

BROCHURE

Cover Page - Form ADV Part 2A

Bacon & Company is an independent investment advisory firm managing security portfolios invested in U.S. capital markets for personal clients.

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This brochure provides information about the qualifications and business practices of Bacon & Company. If you have any questions about the contents of this brochure, please contact us.

The information is meant to comply with federal and state rules, but has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority including the State of California.

Material Changes: The firm's brochure has been revised to comply with the SEC's recently adopted uniform requirements.

Additional information about Bacon & Company also is available on the S.E.C.'s website at www.adviserinfo.sec.gov.

R. Lawrence Bacon, President

June 30, 2012

TABLE OF CONTENTS

Advisory Business

Fees and Compensation

Performance-Based Fees and Side-By-Side Management

Types of Clients

Methods of Analysis, Investment Strategies and Risk of Loss

Disciplinary Information

Other Financial Industry Activities and Affiliations

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

Brokerage Practices

Review of Accounts

Client Referrals and Other Compensation

Custody

Investment Discretion

Voting Client Securities

Financial Information

Requirements for State-Registered Advisers

Brochure Supplement

Advisory Business

R. Lawrence Bacon, President of Bacon & Company, revived the name of his family's investment firm and opened his wholly-owned investment advisory company in 1992, after serving 30 years with several major banking institutions. Started in San Francisco, the firm is now located in Carmel, California, and manages investment portfolios for personal clients. The firm invests in publicly traded securities listed in the U.S., including common stocks and fixed income obligations, as well as selected money market and other funds.

On risk and return

The history of our capital markets has shown that investors who take on added risk can expect to be rewarded over the longer-term with higher returns. The extent to which higher returns are sought, however, has to be matched with each client's ability to bear risk in the shorter-term. The stock market, as an asset class, is relatively volatile and may incur losses. Our investment programs start by incorporating this aspect into the objective for each account.

Market risk is managed for clients by deciding on how much to invest in three asset classes, stocks, bonds and money market obligations. At a second level, risk also is controlled by our policy of limiting investments to high quality securities, combined into diversified portfolios. Although the elements of risk may be managed, it is important to recognize that returns from the market are not under the control of the investment manager.

On asset allocation

The decision on how funds are allocated between the various asset classes bears significant weight in determining investment results. We employ a methodology for this decision that sets off expectations about risk and return factors in the capital markets against our assessment of the client's risk-taking ability. This approach to the asset allocation decision is expected to act over time to reduce risk and enhance return.

On common stocks

Examining many accounts over the years, investment portfolios that have sustained their commitment to common stocks generally have earned the greatest accumulation of wealth. These portfolios maintained exposure to equities through market cycles, invested in growing and profitable companies for the long term, and exhibited low rates of turnover in the holdings.

On fixed income investments

Although generating higher current income, fixed income securities can be expected to produce lower returns, at correspondingly lower levels of risk, than common stocks. We invest in bonds, notes and money market obligations to meet our client's income and liquidity requirements, to temper price volatility in the portfolio, and to protect capital value.

Assets under management

Client accounts under the firm's management may be invested in common stocks and other equity securities, in federal, state and corporate fixed income securities, or in a balanced account combining various asset classes. As of June 30, 2012, the market value of assets managed by the firm was approximately \$32.8 million, of which \$24.6 million represented equity investments. All accounts were managed on a fully discretionary basis, under investment objectives tailored to each client, and may include restrictions on the types of businesses (e.g., tobacco) held in the client's portfolio.

Fees and Compensation

The firm's fee schedule for investment management services is based on the market value for each account under management. Fees are payable quarterly in arrears according to the following annual schedule:

<u>Market Value of Assets</u>	<u>Fee Rate</u>
First \$2 million	1.00%
Next \$3 million	.75%
Balance of the assets	.50%

At the client's option, fees may be collected by means of an authorized deduction from the client's account or by direct billing sent to the client for payment. Depending on circumstances fees may be negotiable, and as an exception to the above schedule the firm may charge a flat fee. The firm believes that its fees are competitive, but is obliged to disclose that "lower fees for comparable services may be available from other sources."

Regarding other fees, the firm does not hold custody of assets, and clients may pay fees to custodians. While the firm is not compensated for trading activity, its clients will incur brokerage commissions and other transaction costs. For additional discussion of trading costs, please refer to the section of this brochure headed "Brokerage Practices." To the extent that assets are invested in mutual funds, clients are advised that additional expenses are imposed by these funds.

Performance-Based Fees and Side-By-Side Management

The firm is compensated solely by fee based on the market value of the assets under management, not on a share of gain or appreciation (so-called performance-based fees) for an account. For its personal clientele, the firm believes it is in the interest of clients that compensation balances protection of the assets with growth of their wealth, without introducing undue investment risk from a manager's incentive for growth.

Types of Clients

Bacon & Company specializes in managing investment portfolios for individuals, families and family trusts, and related personal retirement plans. Although the firm does not require a minimum account size, it assesses whether its investment approach will benefit a prospective client before agreeing to open a new account.

Methods of Analysis, Investment Strategies and Risk of Loss

Bacon & Company's list of stocks emphasizes quality growth companies diversified across economic sectors. As a general statement, companies are preferred with low debt and strong capital positions, superior profit margins, and high returns on equity capital. These companies also tend to show consistently above average rates of revenue and earnings growth and, if dividends are paid, regular increases in these payments to the shareholders.

The firm's list is monitored and modified for fundamental changes in each company's business prospects and for the valuation level of each security's price. Selection of stocks for inclusion in portfolios is aided by quantitative analysis ranking the firm's universe of stocks by risk, expected returns, and other relative measures.

For fixed income securities, the firm's policy is to use issues that carry investment grade ratings for creditworthiness. We structure portfolios with short and intermediate-term maturities and select tax-exempt or taxable securities to produce the most effective return after tax for each client.

The firm discourages clients from investing in the stock market unless the investment horizon is longer-term; investing in the stock market for the short-term carries a high degree of unpredictable outcomes, presenting an unacceptable risk of loss.

Disciplinary Information

The investment advisory profession is based on trust and integrity. In that regard, the firm and its president are not the subject of any legal or disciplinary event.

Other Financial Industry Activities and Affiliations

To serve the best interest of each client, the firm stands independent and unaffiliated with any broker or dealer of securities. The Bacon family, however, has a history of service in the financial sector.

On family tradition

For over a century, four generations of the Bacon family have been part of San Francisco's investment community. Martin Bacon was the first, arriving in California from England to trade in the gold country. His 1865 journal records shipments of gold dust from Chinese Camp by stage to Stockton and San Francisco. By the 1870's he had moved to the City where his partnership held a seat on the San Francisco Stock and Exchange Board.

It is a source of personal inspiration that Bacon & Company's name represents the revival of a family enterprise. In 1926 my grandfather started an investment firm with this name in San Francisco, and my father joined the company after graduating from college in 1935. As an established regional broker, the company was acquired by a national firm in the 1950's. I have the bronze building plaque that marked the firm's location on Montgomery Street.

Code of Ethics, Participation or Interest in Client Transactions

In recognition of fiduciary duty to clients, the overarching obligation of the firm is to place the interests of its clients first and above its own interests. Personal securities transactions are conducted so as to be consistent with this code of ethics and to avoid any actual or potential conflict of interest or any abuse of the position of trust and responsibility. Information about client's account and financial circumstances are to be kept confidential.

The firm's value lies with its reputation for acting with integrity, competence, diligence and respect and for avoiding conflicts of interest. We have a duty of loyalty to clients and endeavor to act with reasonable care and exercise prudent judgment. In that regard, fair dealing and objectivity are to be extended to all clients, and reasonable care and independent judgment are to be used in managing risk, conducting investment analysis, making investment recommendations and taking investment action.

Recognizing that the integrity of both the capital markets and the firm is paramount, the firm needs to understand and comply with current applicable securities laws, rules and regulations of any government, regulatory organization, licensing agency, or professional association governing its profession's activities.

The firm will not knowingly make any misrepresentation relating to investment analysis, recommendations or actions; nor engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on professional reputation, integrity or competence.

Should the firm possess material nonpublic information that could affect the value of an investment, it may not act or cause others to act on the information; and it may not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

The President will give transactions for investment management clients of the firm priority over transactions in securities or other investments in which he, his family, and family trusts and estates of which he is trustee or for which he is named executor or in which he holds a beneficial interest. The trading records of the firm will encompass transactions both for clients and for his personal interests and will be available for examination by appropriate regulatory authorities. When deciding about the purchase or sale of a security, he will give first consideration to the clients of the firm before acting on his own behalf.

While recognizing that the President is now the sole director, officer and staff member and conducts all aspects of the operations of Bacon & Company, this policy statement and the procedures of the firm will be extended to cover any additional directors, officers or staff as may be engaged by the firm in the future.

Brokerage Practices

The firm, independent from any broker or dealer of securities, does not receive research services or other benefits from commissions paid by its clients for securities transactions, and it is not compensated for the sale of any broker-dealer financial products or client referrals.

Established broker-dealers hold custody of the assets for the firm's clients. Considering the best interest of the client, trading is directed to these custodians based on a combination of factors such as a reasonable cost for execution, reporting and other customer services, convenience for the client, and financial stability.

Review of Accounts

Bacon & Company has limited the size of its practice in order to provide close scrutiny of each client's account. Accounts are typically reviewed monthly to conform the firm's records to the custodian statements, to calculate performance returns, to review holdings, and if deemed appropriate to execute security transactions. Reviews also may be triggered by client needs or by market or security events.

The firm provides clients with quarterly reports showing portfolio holdings, account performance compared with selected market indices, purchases and sales, realized capital gains or losses, and cash transactions.

Client Referral and Other Compensation

The firm primarily depends on referrals from satisfied clients for new accounts, and in no case pays compensation or receives compensation for new or on-going business.

Custody

The firm does not hold custody of client assets and may respond to clients by recommending qualified custodians. The custodians now serving the firm's clients send monthly account statements to each client as well as trade confirmations, which reports should be reviewed by the client and compared to reports from Bacon & Company.

Investment Discretion

The firm only accepts accounts for which it has full discretionary authority in providing investment management services. The firm's investment management agreement with the client provides for this authority, and the client's application with its custodian company typically confirms this authority.

Voting Client Securities

Custodians provide the firm's clients with company annual reports, notices of annual meetings, proxy statements and other notifications for securities held by the client. Clients, not the firm, are responsible for voting.

Financial Information

The firm complies with the State of California's capital requirements and can be reasonably expected to have the ability to meet all contractual commitments to clients.

Requirements for State-Registered Advisers

In 2012, under federal legislation for firms managing less than \$100 million, Bacon & Company is in transition from registration as investment adviser with the U.S. Securities and Exchange Commission, Washington, D.C., to registration with the State of California's Department of Corporations.

The firm and its president are obliged to state that "all material conflicts of interest are disclosed which could be reasonably expected to impair the rendering of unbiased and objective advice."

Brochure Supplement

Educational Background and Business Experience

R. Lawrence Bacon, President of Bacon & Company, had 30 years of financial experience with several major banking institutions before starting the investment advisory company in 1992.

After graduating from the Harvard Business School, Mr. Bacon worked for the Export-Import Bank of the United States for 6 years in Washington, D.C. Beginning in 1962, he served as project loan officer and economic analyst for Latin America and as special assistant for the bank's defense export loan program.

Starting in 1968, he worked for Wells Fargo Bank at its head office in San Francisco for 18 years. He served initially in the international area and managed a portfolio of equity investments in Asia, Europe, Latin America and the Middle East for the bank itself. He subsequently joined Wells Fargo Investment Advisors and managed portfolios invested in U.S. securities for personal, pension, foundation and corporate clients of Wells Fargo.

In 1986 he joined The Chase Manhattan Trust Company of California, part of Chase's Private Bank, as a member of its Board of Directors and Senior Vice President. He also served as President of the Chase Investment Management Company of California, the Trust Company's investment division, and as Managing Director of the San Francisco office.

Mr. Bacon is a member of the CFA Society of San Francisco and the CFA Institute, Charlottesville, Virginia.

He currently serves in a voluntary capacity as Chairman of the Board of Directors of the Nonprofits' Insurance Alliance of California and related member-owned companies with headquarters in Santa Cruz. These companies insure risks for charitable organizations in California, 30 other states and the District of Columbia. From 1991 to 2003, he also served on the Investment Committee of the University of California San Francisco and as Chairman of its Trust Sub-Committee.

Mr. Bacon earned his B.A. from Stanford University in 1960 and M.B.A. from the Harvard Business School in 1962.

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

Although Mr. Bacon is not engaged in any investment-related business or occupation other than the firm, he serves members of his family as personal trustee or executor as well as investment adviser.

Additional Compensation

Mr. Bacon may be compensated for his services as trustee or executor for his family.

Supervision

Mr. Bacon is the sole investment adviser representative for the firm and is responsible for compliance with all legal and regulatory requirements.

Requirements for State-Registered Advisers

There are no arbitration claims, or civil, self-regulatory organization or administrative proceeding events to report.