

WILLIS INVESTMENT MANAGEMENT COMPANY

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Charlottesville, Virginia 22903

James H. Willis, President

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This brochure provides information about the qualifications and business practices of Willis Investment Management Company. If you have any questions about the contents of this brochure, please contact us at (434) 977-3348. 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 Willis Investment Management Company also is available on the SEC's website at www.adviserinfo.sec.gov.

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ADVISORY BUSINESS

Willis Investment Management Company (WIM) has been managed and owned by James H. Willis since its founding in 1986. Mr. Willis is directly responsible for all client accounts; there are no other investment personnel.

WIM manages stand alone investment portfolios for individuals, trusts and charitable foundations. Investment choices are generally common and preferred stocks, taxable and tax-free bonds and various cash equivalents.

WIM manages its clients funds based on their individual needs as identified at the outset of the relationship and modified as client and market circumstances change. The need for growth is at times modified by the need for an individual client's income needs.

Although all accounts are not completely identical, depending on client needs and objectives as well as security prices when individual accounts are opened, there is a strong effort to have portfolios with similar objectives as homogenous as possible, thereby allowing for the greatest amount of research concentration. Clients are asked to identify any stock restrictions they might have. Such restrictions are rare but are followed when requested.

WIM currently has _____ of assets under management as of December 31, 2010. All assets are managed on a discretionary basis.

FEES AND COMPENSATION

WIM is compensated solely by fees paid by clients. All standard fees are annual fees payable in advance, calculated in the following manner: 1.0% annually on the first \$2 million, 0.7% annually on the next \$3 million, 0.6% annually on the next \$5 million and 0.5% annually on the balance. ESOP accounts are charged the normal fee for the first year of service. If they continue beyond the first year a lower or fixed fee may be charged reflecting the relative fixed nature of the portfolio. The same arrangement may also be used for non-ESOP account which has sizable imbedded capital gains liabilities.

Fees will be charged on a combined or aggregate basis, with the consent of all parties, when the client entities are affiliated, are under common control or are members of the same family. In such cases, the funds of the related group would be treated as one fund for the purpose of the fee calculation.

The above fee schedule may be negotiated on an individual basis. On termination, prepaid fees, if any, are refunded on a prorated basis.

Clients are billed annually. The bill may be paid by check or the client may sign the bill directing the custodian to pay the bill from their account.

The only other costs to the client are the brokerage commissions paid to the broker/custodian.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Willis Investment Management Company does not offer such services.

TYPES OF CLIENTS

Willis Investment Management Company offers portfolio management services to individuals, trusts and charitable foundations. Generally, a minimum of \$250,000 is required for new accounts located in Virginia, unless substantial additions are contemplated; outside of Virginia a minimum of \$500,000 is required.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Willis Investment Management Company (WIM) invests in common stocks to seek growth in capital and bonds to produce current income. Which stocks to consider for purchase is a process involving fundamental analysis of various information, including a company's products or service, its balance sheet and earnings record and outlook and return on investment. WIM does not use technical or charting data as a prime determinant of its investment process, but it is considered when determining when to buy or sell.

Risk is involved in all investment choices. A stock's price is a process of placing a value on a company's future earning power. Many factors can affect the value to be placed on a stock and these can go both up and down. Likewise the expected level of future earnings can be affected by many factors both internal and external to the company.

Bond values are affected by several factors, including changes in interest rates, changes in the perceived quality of the insurer and the maturity of the bond.

DISCIPLINARY INFORMATION

There have been no disciplinary actions against Willis Investment Management Company or its employees.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATES

Beyond managing portfolios, Willis Investment Management Company has no other activities or affiliations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

As required by the SEC, Willis Investment Management Company (WIM) has a Code of Ethics. Its general principles state that it is each employee's duty to place the interests of our clients first and not to take inappropriate advantage of their positions of trust. It covers in some detail the standards of conduct expected by employees in the execution of their responsibilities. A copy of the Code of Ethics is available upon request by any existing or prospective client.

WIM does not participate or have any interest in client transactions.

All employees have been advised of our professional and fiduciary responsibility to our clients. They have been advised of the possible conflict of interest in purchases and sales of securities for their own or related accounts that may involve. Employees are required to furnish information on all their securities transactions and are cautioned to check with an appropriate officer before any transactions are implemented that might involve a conflict with client interests. In any instance, when an employee buys or sells a security which is recommended to clients we are careful to be sure that such transactions are executed only after similar ones have been completed for client holders.

BROKERAGE PRACTICES

Various brokerage firms hold custody of all Willis Investment Management Company (WIM) accounts. WIM seeks best execution for its clients. However, the long term investment strategy of WIM results in low turnover, and the dollar amount of most trades is moderate in size. This results in the use of "minimum tickets" as negotiated with various firms. When clients have directed the use of a particular broker, they are counseled on a recurring basis if the per trade brokerage charges they are paying are significantly different than those that can be found elsewhere. An important consideration for many clients is the comfort of having a relationship with a specific individual overseeing their account at a directed brokerage firm, and we honor such wishes.

WIM does occasionally receive unsolicited research from brokers, but it is not a factor in deciding commissions, and in no way increases client expenses.

All trades are made on an individual account basis. No trades are made on an aggregated basis.

REVIEW OF ACCOUNTS

Accounts are individually reviewed from time to time, but because of account similarity to concentrate research effort, many decisions are made on a stock basis, not an account basis. Since many holdings are held for a considerable length of time, capital gains tax consequences can also affect account decisions.

Willis Investment Management Company records are updated and reconciled monthly based on brokerage reports covering each account, identical to those sent by the broker to the client. Individual trade confirmations are matched with trade tickets and entered into the firm's computers as received. All clients are sent trade letters covering each trade. Quarterly reports showing holdings with cost, current value, income and performance are sent to each client quarterly.

CLIENT REFFERALS AND OTHER COMPENSATION

Willis Investment Management Company does not pay for client referrals.

CUSTODY

Willis Investment Management Company does not provide custody of client accounts.

INVESTMENT DISCRETION

Willis Investment Management Company manages portfolios on a discretionary basis. That authority is granted in the initial client agreement signed by both the firm and the client at the opening of an account. This is communicated to the brokerage firm by the signing of a limited power of attorney allowing trades within the account but not the power to move funds out of the account without the client's written permission.

VOTING CLIENT SECURITIES

Willis Investment Management Company does not receive nor does it have the authority or responsibility to vote proxies in client accounts.

FINANCIAL INFORMATION

Because Willis Investment Management Company requires the prepayment of fees, an audited balance of the firm is enclosed.