

Professional
Investment
Management



Peter B. Cannell & Co. Inc.

*645 Madison Avenue
New York, New York 10022
(212) 752-5255 Fax (212) 319-0937*

March 28, 2012

This brochure provides information about the qualifications and business practices of Peter B. Cannell & Co., Inc. www.peterbcannell.com. If you have any questions about the content of this brochure, please contact us at (212) 752-5255 or jblynn@peterbcannell.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 Peter B. Cannell & Co., Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Summary of Material Changes

There are no material changes to Peter B. Cannell & Co., Inc.'s Form ADV Part 2 since it was filed with the Securities and Exchange Commission on February 2, 2012.

Table of Contents

Item	Page
Advisory Business	1
Fees and Compensation	1
Performance Based Fees and Side-by-Side Management	2
Types of Clients	2
Methods of Analysis, Investment Strategies and Risk of Loss	2
Disciplinary Information	4
Other Financial Industry Activities and Affiliations	4
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	4
Brokerage Practices	5
Research and Other Soft Dollar Benefits	
Brokerage for Client Referrals	
Directed Brokerage	
Review of Accounts	8
Client Referrals and Other Compensation	8
Custody	8
Investment Discretion	8
Voting Client Securities	8
Financial Information	9
Supplement A – Joseph B. Werner	10
Supplement B – William H. Herrman	12
Supplement C – Edward M. Giles	14

Advisory Business

Peter B. Cannell & Co., Inc. (the “Firm” or “we”) was founded in 1973. The Firm is a subsidiary of New York Community Bancorp, Inc., a public company listed on the New York Stock Exchange. Throughout the Firm’s history, we have focused solely on investing our clients’ assets in common stocks of publicly traded companies. We are not broker/dealers. We do not engage in investment banking or related activities. We are value investors and take a long term view. We rely on investment selection, not market timing.

Our approach provides individualized management for each account. We meet with each client (or client’s financial advisor) to gain an in-depth understanding of the client’s financial goals. Selection of securities, asset allocations, purchase guidelines, and tax management are based on our insight and understanding of each client’s financial circumstances and objectives. We meet with and otherwise communicate with our clients on a periodic basis to ensure that the financial goals of each client have not changed.

As of March 15, 2012, the Firm had assets under management of \$1,780,276,222. All assets are managed on a discretionary basis.

Fees and Compensation

Our annual fee is based on the total value of each client’s assets under management on the last day of each calendar quarter. Our fees are billed at the end of each quarter. Such fees are calculated as follows:

- 1.2% on the first \$2,000,000 of assets under management
- 1.0% on the next \$3,000,000 of assets under management
- 0.75% on the next \$10,000,000 of assets under management
- 0.50% on assets under management in excess of \$15,000,000.

The fee is pro-rated in the event the Firm does not manage the account for an entire calendar quarter. If an investment advisory agreement is terminated on other than the last day of the calendar quarter, the fee is based upon the value of the account on the date of termination.

The fee schedule is not negotiable.

A client may authorize the custodian to deduct the investment advisory fee from the custody account or the client may elect to receive a bill each quarter for the amount due.

Clients will be charged custody fees by their custodian. Clients should refer to the custody agreement or contact their custodian for a discussion of their fees.

Clients will be charged brokerage commissions for transactions effected by the Firm on their behalf. See Brokerage Practices section. Clients will also be charged money market fund fees by the fund's manager on the cash portion of the account.

Clients will be charged a fee by the third-party class action processor which the Firm has retained. This fee is a percentage of the total compensation awarded to the client and is deducted by the class action processor prior to disbursing the award to the client.

Performance-Based Fees and Side-by-Side Management

There are no performance-based fees.

Types of Clients

We manage assets on behalf of individuals, pension and profit sharing plans, trusts, estates, non-profit organizations, partnerships, corporations and other business entities.

There is a \$2,000,000 minimum to open an account with us. In certain instances this minimum may be waived.

Methods of Analysis, Investment Strategies and Risk of Loss

Significant rewards can come to the prudent and patient investor. Quality management, a proven record, a competitive advantage, sound financials and the opportunity for growth are the fundamental traits we look for in the companies in which we invest.

We employ fundamental security analytical techniques, although consideration is given to technical studies. Our strategy is to buy securities for long term capital appreciation. Research is conducted independently in-house. When we identify what we believe to be a promising investment, we evaluate its suitability for each of our clients.

Our clients' assets are generally fully-invested in common stocks (or publicly traded limited partnership interests). However, we maintain cash or cash equivalents in each portfolio sufficient to permit us to capitalize on new investment opportunities without being forced to sell an existing holding at an inopportune time.

We believe common stocks are the best way to preserve and enhance purchasing power. We want our clients to own good businesses -- businesses that we understand, that

are managed by dedicated and able people. Other characteristics we look for: low cost of raw materials, low political profile, high return on stockholders' equity, free cash flow, and a material management stake in the business. We keep an eye out for evolving industries and new concepts as well as for unduly depressed securities that appear to provide minimal market risk but potential for substantial appreciation.

While the foregoing describes the general precepts guiding our investment strategy, it is inherent in our makeup to avoid dogma, to keep a clear and open mind as to what constitutes value and to be deeply suspicious of the prevailing view. We manage each account individually. Therefore, a client's financial needs, goals, tolerance for risk, etc. further shape our investment strategy with respect to that account.

A typical portfolio will hold 21-23 issues each representing about 4% - 5% of the assets of such portfolio. We believe this allows for appropriate diversification and manages risk while not watering down the importance of each investment to the overall return of the portfolio. When a holding becomes too small or too large relative to the portfolio, we tend to rebalance the holding. In taxable accounts, we are sensitive to capital gains taxes and under usual circumstances will hold a security for at least one year and a day before considering trimming or selling it.

Investing in equity securities involves risk of loss that clients should be prepared to bear. There is no assurance that an investment will provide positive performance over any period of time. Past performance is no guarantee of future results and different periods and market conditions may result in significantly different outcomes. There can be no guarantee that our decisions will produce the intended result, and there can be no assurance that the investment strategy will succeed. Additional material risks presented by the strategy and its investments are set forth below.

Market risk: The market values of the securities may decline, at times sharply and unpredictably. Market values of equity securities are affected by a number of different factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Stocks of a particular sector (e.g., energy, financial, etc.) or style (e.g., "growth" or "value") held in an account could fall out of favor and returns would subsequently trail returns from the overall stock market. The performance of stocks of large-cap companies could underperform those of smaller companies that may be more nimble and have better growth prospects. The performance of stocks of small and mid-cap companies could be more volatile than stocks of larger companies. There may be less liquidity in a smaller company's stock, which means that buy and sell orders in that stock could take longer to complete without impacting price. Small cap companies often have less predictable earnings, more limited product lines and markets, and more limited financial and management resources than larger companies.

Non-U.S. risk: Companies based outside of the United States or domestic companies with significant foreign operations may be subject to risks in addition to those of companies that principally operate in the United States due to political, social and economic developments abroad, different regulatory environments and laws, potential seizure by the government of company assets, higher taxation, withholding taxes on dividends and interest and limitations on the use or transfer of portfolio assets. Other risks include the following: enforcing legal rights may be difficult, costly and slow in non-U.S. countries, and there may be special problems enforcing claims against non-U.S. governments; non-U.S. companies may not be subject to accounting standards or governmental supervision comparable to U.S. companies, and there may be less public information about their operations; and non-U.S. markets may be less liquid and more volatile than U.S. markets.

Disciplinary Information

Neither the Firm nor any of its management persons have been involved in a material regulatory or legal event.

Other Financial Industry Activities and Affiliations

None of our management persons are registered or have a pending application to be registered as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of these entities.

We are not affiliated with any broker-dealer or commodities trading firm.

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

We manage several of our employees' personal investment accounts or accounts in which they are deemed to have a beneficial interest. Our management of these accounts may raise potential conflicts of interest when we buy or sell a security that is owned by, or considered for purchase or sale, for a client. In addition, we permit our employees to buy and sell securities that we have purchased or sold for or recommended to our clients after they are purchased or sold for clients. Such employees may also engage in transactions for their accounts in a manner that is inconsistent with our recommendations to our clients.

Whether we buy or sell securities for employee accounts under our management, or our employees engage in personal securities transactions, all such trades must comply with our Code of Ethics.

The Firm's Code of Ethics ("the Code") is designed to detect and prevent conflicts of interest between transactions entered into on behalf of our clients and transactions entered into on behalf of or by our employees. If such conflicts do arise, the Code ensures that we effect transactions for clients in a manner that is consistent with our fiduciary duty to our clients and applicable law. Our employees who wish to buy or sell securities of the types purchased for our clients may do so only in a manner consistent with the Firm's fiduciary obligations. We do not buy or sell for client accounts securities in which our Firm or a related person has a material financial interest.

Clients and prospective clients may request a copy of our Code of Ethics.

Brokerage Practices

We are given authority by our clients to make the following determinations: (i) which securities to buy or sell; (ii) the amount of securities to buy or sell; (iii) the broker-dealer through which the securities are to be bought or sold; and (iv) the commission rates and prices at which securities transactions are effected.

Unless otherwise directed in writing, the Firm arranges for the execution of securities transactions for clients' accounts through those brokers or dealers that, in our reasonable judgment, are capable of providing best execution. In determining the ability of a broker-dealer to provide best execution, we may consider a number of factors such as:

- Quality of execution including speed, efficiency and potential ability to obtain price improvement
- Competitiveness of commissions
- Reliability
- Responsiveness to the Firm's needs
- Reputation and integrity
- Trade error history
- Research/Access to information
- Ability to provide liquidity
- Confidentiality
- Clearance and settlement capabilities
- Knowledge of and access to markets.

Research and Other Soft Dollar Benefits

Consistent with obtaining best execution, brokerage commissions on a client's portfolio transactions may be directed to brokers and dealers in recognition of research services furnished by them, as well as for services rendered in the execution of orders by

such brokers and dealers. Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”) permits an investment adviser, under certain circumstances, to cause its clients to pay a broker-dealer a commission for effecting a transaction in excess of the amount of commission another broker-dealer would have charged in recognition of the value of brokerage and research services provided by the broker-dealer. This may be done when we have determined that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such determination, we are not required to place or attempt to place a specific dollar value on the brokerage or research services provided by such broker. When we choose to utilize a broker who provides research or other products and services rather than a broker who could execute a transaction at a lower commission rate, we are receiving such research or services without having to pay hard dollars. This may cause us to select a broker-dealer providing such research and services as opposed to one that may be able to provide more favorable execution.

Research products may be in written form or through direct contact with individuals and may include information on companies and securities as well as market and economic conditions that assist in the valuation and pricing of investments. Examples of research-oriented services for which we may utilize commissions include portfolio management software, research reports, access to industry conferences and company managements, proprietary equity data, market commentary, economic forecasts, and other information on the economy, industries, sectors, groups of securities, individual companies, statistical information, political developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance and other analysis.

Brokerage and research services are employed for the benefit of all of our clients. However, each and every service may not be used for the benefit of all client accounts. Brokerage commissions paid by one account may apply towards the payment for brokerage and research services that may not be used in the management of that account. We generally consider the amount and nature of research, execution and other services provided by brokers and dealers as well as the extent to which such services are relied on, and attempt to allocate a portion of each client’s brokerage on the basis of these considerations. A broker-dealer is not precluded from receiving business because it does not provide brokerage or research services. We believe that such an allocation of brokerage business will help us to obtain valuable research and execution capabilities and will provide other benefits to our clients.

We are required to monitor these arrangements to identify where a research product or service has a mixed use (research and non-research) and make a reasonable allocation of the cost of the product according to its use. The portion that assists us in the investment decision making process may be paid for by commission dollars, while those services that provide administrative or other non-research assistance are outside the safe harbor of Section 28(e) and must be paid for using our own funds. We have a conflict of

interest in making this research/non-research determination. We maintain records concerning mixed-use allocations and make a good faith review of these determinations.

When deciding to direct client transactions to a particular broker-dealer in return for soft dollar benefits received, we consider a number of factors such as:

- Research/Access to information
- The percentage of companies in which we invest covered by the broker-dealer's research and trading departments
- Responsiveness to our needs
- Reliability, both historically and as an ongoing matter
- The broker-dealer's reputation and integrity.

Brokerage for Client Referrals

In selecting or recommending a broker-dealer, Peter B. Cannell & Co., Inc. does not consider whether we or a related person of our Firm receives client referrals from such broker-dealer.

Directed Brokerage

A few clients have directed us to use a specific broker-dealer through which we must execute securities transactions for their account(s) and have negotiated their own commission rates. Where a client has directed the use of a particular broker-dealer, the client should consider the following information: (i) we may have limited or no ability to negotiate commissions for the client; (ii) we are unable to negotiate volume discounts; (iii) disparity in commission charges may exist among clients; (iv) conflicts of interest may arise from such non-brokerage referrals; (v) such brokerage referral trades are usually executed after non-brokerage referral trades; and (vi) such client may not be able to obtain any of the benefits of block trades that we may enter into for clients who have not directed us to use a particular broker-dealer.

We often purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution, to negotiate more favorable commission rates and/or to allocate equitably among such clients the effects of any market fluctuations that might have otherwise occurred had such orders been placed independently. Under this procedure, the transactions are averaged as to price and allocated as to amount according to the daily purchase and sale orders actually placed for each client account.

Transactions that are to be effected through a particular broker-dealer pursuant to a client direction, may not be combined or "batched" for execution with orders for the same securities for other managed accounts, except to the extent that such broker-dealer

is the executing broker-dealer for the combined or batched order. Where the above exception is not applicable, trades that are to be effected through a particular broker-dealer pursuant to a client direction are usually placed after batched trading activity for a particular security. Accordingly, such trades may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the batched order. The direction by a client of a particular broker-dealer to execute trades may result in higher commissions, greater spreads, or less favorable net prices that might be the case if we were empowered to negotiate commission rates or spreads freely, or to select brokers or dealers based on best execution.

Review of Accounts

All clients' accounts receive close and regular review. We meet with and otherwise communicate with our clients on a periodic basis to ensure that the financial goals of each client have not changed.

Each quarter, clients are provided with an evaluation of their accounts. Annually, clients are provided with their accounts' performance as well as a capital gains/losses statement. These reports are available to clients in hard copy or in the password-protected section of the Firm's website for those clients who have elected to receive their statements electronically.

Client Referrals and Other Compensation

The Firm does not compensate any third parties for client referrals.

Custody

Our clients' assets are held by qualified custodians as defined by §275.206(4)-2(c)(3) of the Investment Advisers Act of 1940 ("the Act"). At least quarterly, clients receive account statements from their custodian. *Such statements should be carefully reviewed and compared to the account statements received from us.*

Investment Discretion

Pursuant to our investment advisory agreement with each client, we have full discretion to manage our clients' investment accounts. On occasion, a client may notify us of a limitation on investments we can make for their account, for example: no purchase of "sin stocks".

Voting Client Securities

We have adopted a policy and implemented procedures which we believe are

reasonably designed to ensure that proxies are voted in the best interest of our clients, in accordance with our fiduciary duties and SEC Rule 206(4)-6 under the Act. The following is a summary of our proxy voting policy and procedures:

We have formed a committee to administer and oversee the proxy voting process. We have also developed guidelines designed to assist in this process. In general, we will follow the voting guidelines except in cases where a material conflict of interest exists. The policy and procedures contain several methods by which a proxy will be voted in a manner that voids a material conflict of interest.

We vote clients' proxies except when it is determined that the effect on our clients' economic interest of the value of the holding is insignificant, or when the cost of voting the proxies outweighs the benefit. We will not vote proxies for those securities in certain clients' custodian accounts that are 'unsupervised' and appear under the heading "Special Holdings" on their quarterly statements. We do not receive a fee on, assume no responsibility for, and make no proxy voting or investment decisions regarding such securities. Any proxies received with respect to such securities are forwarded to the clients.

Clients may request a copy of our proxy voting policy and procedures. Clients may also request information as to how proxies were voted on their behalf.

Financial Information

We do not require or solicit prepayment of our fees. We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients, nor have we ever been the subject of a bankruptcy petition.

Joseph B. Werner
Chairman, Chief Executive Officer and President

Educational Background and Business Experience

Joseph B. Werner, born in 1959, received a B.S. degree in Finance from the Boston University School of Management and an M.B.A. from Pace University's Lubin School of Business. He has been employed in the investment advisory business since 1981. Mr. Werner joined Peter B. Cannell & Co., Inc. in 1991 and serves as its Chairman, Chief Executive Officer and President. Mr. Werner serves on the Board of Trustees of the Hyde School.

Disciplinary Information

Mr. Werner has not been involved in any regulatory or legal event.

Other Business Activities

Mr. Werner is not actively engaged in any investment-related business or occupation other than his employment with Peter B. Cannell & Co., Inc. nor is he actively engaged in any other business or occupation for compensation.

Additional Compensation

Mr. Werner does not receive any economic benefit for providing advisory services other than his compensation as an employee of Peter B. Cannell & Co., Inc.

Supervision

Peter B. Cannell & Co., Inc. has a robust compliance program and its employees and directors are aware of and understand its policies and procedures and take compliance with such policies and procedures with the utmost seriousness. The Firm has in place policies and procedures adequately designed to prevent and detect violations of its legal and regulatory requirements. The policies and procedures are appropriately tailored to the Firm's size, the nature of its business and stable and long-standing client base.

With varying frequency based on the risk posed by a particular activity, but no less frequently than annually, the Firm tests and reviews its policies and procedures as well as its employees' and Directors' adherence to them. The Firm employs multiple testing methods to ensure that its activities are in accordance with its policies and procedures. Various committees comprised of senior management meet regularly to review, among other things, trading activity, performance of accounts and the management of clients' accounts. On a daily basis, all trading activity is reviewed for adherence to account restrictions and the Firm's trading policies.

For further information regarding the Firm's compliance program and the supervision of its employees for adherence to this program, contact the Interim Chief Compliance Officer, Jennifer B. Lynn, at (212) 752-5255 or jblynn@peterbcannell.com.

William H. Herrman
Senior Vice President

Educational Background and Business Experience

William H. Herrman, born in 1936, received a B.A. degree from Brown University and an M.B.A. in Finance from the Wharton School of the University of Pennsylvania. He has been managing investment accounts since 1962. Mr. Herrman joined Peter B. Cannell & Co., Inc. in 1999 and serves as Senior Vice President.

Disciplinary Information

Mr. Herrman has not been involved in any regulatory or legal event.

Other Business Activities

Mr. Herrman is not actively engaged in any investment-related business or occupation other than his employment with Peter B. Cannell & Co., Inc. and is not actively engaged in any other business or occupation for compensation.

Additional Compensation

Mr. Herrman does not receive any economic benefit for providing advisory services other than his compensation as an employee of Peter B. Cannell & Co., Inc.

Supervision

Peter B. Cannell & Co., Inc. has a robust compliance program and its employees and directors are aware of and understand its policies and procedures and take compliance with such policies and procedures with the utmost seriousness. The Firm has in place policies and procedures adequately designed to prevent and detect violations of its legal and regulatory requirements. The policies and procedures are appropriately tailored to the Firm's size, the nature of its business and stable and long-standing client base.

With varying frequency based on the risk posed by a particular activity, but no less frequently than annually, the Firm tests and reviews its policies and procedures as well as its employees' and Directors' adherence to them. The Firm employs multiple testing methods to ensure that its activities are in accordance with its policies and procedures. Various committees comprised of senior management meet regularly to review, among other things, trading activity, performance of accounts and the management of clients' accounts. On a daily basis, all trading activity is reviewed for adherence to account restrictions and the Firm's trading policies.

For further information regarding the Firm's compliance program and the supervision of its employees for adherence to this program, contact the Interim Chief Compliance Officer, Jennifer B. Lynn, at (212) 752-5255 or jblynn@peterbcannell.com.

Edward M. Giles
Senior Vice President

Educational Background and Business Experience

Edward M. Giles, born in 1935, received a B.S. in Chemical Engineering from Princeton University and an S.M. in Industrial Management from the Massachusetts Institute of Technology. He has been employed in the investment management business since 1959. Mr. Giles joined Peter B. Cannell & Co., Inc. in 2011 and serves as Senior Vice President.

Disciplinary Information

Mr. Giles has not been involved in any regulatory or legal event.

Other Business Activities

Mr. Giles is not actively engaged in any investment related business or occupation other than his employment with Peter B. Cannell & Co., Inc. and is not actively engaged in any other business or occupation for compensation.

Additional Compensation

Mr. Giles does not receive any economic benefit for providing advisory services other than his compensation as an employee of Peter B. Cannell & Co., Inc.

Supervision

Peter B. Cannell & Co., Inc. has a robust compliance program and its employees and directors are aware of and understand its policies and procedures and take compliance with such policies and procedures with the utmost seriousness. The Firm has in place policies and procedures adequately designed to prevent and detect violations of its legal and regulatory requirements. The policies and procedures are appropriately tailored to the Firm's size, the nature of its business and stable and long-standing client base.

With varying frequency based on the risk posed by a particular activity, but no less frequently than annually, the Firm tests and reviews its policies and procedures as well as its employees' and Directors' adherence to them. The Firm employs multiple testing methods to ensure that its activities are in accordance with its policies and

procedures. Various committees comprised of senior management meet regularly to review, among other things, trading activity, performance of accounts and the management of clients' accounts. On a daily basis, all trading activity is reviewed for adherence to account restrictions and the Firm's trading policies.

For further information regarding the Firm's compliance program and the supervision of its employees for adherence to this program, contact the Interim Chief Compliance Officer, Jennifer B. Lynn, at (212) 752-5255 or jblynn@peterbcannell.com.
