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**Firm Brochure for High Net Worth and Institutional Clients
(Part 2A of Form ADV)**

Updated: March 27, 2012

This Brochure provides information about the qualifications and business practices of Granite Investment Advisors, Inc. (Granite). If you have any questions regarding the contents of this Brochure, please contact Debra Wentworth, VP Operations & Chief Compliance Officer (CCO) at 800-851-8431 or via email at debbie@graniteinv.com.

Granite is a registered investment advisor. Registration does not imply any level of skill or training. The oral and written communications of an Adviser are intended to provide you with information about which to determine whether or not to hire.

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 Granite is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

On March 27, 2012 we changed our standard fee structure for High Net Worth Clients.

On December 20, 2011 we added addition advisory services.

On July 28, 2010, the United States Securities and Exchange Commission published "Amendments to Form ADV" which amends the format of the disclosure document that we provide to clients. This Brochure dated March 31, 2011 is a new document prepared in accordance with the new requirement. You will note that this document is materially different in structure and includes new information.

In the future, this Item will only discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes.

Our brochure is always available by contacting Debra Wentworth, VP Operations & Chief Compliance Officer (CCO) at 800-851-8431 or debbie@graniteinv.com. The brochure is also available electronically using the link on our website: www.graniteinvestmentadvisors.com

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Advisory Business

Firm Description

Granite was founded in 1983 as E. R. Taylor Investments. In 2001, the firm was acquired by the publicly traded firm Boston Private Financial Holdings, Inc. It was a wholly owned subsidiary. In April 2009, Granite Investment Advisors Holdings, Inc. purchased the firm from Boston Private Financial Holdings, Inc. and changed the name to Granite. The firm's main office is located in Concord, NH with a satellite location in Williamstown, MA.

Principal Owners

The firm is owned by its three principals with Scott Schermerhorn, CEO, owning in excess of 25% of the parent company.

Types of Advisory Services

Investment Management Services – Separate Accounts

Granite is an investment advisor that manages client portfolios on a discretionary basis. Discretionary means that upon signing a contract with Granite, clients give us the authority to execute trades (buys and sells) of securities on their behalf. Granite will take instruction to restrict certain securities from being traded on the client's behalf. As of 12/31/11, of the \$496,028,991 in assets under management, \$4,755,519 was non-discretionary.

Granite builds and manages customized investment portfolios for affluent individuals, corporations and non-profit institutions. Our clients include private individuals and families, foundations, endowments, corporations, and public employee retirement funds. Types of accounts managed include: corporate non-retirement, defined benefit (corporate and public), defined contribution, endowment, foundation, individual IRA, individual non-IRA, and trust accounts.

Granite also offers financial planning services to our investment management clients. Granite's professional team includes a Certified Financial Planner™ (CFP®) with more than 25 years experience managing client relationships. Dudley "Trip" Millikin, CFP®, assists clients in establishing new financial or estate plans and year-end gifting strategies. He is also available to analyze or update client's existing financial plans. Trip is particularly knowledgeable in the financial planning aspects of trust administration. Clients do not pay an additional charge for this service.

Investment Management Services – The Granite Value Fund

Granite has been retained to serve as investment adviser to the Granite Value Fund ("the Fund"). Granite has overall supervisory management responsibility for the general management and investment of the Fund's portfolio. Huntington Asset Services, Inc. and its affiliates provide administration, accounting, transfer agency and custodial services to the Fund. ***Distributed by Unified Financial Securities, Inc., 2960 North Meridian Street, Suite 300, Indianapolis, IN 46208. (Member FINRA).***

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Fund before investing. The Fund's prospectus contains this and other information about the Fund, and should be read carefully before investing. You may obtain a current copy of the Fund's prospectus by calling 1-888-442-9893 or by writing Huntington Asset Services, Inc., the Fund's transfer agent, at P.O. Box 6110, Indianapolis, Indiana 46206-6110. Past performance is no guarantee of future results.

Research Services

The company provides research and portfolio investment recommendations to Union Bank for use and implementation by Union Bank's Trust & Investment Services department. The Company provides Union Bank with research services. It does not provide brokerage execution or additional services. The company's fees for these services are negotiated pursuant to an Investment Consultant Agreement with Union Bank. Based on Union Bank's size, the company does not feel that its clients would be disadvantaged by any block trades made by Union Bank on behalf of its clients.

Fees and Compensation

Fees are determined based on the type, size and composition of the account. Fees are billed quarterly for all clients.

High Net Worth Clients

Fees payable by **clients** for the services of Granite and shall be calculated on the assessed market value of all assets and based on the tiered schedule as follows:

- First \$1 million – 112.5 basis points (1.125% annually)
- Next \$1.5 million – 100 basis points (1.000% annually)
- Balance over \$2.5 million – 75 basis points (0.750% annually)

Institutional Clients

Fees payable by the **institutional client (introduced by a professional investment consultant)** for the services of Granite shall be calculated on the assessed market value of all assets and based on the tiered schedule as follows:

- First \$10 million - 75 basis points (0.75% annually)
- Next \$15 million - 65 basis points (0.65% annually)
- Next \$25 million - 55 basis points (0.55% annually)
- Next \$50 million - 45 basis points (0.45% annually)
- Balance over \$100 million - 35 basis points (0.35% annually)

It is agreed by the Client that the fee will be payable in advance. Clients can either pay directly or authorize Granite to have the fees debited directly from their account with their custodian (broker/bank). Invoices are typically generated in the first month of the quarter and fees are payable upon receipt of invoice. Accounts not managed for a full quarter are billed on a prorated basis. If an account closes in a quarter, the fee will also be prorated. Accordingly, any earned, unpaid fees will be due and payable. A client may terminate their account at any time by forwarding written notification to this office.

Granite's fees are exclusive of any fees that may be charged by the custodian (commissions, custodial fees, etc). Granite does not receive any portion of these fees but may receive research services (see Brokerage Practices).

Granite may manage accounts beneficially owned by employees or family members and may reduce or waive its normal fee in these circumstances.

Performance Fees and Side-by-Side Management

Granite does not charge any performance-based fees.

Types of Clients

Our clients include private individuals and families, foundations, endowments, corporations, and public employee retirement funds.

Generally, a minimum investment of \$1,000,000 is required. The acceptance of a client below this minimum will be determined by a number of factors including but not limited to: client's assets available for management, choice of custodian, expected level of service, preexisting account relationships, and minimum account fees.

Methods of Analysis, Investment Strategies and Risk of Loss

Granite offers two main investment strategies:

1. The **Equity Strategy** is comprised mainly of individual stock holdings. Equity accounts typically hold stocks in a range of 90 to 100% of the total portfolio.
2. **Balanced Strategy** is comprised of a mix of individual stock and bond holdings. Balanced accounts typically hold stocks in a range of 40 to 70%, and bonds and cash in a range of 30 to 60% of the total portfolio.

We work with each client to evaluate which strategy is best for them based on their **investment objectives** (what they intend to use the money for), **time horizons** (when they need the money), and **risk tolerance** (how do they feel about the possibility of losing money, can they handle market volatility).

Regardless of strategy the possibility of loss is inherent in any investment.

Granite uses fundamental and quantitative analysis of individual equity (stock) and fixed income (bond) holdings to create investment portfolios for clients.

Equity Investment Process

Step 1: Screening – We start with companies with market capitalization greater than \$2.5 billion. We screen for companies with above average or improving profitability selling at below average valuations. We analyze the resulting companies looking for the most profitable (or anticipation of profitability), change dynamics, and most undervalued using valuation and return on capital (ROC) measurements.

Step 2: Fundamental Analysis - We assess a company's competitive position, analyze financial statements, and interview company management, customers, and competitors.

Step 3: Valuation Analysis – We determine the fair value of a company using a discounted free cash flow model. We purchase stock in companies that we believe to be at least 25% undervalued.

Step 4: Portfolio Construction - We build portfolios with concentrated holdings to capture excess returns. A typical portfolio will hold 30 to 35 positions with an average position size of 3 to 5%. We diversify exposure across economic sectors.

Fixed Income Process

Step 1: Determine a Client Specific Strategy - We review each client's annual income needs, tax status, and risk tolerance. We choose among US Treasury, US Government Agencies, investment grade corporate bonds, and tax-free municipal bonds.

Step 2: Portfolio Positioning - We position our portfolios along the yield curve based on our assessment of where we are in the economic cycle, the level of nominal and real rates compared to historical data, the shape of the yield curve, the outlook for inflation, and the direction of monetary policy.

Step 3: Portfolio Construction - We examine the actual terms of the bonds themselves including call protection, sinking fund provisions, and collateral (if any). For municipals we also examine the relative strength of the taxing authority behind the bonds, i.e. are the bonds general obligations of the state of issuance backed by its full taxing authority, or is the bond backed by a specific revenue stream based on consumer usage of a public facility.

The material risks involved in our equity and balanced strategies are inherent in any investment; that is that the market for a stock or bond holding declines creating a loss of value from the original purchase date of the security. There are no unusual risks involved in our investment strategies. We typically invest in widely traded large capitalization companies which we believe are selling at a discount to the market. We invest for the long term; our average holding period for the securities in our portfolios is four years which means that we do not incur unusual trading costs.

Disciplinary Information

There are no reportable items for this section.

Other Financial Industry Activities and Affiliations

Granite does not participate in any other industry business activities.

Code of Ethics

Granite employees are governed by a Code of Ethics. The Code of Ethics covers the following areas: restrictions on personal securities transactions, reporting requirements, use of inside information, other conflicts of interest, other transactions, background information and review of reports and oversight of the Code of Ethics. A copy of the entire Code is available upon request.

No employee may engage in personal securities transactions involving any securities which are being bought or sold on behalf of clients until one trading day after such buying or selling is completed or cancelled. Situations may arise where cash inflows and outflows may force portfolio managers to initiate previously unforeseen purchase or sale programs of securities on behalf of client accounts. Should a security be bought or sold for a client account under these circumstances, employees who may have bought or sold the same security within one trading day may be deemed not to be in violation of the Firm's personal trading policy.

Brokerage Practices

Choosing a Custodian

Clients may select their own broker or custodian. If there is no present relationship, several alternatives are suggested. We will only suggest relationships where discounts are available, although these may not be the lowest available. We consider the financial strength of the brokerage firm or bank and the efficiency with which the trades are affected.

If instructed by a client to do so, Granite (the "Advisor") will effect all transactions on such clients' behalf through a specified broker, unless it is not possible to effect a particular brokerage transaction through such broker. By effecting brokerage transactions through a specified broker for a particular client, such client may not receive best execution in certain transactions for reasons including, but not limited to, the following: (i) the Advisor will not negotiate brokerage commissions on behalf of such client; (ii) the Advisor may be indirectly compensating such brokers when they charge commission rates higher than those that that Advisor negotiates for other clients; (iii) such client will forgo benefits from savings on execution costs that may otherwise be obtained, such as volume discounts received by batching or aggregating client orders; and (iv) the client may incur brokerage charges which are higher than those incurred by other clients of the Advisor. In addition, there is a potential conflict of interest when a client referred to us by a broker directs us to use that broker because we have an interest in obtaining future referrals from that broker, and this desire for future referrals may be in conflict with our obligation to achieve best execution on behalf of the client.

Granite may receive training, additional benefits and/or services from custodians that are not available to retail clients based on Granite's client asset levels. The benefits may be used for all clients and not just those with assets at that custodian.

Research and Other Soft Dollar Benefits

As of this filing, we soft-dollar a real-time market intelligence product from Street Account, LLC through BNY Mellon. We earn soft-dollars when we trade with particular custodians. Our soft-dollar ratio is 1.5 to 1.0; meaning for every \$1 we expense through BNY, we must pay them \$1.50 in soft dollars. The services we are using soft-dollars for are used by our research staff for the benefit of all clients in the selection of securities to be purchased or sold.

Some broker/dealers may be selected who provide additional research services to Granite. These research services may include advice concerning the value and availability of securities, the advisability of investing in, purchasing or selling securities, and the analysis of reports concerning issuers, industries, securities, economic factors and trends. Some of these services may be of value to Granite in advising its clients. The advisory fees paid to Granite by its clients are not reduced because it receives the services mentioned above.

The broker/dealers who provide these research services to Granite may receive commissions which are slightly higher than the amount of commissions which other broker/dealers may have charged for effecting the same transactions, however, this will only occur if Granite had determined that this additional compensation is reasonable in relation to the value of the firms' brokerage and research services and when viewed in terms of the particular transactions and Granite overall advisory responsibilities with respect to its clients. Certain services provided to Granite may include administrative support services or products, and in this case, Granite makes a reasonable, good faith allocation of expenses between research services to be paid in soft dollars and administrative services or products for which it pays directly; however clients should be aware that this procedure may pose a conflict of interest between Granite's obligation to achieve best execution and its desire to obtain certain administrative services or products.

All brokerage commissions will be borne by the client and are not included as part of the advisory fees paid to Granite.

Directed Brokerage

In circumstances where a client directs us to use a particular broker, the potential conflict between our client's interest in obtaining best execution of their trade and our interest in receiving future referrals from the directed broker is due to the fact that the direction from a client to use a particular broker may result in referrals of additional clients and business to us by such broker.

When the account is located at a bank, generally all trades will be executed at the prevailing institutional rate for the size of the account as is in use. For some clients, the location of the brokerage firm or bank may also be a consideration.

Trade Allocations

Although investment decisions for each of our clients will be made by us independently from the investment recommendations or determinations made on behalf of other clients, from time to time, investments deemed appropriate for one client may also be deemed appropriate for other clients, so that the same security may be purchased or sold at or about the same time for more than one client. If we purchase or sell the same security for more than one account at or about the same time, we may aggregate or “bunch” the orders. We will not aggregate orders unless we believe that aggregation is in the best interests of all clients involved, is consistent with our duty to seek best execution for its clients and is consistent with the terms of our investment advisory agreement with each client for whom orders are being aggregated.

Nevertheless, there is no assurance that aggregation of orders will benefit all clients equally, and in some instances combined orders could adversely affect the price or volume of a security. When orders are aggregated, the actual prices and transaction costs applicable to the trades will be averaged, and the accounts will be deemed to have purchased or sold their proportionate share of the securities involved at the average price so obtained. For certain transactions involving fixed income securities, it may not be beneficial to the clients involved in the transaction to allocate the securities pro rata based on the original order(s), as in some cases this could result in fractional bonds. In these instances, we will re-evaluate the suitability of the investment for the accounts involved in the order(s) and allocate accordingly. For all aggregated orders, a pre-execution aggregation statement, indicating the participating client accounts and the method of allocation among accounts if other than pro rata, will be used. If an order must be allocated in a manner different from that on the aggregation statement, all participating clients will receive fair and equitable treatment.

Review of Accounts

Accounts are reviewed quarterly for objective and discretion. The accounts are reviewed first by Debra Wentworth and then by the managing portfolio manager (listed below):

Scott B. Schermerhorn, Principal
Timothy S. Lesko, Principal
Richard B. Morgan, Principal
Michael L. Timm, Portfolio Manager
Joyce M. Skaperdas, Portfolio Manager
Reese W. Hughes, Portfolio Manager
Ryan M. Comstock, Portfolio Manager

Accounts are reviewed when the investment committee decides to purchase a stock. This review is to ensure that the security is appropriate for that account and its objective. When a new security is purchased, an Investment Thesis is sent to the clients for whom it was purchased.

We communicate with our clients in several ways. On a quarterly basis, we provide clients with a letter that contains comments on current economic and market conditions along with reports specific to their accounts. At least quarterly, we send an Insights newsletter discussing pertinent topics. Quarterly we have a conference call for our clients to discuss what is happening in the market and current economic events. We maintain a website that can be accessed by going to either www.grainteinv.com or www.graniteinvestmentadvisors.com and a blog at www.granitesedge.com.

Client Referrals and Other Compensation

Solicitor Arrangements - External

Granite has a contractual agreement with Strategic Pension Planning, LLC for which it compensates Strategic 25% of the quarterly fee billed to the client. Strategic Pension Planning agrees to hold in confidence and not to disclose or use for its own benefit any confidential information of Granite.

Granite has a contractual agreement with James V. Ash for which it compensates him 25% of the quarterly fee billed to the client in year one and 20% in year two. Mr. Ash agrees to hold in confidence and not to disclose or use for his own benefit any confidential information of Granite.

Granite has a contractual agreement with Lewis E. Gilman, Jr. for which it compensates him 25% of the quarterly fee billed to the client for two years. Mr. Gilman agrees to hold in confidence and not to disclose or use for his own benefit any confidential information of Granite.

Granite has a contractual agreement with Witter Partners, LLC for which it compensates them 60% of the quarterly fee billed to the client. Witter Partners agrees to hold in confidence and not to disclose or use for its own benefit any confidential information of Granite.

Solicitor Arrangements - Internal

Granite may compensate certain employees who refer client advisory business to the Company. Any commission/referral payments made to such employees are paid directly by Granite and will not result in any increased fees or charges to the client.

Custody

With the exception of being given the ability to deduct management fee payments from client accounts, Granite's contract provides that under no other circumstances will it obtain direct custody of any client funds or securities.

It is recommended that clients carefully review the custodial statements that they receive with the reports prepared by Granite. Our reports may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies. All questions regarding variations can be directed to either your portfolio manager or the operations manager. Granite reports quarterly to its clients however if questions arise prior to the quarterly distribution, we certainly want to hear from you.

In limited circumstances, a principal or employee of Granite may serve as a trustee for a trust which may or may not be a client of Granite. Trustees in such situations do not receive a fee.

Investment Discretion

Clients sign a contract giving Granite discretionary authority to execute the purchase and sale of securities on their behalf. Discretion is exercised in a manner consistent with the investment objectives set out at the beginning of an investment management relationship. It is important to communicate any changes in your investment objectives.

Voting Client Securities

Proxy Voting Policy

Granite Investment Advisors, Inc. believes that corporate proxies have economic value and we encourage clients to be involved in the investment process by voting proxies on the stocks in their portfolio. We assume that clients choose to vote their proxies unless we are instructed otherwise in writing. For ERISA accounts, the plan documents should state clearly who has authority and responsibility to vote all proxies. In general, Granite will vote responsibly on proxy issues in a manner which, in our best judgment, will represent the best interests of the beneficiary of the shares voted. This judgment shall be made independently and with complete objectivity. Contact Debra Wentworth, VP Operations & Chief Compliance Officer (CCO), for a copy of Granite's voting history.

Procedure

When a client elects for Granite to assume the responsibility of voting proxies, the following procedures will be in place:

- Upon receipt, proxy statements shall be read, reviewed and voted by an appointee of management in accordance with the policy outlined below.
- Unusual proposals will be reviewed as they arise and if necessary, will be brought before a regular investment committee meeting for broader discussion.
- Upon written request, a quarterly review of proxy activity will be provided. It will include the following information:
 - Companies issuing proxy material
 - Issues and/or shareholder proposals
 - Our vote

Any deviations from our standard policy or from the policy stated specifically in the client's portfolio documentation would be noted and explained.

In the event that Granite overrides its proxy voting guidelines on a company that is on Granite's list of business relationships, the CCO will determine whether there is potential for material conflict of interest and will notify any holders of that stock that there may be a conflict of interest prior to submitting the vote to allow time for them to evaluate the decision. CCO will maintain a list accounts that are also publicly traded and will update as needed.

Summary of Policy Guidelines

Our standard policy is determined by the overwhelming responsibility of fiduciary duty to our clients. In light of this, the primary considerations in determining our response to proxy issues are the two questions below:

1. Is the proposal in the long-term best interests of the shareholders?
2. What is the ultimate cost to the company of implementing a shareholder recommendation?

A summary of common issues follows:

(We gratefully acknowledge the work of the CFA[®] Institute in providing us with the following summary of proxy issues and their assistance in developing a comprehensive policy for proxy procedures.)

Corporate Governance

Confidentiality of voting... We support this issue and believe it will eliminate open or covert pressure to vote with management and encourage votes solely on the merit of the proposal.

Annual election of directors... We support this issue and feel strongly that the Board of Directors should be accountable to shareholders on an annual basis.

Composition of the board... It is in the shareholders' interests to have a diverse board composed significantly of disinterested parties. Members of the Board of Directors should have more than a token ownership of company stock and ideally, should also represent not more than two other companies.

Majority Voting – We support majority voting in order to keep underperforming directors accountable for their actions. Under plurality voting rules an uncontested director can be elected by just one “for” vote. By choosing this voting standard, directors will be more cognizant of whether or not there is majority support for the decisions they make which should help align their interests with that of the shareholders. (Instituted 9/27/11)

Equity Retention Policy – We support shareholder proposals that either institute or continue to require some sort of equity retention for senior executives and or directors. By requiring these executives to hold equity in the company for a period of time after they leave or retire it ensures their interests are aligned with shareholders. With their own money at risk, presumably this type of policy would make sure that departing executives stay focused on the long term health of the company both before and after they leave. (Instituted 9/27/11)

Equal access to proxy statements... This issue requires an analysis of the tradeoff between costs to the company and the assurance that all stockholders will receive complete information on all director nominees and all proposals.

Indemnification of management or directors or both against negligent, imprudent, or unreasonable action... Given the increasingly litigious environment of corporate activity, we support this issue if management feels it is necessary to attract good directors. A review of management performance will provide a backdrop to decisions on this issue.

Cumulative voting... We do not support cumulative voting because it may give preference to individual shareholders or a minority class of shareholders. The growing activism of shareholders in general will mitigate the possibility that a lack of cumulative voting may prevent a substantial shareholder from having a voice on the board.

Limitation on shareholder rights to remove directors, amend bylaws, fill board vacancies, call special meetings, nominate directors, act by written consent, or other actions to limit or abolish shareholder rights to act independently... In almost all cases, we will not support any limitation on shareholder rights.

Proposals to permit management discretion to issue “blank check” stock without prior shareholder approval... Depending on a review of management’s successful history, we will in general not support this proposal as it may serve to entrench management at the expense of shareholder interests.

Takeover Defense and Related Actions

Proposals involving tender offers and mergers... each situation will be reviewed on its own merits.

Fair price provisions... each situation will be reviewed on its own merits.

Some increase in authorized shares and /or creation of new classes of common or preferred stock... each case is unique, but in general we prefer management to grow the company via equity rather than debt, which may be the alternative.

Proposals to introduce or eliminate greenmail provisions... each case will be reviewed on its own merit.

Proposals to reevaluate in-place “shark repellants”... will generally be supported, although specific instances may point in the other direction.

Shareholders rights plans (poison pills)... will be reviewed on an individual basis.

Compensation Plans

Stock option plans and/or stock appreciation rights plans... will generally be supported as we encourage management to increase their stake in the equity of the company.

Profit incentive plans and employee stock purchase plans... will generally be supported for the above reason.

Extension of stock option grants to outside directors... will generally be supported for the above reason.

Stock option plans and other stock bonus plans, including those permitting issuance of loans to management or selected employees with authority to sell stock purchased by the loan without immediate repayment, or that are overly generous (below market price or with appreciation rights paying the difference between option price and the stock, or permit pyramiding or the directors to lower the purchase price of outstanding options)... will be reviewed on an individual basis, keeping in mind management performance and the overall compensation package.

Incentive plans effective in the event of hostile takeovers or mergers (golden and tin parachutes)... will be discouraged.

Proposals creating an unusually favorable compensation structure in advance of sale of company... will be discouraged.

Proposals that fail to link executive compensation to management performance (including golden handcuffs)... will be discouraged.

Capital Structure, Classes of Stock and Recapitalization

Dual class recapitalizations... will be supported only if existing shareholders retain their equity percentage and voting rights with the company.

Proposals to reincorporate or reorganize into a holding company... will be supported if it will reduce regulatory corporate restrictions, and if management's interest in diversifying seems reasonable and well thought out.

Proposals designed to discourage mergers and acquisitions in advance... will be discouraged unless management's track record is superb and the proposal is clearly in the shareholders' long-term best interests.

Proposals to change state of incorporation to a state less favorable to shareholder interests... will be discouraged, especially if the sole reason for the proposal is to protect current management position.

Social Responsibility

Our general stance on issues of social responsibility is that we will support increased disclosure in virtually all cases. Given our fiduciary responsibility to our clients, in most cases we will not support proposals that would result in significantly increased costs or an impairment of the company's competitive position in the industry. Naturally, these are the issues on which we expect our client-directed proxy decisions to differ the most significantly from our standard policy.

Common issues, some of which are highlighted, are noted below.

- Environment... We support economic responsibility and the Valdez Principles in theory but the costs of implementation may be extremely high. Because management is in the best position to analyze the costs of implementation, we will generally vote with management in its stance on the environment in general or the Valdez Principles, specifically.
- Apartheid... If a company has material interests in South Africa, we would encourage management to support the Sullivan Principles. Disclosures of disinvestments above and beyond this may not be in the shareholders' best interests.
- Abortion... We will not support any proposals suggesting that management take any stand on this issue.
- Religious rights
- Community-related economic growth
- Animal testing
- Human rights
- Nuclear weapons and energy generating facilities
- Defense

Financial Information

Granite does not have any financial impairment that will preclude the firm from meeting its contractual commitments to its clients. As we do not serve as custodian for client assets, a balance sheet is not required to be provided.

Privacy Notice

At Granite, protecting the privacy and confidentiality of your personal information is important to our employees and to us. We value your business and the trust you put in Granite. To offer you the financial products and services you seek, we collect, maintain and use information about you on a routine basis. To help you better understand how your personal information is protected here at Granite, we are providing you with the following statement describing our practices and policies with respect to the privacy of customer information. In the event you terminate your client relationship with us, or become an inactive client, we will continue to adhere to the policies and practices described in this notice.

Information We Collect

As a trusted investment advisor, we collect, retain and use nonpublic personal information about individual clients to provide products and services to our clients. We may collect nonpublic personal information about you from such sources as: 1. Applications or other forms; 2. Information about your transaction with us, or others.

Who Receives Information and Why

All of the information Granite collects is used for only one purpose: to help deliver the services you've requested, easily and efficiently. It may also permit Granite to design and offer specific products that will be useful to you. Granite does not disclose any non-public personal information about our clients or former clients to anyone, except as permitted by law.

Service Providers

At times, Granite will enter into arrangements with companies or firms whose expertise is essential for Granite's own services to function properly or to complete transactions. For example, Granite works with specialized firms that provide computer consultation. As permitted by law, certain service providers have access to customer information that is necessary to perform these functions. Granite's service providers are required to safeguard your information and use it only for authorized purposes.

How We Protect Your Information

We understand that the protection of your nonpublic personal information is of the utmost importance. Guarding your privacy is our obligation. Granite maintains strict procedures and policies to safeguard your privacy. We restrict employee access to customer information to only those who have a business reason to know such information, and we educate our employees about the importance of confidentiality and client privacy.

Where to Find Out More

If you have any questions about our privacy program or the way your information is maintained and used, we would like to hear from you. Please call us at (603) 226-6600, or write to:

Debra Wentworth
VP Operations & CCO
Granite Investment Advisors, Inc.
PO Box 2090
Concord, NH 03302-2090

Your trust is important and Granite is committed to protecting your privacy, whether you do business with our company in person, by telephone or by mail. Thank you for choosing Granite.



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**Firm Brochure for High Net Worth and Institutional Clients
Supplement
(Part 2B of Form ADV)**

Updated: March 27, 2012

This brochure supplement provides information about Granite's supervised persons that supplements the Granite brochure. You should have received a copy of that brochure. Please contact Debra Wentworth, VP Operations & Chief Compliance Officer (CCO), if you did not receive Granite's brochure or if you have any questions about the contents of this supplement.

Any employee giving specific investment advice to clients will be an investment professional possessing a college degree and/or prior experience in finance and investments.

CFA® requirements: To earn the CFA® charter, the individual must successfully pass through the CFA® Program, a graduate-level self-study program that combines a broad curriculum with professional conduct requirements, culminating in three sequential exams. Members must annually complete and sign a Professional Conduct Statement, disclosing any allegations of professional misconduct. For additional information, go to the CFA®'s website at www.CFAinstitute.org.

CFP® requirements: To earn the CFP® designation, the individual must have at least a bachelor's degree or equivalent, successfully pass the CFP® exam, and meet the experience and ethics requirements. For additional information, go to the CFP® website at www.CFP.net.

Scott B. Schermerhorn, Born 1960
CIO/Managing Principal

Scott is responsible for the management of Granite and is Chief Investment Officer. His responsibilities also include: research, portfolio strategy and portfolio management. His research sectors are: consumer staples and consumer durables.

Educational Background:

Seton Hall University, MBA (1991)
Boston University, BA (1984)

Business Experience:

Granite - 4/1/09
Choate Investment Advisors, managing director (3 years)
Columbia Management Group, supervisor (5 years)
Colonial Management Associates, value team head (2 years)
Federated Investors, portfolio manager (2 years)
J. &W. Seligman & Company, senior investment officer (6 years)
Bank of NY, portfolio manager (1 year)
Dreman Value Management, portfolio manager (5 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: None

Supervision: Granite's investment decisions are made in a collaborative setting so Scott's investment ideas would be discussed with other Granite investment professionals. Any personal trading activity is reviewed by the VP Operations & Chief Compliance Officer, Debra Wentworth. Debra Wentworth's contact information: (603)410-6067 debbie@graniteinv.com

Ryan M. Comstock, CFP®, Born 1983
Investment Associate

Ryan is responsible for the trading function and research related to the utilities sector and fixed income.

Educational Background:

Southern New Hampshire University MBA (2011)
Merrimack College, BS (2006)

Business Experience:

Granite - (fulltime) 6/5/06; (intern – '04 – '05)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Ryan may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Ryan is supervised by Scott B. Schermerhorn, CEO. He reviews Ryan's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

<p>Reese W. Hughes, Born 1962 Senior Vice President Portfolio Management</p>
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Reese's primary responsibilities are business development and portfolio management.

Educational Background:

Williams College, BA (1985)

Business Experience:

Granite 7/30/2010

Legacy Banks, senior vice president/portfolio manager (8 years)

Williams College, senior development officer (5.5 years)

Moody's Investors Service, relationship manager (3 years)

Citicorp/Citibank, money market trader & coordinator (5 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Reese may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Reese is supervised by Scott B. Schermerhorn, CEO. He reviews Reese's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

<p>Timothy (Tim) S. Lesko, Born 1969 Principal</p>
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Tim is responsible for management of Granite along with Scott and is also responsible for portfolio management and the research related to the technology sector.

Educational Background:

St. Lawrence University, BA (1991)

Business Experience:

Granite - 1/1/1999

Previous Experience:

Montgomery Securities - institutional sales (2 years)

Merrill Lynch – registered assistant financial consultant (1 year)

S. D. Warren Co – sales manager (3 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: None

Supervision: Tim is supervised by Scott B. Schermerhorn, CEO. He reviews Tim's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

Peter B. McManus, CFP[®], Born 1955
Senior Vice President Head of Institutional Business

Peter is responsible for expanding Granite's presence in the institutional marketplace.

Educational Background:

University of Massachusetts/Amherst (1977)

Business Experience:

Granite – 11/28/11
Cadence Capital Management LLC – principal (17 Years)
The Private Bank - Bank of Boston – vice president (3 Years)
Kanon Bloch Carre & Co. – principal (1 Year)
The Boston Company – vice president (5 Years)
Bank of New England – assistant vice president (2 Years)
Computervision – treasury analyst (2 Years)
First National Bank of Boston – foreign exchange officer (4 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Peter may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Peter is supervised by Scott B. Schermerhorn, CEO. He reviews Peter's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

Dudley (Trip) L. Millikin, III, CFP[®], Born 1959
Vice President Financial Planning

Trip is responsible for business development and managing client relationships. Trip also assists clients with financial and estate planning and year-end gifting strategies.

Educational Background:

Babson College, BS (1982)

Business Experience:

Granite - 6/30/03
Previous Experience:
Washington Trust Co. - vice president (4 years)
Bank of Boston - private banker (13 years)
Fidelity Investments - assistant product manager (3 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Trip may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Trip is supervised by Scott B. Schermerhorn, CEO. He reviews Trip's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

Richard (Rick) B. Morgan, Born 1941
Principal

Rick's primary responsibility is portfolio management.

Educational Background:

Columbia University, MBA (1965)
Colgate University, BA (1963)

Business Experience:

Granite - 3/3/03
Morgan Stanley - private wealth management investment rep
(26 years)
White Weld & Co. – private wealth management investment rep
(14 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: None

Supervision: Rick is supervised by Scott B. Schermerhorn, CEO. He reviews Rick's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

Joyce M. Skaperdas, Born 1965
Vice President Portfolio Management

Joyce's primary responsibilities are business development and portfolio management.

Educational Background:

Northeastern University, Masters in Taxation (1999)
University of NH, BA (1987)

Business Experience:

Granite - 1/25/10
BNY Mellon Wealth Management, vice president/portfolio manager (11 years)
Gannett, Welsh and Kotler, portfolio management/business development (9 years)
Paine Webber, registered sales assistant (2 years)
EF Hutton, broker trainee (2 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Joyce may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Joyce is supervised by Scott B. Schermerhorn, CEO. He reviews Joyce's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 •
scott@graniteinv.com

Craig D. Smith, CFA®, Born 1969
Vice President Research

Craig is responsible for equity research and analysis. He is responsible for research related to the financial and healthcare sectors.

Educational Background:

Duke University, Fuqua School of Business, MBA (1995)
Babson, BS (1991)

Business Experience:

Granite – 9/20/2010
Marble Harbor Investment Counsel, LLC, consultant (2 years)
Independence Investments, Inc. senior vice president (2 years)
Babson Capital Management, LLC, managing director (3+ years)
Liberty Funds Group, vice president (2+ years)
Fred Alger Management, Inc., vice president (3 years)
Federated Research Corp., investment analyst (2 years)
Breau Capital Management, security analyst (2 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Craig may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Craig is supervised by Scott B. Schermerhorn, CEO. He reviews Craig's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

Victor (Vic) G. Soucy, Jr., Born 1984
Investment Associate

Victor is responsible for the trading function along with assisting in the research process.

Educational Background:

Rivier College, BS (2007)

Business Experience:

Granite – 2011
Fidelity Investments – Premium Services Representative (3+ Years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Victor may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Victor is supervised by Scott B. Schermerhorn, CEO. He reviews Victor's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

James (Jim) G. Tatakis, Born 1966
Vice President Research

Jim is responsible for equity research and analysis. He is responsible for research related to the energy, industrials, and materials sectors.

Educational Background:

Bentley College, Masters of Finance (1997)
Babson College, BS (1988)

Business Experience:

Granite - 3/9/98
Previous Experience:
Franklin Research & Development, equity analyst intern (6 mos)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Jim may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Jim is supervised by Scott B. Schermerhorn, CEO. He reviews Jim's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com

Michael (Mike) L. Timm, Born 1950
Senior Vice President Portfolio Management

Mike is responsible for portfolio management, business development and fixed income research.

Educational Background:

Dartmouth College, Amos Tuck School of Business Administration, MBA (1975)
Yale University, BA (1972)

Business Experience:

Granite - 2/4/08
Hopkinton High School, educator (13.5 years)
Lodestone Group, LTD, principal (3 years)
Illinois Code Company, co-owner (15 years)
Goldman Sachs, fixed income sales and trading (11 years)
Mellon Bank, credit analyst (2 years)

Disciplinary Information: None

Outside Business Activities: None

Additional Compensation: Mike may receive compensation based on new accounts, client referrals, or sales. Any payments made are paid directly by Granite and will not result in any increased fees or charges to the client.

Supervision: Mike is supervised by Scott B. Schermerhorn, CEO. He reviews Mike's work through frequent office interactions. Scott Schermerhorn's contact information: (603)410-6174 scott@graniteinv.com