

Item 1
Cover Page



HENDLEY & COMPANY, INC.

822 ADAIR AVENUE, ZANESVILLE, OH 43701

740-452-4523

Website: www.hendleyco.com

June 2011

This brochure provides information about the qualifications and business practices of Hendley & Company, Inc. If you have any questions about the contents of this Brochure, please contact us at susanhendley@hendleyco.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.

Hendley & Company, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Item 2

Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated May 15, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested, free of charge, by contacting Mary Hildebrand, Vice President at 740-452-4523 or maryhildebrand@hendleyco.com. Our Brochure is also available on our web site: www.hendleyco.com, free of charge.

Additional information about Hendley & Company, Inc. is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Hendley & Company, Inc. who are registered, or are required to be registered, as investment adviser representatives of Hendley & Company, Inc.

Item 3
Table of Contents

Item 1	Cover page	i
Item 2	Material Changes	ii
Item 3	Table of contents	iii
Item 4	Advisory Business	1
Item 5	Fees and Compensation	1
Item 6	Performance-Based Fees and Side by Side Management	2
Item 7	Types of Clients	2
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	2
Item 9	Disciplinary Information	4
Item 10	Other Financial Industry Activities and Affiliations	4
Item 11	Code of Ethics	4
Item 12	Brokerage Practices	5
Item 13	Review of Accounts	8
Item 14	Client Referrals and Other Compensation	8
Item 15	Custody	9
Item 16	Investment Discretion	9
Item 17	Voting Client Securities	9
Item 18	Financial Information	9
Item 19	Education & Business Standards	10

Item 4

Advisory Business

In 1977 Hendley & Company, Inc. was incorporated in the State of Ohio and registered with the SEC as an Investment Adviser by Albert H. Hendley, Jr, past president. The principal owners include Albert H. Hendley, Jr. and Susan B. Hendley, current President. 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 clients want 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.

As of March 31, 2011 Hendley & Company manages, on a discretionary basis, \$165,186,843.00

Hendley & Company Inc. does not pool clients' assets.

Item 5

Fees and Compensation

We charge an annual fee of 1% of a client's 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 we will use no load open-end mutual funds and exchange traded funds. Our fee for supervising these funds is ½% annually. Closed end mutual funds may be used which have their own unique expense ratio and our management fee may vary between ½% to 1%. The no load open-end equity mutual funds charge management and custodial fees that have historically ranged from .10 to 1%. Money that is swept or transferred into money market mutual funds is subject to an advisory fee, plus the money market mutual funds' management fee and operating fees. Under no circumstances do we receive compensation from any investment companies. We will quote an exact percentage to each client based on the complexity and size of their accounts. We will bill you at the end of each quarter based on the market value of your account at the end of the quarter. In certain circumstances we may negotiate fees and account minimums. No prepayment of fees is accepted. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Clients may elect to be billed directly for fees or to authorize Hendley & Company, Inc. to directly debit fees from client accounts.

Hendley & Company, Inc.'s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees and costs.

Item 6

Performance-Based Fees

Hendley & Company, Inc. does not charge any performance-based fees, including any fees which are based on a share of capital gains on, or capital appreciation of, the assets of a client.

Item 7

Types of Clients

Hendley & Company, Inc. provides portfolio management services to individuals, high net worth individuals, corporate pension and profit –sharing plans, corporations, charitable institutions, foundations and trusts.

Item 8

Methods of Analysis, Investment Strategies and Risk of Loss

Our investment portfolios may contain a measured mix of common and preferred stocks, corporate, government or municipal bonds; no-load mutual funds or exchange traded funds; and money markets. The daily price of these securities can be expected to fluctuate due to changes in the overall economy, government monetary policy, political events, acts of war or terrorism, as well as a change in a specific company's underlying business and investors' overall sense of optimism or fear. Investing in these types of securities involves a risk of principal loss, which clients should be prepared to bear. Past returns are no guarantee of future results. Each individual should consider his or her own risk tolerance, time horizon and investment objectives.

Hendley & Company, Inc.'s security analysis methods include a judgment of value based on fundamental measures such as a company's revenue growth, overall profitability in various economic cycles, cash flow growth and deployment, flexibility of its balance sheet, market position for its products and long-term liabilities. This review is accompanied by a judgment regarding the long-term investment attraction of the company's share in the case of common stock and the yield and maturity of fixed income securities. Judgments made on relative investment attraction of securities may or may not result in profitable investment results and overall economic changes or company specific factors may cause a market value loss in investments, despite an effort to diversify holdings.

Main sources of information include company filings of annual and quarterly reports and press releases; financial newspapers and periodicals, and research materials prepared by others, including corporate ratings firms. Investments are continuously reviewed with information from various outside sources, including, but not limited to: Baseline and Thomson Reuters, Gimme Credit, Birinyi Associates, Applied Financial Group, Telemet, Morningstar/Ibbotson Associates, and Bloomberg. When applicable, clients may be notified of significant news developments.

Investment strategies used to implement any investment advice given include long-term purchases of securities held at least one year and short-term purchases of securities sold within one year. We generally do not engage in frequent trading of securities, but a change in outside conditions or timing of a client situation may result in this. This could result in increased transaction costs and/or higher taxes as a result of short-term realized gains. This could also result in actual or opportunity losses.

The material risk of investing in a fixed income security such as a bond includes, but is not limited to, the risk of credit default by the issuer which may result in a suspension of interest payments and a return of principal less than the face value of the bond. Investing in bonds also features exposure to changes in interest rates or credit ratings which may result in a decline in market price. Liquidity of the bond may affect trading values.

The material risk of investing in common stocks is that principal loss will occur over varying spans of time and the investment may or may not protect buying power or compare favorably to other benchmarks. Complete loss of principal in any one investment is possible should a company fail to maintain balance sheet flexibility with its creditors or should its primary revenue sources become obsolete.

Item 9
Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Hendley & Company, Inc. or to integrity of our management. Hendley & Company, Inc. has no information applicable to this item.

Item 10
Other Financial Industry Activities and Affiliations

Hendley & Company, Inc. is not actively engaged in a business other than giving investment advice.

Item 11
Code of Ethics

Hendley & Company, Inc. has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at Hendley & Company, Inc. must acknowledge and comply with the terms of the Code of Ethics.

All information and advice furnished by either party relating to their account shall be treated as confidential and shall not be disclosed to any third party except as may be required by law or as may be expressly permitted by the client.

Hendley & Company, Inc. does not act as a principal for its own account and does not make markets in any securities. For ERISA clients, any brokerage transactions effected through affiliated companies are done in accordance with the Department of Labor Prohibited Transaction Class Exemption 86-128.

Employees of our company and the trustee of the Hendley & Company Inc. Pension Plan may from time to time have acquired or sold, for their personal accounts securities which may also be held in our clients' accounts.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Hendley & Company, Inc. will not interfere with (i) making decisions in the best interest of advisory clients and(ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity.

Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might indirectly benefit from market activity by a client in a security. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Hendley & Company, Inc. and its clients.

Hendley & Company, Inc. clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Susan B. Hendley, President and Compliance Officer, 822 Adair Avenue, Zanesville, OH 43701.

Item 12

Brokerage Practices

Our clients may impose investment restrictions or other limitations on the discretionary authority of Hendley & Company, Inc. in accordance with the investment management agreement. These limitations may involve asset allocations, restrictions on the purchase of particular class of securities or specific issues, or other account requirements, such as directing that transactions be executed by specific broker-dealers.

In selecting brokers and dealers, 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 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. The research and other services provided by brokers enhance our portfolio management capabilities, whether or not a particular client may be the direct or exclusive beneficiary of those services.

While we generally seek the best price in placing orders, a client may not necessarily be paying the lowest price available. We 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 "posted" commission rate.

Hendley & Company, Inc. may cause a client to pay a commission for effecting a transaction for the client in excess of the amount another broker/dealer would charge for effecting that transaction. This may be done when we have 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.

Hendley & Company, Inc. does not allocate the costs or benefits of research among its clients, because the research received assists us to fulfill our overall responsibilities to our clients. Where permitted by law, the research may be used to service our accounts other than those for which trades are executed by the broker/dealers providing the research. We receive a variety of research services and information on many topics, which we use in connection with our management responsibilities with respect to the various accounts over which we exercise investment discretion. These topics include: economic factors and trends, portfolio strategy, the performance of accounts, statistical information, market data, earnings estimates, credit analysis, pricing, risk measurement analysis, and other information which may affect the economy and/or securities prices.

The research services include written reports, prices 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 broker firm to whom the commissions are paid.

Although Hendley & Company, Inc. may receive certain research or execution services in connection with principal transactions we will not purchase securities at a higher price or sell securities at a lower price than would otherwise be paid if no consideration was attributed to the research services provided by the executing dealer. Moreover we will not enter into any explicit soft dollar arrangements relating to principal transactions. Hendley & Company 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.

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. If a client wishes to direct us to use a particular broker-dealer/custodian to effect the transactions on behalf of their account, the client shall instruct us and provide us with the name, address, telephone number and registered representative of the authorized broker-dealer.

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. If directed by the client to use a particular broker-dealer/custodian, (1) Hendley & Company, Inc. will not seek to negotiate the commission rates charged by such broker-dealer, (2) the client could pay higher transaction costs, including commissions, than the client would otherwise had they not designated a particular broker dealer, and (3) 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, if the client directs Hendley & Company, Inc. to use a particular broker-dealer, this may result in the client receiving a less than favorable execution.

Investment decisions for each account are made independently by Hendley & Company, Inc. and we believe that the purchase or sale of the same security is in the best interest of more than one client, we may, but are 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.

Although Hendley & Company, Inc. may believe that, while it is desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of our clients, there may be instances when there is a limited supply or demand for a particular security or investment. In these instances we generally allocate the opportunity to purchase or sell that security or investment among client accounts. While we seek to assure fair and equitable treatment, there can be no assurance of equality of treatment amount all clients or that any investment will be proportionally allocated among clients according to any particular or predetermined standards or criteria.

In some instances the procedures described above may limit the size of the position or adversely affect the price paid or received by the client.

Item 13

Review of Accounts

Securities held in individual advisory accounts are reviewed on a frequent basis by Renee' Melick Smith, Vice President/portfolio manager and/or Michael Allen Snode, Account Representative. Each review is aided by computerized research systems, which provide notice of significant price movements in securities held and indicate events behind the price movement.

Each client is provided with a periodic written report which contains a statistical analysis of current account status. Each client has available, on a quarterly basis, a personal review with Renee' Melick Smith and/or Michael Allen Snode, in which recommendations of Hendley & Company, Inc. are evaluated. Annually we provide each client with applicable tax information concerning their particular advisory accounts.

Item 14

Client Referrals and Other Compensation

Hendley & Company, Inc. does not receive cash, sales awards or similar economic benefits (including commissions, equipment or non-research services) from non-clients in exchange for providing investment management services to its clients.

Item 15

Custody

Clients should receive quarterly, or more frequent, statements from the broker/dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Hendley & Company, Inc. urges you to carefully review such statements and compare such official custodial records to the accounts statements that we may provide you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16

Investment Discretion

Hendley & Company, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts Hendley & Company, Inc. observes the investment policies, limitations and restrictions of the clients we advise.

Item 17
Voting Client Securities

Hendley & Company, Inc. will vote proxies only for those ERISA accounts, in which the client has not reserved the right to vote its securities. Proxies over which we have voting authority shall be voted in a manner consistent with the best economic interest of the client. To the extent the management's proposals do not infringe on shareholder rights, we generally support management's position. All proxies are voted by computer. Hendley & Company, Inc. will be responsible for contacting the broker/dealers or custodians to make the elections in connection with any conversions, mergers, acquisitions, tender offers, bankruptcy proceedings or other similar occurrence which may affect the securities in the account.

Item 18
Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Hendley & Company, Inc.'s financial conditions. Hendley & Company, Inc. has no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19
Education and Business Standards

All portfolio managers joining the firm since January 1, 1984 are required to successfully complete the Chartered Financial Analyst program.

Susan Beck Hendley, 1943
Hendley & Company, Inc. President and Compliance Officer
Joined the firm in 1981

Renee' Melick Smith, 1958
Miami University BA-1979
Ohio State University MBA, 1986
CFA, 1986
Hendley & Company, Inc. Vice President & Portfolio Manager
Joined the firm in 1984

Mary Hildebrand, 1962
Ohio University-Zanesville, BBA 2003
Hendley & Company, Inc. Vice President & Compliance
Joined the firm in 1990

Michael Allen Snode, 1976
Ohio University-BBA/Finance Major-1998, Summa cum Laude
Hendley & Company, Inc. Account Representative
Joined the firm in 2006
First National Bank/Unizan/Huntington Bank, Investment officer-Trust Dept 1999-2006