

Item 1 – Cover Page

Walter & Keenan Financial Consulting Company

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574-287-5977

March 17, 2011

This brochure provides information about the qualifications and business practices of Walter & Keenan Financial Consulting Company. If you have any questions about the contents of this brochure, please contact us at 574-287-5977. 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 Walter & Keenan Financial Consulting Company is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC rules. This brochure dated March 17, 2011 is a document which has been prepared according to the SEC’s requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item 2 will discuss only specific material changes that are made to the Brochure and we will provide clients with a summary of those changes. We will also reference the date of the last annual update of our brochure. This brochure was last updated by us on March 23, 2012. There have been no material changes to this brochure since the prior update on March 17, 2011.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, and without charge to you.

Currently, our Brochure may be requested by contacting James F. Keenan, President of Walter & Keenan Financial Consulting Company at 574-287-5977 or JamesFKeenan@walterandkeenan.com.

Additional information about Walter & Keenan Financial Consulting Company is also available at the SEC’s web site at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Walter & Keenan Financial Consulting Company who are registered, or are required to be registered, as investment adviser representatives of Walter & Keenan Financial Consulting Company.

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Item 4 – Advisory Business

Walter & Keenan Financial Consulting Company was incorporated in 1982 to provide personalized investment advisory and financial advisory services to clients. These clients are primarily high net worth individuals and family groups. The company also provides investment advisory services to several endowment funds and private foundations.

The company is 100% owned by its President Mr. James F. Keenan, CFA, JD. Mr. Keenan has been employed by the firm since May 1985.

The advisory services that are provided to each client are designed to meet each individual client's investment objectives and risk tolerance. The company does not use a "model portfolio" approach in which all clients are invested in the same securities. An evaluation is made of the client's goals and objectives as well as their risk tolerance. Based on this evaluation with the client a portfolio is constructed and managed by us as adviser. As client circumstances and market opportunities change, each portfolio is adjusted accordingly.

Client portfolios are generally managed on a discretionary basis. This means that Walter & Keenan has the authority to purchase and sell securities without the prior permission of the client. Information about various investment strategies and methods of analysis are covered in item 8. Clients may impose some restrictions on the ability of the adviser to purchase or sell certain types of securities. This may be as a result of a client preference to avoid certain areas because of ethical or other concerns.

Although the company operates primarily as an investment advisor, it does also provide some general financial advisory services as well. These types of services include such items as general retirement planning as well as tax and estate planning consultation. This is a small part of our overall advisory service. The company also provides additional services to several private foundation and endowment clients. These services include reviewing grant requests, meeting with grantees and potential grantees, and also meeting with the foundation board or investment committee.

As of 12/31/2011 we managed \$254,565,000 in total assets on a discretionary basis for over 125 clients.

Item 5 – Fees and Compensation

All fees are subject to negotiation with each client.

In general the total fee that is negotiated for such services is based on the assets subject to our management. A current representative fee schedule for individual clients is as follows:

- .50% of the first \$1 million in assets in the account
- .40% of the next \$1 million in assets in the account
- .25% of the balance of the assets in the account.

A current representative fee schedule for foundation clients is as follows:

- 1% of the assets under management in the account.

We will also manage assets on a retainer basis where an annual fee will be agreed to between the client and the company. Also, we will charge at the rate of \$300 per hour for clients who do not want to have us manage their portfolios but would rather have us consult with them from time to time about their holdings and the current state of the financial markets.

Clients who have assets invested in mutual funds and who are charged on the basis of a percentage of assets under management will pay a direct fee to Walter & Keenan as advisor and an indirect management fee to the mutual fund company. Although a client will not have to pay a separate custodial fee for assets held at a brokerage firm, it is standard practice for bank trust departments to charge for this service. A client will also incur brokerage costs and other transaction costs when purchasing or selling stocks or bonds or funds in their portfolio account. These costs are more fully disclosed in Item 12 under Brokerage Practices.

The specific manner in which fees are charged by Walter & Keenan is established in a client's written agreement with the company. Generally we will bill our fees on a quarterly basis in arrears. Clients may elect to be billed directly for fees or to authorize Walter and Keenan to directly debit fees from client accounts. Management fees are prorated during any quarter in which an account is initiated or terminated.

Neither the adviser nor any of its supervised persons accepts compensation for the sale of securities or investment products.

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

Walter & Keenan does not charge any performance-based fees.

A performance-based fee is a fee charged by an adviser which is based on a share of the capital appreciation of the assets of the client.

Item 7 – Types of Clients

Walter & Keenan Financial Consulting Company provides portfolio management services to individuals, high net worth individuals (including trusts held for individuals), corporations and corporate pension and profit sharing accounts, IRA accounts, and charitable institutions (including foundations and endowments).

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

The adviser uses fundamental analysis as its primary investment method for security selection. Fundamental analysis is a method for selecting investments on the basis of the adviser's judgments about companies and their financial prospects. This method of analysis is important to our work in the analysis of both stock and bond issuers. The main sources of information that we use for our investment analysis is research that is prepared by others. This includes sources such as Morningstar, Standard and Poor's, Value Line, Ned Davis Research, Argus and others. We also review company annual reports and press releases as well as financial newspapers and magazines. We will regularly participate in conference calls concerning many different companies and other investment related issues.

The stocks selected for a client account are primarily chosen for the growth of their dividend-producing capabilities. The adviser primarily looks for stocks that offer significant dividends now or that can be expected to provide increasing dividends in the future. This approach leads us to invest in stocks that have more of a value orientation than a growth orientation. Growth investing and value investing are two styles employed by stock managers. Growth funds generally focus on stocks of companies believed to have above-average potential for growth in earnings. These companies typically have lower dividend yields and higher prices in relation to book value and earnings. Value stocks are those whose prices are below average in relation to these same measures of dividends and book value and earnings.

The adviser also primarily uses mutual funds for the purpose of providing exposure to small company stocks and international stocks and bonds. Mutual funds are evaluated on the basis of the track record and tenure of the manager and especially the performance of the fund in relation to the risk that is taken. Mutual funds provide important diversification benefits as well as professional management for the investor in these areas.

In addition to investing in stocks and bonds (and stock and bond funds), the adviser may make other kinds of investments in order to achieve a particular client objective. For example, we may invest in funds that have the ability to have both long and short exposure to the markets. We may also invest in private capital and other hedge fund strategies. These strategies are only appropriate for investors with a long term time horizon who can withstand the risk of a substantial loss in the investment.

Although, we are primarily investing for the long term, we may sell securities regardless of how long they have been held. This could be as a result of a poor earnings report or dividend reduction in a particular stock which may cause us to rethink the appropriateness of continuing to hold it. A reduction in a bond rating by one or both major services may have the same effect. Similarly, significant price appreciation above our determination of fair value may result in a sale of the holding.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Walter & Keenan Financial Consulting Company or the integrity of our management. Walter & Keenan Financial Consulting Company has no information applicable to this item. We have never been the subject of any disciplinary proceeding or hearing concerning any of our investment related activities.

Item 10 – Other Financial Industry Activities and Affiliations

Mr. Keenan serves on the board of directors of the following private foundations: The Judd Leighton Foundation, the Plym Foundation, the Edward and Irma Hunter Foundation and the Wood Foundation. Mr. Keenan is also President of the Judd Leighton Foundation, President of the Hunter Foundation, secretary of the Plym Foundation, and Vice-President/Secretary of the Wood Foundation. Mr. Keenan does receive compensation for his services to the Judd Leighton Foundation as President and does receive compensation for his services as a board member of these three other foundations. Mr. Keenan is also personal representative of an estate that is also a client of Walter & Keenan. The directorships and officer positions combined take less than 25% of Mr. Keenan's time. These positions and outside activities by their nature carry inherent conflicts of interest (e.g., Walter & Keenan may have a reason to favor these clients over its other clients) but Mr. Keenan believes that they do not impair his independence and effectiveness on behalf of other clients of Walter & Keenan.

Walter & Keenan has a referral payment agreement with Mr. C. Michael Crabill. Based upon those client accounts that Mr. Crabill brings to the company (and subject to the agreement between the company and Mr. Crabill), he is entitled to receive 60% of the revenue generated by those accounts that are established at Walter & Keenan by him. This agreement only covers those accounts that are based on relationships that Mr. Crabill has established and are independent from any client accounts established by Mr. Keenan.

Mr. Keenan is a member of the CFA Institute. The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, 6 hour examinations; 2) have at least 4 years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The CFA Institute Code of Ethics and Standards of Professional Conduct is enforced through an active professional conduct program. This program requires CFA charterholders to :

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Passing the CFA exams is a difficult feat that requires extensive study (successful candidates report spending 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly changing global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders – often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA program curriculum into their own finance courses.

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and it is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA program test proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA Charter, visit www.cfainstitute.org

Item 11- Code of Ethics

Walter & Keenan has adopted a Code of Ethics (as amended on February 19, 2009) which states its commitment to adhere to all applicable laws, rules and regulations. We will act with the highest ethical standards and comply with our duty as a fiduciary to our clients under the Investment Advisers Act of 1940. This duty means that we place our clients' interests first. Also, the Code of Ethics addresses the issue of the privacy of our client's information. It prohibits illegal acts including insider trading. The Code imposes some reporting duties on the company and some other restrictions regarding situations involving a conflict of interest. It prohibits disclaimers of liability and requires that our recommendations be suitable for the client. Also, Mr. Keenan is named as the Chief Compliance Officer and, as such, he has certain duties to supervise the activities of the company. The Code also imposes a duty that directors and officers and employees get preapproval prior to personal securities trading.

Mr. Keenan will provide a copy of this code to any client or prospective client upon request without charge.

Walter & Keenan anticipates that it will recommend the purchase or sale of securities to clients or future clients in which the company, its employees and/or clients may have already taken a position beforehand. Walter & Keenan's employees are required to follow the company's code of ethics. Subject to that policy and applicable laws, officers, directors and employees of the company may trade for their own accounts in securities which are recommended to and purchased for clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the company will not interfere with making decisions in the best interests of the client. In addition the Code requires preclearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics and is designed to reasonably prevent conflicts of interest between the company and its clients. For example, Mr. Keenan is prohibited by the Code from trading in any security on the same day that a client trade has been executed in the same security.

It is the company's policy that the firm will not engage in any principal or agency cross securities transactions for client accounts. Principal transactions are those where the adviser buys a security from or sells a security to any client. An agency cross transaction is where the investment adviser acts as a broker on both sides of the trade.

Item 12 – Brokerage Practices

Walter and Keenan receives research and other services from Charles Schwab and Company in connection with client securities transactions that are effected at Schwab. This is in addition to standard brokerage charges for securities transactions. Walter and Keenan believes that the combined charge for custodial and trading services provided by Schwab is in the client's best interest. Also, this arrangement is consistent with the company's duty to obtain the best execution for transactions in its client's accounts.

The types of services that Schwab provides includes software and other technology that provides access to client account data (such as trade confirmations, tax reports, and account statements). The software facilitates trading execution by the firm. The firm has the capability with this software of combining trade orders for client accounts that are maintained at Schwab but does not normally do so. Schwab provides access to an advisor-only website which provides research and pricing information and other market data. This research is both internal Schwab research as well as access to third parties that provide their own research based on prior agreements with Schwab. Because Schwab provides these research and other products, the company does not have to separately pay for them. We have separately purchased technology from Schwab (and others) that provides performance monitoring, recordkeeping and client reporting, although some of these features are available in more limited form on the Schwab site. Many of these services are used by a substantial number of Walter and Keenan clients, including those not maintained at Schwab. Schwab may discount or waive fees it would otherwise charge for these services. Schwab does not pay cash to the company nor does Schwab provide any equipment or facilities to it. Walter and Keenan believes that its relationship with Schwab is of benefit to its clients, including those who do not maintain their assets in accounts at Schwab. Walter and Keenan recognizes its duty to act in its clients' best interest. Walter and Keenan's recommendation that clients maintain accounts at Schwab may be based in part on the benefit to the firm of these products and services that Schwab provides and not solely on the nature of the cost or quality of custody and brokerage services provided by Schwab. This may create a potential for a conflict of interest. Walter and Keenan may have an interest in executing a trade at Schwab based on our interest in receiving these research and other services and not on our clients' interest in receiving best execution for the transaction.

At times, Walter and Keenan will combine multiple client orders into blocks for trading through brokers. Those accounts that participate in these block orders will receive the same average price of the execution (or partial execution) of the block.

Walter and Keenan discusses brokerage practices with clients at the commencement of its relationship as well as afterward when appropriate. In the absence of contrary client preference, the company may recommend that clients establish brokerage accounts at the Schwab Institutional division of Charles Schwab & Co. Inc. Schwab is a registered broker dealer and member SIPC that maintains custody of client securities and provides trade execution services. Walter and Keenan is independently owned and not affiliated with Schwab. Schwab provides Walter and Keenan with access to its institutional trading and custody services which are typically not available to retail investors. This includes access to a small dedicated team of administrators at Schwab who are available to the adviser to assist with questions concerning its client accounts. These services are generally available to investment advisers on an unsolicited basis at no charge to the adviser or the adviser's clients as long as the adviser maintains \$10 million in assets at Schwab Institutional. Schwab's services include brokerage, custody, research and

access to institutional class mutual funds and other investments that are otherwise only available to institutional investors or would require a significantly higher minimum investment.

Walter and Keenan has negotiated a discounted commission rate with Schwab for securities transactions for accounts of Walter and Keenan that are held in custody at Schwab. Under the current terms of Schwab's standard agreements, Schwab is not entitled to receive separate compensation for client custody at Schwab. Schwab is entitled to receive compensation on securities transactions in the form of commissions and transaction related compensation. Schwab is also entitled to a fee on securities transactions that are not executed at Schwab but which are delivered to a client account at Schwab. This is called a trade away fee. Schwab's fees for trades executed at other brokers is in addition to the fee that the non-Schwab broker charges. This fee is lower than the fee that Schwab normally charges to execute the same transaction at Schwab. Normally these transactions involve bonds that are only available at a non-Schwab broker. This service charge to the client is appropriate in the company's opinion in order to avoid the inconvenience to the client of maintaining multiple custodial accounts at different brokerage firms. Thus Walter and Keenan, acting in the best interest of the client, may have an incentive to cause those clients' trades to be executed through Schwab, rather than through another broker-dealer.

As discussed above, Walter and Keenan directs the majority of its clients' securities transactions with Schwab. Clients are free to direct transactions with other brokers of their choosing. Several of its clients direct trades to other brokers and banks. Walter and Keenan believes that these clients are paying more in brokerage commissions under these circumstances than those clients who are trading through Schwab. This has a negative potential impact upon the performance of their accounts compared to that which they would have experienced had they executed the same trades at Schwab.

Item 13 – Review of Accounts

Review of all client accounts is done on a regular basis. Telephone or office contact with the client is less frequent, although normally this is done quarterly. Walter and Keenan normally receives monthly statements from the custodian of the securities. These statements list all of the securities in the client portfolio. Also included is the tax cost carrying value of each client position and the current dividend or interest rate on the security described. Walter and Keenan regularly and systematically reviews these reports during the subsequent period. Also, review of each client position is reviewed online on a regular basis.

Changes to client portfolio positions are made in the context of the client's objectives and risk tolerance. Certain factors may trigger a change or trigger a special review of a position in a client account. As an example, a negative earnings or research report may require rethinking the appropriateness of continuing to hold a particular equity position. In addition, a dividend reduction is more likely than not going to lead to a sale of a company holding. Also, a reduction in the bond rating of a bond by one or more of the ratings services may have the same effect.

In general, Walter and Keenan will not purchase individual fixed income securities that are rated below investment grade. If an investment grade bond is lowered in rating to non-investment grade then a thorough review of the holding will be conducted to evaluate the position.

Walter and Keenan will also review each equity security position to determine whether it is appropriately valued. Fair value for each holding is determined based on research provided by 3rd parties as well as research conducted by Walter and Keenan personnel. In this regard, if a security is determined to be significantly above or below a determination of fair value then a thorough review of that holding in the context of each client account will be undertaken.

The primary responsibility for the review of client accounts is assigned to Mr. Keenan. This review is generally conducted at least quarterly and more frequently if circumstances require. A quarterly report of investment performance is available to those clients that request this information. Also, a review of a client portfolio will be conducted if the client's circumstances change. For instance, such a review will be undertaken if the client is contemplating retirement or a major purchase.

Item 14 – *Client Referrals and other Compensation*

Walter and Keenan has a compensation agreement with C. Michael Crabill. Mr. Crabill is entitled to receive (subject to the other provisions of the agreement) 60% of the revenue generated by those client accounts that he is responsible for that are established with Walter and Keenan. This agreement only covers those accounts that are based on relationships that Mr. Crabill has established and are independent from any client accounts established by Mr. Keenan.

Mr. Crabill also provides advisory services to Walter and Keenan. These services include preparation of investment performance materials as well as performance attribution and other analysis. In addition, Mr. Crabill performs investment related research activities for the company for which he is compensated separately.

Item 15 – Custody

Clients should receive at least quarterly (and in most cases monthly) statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Walter and Keenan urges you to carefully review such statements and compare such custodial records to the account statements that we may provide to you. Our statements may vary from the custodial statements you receive based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 - Investment Discretion

Walter and Keenan usually receives discretionary authority from the client at the onset of an advisory relationship. This authority permits Walter and Keenan to identify and select the identity and amount of securities to be bought and sold. This discretion is outlined in the memorandum of understanding that Walter and Keenan and the client signs upon initiation of the advisory relationship. Also, the client is typically asked to sign a similar agreement (such as a limited power of attorney) by the custodian of the securities. This limited power instructs the custodian to accept the instructions of Walter and Keenan concerning transactions to be completed in the client's account.

In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Walter and Keenan observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions should be provided to the company in writing.

Item 17 – Voting Client Securities

Walter and Keenan will accept authority from the client to vote the client securities by proxy. In general, this authority is granted at the beginning of the client relationship. Clients are also able to obtain copies of Walter and Keenan’s proxy voting policies and procedures upon request. Clients may also obtain information from the company about how Walter and Keenan voted on behalf of their account(s). Clients may direct Walter and Keenan as to how they would like to vote in a particular solicitation.

In all cases, Walter and Keenan attempts to vote in what it determines to be the best interest of the client. In the case of any conflict, Walter and Keenan will inform the client about the conflict and refrain from voting the securities on that matter which raises the conflict without the specific direction of the client.

Item 18 – Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition in this item.

Walter and Keenan has no financial commitments that impair its ability to meet contractual obligations and its fiduciary obligations to its clients.

Walter and Keenan has not been the subject of a bankruptcy proceeding.

Walter and Keenan does not require prepayment of fees from any client. All client fees are payable in arrears.