

Primary Business Name: LUMBARD & KELLNER, LLC	IARD/CRD Number: 117196/801-61888
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February 13, 2015

This brochure provides information about the qualifications and business practices of Lumbard & Kellner, LLC. If you have any questions about the contents of this brochure, please contact us at 603-465-7700. The information provided in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as a registered investment advisor does not imply a certain level of skill or training.

Additional information about Lumbard & Kellner, LLC is also available on the SEC's website at www.adviserinfo.sec.gov

Annual Summary of Material Changes –

Assets under management updated as of 12/31/2014 to \$154,597,072. All of these assets are managed on a discretionary basis.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was: March 25, 2014.

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Firm Brochure

Advisory Business

Lumbard & Kellner, LLC is a registered investment advisory firm which offers investment management services on a full discretionary basis. The firm was founded in 1990 by John A. Lumbard as a Limited Partnership with John as the general partner. The firm incorporated as a Limited Liability Company in 2004.

We strive to tailor our services to the individual needs of each client, but we do not handle all genres of investing. We market ourselves as “value” investors, with careful consideration given to a company’s earnings, the current multiple to earnings reflected in the stock price, and dividends.

As of 12/31/14 we had \$154,597,072 of assets under management. All of these assets are managed on a discretionary basis.

The firm does not provide portfolio management services or participate in any wrap fee programs.

Fees and Compensation

Lumbard & Kellner, LLC charges a percentage of assets under management for its services. Fees are deducted from the custodial account monthly; with fees being collected in arrears. The firm, or its employees, is not compensated in any other forms (hourly fee, performance-based fees, or any compensation attributable to purchase/sale of a security). The firm pays the cost of custody as part of its service; the client is responsible for brokerage and transactional costs. The firm does not engage in soft dollar arrangements with any brokers.

Fee Schedule

First	\$ 500,000*	1.1%
Next	\$ 1,000,000	0.80%
Above	\$ 1,500,000	1/2 of 1%

*Fees are generally not negotiable, but the firm has made special arrangements under certain circumstances and reserves the right to do so in the future.

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Types of Clients

The firm offers its services to high net worth individuals and other than high net worth individuals. From time to time, the firm may also offer its services to trusts, estates, charitable organizations, pensions, and profit sharing plans. The firm requires a new account to be a minimum of \$1.5 million in assets; this can be spread over multiple accounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of total loss; thus clients should be prepared to bear this risk. Lumbard Investment Counseling uses a fundamental approach to valuing securities and making investment decisions. The firm uses many different methods of assessing the value of each security.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk. The risk assumed is that the market will fail to reach expectations of perceived value.

Equity

The firm looks at a company's future earning potential and then applies what it feels is a reasonable multiple to those earnings in order to gauge the attractiveness of the current market price. The firm also takes into consideration the dividend and yield, and their relationship to the expected total return. The firm examines the quality of a company's management and judges whether they have exercised prudence and good judgment. All this is viewed in the light of the current economic cycle and the firm's economic forecast.

Fixed Income

The firm looks at fixed income securities as a source of income and potential appreciation. We typically do not buy fixed income securities with the intent to hold until maturity, as we are ever mindful of the eroding power of inflation. The firm considers many metrics when analyzing a fixed income security. These metrics include, but are not limited to, duration, credit quality, yield to maturity, and features such as puttable/callable. These factors are all combined with the firm's opinion of the economic forecast.

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Alternative Investments

The firm frequently invests a modest percentage of client assets in exchange-traded funds (ETF) that offer the opportunity to hedge against a decline in the value of commodities, currencies, stocks, or bonds.

General Risks

The Advisor does not primarily recommend one particular type of security. However, with any investment you could lose all or part of your investments managed by the firm, and your account's performance could trail that of other investments. Some of those risks are:

Asset Class Risk

Securities in your portfolio(s) or in underlying investments such as mutual funds may underperform in comparison to the general securities markets or other asset classes.

Concentration Risk

To the extent that the firm recommends portfolio allocations that are concentrated in a particular market, industry or asset class, your portfolio may be susceptible to loss due to adverse occurrences affecting that market, industry, or asset class.

Equity Securities Risk

Equity securities are subject to changes in value that may be attributable to market perception of a particular issuer or general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than other types of investments.

Growth Securities Risk

Growth companies are companies whose earnings growth potential appears to be greater than the market, in general, and whose revenue growth is expected to continue over an extended period. Stocks of growth companies or "growth securities" have market values that may be more volatile than those of other types of investments. Growth securities typically do not pay a dividend, which may help cushion stock prices in market downturns and reduce potential losses.

Issuer Risk

Your account's performance depends on the performance of individual securities in which your account invests. Any issuers may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, or other factors. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

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Management Risk

The performance of your account is subject to the risk that our investment management strategy may not produce the intended results.

Market Risk

Your account could lose money over short periods due to short-term market movements and over longer periods during market downturns. The value of a security may decline due to general market conditions, economic trends, or events that are not specifically related to the issuer of the security or to factors that affect a particular industry or industries. During a general downturn in the securities markets, multiple asset classes may be negatively affected.

Market Trading Risks

Your investment account faces numerous market trading risks, including the potential lack of an active market for investments held in your account and losses from trading in secondary markets.

Passive Investment Risk

The firm may use a passive investment strategy that is not actively managed where we do not attempt to take defensive positions in declining markets.

Larger Company Securities Risk

Securities of companies with larger market capitalizations may underperform securities of companies with smaller and mid-sized market capitalizations in certain economic environments. Larger, more established companies might be unable to react as quickly to new competitive challenges, such as changes in technology and consumer tastes. Some larger companies may be unable to grow at rates higher than the fastest growing smaller companies, especially during extended periods of economic expansion.

Liquidity Risk

A security may not be able to be sold at the time desired without adversely affecting the price.

Regulatory Risk

Changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

Smaller Company Securities Risk

Securities of companies with smaller market capitalizations, historically, tend to be more volatile and less liquid than larger company stocks. Smaller companies may have no or relatively short operating histories, or be newly public companies. Some of these companies have aggressive capital structures, including high debt levels, or are involved in rapidly growing or changing industries and/or new technologies, which pose additional risks.

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Value Style Investment Risk

Value stocks can perform differently from the market as a whole and from other types of stocks. Value stocks may be purchased based upon the belief that a given security may be out of favor. Value investing seeks to identify stocks that have depressed valuations, based upon a number of factors which are thought to be temporary in nature, and to sell them at superior profits when their prices rise when the issues which caused the valuation of the stock to be depressed are resolved. While certain value stocks may increase in value more quickly during periods of anticipated economic upturn, they may also lose value more quickly in periods of anticipated economic downturn. Furthermore, there is a risk that the factors which caused the depressed valuations are longer term or even permanent in nature, and that there will not be any rise in value. Finally, there is the increased risk in such situations that such companies may not have sufficient resources to continue as ongoing businesses, which would result in the stock of such companies potentially becoming worthless.

Small Firm Risk

We are reliant on research from Wall Street's leading firms—including hedge funds—to help us in our investment decisions. In addition, we do not have the financial resources that other, larger firms have to invest in market data systems or industry consultants to provide insight on specific companies or industries in which we may invest.

Disciplinary Events

No one at the firm and its management personnel has ever been accused, convicted of, or is pending investigation into investment-related impropriety from a foreign or domestic securities regulatory body (such as the SEC), a foreign, domestic, or military court, self-regulatory organization (SRO), or professional trade association.

Other Financial Industry Activities and Affiliations

The firm has no formal relationships with any other financial industry participants. In the normal course of business we do interact with and are asked to recommend the services of other investment related professionals (accountant, financial planner, and/or estate attorney). We do pass along contact information and describe any experience we've had with the professional. We do not receive any referral or kickback from these individuals, nor do we pay any other professionals if they provide us with a prospect/client. The firm feels that referral fee programs pose a conflict of interest and thus prefer to avoid the practice all together.

The firm does not recommend or select other investment advisers for clients.

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Code of Ethics, Participation in Client Transactions and Personal Trading

The firm is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. The firm has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. In addition, the Code of Ethics governs personal trading by each employee of the firm deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of the firm are conducted in a manner that avoids any conflict of interest between such persons and clients of the firm or its affiliates. The firm collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. The firm maintains a code of ethics and will provide a copy to any client or prospective client upon request.

The firm does not recommend, or buy or sell for client accounts, securities in which any member or related member of the firm has a material financial interest.

Employees are permitted to trade in personal accounts, as long as they do not benefit from employee trades (i.e. front running). Employees must wait for client account transactions to execute before they trade for their own accounts. Employee accounts that are managed alongside other client accounts may trade simultaneously with those client accounts (such as block trades).

The firm requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics. As previously mentioned, the firm collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest.

Brokerage Practices

The firm selects brokers on price and best execution; with the understanding that best execution is not always the lowest price. We consider part of best execution to be advice given on how to execute a particular trade with respect to trading strategy. The firm does not have soft dollar arrangements with any broker and only has access to research now customarily available for no cost to clients of a broker; we do not pay for brokerage research either out of commissions or by direct payment. We do not consider research availability as selection criteria for choosing brokers.

We do not permit client directed brokerage arrangements.

The firm does aggregate the purchase and sale of securities for various accounts, when multiple accounts will be trading in the same security. A partial fill trade order will be

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split among client accounts participating in an equitable manner, so as not to advantage or disadvantage one or multiple clients.

The cost of aggregate or block equity trades is typically similar to that of individual trades (provided the individual trade is above the minimum commission size). There is significant cost advantage to aggregating trades when purchasing or selling fixed income instruments, as the typical order size is much larger than equity trades.

Review of Accounts

All accounts will be continually reviewed and supervised by John Lombard, CFA, or Drew Kellner, CFA. Clients receive a written review and analysis of their holdings every three months, accompanying the monthly or quarterly statements provided by the custodian bank.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

In addition, clients receive Insight, a general commentary on the markets three times per year. There is no charge to clients or any prospective recipient of this newsletter.

Client Referrals and Other Compensation

The firm does not have a system of compensating (directly or indirectly) individuals or firms for referrals. The firm does not receive compensation (directly or indirectly) for referring business to other professionals, such as accountants, attorneys, or financial planners.

Custody

The firm does not have custody of the client's assets. Clients receive monthly or quarterly statements directly from their qualified custodian. Clients should carefully review those statements, along with any trade confirms furnished. Any discrepancies should be immediately brought to the firm's attention.

Investment Discretion

The firm has discretionary authority over client's investment accounts managed by the firm. During the account opening process the client enters into an Investment Management Agreement, where the client authorizes the firm to have discretionary authority. Clients may express wishes to have certain limits placed on the investment selection, but the firm reserves the right to terminate the relationship if the limitations prevent adequate management discretion.

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Voting Client Securities

The firm does not vote client securities. During the account opening process the client can choose whether to receive the proxy information, or have it sent to the firm. The client, at any time, may request in writing that voting material on securities in their accounts be sent directly to them.

Financial Information

Not Applicable – The firm does not require or solicit prepayment of management fees. Fees are collected in arrears.

The firm has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If the firm does become aware of any such financial condition, this brochure will be updated and clients will be notified.

The firm has not been subject to a bankruptcy petition during the past ten years.