



As of October 31, 2011

Barnett & Company Inc.
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This brochure provides information about the qualifications and business practices of Barnett & Company Inc. If you have any questions about the contents of the brochure, please contact us at 423-756-0125 or kim@barnettandcompany.com. 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 Barnett & Company is also available on the SEC's website at www.advisorinfo.sec.gov. Barnett & Company's CRD number is 105867.

Item 2: Material Changes

There have been no material changes since the last ADV Part 2, dated October 24, 2011

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Item 4 Advisory Business

Barnett & Company was founded in 1983 by Warren M. Barnett, CFA. The principal owners are Warren M. Barnett and Glenn W. Geelhoed. The firm has three portfolio managers who offer investment advisory services.

Barnett & Company offers ongoing portfolio management services based on the individual goals, objectives, time horizons and risk tolerances of each client. Barnett creates an Investment Policy Statement for each client and creates a plan to aid in the selection of a portfolio that matches each client's specific situation.

Barnett & Company's focus is on marketable securities such as stocks, bonds and real estate investments trusts and for smaller accounts and unique situations exchange traded funds and mutual funds. We generally shy away from investments that cannot be priced by the marketplace, since marketplace pricing implies the ability to sell an investment, if need be, with minimal transaction costs. Far higher costs are associated with the sale of less liquid investments, such as hedge fund partnerships and insurance products. Lack of access to information about sales can also jeopardize the objectivity of the valuation of a potential investment.

Rather than taking custody of our clients' assets, Barnett & Company works with third-party brokerage firms and trust companies that hold the assets and value them independently. Separating custody from management and making them independent of each other helps further safeguard the client's assets.

As of October 31, 2011, Barnett & Company managed \$255 million in client assets under management. All of this is managed on a discretionary basis. Barnett does not participate in wrap fee programs.

Item 5 Fees and Compensation

Fees are based on the value of the assets under management, prorated and taken at the beginning of each calendar quarter. Unless otherwise negotiated, the firm's current schedule is as follows:

First \$1 million	1.00% per annum
Next \$2 million	.75% per annum
Next \$2 million	.70% per annum
Next \$5 million	.65% per annum
Over \$10 million	.60% per annum
Minimum Fee	\$5,000 per annum (\$1,250 per quarter)

Clients are responsible for the payment of most third party fees (i.e. custodian fees, mutual fund fees, transaction fees. These fees are separate and distinct from the fees and expenses charged by Barnett & Company. Supervised persons at Barnett do not accept compensation for the sale of securities or other investment products and therefore, a conflict of interest does not arise.

Item 6 Performance Based Fees and Side-By-Side Management

Barnett & Company does not accept performance based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7 Types of Clients

Barnett & Company generally provides investment advice to individuals, high-net-worth individuals, pension and profit sharing plans and charitable organizations. Typically Barnett requires a minimum of \$500,000 for the opening of a new account.

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

Barnett & Company uses fundamental analysis. Fundamental analysis involves the analysis of financial statements, the general financial health of companies, the analysis of management and the review of competitive advantages.

Through a process of screening large numbers of stocks using public information and proprietary databases available by subscription, Barnett & Company looks for companies with both positive prospects and low current valuation relative to those prospects. We then evaluate the financial health of companies using a number of additional screening tools. Finally, we perform qualitative analysis by perusing the company's SEC documents and testing for criteria that would have an adverse effect on stock ownership.

For appreciation oriented accounts, the end result of these efforts is a collection of stocks that we believe merit investment consideration. When several stocks in a given industry make the list, we narrow them down to the one or two companies in the group that we feel have the best prospects for appreciation.

Our selling methodology is equally quantitative. When a stock sells for more than twice its long term earnings growth, we consider it a candidate for sale. Other factors that may cause the selling of a stock are a revision of earnings, material deviation from reported earnings, or issues related to the reliability of accounting or forecasting data. Barnett & Company remains equally flexible in deciding on the selling point of a stock.

The goal when buying a stock for appreciation is for it to double its value in three to five years. Even if this objective is not realized, the goal itself tends to focus thinking on long term potential rather than on short term trading. Such focus is especially helpful in situations where long term capital gains are desired.

In investing for both current income and appreciation, Barnett & Company employs a more modest goal for price changes, since a material portion of return will come from cash flow.

We use the same balance sheet analysis in bond investing that we use in stock screening, although the criteria are different since bondholders do not usually participate in a firm's earnings appreciation as stockholders do. In bond investing, our analysis centers around the issuer's ability to meet its coupon payments, repay its principal and, should the bond become impaired, return its investment in reorganization.

The types of bonds we use again depend on our client's needs: income desired, risk tolerance, and the amount of funds available for investment. We recommend bonds of medium and below investment grade for clients who need relatively high amounts of income and are willing to accept the associated risk of default that comes with such investments. Clients who need lower amounts of income or who have a lower tolerance for risk are directed to investment grade bonds.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9 Disciplinary Information

Neither the firm or its principals and employees have been subject to any disciplinary actions nor is the firm aware of any that might be in process.

Item 10 Other Financial Industry Activities and Affiliation

Barnett & Company has no other financial activities or affiliations.

Item 11 Code of Ethics, Participation in Transactions, Personal Trading

We have a written Code of Ethics that covers the following areas: prohibited purchases and sales, insider trading, personal securities transactions, exempted transactions, prohibited activities, conflicts of interest, confidentiality, service on a board of directors, compliance procedures, compliance with laws and regulations, procedures and reporting, certification of compliance, reporting violations, compliance officer duties, annual review and sanctions. Clients may request a copy of our Code of Ethics.

From time to time, Barnett & Company employees may buy or sell securities for themselves that they also recommend to clients. Employees will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

Item 12 Brokerage Practices

For custody and equity trading, Barnett & Company will work with the broker of the client's choosing. If the client has no preference, Barnett & Company will recommend discount brokers such as Charles Schwab and TD Ameritrade due to their low commissions and ability to execute trades in a cost-efficient manner.

For bond transactions, Barnett & Company uses a network of bond brokerage firms on behalf of the client. These firms are used because discount stock brokerage firms typically do not have expertise in bond trading and/or do not carry inventory as do other bond brokerage firms.

Bonds are typically purchased or sold "net": meaning that there is no commission fee to the client. By aggregating bond orders for several clients, Barnett & Company can obtain better prices than available for bonds in smaller lots. Typically the custodian charges \$25 to process the bond purchases or sales to or from the client's account at another brokerage firm. Given the size of the typical bond trade and the time the bonds are usually held, this fee is not considered material, especially in light of the price impact of executing several bond trades through different firms simultaneously.

Purchases are made with the intent to hold stocks for three to five years and until maturity in the case of bonds. Given the low turnover of the client portfolios, transaction costs are not considered material once the portfolio has been positioned by the firm.

Schwab Advisor Service, TD Ameritrade and several independent broker dealers provide Barnett & Company with research, market data and other services. These firms provide technologies that facilitate trade execution, performance reporting and back-office support. They also provide best execution assistance, conferences and marketing and educational materials.

Item 13 Review of Accounts

We review client accounts on a regular basis and at least monthly. Additional reviews may be triggered by material market, economic or political events or by changes in the client's financial situations (such as retirement, termination of employment, physical move or inheritance.) We provide each client with a quarterly written report detailing the client's account positions and performance. Custodians provide monthly statements.

Item 14

Client Referrals and Other Compensation

Barnett & Company participates in Charles Schwab & Co., Inc.'s Schwab Advisor Services program. While there is no direct linkage between the investment advice given and participation in the Schwab Advisor Services program, economic benefits are received which would not be received if applicant did not give investment advice to clients. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisers participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

Barnett & Company may recommend that clients establish brokerage accounts with Schwab Advisor Services (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Barnett & Company may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Barnett & Company is independently owned and operated and not affiliated with Schwab.

Schwab provides Barnett & Company with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are not contingent upon Barnett & Company committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Barnett & Company client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Barnett & Company other products and services that benefit Barnett & Company but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Barnett & Company's accounts, including accounts not maintained at Schwab. Schwab's products and services that assist Barnett & Company in managing and administering clients' accounts include software and other technology that (i)

provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Barnett & Company's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Barnett & Company manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Barnett & Company. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Barnett & Company. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Barnett & Company personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Barnett & Company may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Barnett & Company ("the firm") participates in the TD Ameritrade Institutional Program for advisors. TD Ameritrade is a broker/dealer and a member of FINRA/SIPC/NRA. TD Ameritrade is independent of Barnett & Company and is one of several broker/dealers the firm recommends to clients for the purpose of trading and/or custody. In addition, the client may specify a broker/dealer for trading and custody of their account(s), although in doing so, the client may incur execution and/or custody costs higher than the firm would obtain through broker/dealers with whom it does business on an ongoing basis. Such excess fees results in lower returns than would otherwise be the case for the client.

As an institutional client, Barnett & Company receives economic benefits from its association with TD Ameritrade. Such benefits include, but are not limited to: obtaining duplicate trade confirmation, block trading, debiting of fees from client accounts, and discounts on compliance, research, marketing, practice management and other relevant corporate services. Such benefits are typically not available to retail clients of TD Ameritrade. Such services are relevant to the administration of client accounts and the management of the firm. Not all services, such as practice management and marketing, will benefit the client accounts directly. Other services obtained through TD Ameritrade, such as research, will benefit clients not associated with TD Ameritrade to the extent such services benefit the firm as a whole.

Services obtained from TD Ameritrade are not contingent on the receipt of specific dollar amounts of trades or assets held at TD Ameritrade by Barnett & Company. Barnett & Company has a duty to put the interests of the client before any vendor, including TD Ameritrade.

Barnett & Company has been selected by TD Ameritrade to participate in its Institutional Coaching Program. This program analyzes the firm from a strategic standpoint and recommends changes in

marketing and internal procedures to assist in the firm's growth and profitability. TD Ameritrade invites advisors into its Coaching Program based on the perceived growth potential of the firm and corresponding future increase in revenues to TD Ameritrade. Such potential growth is not contractual, nor does it represent any obligation, financial or otherwise, of Barnett & Company to TD Ameritrade. Fees charged by Barnett & Company to its clients are the same whether assets are held at TD Ameritrade or any other firm. As such, there is no inducement to choose TD Ameritrade over another firm from a revenue standpoint. Expenses associated with the relationship of Barnett & Company to TD Ameritrade or any other broker/dealer is assumed by the related parties internally.

Barnett & Company receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Barnett & Company's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Barnett & Company. Schwab does not supervise Advisor and has no responsibility for Barnett & Company's management of clients' portfolios or Advisor's other advice or services. Barnett & Company pays Schwab fees to receive client referrals through the Service. Barnett & Company's participation in the Service may raise potential conflicts of interest described below.

Barnett & Company pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Barnett & Company is a percentage of the fees the client owes to Barnett & Company or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Barnett & Company pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Barnett & Company quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Barnett & Company and not by the client. Barnett & Company has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Barnett & Company charges clients with similar portfolios who were not referred through the Service.

Barnett & Company generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, Barnett & Company will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Barnett & Company's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Barnett & Company will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Barnett & Company's fees directly from the accounts.

For accounts of Barnett & Company's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Barnett & Company's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Barnett & Company may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Barnett & Company nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Barnett & Company's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Barnett & Company has also entered into a client referral agreement with Investment Advisory Services, Inc., an affiliated company of G. R. Rush & Company, certified public accountants. Under this agreement, IAS will be entitled to receive 15 percent of any advisory fees derived from clients referred to Barnett & Company by IAS or by G. R. Rush & Company. This agreement remains effective so long as the client referred by IAS to Barnett & Company remains an advisory client of Barnett & Company. All clients referred to Barnett & Company by IAS are charged no more in advisory fees than that charged to clients who have not been referred by IAS. Barnett & Company's advisory fees are disclosed in the client's written agreement for advisory services and in Barnett & Company's Form ADV Part II and brochure.

Barnett & Company has entered into a client referral agreement with Mr. Patrick Emanuel of Signal Mountain, TN. Under this agreement, Mr. Emanuel will receive 20 percent of any fees obtained from clients referred by him for the first five years of their association with Barnett & Company, as determined by Barnett & Company. In addition, Mr. Emanuel will receive 10 percent of any fees obtained from referrals from the same clients to Barnett & Company over the same five-year period. All clients referred to Barnett & Company by Mr. Emanuel are charged no more in advisory fees than that charged to clients who have not been referred by Mr. Emanuel.

Item 15 Custody

Rather than taking custody of our clients' assets, Barnett & Company works with third-party brokerage firms and trust companies that hold the assets and value them independently. Clients receive account statements from the custodians and should carefully review those statements.

Item 16 Investment Discretion

Barnett & Company offers discretionary investment services. Clients may impose restrictions on investing in certain securities, types of securities, or with regard to investment strategies. A client should set forth these restrictions, in writing, after a discussion with the portfolio manager.

Item 17 Voting Client Securities

Barnett & Company, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of our clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting. Our policy includes making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

Item 18 Financial Information

Barnett & Company does not fall under the guidelines which require submission of financial information.