compensation, Michael J. Porro, our principal, holds a New Jersey license to sell life and health insurance. He has held this since 1977 when he entered into the financial services field. He is not a captive agent with any agency and holds no production requirements with any entity. He retains this license in order to render advice pertaining to life and health insurance matters and is able to place the sale of products when it facilitates the needs of his clients. Clients of Michael J. Porro & Co. are not required to purchase life or health insurance, when needed, through Michael J. Porro, and are welcome to continue to use the services of any present trustworthy agent with whom they already have or wish to develop a relationship. Michael J. Porro is licensed with several insurance companies or contracts for licensing as the need presents itself.

Code of Ethics, Participation or Interest in client Transactions and Personal Training (Item 11)

Michael J. Porro & Co. Financial Advisors, LLC requires adherence to the following Code of Ethics:

We are in this business to serve the needs of our clients. They are to be held in the highest regard and their interests must always come before our own during our hours of service to them. We believe that when our clients are taken care of properly, we then will also be taken care of. We have done our best to eliminate any potential conflict of interest that may jeopardize the objectivity or purity of advice given to our clients, so that our entire focus is on their best interests.

With this underscoring our thoughts and actions, we adhere to the Process of Financial Planning as defined by the College of Financial Planning, and in section entitled Description of the Advisory Services offered of this brochure on page 4. When there is ever a potential conflict of interest, we disclose this to our clients so that they may make a better-informed decision on any of our recommendations.

In addition to our personal Code of Ethics in our business conduct, we follow the Ethics Code developed by the College for Financial Planning and the Financial Planning Association, which reads as follows:

1. To provide professional services with integrity.
2. To provide professional services objectively.
3. To maintain the knowledge and skill necessary to provide professional services competently.
4. To be fair and reasonable in all professional relationships. To disclose all conflicts of interest.

5. To protect the confidentiality of all client information.
6. To act in a manner that demonstrates exemplary professional conduct.
7. To provide professional services diligently.

Furthermore,
Our Standard of Care shall:

1. Put our client's best interests first.
2. Act with due care and in utmost good faith.
3. Do not mislead clients.
4. Provide full and fair disclosure of all material facts.
5. Disclose and fairly manage all material conflicts of interest.

Additionally, Michael J. Porro, beyond a New Jersey Life & Health Insurance license, holds Certified Financial Planner and Enrolled Agent professional designations. He belongs to the Financial Planning Association and the National Association of Enrolled Agents. Both professional organizations, as well as the State of New Jersey, require annual continuing education credits as well as adherence to their Standards of Ethics.

RELATED PERSONS TRANSACTIONS (Item 11.B)

The recommendation of investments in which we hold a material interest.

We generally do not hold a material interest in investments that we recommend to our clients. However, we have created three limited partnerships over the years and serve as General Partner to these partnerships. We created these for the benefit of our clients and structured them accordingly. Michael J. Porro, the firm's principal, is also a limited partner in these three partnerships. The firm did not extract any commission from clients who purchased interests in these partnerships. All details, regarding structure, splitting of fees, earnings and profits, were fully disclosed in the offering prospectus. Should we find it in our clients best interests to form limited partnerships in the future, we will adhere to the same processes that we used in the past. We underscore that the formulation of such partnerships must first be in our clients best interests. We generally generate more income from portfolio management than from these partnerships and therefore have no reason to create them other than to provide investment opportunity that we could not attain through portfolio management. For example, we created the limited partnerships in order to own real estate. All other limited partnerships available to us at the time contained excessive fees to brokers and the general partners. Instead of purchasing interests in such limited partnerships, we created our own with low fees and no commissions. We transferred money out from under our management in order to purchase interests in these real estate investments. We lost our management fee in order to have our clients participate in the real estate market. However, we thought that broadening our clients overall portfolio into real estate was prudent and took this appropriate action because this was in our client's best interest. While we hold a material interest in these partnerships, our interests are aligned with those of our partners and clients.

We do not buy or sell securities directly to clients. We do not serve as an investment advisor to an investment company that we recommend to our clients. Nor do we wish to be in a position where we would.

Buying and selling the same securities that we buy and sell for clients

(Item 11. C-D)

We do not front run by buying securities for ourselves first and then placing trades to buy the same for our clients. We do not sell securities for ourselves before we sell the same securities for our clients.

We manage all of our accounts as if this were a large pool of money or one account. Our own accounts are included in this pool. We treat ourselves as we treat our clients. When we buy for our clients, and we have the cash available to participate in the purchase, we include our personal accounts in the purchase. When we sell a position, and we own the same position personally, we include ourselves in the sale. However, employees of this firm are ALWAYS the last to receive a block trade allocation in both buys and sells. Clients always come first.

Our process to trade includes determining which accounts have cash to buy a selected security. Then we compute the total number of shares we wish to hold, line up a block order, select the buy price and place the trade. If we do not get the full block, then the allocation first goes to clients, then to clients who are family members of employees, then to employees and then, only if shares are still available, to portfolio managers and principals. The same process is applied on the sale side. The belief that when clients are taken care of, so too will we, runs through everything we do here at Porro & Co.

Allocations are always predetermined BEFORE we place a block trade. We do not place a trade, wait to see if the stock rose or fell during the trading day, and then allocate to clients accounts only if the price fell, and to the house account if the stock rose. We have on record, those accounts that are to receive the allocation of shares before we place the trade and allocate accordingly regardless of subsequent stock price action.

WE DO NOT HAVE A HOUSE ACCOUNT IN WHICH WE TRADE.

Brokerage Practices

(Item 12)

Factors we consider when we select or recommend broker-dealers for client transactions and determining the reasonableness of their compensation.

(Item 12.A)

In simple terms, we want a custodian that is client oriented, provides best execution, superior response to our client's needs, topnotch security, and very competitive fees for service and is able to interface with our internal files. Our custodian must also facilitate our efficiencies of operation. We have developed streamlined processes of managing our accounts. Any broker or custodian that we work with cannot disrupt these efficiencies. Otherwise, the cost of doing business will increase to an unmanageable level.

We do not recommend broker-dealers or custodians to clients, but do ask that clients use the custodian that we have in place. We have a long-standing relationship with our present custodian that benefits our efficiencies of operation and therefore, our clients. We can work with other brokers, if a client prefers, and do have assets held elsewhere. However, such arrangements add to our cost of doing business and therefore to the ultimate cost of providing service to our clients. Furthermore, we are unable to trade with the same speed and efficiency with several custodians or brokers than we can with one. A block order, for example, is easier to place, execute and allocate, when we hold all accounts with one custodian.

We have found that some brokers or custodians will not download daily transactions into our internal database. Thus, it is impossible to track transactions and performance without manually inputting these in to our system.

We will not accept any account that will not interface with our system. Our system was originally created in the mid-1980's and holds competencies that many still do not have today despite great advances in technology and the advisor business. We need to hold data internally. Furthermore, this serves as a backup system for security and restoration purposes.

Commissions charged by our custodian for trades are very competitive in our judgment. Should they ever become out-of-line, we will be compelled to give serious consideration to changing custodians. Our present custodian is well aware of this and prices their cost of doing business accordingly.

Soft Dollar Benefits

Soft dollar benefits are a form of kickback for giving business to another. We have no interest in receiving such a form of compensation. We want no conflict of interest in our selection of our custodian or broker other than those criteria that serves our clients best. As such, we receive no soft dollar benefits from anyone with whom we do business.

Please refer to ADV Form Item 8 (E) #12 for description of our reasons for choosing Charles Schwab as our primary custodian.

Research that is available from our custodian is available to our clients also. We may rely on this research occasionally, but this is only one source among the many sources that we use. The most helpful research we use is that which we pay for directly.

Brokerage Client Referrals

(Item 12.A.2)

We do not receive any compensation or benefit, other than that which will benefit our clients, from any broker for referring clients to them. Again, we want no conflict of interest other than serving our clients.

Directed Brokerage

(Item 12.A.3)

We do not require clients to execute transaction through a specified broker-dealer. We prefer, as discussed above, that our managed account custody their assets with our custodian for efficient management purposes.

Aggregation of purchases and sales of securities

(Item 12.B)

We discussed this above in section Related Person transactions, page 13. However, we will provide more detail here. Most of our orders for the sale and purchase of securities are aggregated. While we manage over two hundred individual accounts, we manage these as one large pool of money.

Purchases:

When we determine that we want to own a security, we then determine which accounts should hold it, then which accounts have the available cash to purchase it, then the correct percentage of ownership by account in order to arrive at the total, or aggregated, number of shares to purchase. Then we work the order to fulfill the purchase. All accounts are assigned their allotment BEFORE the block order is placed. Once the entire trade is fulfilled, we allocate the order into each individual account. If the full order is not executed by 4PM of any trading day, that amount executed is either allocated according to those accounts with the most available cash or prorated to individual accounts by percentage of shares executed versus total order. The decision is

determined by market conditions. If portions of the block traded at different prices during the day, the average price is allocated to each account. If the entire block did not trade, then the balance may or may not be entered as an order on the following day. This decision is determined by market conditions. If the balance of the order is entered for execution subsequently, the same process is followed.

All non-related clients share in the allocation BEFORE related clients, employees and principals do. The allocation is first made to clients, then to related persons of employees, then to employees and finally to principals. Clients come first, always. Our internal system codes related persons accordingly and these always come last in our allocation worksheets.

Sales:

A similar process works for the sale of securities. Except for tax sales purposes or specific client's requests, our sales are aggregated. When we determine that we want to sell a security, we print a report that illustrates which accounts hold it and we confirm which accounts will be included in the sale. We then total up the number of shares to sell and work the trade. If the full block executes, the sales price is averaged and assigned to each account. If only part of the block executed by 4PM, we average the sales price and allocate according to which account held the most shares or by prorating the total shares sold versus total shares held. This decision will be determined by market action. The balance of the unsold block may or may not be entered for execution on the following or subsequent days. This decision will also be determined by market action.

Related persons, employees and principals, as with purchases, are last in line for the allocation of sales too. Clients always come first.

REVIEW OF ACCOUNTS

(Item 13)

Financial Planning Services-

We periodically review each of our client's accounts. The frequency is determined by the services contracted. Clients who have contracted for specific financial planning service will have their accounts reviewed as frequently as necessary until the financial objective is achieved. Normally we update and review such accounts no less than annually thereafter. Clients who contract for annual financial reviews will have their account reviewed as we prepare for this meeting. When a specific service is requested, such as question on purchasing a home or determining retirement options, we will update and review a client's account in order to provide a reliable response.

This updating and review is performed on an hourly billable basis and by request only.

Portfolio Management Services-

These accounts in aggregate are reviewed daily, as we manage our portfolio daily. However, we also segregate this large pool into individual accounts. We review our individual accounts reviewed at least quarterly as we prepare our quarterly performance reports. We may also review individual accounts throughout the year depending on the circumstances. In determining which accounts shall share in a block purchase, for example, we may decide to review the overall balance in a given portfolio to decide whether to include a given client. When we find that a given account lags in performance relative to others, we will review this account to determine what changes are appropriate in order to improve performance. During the last quarter of each year, we determine the net profit/ loss from trades and work to eliminate net taxable gains through tax-loss sales. In these cases, we review each account that we seek to realize losses to determine

which, if there are any, losses to take.

We make more frequent reviews upon our clients' request. These reviews also fold into the reviews described above when one's managed account represents a component of their overall financial program with us.

Our charges for portfolio reviews for our managed accounts are included in our management fees.

Client Referrals and other Compensation

(Item 14)

We do not compensate for client referrals. We are most grateful when our clients refer others to us. We want to encourage referrals based on quality of service, not on compensation or spiffs.

Employees of the firm receive a percentage of income generated from referrals either as a direct form of additional compensation or as a component of their annual review. However, they are required to render some service to the account of such a referral in return for this additional compensation.

We seek to keep our costs for delivering service to our clients down. We also want to encourage referrals for the right reasons: quality of service, not because one obtains cash in exchange.

Custody

(Item 15)

We do not hold custody of our assets. Your assets are held by a third party custodian. This provides an extra layer of protection to you. Assets are always held in your name. Cash is always distributed to your address of record, or to your bank account. We cannot take possession of your assets. You will receive monthly statements from our custodian and quarterly performance statements from us. You may receive more frequently statements from us on request. Additionally, you may review your holdings online at any time via our website under login.

Please review your statements regularly and inform us of any discrepancies.

Investment Discretion

(Item 16)

We do manage your asset, on a discretionary basis when you place specific assets **Under Management**. In doing this, you allow us to give instructions to our custodian, via a limited power of attorney, to trade securities, request disbursements to you, withdraw our fees and to conduct limited administrative functions. Please review the limited power of attorney form you completed when you opened your account with our custodian for more details.

We require this discretion in order to manage your account. You rely on us to manage your money for you in accordance with your investment preferences and our judgment. Should you ever believe that we are not fulfilling our charge, please call to discuss. Better yet, call to make an appointment to discuss face-to-face.

Voting Client Securities

(Item 17)

We do not retain the power to vote your securities for you. We will have an opinion on how we recommend you vote on any corporate matter on the securities you own. However, you will have to act on your vote.

Financial Information

(Item 18)

We do not require a prepayment of \$1,200 or more in fees six months or more in advance of services. We bill you for services monthly AFTER our services have been delivered.

We may require a retainer from new clients before we commence services when you subscribe to hourly services. Generally, we deliver these services within four weeks.

Requirements for State-Registered Advisors

(Item 19)

Principal Executive Officers and Management Persons.

Principal Executive Officer

Michael J. Porro has in the financial service field since 1977 when he began working as a sales representative with the Metropolitan Life Insurance Company. He rose up the ranks to Sales Management before he left Mother Met to establish a fee-only financial planning practice in 1983. He attained his Certified Financial Planner designation in 1983 and his Enrolled Agent Certification with the United States Treasury in 1983. He merged his practice with that of Arthur E. Faraldi Jr.'s in 1985 and worked with Faraldi & Porro Inc until 2003 when the two principals divided their practice. He has provided financial and investment advisory services to the public with Michael J. Porro & Co. Financial Advisors LLC since 2003.

Mr. Porro is a graduate of Ridgewood High School in Ridgewood, New Jersey. He attended Colorado State University as chemistry major and Livingston College in Piscataway, New Jersey as a pre-med student. He chose to leave college prior to obtaining a degree.

Mr. Porro devotes more than forty hours weekly to his financial advisory business. This is his primary source of income. He holds an interest in a hobby botanical business and a family popcorn business, which occupy some of his weekend time.

Mr. Porro does not manage assets on a performance-based basis.

Management Persons

Christopher D'Esposito

Mr. D'Esposito began working with Porro & Co in 2008. Serves our clients as an assistant portfolio manager. His focus is on the technical aspects of our markets. He has worked as a swing or day-trader since 2004. He graduated from Northern Valley High School and presently is working to complete his Bachelor of Arts in Finance and Business Management at William Paterson University in Wayne, New Jersey. Prior to working with Porro & Co. Mr. D'Esposito had worked for Caliber Financial, Greenfield Mortgage and Cellular Communications.

For information pertaining to performance-based fees, please see page 8 above.

Mr. D'Esposito manages a limited number of accounts on a performance-based basis.

Neither principals nor management persons have been involved in arbitration claims, civil lawsuits, self-regulatory or administrative proceedings. Please see section, Disciplinary Information, on page 10 above.

Neither principals nor management persons hold any relationship or arrangement as discussed in Item 10 on page 11 above or with any issuer of securities that is not listed in Item 10 page 11. Other Financial Industry Activities & Affiliations on page 11, except that Michael J. Porro retains a license to sell life and health insurance in New Jersey.

