

Item 1 - January, 2011

Kettering Financial Advisory Group, Ltd.
2121 Electric Road
Roanoke, VA 24018

540-772-8200 office
540-772-9502 fax

This brochure provides information about the qualifications and business practices of Kettering Financial Advisory Group, Ltd. If you have questions about the contents of this brochure, please contact us at 540-772-8200. 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 Kettering Financial Advisory Group, Ltd. also is available on the SEC's website at www.adviserinfo.sec.gov.

Kettering Financial Advisory Group, Ltd. refers to itself as a Registered Investment Adviser. Please be advised that registration does not imply a certain level of skill or training.

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Item 2 - Material Changes

Since the last annual amendment to our ADV Part I, which occurred in March, 2010, Kettering Financial Advisory Group, Ltd. has undergone the following material Changes.

Kettering Financial Advisory Group, Ltd. no longer offers Financial Planning Services.

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Item 4 – Advisory Business

Kettering Financial Advisory Group is an independent financial counseling company registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The company was founded in 1998 and is owned entirely by its two principals, Landon J. Catron and David M. Farnum.

Kettering Financial Advisory Group, Ltd. provides financial counseling services for a percentage of assets under management. Kettering Financial Advisory Group, Ltd. does not provide Financial Planning services. In special circumstances, Kettering Financial Advisory Group, Ltd. will provide negotiated services for a flat fee or negotiated hourly rate. Kettering Financial Advisory Group, Ltd does not charge subscription fees, commissions, or other types of fees.

Kettering Financial Advisory Group, Ltd. offers advice on the following type of investments: equity securities, including exchange-listed securities and securities traded over-the-counter; warrants; corporate debt securities; certificates of deposit; municipal securities; investment company securities - mutual fund shares; United States government securities; exchange traded funds (ETFs); variable life insurance; and variable annuities; Interest in direct participation programs and interests in partnerships investing in: Real Estate, Oil and Gas interest.

Kettering Financial Advisory Group, Ltd. is capable of tailoring its advisory services to the individual needs of clients, e.g. fixed income only or socially responsible investing. Clients may impose restrictions on investing in certain securities or types of securities, e.g. avoid sin stocks, do not sell concentrated legacy holdings, or establishing investment policy guidelines.

Kettering Financial Advisory Group offers customized financial management services for individuals, institutions, and corporations throughout the Roanoke Valley and beyond. We believe that getting to know our clients is the best way to understand their financial goals and tolerance for risk. We emphasize total return from both capital appreciation and income, income tax efficiency, age and time appropriate investments. Then we employ disciplined, objective techniques for security selection and risk control to manage portfolios of high quality diversified stocks, bonds, real estate and cash equivalents.

We typically meet prospective clients with two to three face to face meetings before advice is offered. At a minimum we initially must determine the marginal and effective income tax rate for the client, current investment holdings, age, current income, future income needs and tolerance for risk prior offering any advice. We emphasize a client-centered approach to financial management in which each client is managed according to the client's individual requirements, creating a plan and portfolio that is customized to each client.

Like any process involving people, things change. Markets change. Client needs change. And, each client's needs are unique. Our primary objective is to stay in sync with the major market trends and the needs of our clients. Our primary objective with our clients is to stay in tune with their changing needs. We maintain a high level of service and are readily available to our clients. We require a personal review at least annually. We assist our clients with Insurance, all personal life lines, homeowners, auto and liability through their local agent. We work closely with the client's attorney regarding their estate plans or any other legal issues regarding their financial affairs. We work closely with the client's tax advisor to monitor their personal income tax issues, including annual review of their tax returns. We also assist our clients with personal health care issues, doctor's appointments and any issues related to senior healthcare issues. Finally, we assist our clients with personal financial decisions regarding home improvements and repairs, auto purchases or sales, and any other issues that could impact their financial health.

Clients are advised that the investment recommendations and advice offered by Kettering Financial Advisory Group, Ltd. is not legal advice or accounting advice. Clients should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Clients are advised that it is necessary to inform Kettering Financial Advisory Group, Ltd. promptly with respect to any changes in their financial situation and investment goals and objectives. Failure to notify Kettering Financial Advisory Group, Ltd. of any such changes could result in investment recommendations not meeting the needs of the client.

Kettering Financial Advisory Group, Ltd. does not participate in wrap fee programs. As of December 31, 2010, Kettering Financial Advisory Group, Ltd. managed approximately \$50,000,000 of client assets, all of which are considered discretionary assets

WARRANTEES/REPRESENTATIONS

Kettering Financial Advisory Group, Ltd. does not represent, warrantee or imply that the services or methods of analysis used by Kettering Financial Advisory Group, Ltd. can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to major market corrections or crashes.

.Item 5 – Fees and Compensation

Annual compensation is a percentage of the assets under management according to the following schedule: 2.00% of account size up to \$249,000 market value; 1.75% of account size of \$250,000 up to \$500,000 of market value; 1.00% for account size of \$500,001 to \$1,000,000 of market value and .75% of accounts above \$1 million. There is no minimum annual fee. Fees are negotiable in special situations. The fee is in addition to management fees and operating expenses which are deducted directly by mutual funds and Exchange Traded Funds. Compensation is payable quarterly in advance at 25% of above schedule. The quarterly fee is not adjusted up for significant contributions or down for significant withdrawals that occur during the billing period.

The investment advisory contract contains no termination date. However, the company or client may terminate the contract at any time with reasonable notice to the other party. The client also has the right to terminate the contract without incurring any fees within five calendar days from entering into the contract. Termination by either party afterward would result in fees prorated and payable to the effective date of termination.

We typically deduct fees from clients' assets, but clients may elect to be billed directly for fees incurred. Fees are billed or deducted quarterly using market values calculated as of March, June, September, and December month end.

Additional Fees. Depending on the choice of custodian, clients may incur custodian fees. Kettering Financial Advisory Group, Ltd. invests on the clients' behalf in mutual funds and Exchange Traded Funds in certain situations; clients should be aware that our advisory fees are in addition to those charged by the Mutual Fund and Exchange Traded Fund managers.

Kettering Financial Advisory Group Ltd.'s supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

As outlined in the section on Fees and Compensation Kettering Financial Advisory Group derives its income from a percentage of the assets under management. Therefore, there are no situations at Kettering Financial Advisory Group, Ltd. where supervised employees manage accounts that are charged performance-based fees side-by-side with accounts that are charged an asset-based fee. Allowing both performance-based fees and asset-based fees could lead to a conflict of interest where the supervised person places the needs of performance-based clients above those of asset based clients. For this reason, Kettering Financial Advisory Group, Ltd., its employees or supervised persons, do not accept performance-based fees, that is, fees based on a share of capital gains or capital appreciation of the assets of a client.

Item 7 – Types of Clients

Kettering Financial Advisory Group, Ltd. provides financial advisory services to individuals; trusts, estates, or charitable organizations; and corporations or business entities other than those previously mentioned. Kettering Financial Advisory Group, Ltd. does not impose a minimum accounts size.

Kettering Financial Advisory Group, Ltd.'s client base is primarily individuals that have reached retirement age and Trust relationships that require a high level of wealth preservation. Therefore, we tend to lean toward more conservative investments that may lend itself to wealth preservation.

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

Kettering Financial Advisory Group, Ltd.'s security analysis methods include charting, and fundamental and technical analysis. The main sources of information that Kettering Financial Advisory Group, Ltd. uses include financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; corporate rating services; annual reports, prospectuses, filings with the SEC; and company press releases.

Kettering Financial Advisory Group, Ltd. uses the following strategies when advising on portfolio strategy: Diversify holdings among different classes. Bond or bond funds should hold different grades of bonds based on Standard & Poors and Moody's bond ratings; stocks and bonds should be diversified by capitalization and maturities for bonds; geographic diversification is preferred for both stocks and bonds; diversification of asset class is recommended, e.g. equities, fixed income, real estate and cash; avoid turnover and minimize transaction costs; use caution in trying to anticipate swings in interest rates.

The investment strategies used to implement any investment advice given to clients include: Long-term purchases (securities held at least a year); Short term purchases (securities sold within a year).

Investing in these types of securities involve a risk of loss that clients should be prepared to bear. The material risks associated with Kettering Financial Advisory Group, Ltd.'s methods of analysis and investment strategies involve market price risks and interest rate risks, with a remote possibility that a security can lose most or all of its value, e.g. Wachovia Bank.

Item 9 -Education and Business Standards

Currently Landon J. Catron and David M Farnum are the only persons providing investment advice on behalf of the Kettering Financial Advisory Group, Ltd. However, any future Investment Advisory Representatives (“IARs”) must satisfy, at a minimum, the experience and education requirements set out by the individual states where they intend to offer or solicit services. Oftentimes this will require the IAR to pass the North American Securities Administrators Association, Inc.’s Series 65 Uniform Investment Advisory Law Examination or earn the Certified Financial Planner (“CFP”) designation. Landon J. Catron or David M Farnum will also examine the overall experience and capability of the individual before allowing him or her to offer financial advice and/or other services.

Item 10 - Education and Business Background

Landon Catron is the President and founder of Kettering Financial Advisory Group. He is a graduate of Roanoke College, Salem, Virginia (BA in Sociology) with elective studies in Accounting, Research Methods/Statistics and Economics. He also holds the Series 65 for registration as an Investment Advisory Representative. He has studied and passed the examinations in the Financial Planning Process and Insurance; Investment Planning; Income Tax Planning; Retirement Planning and Employee Benefits at the College for Financial Planning.

Mr Catron was a Registered Principal and Registered Representative with Commonwealth Financial Network (Commonwealth) from February 1998 to March 2006. He held the Series 7, 65 and Series 24 registration with the supervision of subordinate brokers and advisors. Prior to joining Commonwealth, he was registered with Fortis Investors from June 1997 through February 1998.

Mr Catron served as a Trust Officer and Vice President with Crestar Bank’s Trust and Investment Management Group from May 1986 through December 1991. He then served as Vice President of Business Development for Dominion Trust Company until the merger with First Union National Bank in 1992. With First Union Mr. Catron served as Vice President Institutional Services and Employee Benefits representative through December 1994. Returning to Crestar Bank in December 1994, Mr. Catron served as Senior Vice President and Region Manager of the Trust & Investment Group through April 1997. He was responsible for the management of Personal Trust and Institutional Services including Employee Benefit Programs.

Mr. Farnum is a graduate of Roanoke College, Salem, Virginia with a BA in Political Science. He is also a graduate of Emory University, Atlanta, Georgia with a J.D. Additionally, he has obtained the Certified Financial Planner designation (CFP). Mr. Farnum is registered under Kettering Financial Advisory Group, Ltd. as an Advisory Representative and is Executive Vice President since April 2007. From June 2002 to December 2006 he was a Trust Advisor for Wachovia bank and from March 1995 to May 2002 a Trust Officer for Crestar/SunTrust bank.

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Item 11 – Disciplinary Information

Kettering Financial Advisory Group, Ltd. and its employees and supervised persons have not been involved in any type of disciplinary actions, including criminal or civil actions in a domestic, foreign, or military court; administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority; or proceedings before a self regulatory organization (SRO).

Item 12 – Other Financial Industry Activities and Affiliations

Kettering Financial Advisory Group, Ltd. is not registered as a securities broker-dealer. Kettering Financial Advisory Group, Ltd. is not registered as a futures commission merchant, commodity pool operator or commodity trading adviser.

Kettering Financial Advisory Group, Ltd. has no arrangements with broker-dealers, investment companies, other investment advisers, financial planning firms, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or entity that creates or packages limited partnerships, that are material to its advisory business or its clients. Kettering Financial Advisory Group, Ltd. or a related person is not a general partner in any partnership in which clients are solicited to invest. Kettering Financial Advisory Group, Ltd. does not recommend or select other investment advisers for its clients and receives no compensation directly or indirectly from any other advisers.

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Item 13 – Code of Ethics, Participation or Interest in Client Transactions, and Personal

Trading

Kettering Financial Advisory Group, Ltd.’s code of ethics, pursuant to SEC Rule 204A-1, is part of its overall compliance manual.

The following are pertinent excerpts:

- **Responsibility.** It is the responsibility of all employees to conduct their business with the highest level of ethical standards and in keeping with the company’s fiduciary duties to its clients.
- **Duty to Clients.** The Company has a duty to exercise its authority and responsibility for the benefit of its clients, to place the interests of its clients first, and to refrain from having outside interests that conflict with the interests of its clients. The Company must avoid any circumstances that might adversely affect, or appear to affect, its duty of loyalty to its clients.

- **Privacy of Client Financial Information.** The Company will not disclose any nonpublic personal information about a Client to any nonaffiliated third party unless the Client expressly permits the Company to do so. The Client in writing must grant such permission, or denial of permission, to the Company. A copy of the permission document will be filed in the Client file.

- **Prohibited Acts.** Employing any device, scheme or artifice to defraud; making any untrue statement of a material fact; omitting to state a material fact resulting, in light of the circumstances under which it is made, in a misleading statement; engaging in any fraudulent or deceitful act, practice or course of business; or, engaging in any manipulative practices.

- **Conflicts of Interest.** The Company has a duty to disclose potential and actual conflicts of interest to their clients. All IARs and solicitors have a duty to report potential and actual conflicts of interest to the Company. Gifts (other than de minimis gifts, which are usually defined as having a value under \$100.00) should not be accepted from persons or entities doing business with the Company.

- **Use of Disclaimers.** The Company shall not attempt to limit liability for willful misconduct or gross negligence through the use of disclaimers.

- **Suitability.** The Company shall recommend only those investments that it has a reasonable basis for believing are suitable for a client, based upon the client's particular situation and circumstances. In addition, clients should be instructed to immediately notify the Company of any significant changes in their situation or circumstances so that the Company can respond appropriately.

- **Duty to Supervise.** *Advisers Act Section 203(e)(5)* The Chief Compliance Officer (CCO) is responsible for ensuring adequate supervision over the activities of all persons who act on the Company's behalf. Specific duties include, but are not limited to: Establishing procedures that could be reasonably expected to prevent and detect violations of the law by its advisory personnel; analyzing its operations and creating a system of controls to ensure compliance with applicable securities laws; ensuring that all advisory personnel fully understand the Company's policies and procedures; and, establishing an annual review system designed to provide reasonable assurance that the Company's policies and procedures are effective and are being followed.

We will be happy to provide a complete copy of our code of ethics to any client or prospective client upon written request.

Participation or Interest in Client Transactions. Kettering Financial Advisory Group, Ltd. or related persons, buys or sells for itself securities that it also recommends to clients. All employees must place the interest of the firm's clients above their own or those of the firm in effecting security transactions. They are expressly prohibited from effecting transactions for their own or for the firm's account which take advantage, or appear to take advantage, of transactions effected for the firm's clients, also known as scalping. Employees are allowed to trade in the same publicly traded securities as client accounts, and even at the same time, so long as any transaction

complies with Kettering Financial Advisory Group Ltd.'s Personal Trading Policy, which applies to all "access" persons at Kettering Financial Advisory Group, Ltd. (all employees with access to trading decisions).

Personal Securities Transactions. Procedures are in place that are designed to assist the CCO in detecting and preventing abusive sales practices such as "scalping" or "front running" and to highlight potentially abusive "soft dollar" or brokerage arrangements:

- **Responsibility.** The CCO shall maintain current and accurate records of all personal securities transactions of its employees, IARs and associated persons.
- **Reporting.** Information regarding personal securities transactions must be reported to the CCO no more than ten (10) days following the end of each quarter.
- **Acknowledgment.** The Company requires that all Access Persons acknowledge in writing that they have reviewed and understand the Company's policy on personal securities transactions.

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Item 14 – Brokerage Practices

Clients may grant Kettering Financial Advisory Group, Ltd. authorization to manage client's account on a discretionary basis. Discretionary authorization provides Kettering Financial Advisory Group, Ltd. the ability to determine the securities to be purchased and sold and when such securities are purchased and sold. Client will grant such authority to Kettering Financial Advisory Group by execution of the client agreement. Client may terminate discretionary authorization at any time upon receipt of written notice by Kettering Financial Advisory Group Ltd. Additionally, client is advised that:

- 1) Client may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Advisory Representative must obtain written client consent to establish any mutual fund, variable annuity, or brokerage account;
- 3) With the exception of deduction of Kettering Financial's advisory fees from the account, if client has authorized automatic deductions, Kettering Financial will not have the ability to withdraw client's funds or securities from the account.

Kettering Financial Advisory Group, Ltd. has entered into a relationship with Fidelity Brokerage Services, LLC and National Financial Services, LLC (collectively "Fidelity") to offer clients access to a brokerage and custodial services. Kettering Financial Advisory Group, Ltd. will receive execution services through Fidelity and trading tools to assist Kettering Financial Advisory Group, Ltd. with managing client's accounts and facilitating securities transactions on behalf of clients.

Additionally, Kettering Financial Advisory Group, Ltd. may receive research services from Fidelity that may be used to benefit all clients, whether or not a client maintains an account at Fidelity. Generally, Kettering Financial Advisory Group, Ltd. will recommend clients utilize the brokerage and custodial services of Fidelity. Clients are not obligated to

select Fidelity and may select a broker/dealer or account custodian of their choice. However, advisory services may be limited if the tools are not readily available to enable Kettering Financial Advisory Group, Ltd. to manage the client's account.

However, clients selecting another custodian/brokerage firm may result in limitations of services that Kettering Financial Advisory Group, Ltd. can provide. Such limitations may include, but not be limited to, accessing the client's account for information and executing transactions, obtaining best execution, reporting to the client, and assisting the client with various service issues involving their account.

Kettering Financial Advisory Group, Ltd. and its Advisory Representatives do not receive compensation from Fidelity or National Financial Services as a result of directing securities transactions through Fidelity. Kettering Financial Advisory Group, Ltd.'s management services and investment advice is fee based.

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Item 15 – Review of Accounts

All reviews are conducted by Mr. Catron, President of Kettering Financial Advisory Group, Ltd. and David Farnum, Executive Vice President of Kettering Financial Advisory Group, Ltd.

Asset Management - Reviews will be scheduled with clients at least annually. Clients may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Levels of reviews will vary depending on the client's needs as well as changes in the client's financial status or position (tax status or otherwise), financial goals, current market conditions, performance standards, suitability changes, and age, among other things. Generally, Mr. Catron and Mr. Farnum will monitor for changes or shifts in the economy, changes in the management of a mutual fund or company in which clients' assets are invested, and market shifts and corrections. Clients are advised that they should notify Mr. Catron and Mr. Farnum promptly of any changes to their financial goals, objectives or financial situation as such changes may require a review of the client's portfolio. Clients also receive monthly statement packages, including holdings and transaction history, directly from the custodian of the account's assets.

Item 16 – Client Referrals and Other Compensation

Kettering Financial Advisory Group, Ltd. does *not* have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. Kettering Financial Advisory Group, Ltd does *not* have any arrangements where it directly or indirectly compensates any person for client referrals.

Item 17 – Custody

As a matter of policy, Kettering Financial Advisory Group, Ltd. does not have physical custody of any of our clients' assets. Client assets are held independently by National Financial Services. All clients of Kettering Financial Advisory Group, Ltd. receive monthly statements directly from the institution that has physical custody of client assets. *Clients are encouraged to compare our Portfolio Appraisals with statements received from the custodian.*

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Item 18 – Investment Discretion

When a client engages Kettering Financial Advisory Group, Ltd. as investment adviser, it is assumed that Kettering Financial Advisory Group, Ltd. now holds discretionary authority to manage securities accounts on behalf of the client. Account opening documents from Fidelity and Kettering Financial Advisory Group, Ltd.'s management agreement executed by the client grant Kettering Financial Advisory Group, Ltd. certain limited power of authorities, e.g. investment authority over client securities by way of trading authorization, and authority to deduct fees directly from client accounts, discretion to buy and sell securities and the amount of securities to be bought and or sold, for example.

Item 19 – Voting Client Securities

Proxy Voting

Clients are advised that Kettering Financial Advisory Group, Ltd. does not vote proxies on clients' behalf or take responsibility in any way to ensure client's securities are voted. Clients retain the responsibility for voting their own proxies.

Item 20 – Financial Information

Kettering Financial Advisory Group, Ltd. does not solicit prepayment of fees of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet for its most recent fiscal year end. Kettering Financial Advisory Group, Ltd. does not have discretionary authority or custody of client funds or securities. Kettering Financial Advisory Group, Ltd. has not been the subject of a bankruptcy petition at any time during its 11-year existence.

