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**Firm Brochure for 401(k) Advisory Clients
(Part 2A of Form ADV)**

Updated: November 25, 2015

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, Principal, Chief Compliance Officer (CCO) & VP Operations 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

This Item will only discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes. Our last annual update was on March 31, 2015.

Item 4 – Assets Under Management increased after asset purchase.

Our brochure is always available by contacting Debra Wentworth, Principal, Chief Compliance Officer (CCO) & VP Operations 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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Item 4 – 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 Investment Advisors, Inc. The firm has offices in Concord and Canaan NH.

Principal Owners

The firm is owned by its three principals with Scott Schermerhorn, CEO and Timothy Lesko owning 25% or more of the parent company.

Types of Advisory Services

Investment Management Services – 401(k) Advisory Accounts

Granite will partner with selected plan administration firms, including but not limited to Fidelity Investments, to provide investment advice to 401(k) plan sponsors. This advice will include annual review of the mutual funds and each plan's menu.

Granite will assist each plan by recommending mutual funds that meet specific criteria in each plan. Granite will assess the suitability of the funds that are selected or proposed in order to reach investors goals, risk appetite and expenses.

Granite's investment advice will be limited to matching plan and employee objectives to the menu of available funds.

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. With the completion of the asset purchase of PEG Capital Management on 6/30/15, the assets under management was \$715,234,166, with \$8,447,101 being non-discretionary.

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.

Item 5 – Fees and Compensation

Fees are determined based on the size and complexity of each account. The range of reasonable and customary fees for such services will range from 20 to 40 basis points (0.20% to 0.40% annually) of the plan asset. The fees will be billed quarterly in arrears.

Invoices are typically generated in the first month of the quarter and fees are payable upon receipt of invoice. If the contract is terminated in a quarter, the fee will also be prorated. Accordingly, any earned, unpaid fees will be due and payable. A client may terminate their contract 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. Granite may modify its standard fee arrangement causing certain clients to pay lower or no management fees.

Item 6 – Performance Fees and Side-by-Side Management

Granite does not charge any performance-based fees.

Item 7 – Types of Clients

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

A minimum market value of \$2,000,000 in the 401(k) Plan is required.

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

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.

Internal Analysis

Granite's portfolio monitoring process is based on following quantitative criteria.

1. Performance
2. Risk Adjusted Return
3. Volatility
4. Expense Ratios

Qualitative factors such as manager tenure, fund assets under management and mutual fund track record.

Outside Analysis

Granite may utilize outside mutual fund analytical tools such as Morningstar for additional research.

Granite will provide an executive summary annually to the plan sponsor which may include fund recommendations for employees and the plan sponsor to consider.

There are material risks involved in any investment; that is that the market for a mutual fund holding declines creating a loss of value from the original purchase date of the security.

Item 9 – Disciplinary Information

There are no reportable items for this section.

Item 10 – Other Financial Industry Activities and Affiliations

Granite does not participate in any other industry business activities.

Item 11 – 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 purchase any equity securities which have a market capitalization greater than or equal to \$2.5 billion or sell 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.

Item 12 – Brokerage Practices

Choosing a Custodian

Clients will use Fidelity Institutional.

Research and Other Soft Dollar Benefits

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, 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.

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

Directed Brokerage

Granite will not trade these accounts.

Trade Allocations

Granite will not trade these accounts.

Item 13 – Review of Accounts

The plan offerings will be reviewed annually by a portfolio manager or research analyst.

We maintain a website that can be accessed by going to either www.graniteinv.com or www.graniteinvestmentadvisors.com.

Item 14 – Client Referrals and Other Compensation

Solicitor Arrangements - External

Granite has no external solicitors as of October 2013. All contracts have been ended.

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.

Item 15 – Custody

Granite will not have custody of any assets in the 401(k) Plan.

Item 16 – Investment Discretion

Granite will not have investment discretion on the 401(k) Plan.

Item 17 – Voting Client Securities

Granite will not be responsible for voting proxies.

Item 18 – 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
Principal, Chief Compliance Officer (CCO) & VP Operations
Granite Investment Advisors, Inc.
6 Eagle Sq., 3rd Floor
Concord, NH 03301

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 Supplement for 401(k) Advisory Clients
(Part 2B of Form ADV)**

Updated: November 25, 2015

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, Principal, Chief Compliance Officer (CCO) & VP Operations, 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.

ADV Part 2B

Timothy S. Lesko	3
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Timothy (Tim) S. Lesko, Born 1969 Principal
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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

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: Managing Partner of Allegro Management LLC (created 12/31/12) which is a family partnership that owns rental properties. Tim collects rents and pays bills for the company after hours.

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