

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant:
HENDLEY & COMPANY, INC.

SEC File Number:
801- 13491

Date:
05/15/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: HENDLEY & COMPANY, INC.		IRS Empl. Ident. No.: 31-0916395
Item of Form (identify)	Answer	
Part II-Page 2 - 1D	<p>ADVISORY SERVICES & FEES - HENDLEY & COMPANY INC. designs and continuously manages portfolios for our clients based on each client's individual needs. To do this we interview our clients to determine each client's risk tolerance and investment needs and to determine if the client wants to place any reasonable restrictions on the portfolio. Once we have individually designed the portfolio we will manage the account on a discretionary basis. We design portfolios to include individual equity, fixed income securities, and mutual fund securities. FEE: We charge an annual fee of 1% of a clients assets under management with a minimum charge of \$1000. A minimum of \$100,000 of assets under management is required for this service. In certain situations HENDLEY & COMPANY, INC. will use no load open-end mutual funds and exchange-traded funds. Our fee for supervising these funds is 1/2% annually. Closed end mutual funds may be used which have their own unique expense ratio and HENDLEY & COMPANY, INC. management fee may vary between 1/2 % to 1%. The no load open-end equity mutual funds charge management and custodial fees that have historically been 1/2%. Money that is swept or transferred into money market mutual funds is subject to a HENDLEY & COMPANY, INC. advisory fee plus the money market mutual funds' management and other operating fees. Under no circumstances does HENDLEY & COMPANY, INC. receive compensation from any investment companies. We will quote an exact percentage to each client based on the complexity and size of the client's account. We bill the client at the end of each quarter based on the market value of the client's account at the end of the quarter. In certain circumstances we may negotiate all fees and account minimums. No prepayment of fees is accepted. HENDLEY & COMPANY, INC. does not pool clients' assets</p> <p>TERMINATION PROCEDURES - All investment advisory contracts with HENDLEY & COMPANY, INC. are for a term of thirty days and automatically renewed. Cancellations may be exercised by either party giving the other party thirty days written notice of the cancellation intention.</p>	
Part II, Page 4 #5	EDUCATION & BUSINESS STANDARDS	
Part II, Page 4 #6	<p>All employees involved in portfolio management and research, joining the firm since January 1, 1984 are required to successfully complete the CFA program within four years.</p> <p>EDUCATION & BUSINESS BACKGROUND</p> <p>SUSAN BECK HENDLEY, 1943 Hendley & Company, Inc., President and Compliance 1981</p> <p>RENEE' MELICK SMITH, 1958 Miami University BA-1979 Ohio State University MBA, 1986. Also received CFA 1986 Hendley & Company, Inc., Vice President & portfolio manager, 1984</p> <p>MARY HILDEBRAND, 1962 Ohio University-Zanesville, BBA 2003 Hendley & Company, Inc., Vice President and Compliance, 1990</p> <p>MICHAEL ALLEN SNODE, 1976 Ohio University-BBA/Finance Major-1998, Summa Cum Laude Hendley & Company, Inc., account representative, 2007 First National Bank/Unizan/Huntington Bank, Investment Officer-Trust Dept 1999-2006</p>	
Part II, Page 5 -9E	<p>HENDLEY & COMPANY, INC. does not act as a principal for its own account and does not make markets in any securities.</p> <p>For ERISA clients, any brokerage transactions affected through affiliated companies are done in accordance with Department of labor Prohibited Transaction Class Exemption 86-128.</p> <p>Employees of HENDLEY & COMPANY, INC. and the trustee of the HENDLEY & COMPANY INC. Pension Plan may from time to time have acquired or sold, or may subsequently acquire or sell, for their personal accounts, securities which may also be held in the account of HENDLEY & COMPANY INC. clients.</p> <p>HENDLEY & COMPANY INC., has adopted a Code of Ethics intended, among other things, to ensure that securities transactions by employees of HENDLEY & COMPANY INC..are consistent with the fiduciary duty of HENDLEY & COMPANY, INC. to its clients. HENDLEY & COMPANY, INC. has adopted a number of policies and procedures implemented under the Code of Ethics, with respect to investments made by HENDLEY & COMPANY, INC. personnel. The Code of Ethics imposes a variety of policies and procedures that apply to personal securities trading by employees of HENDLEY & COMPANY, INC., including, for example a policy that security transactions by employees are subject to a pre-</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

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PART II, Page 5 #10	<p>authorization procedure. These procedures apply to individuals living in the domiciles of HENDLEY & COMPANY, INC. employees.</p> <p>HENDLEY & COMPANY, INC. employees are also subject to the HENDLEY & COMPANY INC. Code of Ethics and the Policies and Procedures regarding insider and proprietary information, Chinese Wall, and Personal Trading. The policies and procedures are primarily designed to prevent the misuse of material, non-public information. HENDLEY & COMPANY INC. will provide a copy of their Code of Ethics and Policy and Procedures upon written request to any client or prospective client.</p>	
Part II, Page 6-12A&B	<p>CONDITIONS FOR MANAGING ACCOUNTS \$100,000 is the minimum account the applicant will accept for an advisory account, said accounts being valued on a quarterly basis. In certain circumstances HENDLEY & COMPANY, INC. may negotiate account minimums. In certain situations HENDLEY & COMPANY, INC. will use no load open-end mutual funds and/or exchange-traded funds.</p> <p>INVESTMENT OR BROKERAGE DISCRETION</p> <p>Advisor clients may impose investment restrictions or other limitations on the exercise of HENDLEY & COMPANY, INC. discretionary authority in accordance with the respective investment management agreement. These limitations may involve asset allocations, restrictions on the purchase of particular classes of securities or specific issues, or other account requirements or the direction of brokerage to specific broker-dealers.</p> <p>SELECTION OF BROKER AND DEALERS</p> <p>If a client wishes to direct HENDLEY & COMPANY, INC. to use a particular broker-dealer/custodian to effect the transactions on behalf of their account, the client shall so instruct HENDLEY & COMPANY INC. and shall provide HENDLEY & COMPANY, INC. with the name, address, telephone number and registered representative of such authorized broker-dealer. If so directed by the client to use a particular broker-dealer/custodian, (i) HENDLEY & COMPANY INC. will not seek to negotiate the commission rates charged by such broker-dealer, (ii) the client could pay higher transactions costs, including commissions, than it otherwise would, had it not designated a particular broker-dealer, and (iii) the client may be unable to obtain a more favorable price as a result of transaction volume since the directed transactions may not be included in any aggregating of other client orders. For these reasons, among others, if the client had directed HENDLEY & COMPANY, INC. to use a particular broker-dealer, this may result in the client receiving a less favorable execution.</p> <p>ALL ACCOUNTS</p> <p>In selecting brokers and dealers including its affiliates, HENDLEY & COMPANY, INC. will consider the full range and quality of a broker's or dealer's services. Commission rates are one factor considered together with other factors, including the following: price; the broker's or dealer's facilities; the broker's or dealer's reliability and financial responsibility; when relevant, the ability of the broker or dealer to effect particular securities transactions, particularly with regard to such aspects as timing, order size and execution of orders; and the research and other services provided by that broker or dealer to HENDLEY & COMPANY, INC. that are expected to enhance HENDLEY & COMPANY, INC. general portfolio management capabilities, notwithstanding that a client may not be the direct or exclusive beneficiary of those services.</p> <p>While HENDLEY & COMPANY, INC. generally seeks the best price in placing orders, a client may not necessarily be paying the lowest price available. HENDLEY & COMPANY, INC. shall not be obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transactions or to select any broker-dealer on the basis of its purported "posted" commission rate.</p> <p>HENDLEY & COMPANY INC. in its discretion, may cause a client to pay a commission for effecting a transaction for the client in excess of the amount another broker or dealer would have charged for effecting that transaction. This may be done when HENDLEY & COMPANY, INC. has determined in good faith that the commission is reasonable in relation to the value of the brokerage and/or research services provided by the broker to HENDLEY & COMPANY, INC. Arrangements for the receipt of research services from brokers may create conflicts of interest, in that HENDLEY & COMPANY, INC. would have an incentive to utilize a broker or dealer which provided research services, instead of one which did not, but charged a lower commission rate.</p> <p>HENDLEY & COMPANY INC. does not allocate the relative costs or benefits of research among its clients, because HENDLEY & COMPANY, INC. believes that the research received is, in the aggregate, of assistance in fulfilling HENDLEY & COMPANY, INC. overall responsibilities to its clients. Where permitted by law, the research may be used to service HENDLEY & COMPANY, INC. accounts other than those for which trades are executed by the brokers or dealers providing the research. HENDLEY & COMPANY, INC. receives a variety of research services and information on many topics, which it uses in connection with its management responsibilities with respect to the various accounts over which it exercises investment discretion. These topics include: issues, industries, securities, economic factors and trends, portfolio strategy, the performance of accounts, statistical information, market data, earnings estimates, credit analysis, pricing, risk</p>	

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	<p>measurement analysis, and other information which may affect the economy and/or security prices.</p> <p>The research services include written reports, pricing and appraisal services, analysis of issues raised in proxy statements, educational seminars, subscriptions, and computer hardware, software and access charges which are directly related to investment research. Research services may be received in the form of written reports, on-line services, telephone contacts and personal meetings with security analysts, economists, and corporate and industry spokespersons. In many cases, research services are generated by third parties and are provided by the brokerage firm to which the commissions are paid.</p> <p>Research services are also provided by brokers or dealers that HENDLEY & COMPANY, INC. selected to effect transactions for accounts which it manages, and these research services also may be provided to HENDLEY & COMPANY, INC. In addition where permitted by law, brokers or dealers selected by HENDLEY & COMPANY, INC. may provide research services to HENDLEY & COMPANY, INC.</p> <p>Although HENDLEY & COMPANY, INC. may receive certain research or execution services in connection with principal transactions, HENDLEY & COMPANY INC. will not purchase securities at a higher price or sell securities at a lower price than would otherwise be paid if no weight was attributed to the research services provided by the executing dealer. Moreover, HENDLEY & COMPANY, INC. will not enter into any explicit soft dollar arrangements relating to principal transactions.</p> <p>HENDLEY & COMPANY INC. may engage in agency transactions in over-the-counter equity and debt securities in return for the types of research and execution services discussed above. These transactions are entered into only in compliance with procedures that are designed to ensure that the transaction (including commissions) is at least as favorable to the client as it would have been if effected directly with a market-maker that did not provide research or execution services.</p> <p>COMMISSION RATES</p> <p>Brokerage commission rates negotiated by HENDLEY & COMPANY, INC. will be reasonable and fair, as compared with those available through full service brokers. Commission rates, and the extent to which commissions are negotiable, may vary from client to client.</p> <p>For client accounts which direct HENDLEY & COMPANY INC. to execute all or a portion of account transactions through one or more particular broker-dealer(s) or an individual broker, specific commission rates for such accounts are generally determined by the client and broker-dealer. When a client directs HENDLEY & COMPANY, INC to use a particular broker-dealer: (a) HENDLEY & COMPANY INC. generally will not seek to negotiate the commission rates, (b) the client may be unable to obtain a more favorable price as a result of transaction volume, since the directed transactions may not be included in any aggregation of other client orders, (c) the client may pay higher transaction costs, including commissions, than it otherwise would have, had it not designated a particular broker-dealer, and (d) while HENDLEY & COMPANY INC. may utilize a variety of procedures for executing directed transactions, HENDLEY & COMPANY, INC. will generally execute directed transactions after executing transactions in the same security for other clients, which execute transactions through HENDLEY & COMPANY INC. and which do not specify a particular broker-dealer. For these reasons, among others, if a client has directed HENDLEY & COMPANY INC. to use a particular broker-dealer, this may result in a client receiving a less favorable execution.</p> <p>AGGREGATION AND ALLOCATION OF ORDERS</p> <p>Investment decisions for each account are made independently by HENDLEY & COMPANY INC. If HENDLEY & COMPANY INC. believes that the purchase or sale of the same security is in the best interest of more than one client, it may, but is not obligated to, aggregate the securities to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent permitted by applicable laws and regulations. These orders may be averaged as to price and allocated as to amount according to each account's daily purchase or sale orders or some other equitable basis.</p> <p>Although HENDLEY & COMPANY INC. may believe that, while it is both desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of its clients, there may be instances when there is a limited supply or demand for a particular security or investment. In these instances, HENDLEY & COMPANY INC. generally allocates the opportunity to purchase or sell that security or investment among client accounts. While HENDLEY & COMPANY INC. seeks to assure fair and equitable treatment, there can be no assurance of equality of treatment among all clients or that any investment will be proportionally allocated among clients according to any particular or predetermined standards or criteria.</p> <p>In some instances, the procedures described above may adversely affect the size of the position or the price paid or received by the client, as compared with the position size or price which would have been received had no aggregation occurred.</p> <p>Employees of HENDLEY & COMPANY, INC. may receive a portion of the investment management fees paid by certain clients to HENDLEY & COMPANY, INC.</p>	

Part II, Page 6-13B

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