

Form ADV Part 2A
Firm Brochure

Item 1

The Pettyjohn Company
1925 Atherholt Road
Lynchburg, Virginia 24501

John D. Doyle, Jr., President

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January 2011

This brochure provides information about the qualifications and business practices of The Pettyjohn Company. If you have any questions about the contents of this brochure, please contact us at (434) 845-1266. 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. Our use of the term “registered investment adviser” does not imply a certain level of skill or training.

Additional information about The Pettyjohn Company is also available on the SEC’s website www.adviserinfo.sec.gov.

Item 2 - Material Changes

Initial filing – no material changes

Item 3 - Table of Contents

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Item 4 - Advisory Business

The Pettyjohn Company was founded in 1978 by the late Clunet H. Pettyjohn, Jr. Over the years the company has grown to include a staff of eight experienced professionals managing over \$220 million in assets as of December 31, 2010. John D. Doyle, Jr. joined Mr. Pettyjohn in January 1987 and is today the company's president and owner.

Services Offered

We are a Securities and Exchange Commission registered investment advisory firm (see Item 1). Our primary purpose is to provide investment supervisory services which constitute 99% of our client relations. However, on more than an occasional basis, we furnish advice to clients on matters not involving securities, for example the possible need for insurance products, tax matters, financial or estate planning. We are not affiliated with any insurance company, agency or agent, CPA, or legal firm and are in no way compensated by them.

Nature of Services Offered

The Pettyjohn Company follows a fundamental investment strategy. For growth we seek to find companies with an underlying value not yet fully appreciated by the market and for income we purchase primarily investment grade fixed income securities. A listing of the types of investments customarily used would include the following:

Exchange listed securities	Certificates of deposit
Securities traded over the counter	U.S. government securities
Warrants	Mutual fund shares
Corporate debt securities	Exchange traded funds
Commercial paper	Option contracts on securities
Municipal Bonds	

Item 4 - Advisory Business - continued

Methods of Analysis & Sources of Information:

Many managers utilize a standardized “cookie cutter” approach to investing client assets. Because investors face unique needs and circumstances The Pettyjohn Company strives to create a personalized investment plan for the client. Each portfolio is fashioned after a comprehensive face to face conference where the following criteria are discussed.

Liquidity needs	Diversification
Income requirements	Client & regulatory restrictions
Growth	Economic/Market indicators
Risk Tolerance	Size of Account
Tax considerations	Age of client

Sources of information used in the investment process include financial newspapers & magazines, occasional inspection of corporate activity, research material prepared by others, corporate rating services, annual reports, prospectuses, filing with the Securities and Exchange Commission, company press releases, investment related websites and the internet. The information gathered from these and other sources is then analyzed by utilizing the use of fundamental & technical approaches.

Strategies:

We endeavor to make personal attention the hallmark of every client’s relationship. Face to face conferences are periodically scheduled to review portfolio performance and to ensure that the investment strategy continues to meet client needs. Clients are allowed to impose restrictions on investing in certain securities or types of securities by notifying us in writing or during our periodic meetings.

Item 4 - Advisory Business - continued

Management of Client Assets:

The Pettyjohn Company primarily manages client assets on a discretionary basis through the use of a power of attorney. As of December 31, 2010 100% of accounts were discretionary and had a value of \$224,739,250. On occasion we have managed accounts on a non-discretionary basis. In such cases the client is responsible for the execution of orders and our service is limited to providing advice based on the parameters established at our prior meetings.

Item 5 - Fees and Compensation

Compensation:

Our regularly published fee schedules, Exhibit I (Fee Schedule for Personal Accounts) and Exhibit II (Fee Schedule for Retirement Accounts) indicates that fees can be negotiated and further that there is no minimum size for accounts. There is, however, a minimum fee on accounts. Fees are not charged before any service is provided. It is our practice to deduct The Pettyjohn Company fee from an account in the month following the billing quarter. No custodial fee is charged by any of the broker-dealers currently used by clients; however, clients who use banks as their custodian are generally subject to bank fees. Occasionally an IRA is charged an annual fee by the broker-dealer over which we have no control. In recent times it has become the practice of some broker-dealers to charge a fee to close an account. The Pettyjohn Company has no similar fee.

It is not the practice of The Pettyjohn Company to use mutual funds because we charge a fee for our service and so do the funds. However, occasionally mutual funds and exchange traded funds (ETF) are used to fulfill a particular investment objective. When these investment instruments are used the client will bear a proportionate amount of the operating expenses of the funds in which they are invested. The Pettyjohn Company is not compensated for the purchase and/or sale of any of the mutual funds.

Item 5 - Fees and Compensation – continued

Investment or Brokerage Discretion:

Clients understand that The Pettyjohn Company has the authority to determine without obtaining specific client consent the securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used, and the commission to be paid. The Pettyjohn Company has no limitation on this authority. Wells Fargo Advisors serves as custodian for funds and securities of the majority of our clients. We do approximately 85% of equity transactions through Wells Fargo Advisors and 15% through other broker-dealers. The majority of our fixed income investments are purchased and/or sold through broker-dealers other than Wells Fargo Advisors.

When The Pettyjohn Company establishes a new equity position or closes an existing position, a trade will be placed through Wells Fargo Advisors or other firms. The choice of broker is determined by where the account is held in custody. Fees on trades away from Wells Fargo are set by the respective broker-dealer and vary from no discount to a 60% discount of their retail commission. Trades for accounts custodied at Wells Fargo are as follows:

- a) when executing trades of 5,000 shares or more, clients will be charged \$0.05 per share plus a handling fee to cover processing costs for every trade it executes.
- b) for trades of less than 5,000 shares the firm will buy or sell on-line on an individual basis. The cost per individual trade up to 1,000 shares will be \$29.95 or \$0.03 per share if the order is 1,000 shares or greater. When securities are sold they are subject to the same charge plus an applicable SEC fee.

On occasion fewer than 5,000 shares total of the same security are purchased or sold for a number of clients and may be executed at different times and at different prices. The Pettyjohn Company makes every effort to see that all clients are treated equally whenever a series of individual trades for the same security is made. It is our intent to get the best execution possible. When executing trades each invest-

Item 5 - Fees and Compensation – continued

ment advisor will vary the placement of client trades by utilizing a random selection process to determine which clients will have their trades executed first. The process may be determined by selecting accounts alphabetically, reverse alphabetically, numerically, reverse numerically or by shuffling the order tickets to achieve a random order of execution.

The process does not apply to block trades of 5,000 shares or more since all accounts receive the same blended price.

Any research received from whatever source is applied equally to all accounts.

In selecting broker-dealers and determining the reasonableness of commissions charged, The Pettyjohn Company considers the value of the custodial services, execution and settlement of transactions, the client data feed download, the client on-line access and services given. Wells Fargo Advisors' data feed download consists of client name and address, closing security positions, closing prices, daily activity, and initial security positions.

The system is used primarily to serve clients who have designated Wells Fargo Advisors as custodian and whose brokerage transactions are executed by Wells Fargo. As indicated above, The Pettyjohn Company understands that clients who have designated Wells Fargo Advisors or any other broker-dealer as custodian may pay commissions higher than discounted commissions obtainable from discount brokerage houses.

Employees of The Pettyjohn Company do not accept compensation for the sale of securities or other investment products including asset-based sale charges or service fees from the sale of mutual funds. It is our practice to avoid actual or even the appearance of a conflict of interest.

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

Performance-based fees are defined as fees based on a share of capital gains or on appreciation of the assets of a client.

Side-by-side management relates to compensation charged accounts for performance-base fee and also charged another type of fee such as an hourly or flat fee or asset based fee.

The Pettyjohn Company bases its fee upon the market value of a client's assets under management. The fee is charged quarterly and is based on that quarter's market evaluation. (See Exhibit I and Exhibit II). Performance-based fees or side-buy-side management fees are not charged.

Item 7 - Types of Clients

Our clients are primarily located within Virginia's Region 2000. We also serve clients located throughout the United States as well as overseas. We manage investments for individuals, churches, charitable endowments, corporations, partnerships, professional practices, trustees, estates, qualified retirement plans and individual retirement accounts. To open an account there is no minimum size requirement; however, there is a minimum annual fee.

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

The Pettyjohn Company primarily relies on fundamental analysis in formulating investment advice and managing assets. In addition, we often employ technical analysis to help us derive entry and exit points. The vast majority of our holdings are large capitalized companies which can be found within the Standard and Poor's 500. We will use Exchange Traded Funds (ETF's) when we want exposure to a part of the market that requires specialized research or if we want some broad-based exposure to a sector of

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss – continued

the market. In selecting individual bonds, we utilize a laddered approach to minimize the interest rate risk while maximizing the effective yield on the portfolio. We primarily purchase investment grade bonds to reduce our exposure to credit quality risk. On occasion, we will purchase non-leveraged, closed end funds (CEF) to give us greater diversification.

All investments carry some risk, whether it is market risk, interest rate risk, credit quality risk or purchasing power risk. After assessing the risk tolerance and objectives of each client, we invest their money in such a manner as to minimize the client's primary risk concern.

In selecting common stocks, the primary material risk involved in our strategy is a misjudgment of a company's financial health which could have a negative effect on the company's stock price. In addition, unexpected negative news on a company could adversely affect its price as well.

Item 9 - Disciplinary Information

If The Pettyjohn Company or any of its supervised staff becomes involved in a legal or disciplinary event that is material to a client's or prospective client's evaluation of our business or the integrity of our management, we must disclose it for at least ten years following the date of the event. We are pleased to report that no such event is on our record.

Item 10 - Other Financial Industry Activities and Affiliations

The Pettyjohn Company is a Security and Exchange Commission (SEC) registered investment advisory firm. Our investment advisor representatives have a combined total of well over 125 years of trust and investment experience. As expressed in Item 1 it must be noted that our use

Item 10 - Other Financial Industry Activities and Affiliations - continued

of “registered investment adviser” does not imply a certain level of skill or learning. As investment advisers we are not broker-dealers or registered representatives of a broker-dealer.

We are members of the national not-for-profit Investment Advisors Association (IAA). The Association is the oldest organization that exclusively represents SEC-registered investment advisers firms. IAA works closely with Federal and State policy makers and regulators.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Pettyjohn Company takes seriously its fiduciary role as investment advisor for clients. The SEC has taken the position that personal trading is a critical area of abuse throughout the industry. In an effort to ensure that our firm adheres to the highest ethical and professional standards and that the company fully complies with SEC regulations, The Pettyjohn Company has adopted a Code of Ethics (Exhibit III).

The retirement account of the firm and certain employees and related parties of the firm at times buy or sell securities that are recommended to clients. Such employee transactions are reported quarterly pursuant to Rule 204-2(12) and reviewed for conflicts of interest. Neither the firm nor its employees and related persons may (1) buy securities for itself from or sell securities it owns to any client, (2) as agent effect securities transactions for compensation for any client, (3) as agent for any person other than a client effect transactions in which client securities are sold to or bought from a brokerage customer, or (4) recommend to clients that they buy or sell securities or investment products in which the firm or related person has a financial interest.

Item 12 - Brokerage Practices

In selecting broker-dealers and determining the reasonableness of commissions charged, The Pettyjohn Company considers the value of the custodial services, execution and settlement of transactions, the client data feed download, the client on-line access and services given. We have not been as successful in negotiating brokerage (see Item 5) with other broker-dealers as with Wells Fargo Advisors. Our history with Wells Fargo Advisors date from the days of Wheat, First Securities. We make every effort to make clients aware of the fact that we do not use discount brokers and of the relationship that exists with Wells Fargo Advisors.

Research and Other Soft Dollar Benefits.

Wells Fargo Advisors provide a secure client data feed download that consists of client account numbers, closing security positions, closing prices, daily activity, initial security positions and dates of acquisition. We strive to avoid any soft dollar benefits and any research received from whatever source is applied equally to all accounts. Our major sources of investment information comes from financial newspapers and magazines, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases, Thomson Reuters, LLC, and investment related websites on the internet.

Brokerage for Client Referrals.

The Pettyjohn Company has no arrangements that are material to its advisory business or its clients with any broker-dealer, law firm or accounting firm. Such an arrangement is avoided because of potential or real conflicts of interest or the perception of a conflict of interest.

Directed Brokerage.

Please see Item 5. The execution of transactions away from Wells Fargo Advisors entails either entering the trade over the internet or calling the broker directly and placing the order. Where multiple trades are placed, the same random selection of who goes first described in Item 5 is used. As previously indicated, the best execution price for the trade is generally 60% the broker-dealer's street commission.

Item 13 - Review of Accounts

The Pettyjohn Company is responsible for preparing periodic investment reviews consisting of number of shares or par value of asset, description of asset, cost of asset, current market value of asset, unrealized gain or loss, estimated annual income, percentage yield on market value. The review generally consists of a formal meeting with the client at which time the account manager goes over the review for the previous twelve months. Also discussed are: 1. current and future needs of the client, 2. objectives of client's account, 3. economic scenario, and 4. any foreseeable transactions to be effected by the firm. Sometimes The Pettyjohn Company mails the reviews to the client. The firm has four reviewers – its four investment advisor representatives. Instructions are generally to cover the material listed in the review as stated above. In addition, the custodian for each account delivers monthly statements and trade confirmations directly to each client or their designated agent.

Item 14 - Client Referrals and Other Compensation

In the day to day conduct of business at The Pettyjohn Company every effort is made to avoid conflicts of interest or even the perception of a conflict. To that end no employee or related person directly or indirectly compensates or is compensated for client referrals.

Item 15 - Custody

The Pettyjohn Company maintains all client assets with a third party banks and broker-dealer qualified custodians. The Company believes in complete and open disclosure and we accept the definition of custody to mean directly or indirectly holding client funds or securities or having any authority to obtain possession of them. The temporary possession of client funds or securities or the ability to withdraw funds or securities from client accounts constitutes custody.

Item 15: Custody- continued

At no time are client funds or securities held in the name of The Pettyjohn Company. Certain clients have requested that the Company pay bills and make gifts for them from their accounts and we comply. On occasion clients will bring funds payable to their custodian or securities to the Company for delivery to the custodian. These transactions are reflected on the client monthly statement which they receive directly from their custodian. Internal procedures are in place to ensure proper handling of these funds.

In addition we also do the following:

1. notify the Securities and Exchange Commission in our annual filing with the Commission that we do have custody,
2. give clients account reports either provided at our periodic meetings or through the mail and further request that clients compare those reports with the statements sent by the qualified custodian,
3. can not substitute The Pettyjohn Company reports for those of the qualified custodian,
4. must have a reasonable belief, after due inquiry, that the qualified custodian is sending the client statements at least quarterly,
5. must submit to a surprise annual audit by our certified public accountants.

Item 16 - Investment Discretion

The Pettyjohn Company primarily manages client assets on a discretionary basis through the use of a power of attorney. At our initial interview or as directed later in the relationship, a client may request that investing in certain companies or sectors of the economy be avoided, and we will comply with their wishes.

Item 17 - Voting Client Securities

As a service to our clients, The Pettyjohn Company votes all shareholder proxies in a voting block through a third party service. Confidence in management is a critical element in determining whether or not we are willing to invest in a company. Therefore we normally vote proxies in accordance with management recommendation.

Each proxy is reviewed and voted by a member of our investment staff. Should we determine that a particular issue conflicts with what is in the best interest of our clients, or if we believe that a material conflict of interest exists on a proxy matter between The Pettyjohn Company and our clients, a committee made up of a majority of our investment staff, the four investment advisor representatives, will meet to determine how the proxy will be voted. In the event that a material conflict of interest exists, we will solicit the client's vote on the issue. If we are unable to reach the client, we may abstain from voting your shares on the issue in question.

Clients wishing to have The Pettyjohn Company vote their shares in a particular way may do so if their request is made in writing and in a timely manner.

Item 18 – Financial Information

THE PETTYJOHN COMPANY
STATEMENT OF FINANCIAL CONDITION
December 31, 2010

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**BROWN,
EDWARDS &
COMPANY, L.L.P.**
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors of
The Pettyjohn Company
Lynchburg, Virginia

We have audited the accompanying statement of financial condition of The Pettyjohn Company (the "Company") as of December 31, 2010. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
February 22, 2011

Providing Professional Business Advisory & Consulting Services

2215 Langhorne Rd. • P.O. Box 10189 • Lynchburg, VA 24501 (24506) • 434-948-9000 • Fax: 434-948-9029 • www.BEcpas.com

THE PETTYJOHN COMPANY
STATEMENT OF FINANCIAL CONDITION
December 31, 2010

ASSETS			
Cash and cash equivalents		\$	413,561
Accrued fees receivable			259,248
Prepaid expenses			25,919
Furniture, fixtures, and equipment, at cost	\$	111,628	
Less accumulated depreciation		107,030	
			<u>4,598</u>
		\$	<u>703,326</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Accounts payable		\$	8,940
Income taxes payable			71,079
Deferred income taxes			<u>69,527</u>
			149,546
STOCKHOLDERS' EQUITY			
Common stock, \$.10 par value; 5,000 shares authorized; 52 shares issued and outstanding	\$	5	
Additional paid-in capital		9,990	
Retained earnings		543,785	
			<u>553,780</u>
		\$	<u>703,326</u>

The Notes to Statement of Financial Condition
are an integral part of this statement.

THE PETTYJOHN COMPANY
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2010

Note 1. Organization and Significant Accounting Policies

The Pettyjohn Company (the "Company") was incorporated March 22, 1978, under the laws of the Commonwealth of Virginia and is registered under the Investment Advisors' Act of 1940. The Company offers two types of investment services – discretionary (asset management) and nondiscretionary (advisory), and operates primarily through an unaffiliated broker-dealer. The Company's customers are principally located in Lynchburg, Virginia.

Following is a summary of significant accounting policies followed in preparing the Company's statement of financial condition. These policies reflect industry practices for investment advisors and conform to accounting principles generally accepted in the United States of America.

Cash and cash equivalents:

Cash and cash equivalents include cash on hand and temporary cash investments with original maturities of three months or less.

Accrued fees receivable:

Fee income is recognized as earned in accordance with contractual terms. Where customer billing cycles differ from the Company's fiscal year, fees have been estimated and accrued.

Furniture, fixtures, and equipment:

The cost of new property and expenditures for major renewals and betterments are capitalized and depreciated using the straight-line method over estimated useful lives.

Deferred income taxes:

Deferred income taxes are provided for temporary differences between tax return bases of assets and liabilities and their financial reporting amounts. Significant differences are related to depreciation and the recognition of revenue and expenses on the cash basis for tax purposes rather than the accrual basis used for financial reporting purposes. The federal income tax returns of the Company for 2007 and following years are subject to examination by the Internal Revenue Service.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Concentrations:

The Company maintains deposits in two financial institutions and in a money market account held by a broker-dealer. At times these deposits exceed amounts covered by the U. S. Federal Deposit Insurance Corporation (FDIC). The Company's management believes that there is no significant risk with respect to these deposits.

(Continued)

THE PETTYJOHN COMPANY
NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2010

Note 1. Organization and Significant Accounting Policies (Continued)

Subsequent events:

Management has evaluated subsequent events through February 22, 2011, the date the financial statements were available to be issued.

Note 2. Operating Lease

Rent expense under an operating lease agreement totaled \$56,025 for the year ended December 31, 2010. Future minimum rental payments under the noncancelable lease for 2011 total \$56,025.

Note 3. Retirement Plans

The Company has a noncontributory profit sharing plan covering substantially all employees. The plan provides for discretionary contributions as approved annually by the Board of Directors, subject to limitations provided by the Internal Revenue Code. The Company also has a 401(k) plan which covers substantially all employees and allows participants to reduce their compensation and thereby make contributions to the plan subject to the limitations of the tax code. The Company makes discretionary contributions to the plan. The Company's contributions to the plans totaled \$152,892 in 2010.

Exhibit I

The Pettyjohn Company

1925 ATHERHOLT ROAD
P. O. BOX 310 • LYNCHBURG, VIRGINIA 24505
(434) 845-1266 • Fax (434) 845-2904

Fee Schedule for Personal Accounts

The following is the standard annual fee schedule for personal accounts under the management of The Pettyjohn Company. The fee is based upon the market value of assets under management. The fee is charged quarterly and is based on that quarter's market evaluation.

INVESTMENT COUNSELING*

1% on the First \$ 200,000
.75 of 1% on the Next \$ 800,000
.50 of 1% on the Next \$1,000,000
.40 of 1% on the Next \$2,000,000

Amount in excess of \$4,000,000 to be negotiated.

MINIMUM ANNUAL FEE \$1,000

In addition to the above, the following fees will be charged when applicable:

FINANCIAL PLANNING

When financial planning is the only service required, fees will be negotiated, will range from \$1,000 to \$5,000 plus out-of-pocket expenses, and will be charged annually if financial planning is provided over a period of years.

* In certain cases the fee schedule can be negotiated.

November 1984

Exhibit II

The Pettyjohn Company

1925 ATHERHOLT ROAD
P. O. BOX 310 • LYNCHBURG, VIRGINIA 24505
(434) 845-1266 • Fax (434) 845-2904

Fee Schedule for Retirement Accounts

The following is the standard annual fee schedule for retirement accounts under the management of The Pettyjohn Company. The fee is based upon the market value of assets under management. The fee is charged quarterly and is based on that quarter's market evaluation.

INVESTMENT COUNSELING*

3/4 of 1% on the First \$ 500,000
.50 of 1% on the Next \$1,500,000
.40 of 1% on the Next \$3,000,000

Amount in excess of \$5,000,000 to be negotiated.

MINIMUM ANNUAL FEE \$500

* In certain cases the fee schedule can be negotiated.

November 1984

Exhibit III

**The Pettyjohn Company
Employee Trading Practices
Insider Trading Policy
And Code of Ethics**

The Pettyjohn Company (TPC) takes seriously its fiduciary role as investment advisor for clients. The Securities and Exchange Commission (SEC) has taken the position that personal trading is a critical area of abuse throughout the industry. In an effort to ensure that the firm adheres to the highest ethical and professional standards, and that the company fully complies with SEC regulations, TPC has adapted the following Code of Ethics. Any exception requires the prior approval of the corporate principal in consultation with corporate counsel.

1. All employees are deemed to be "access persons" and are henceforth covered under this code of ethics.
2. At the time of employment, each new hire is to provide a disclosure statement which itemizes all personal securities owned directly by the new employee, his or her spouse, or minor child, or deemed to be under the control of the employee (as executor, trustee, custodian, or owned by an individual residing in the primary residence of the employee). A year-end (December 31st) copy of this statement is to be provided annually thereafter by each employee by the 31st of January. Each employee is to provide duplicate trade confirmations to an assigned individual as designated by the principal. In addition, a quarterly trading summary report is to be submitted to a designated principal within thirty days after the end of a calendar quarter.
3. Employees are prohibited from the purchase of shares of securities issued in conjunction with an initial public offering (IPO). This prohibition does not include fixed income securities of any type (i.e., bonds, preferred stocks, and other debt-like investments) nor does it include secondary equity issues or mutual fund shares.
4. Client interests supersede the investment interests of employees. Investment staff may not avoid or delay purchasing or selling a security for a client in order for any employee of TPC to personally profit from an investment trade. Employees are specifically prohibited from engaging in "front running" of equity trades. Before entering any personal trades, employees should review the proposed trade for prior approval by the principal, or his designee prior to execution. Employees need not obtain prior approval for the purchase or sale of certain investment vehicles, as outlined in item #6, below, nor is the employee required to obtain prior approval in the event a trade is deemed to be "de minimis", as defined in item #5, below. A "de minimis" trade may be executed on the same day as the client trade, so long as the employee ensures that no other open or pending client orders exist for the security in question. If such orders exist then the employee's trade must follow the client trades.

5. De Minimis exemption: From time to time, an employee may wish to trade less than 1000 shares of a NYSE, NASDAQ or ASE listed security with a market capitalization of greater than one billion dollars and average daily trading volume of greater than 100,000 shares per day, or trade a U. S. Government or Government Agency obligation with a face value of less than \$100,000. In such case, the employee may execute the trade during the normal trading day, without approval of a designated officer on the same day as a client trade, with the understanding that an employee will only place trades for their own account in those securities to be purchased for TPC clients after the client trades have been executed.
6. Money market funds, direct U. S. Government obligations, bank deposits, annuities, employee sponsored retirement plans, automatic investment plans, such as DRIPs and mutual fund securities are exempt from the above mentioned reporting requirements. Exchange Traded Funds (ETFs) such as the S&P index (Spysders) and related sector issues (SPY, XLK, etc.) are deemed by the SEC to be treated as individual equity issues, and are therefore subject to full disclosure.
7. An individual may not serve on the corporate board of a publicly traded corporation without the prior approval of the Board of Directors of TPC.
8. Employees may not receive gifts from persons or entities doing business with TPC with more than a *de minimis* value. Gifts from persons deemed to be related by blood or by marriage are exempt from this prohibition. (*NOTE: meals, green fees, tickets to a sporting event or play would be deemed to be de minimis.*)
9. From time to time, an employee, Director or Principal of The Pettyjohn Company (TPC) may become aware of "material" non-public (also known as "insider") information. "Material" is defined to mean any information that a reasonable investor would consider important in making an investment decision, *and* there must be a substantial likelihood that disclosure of the information would be viewed as having the potential to significantly alter the total mix of information available, *and* there is the possibility that the market value or the marketability of the investment in question could be affected by the public release of said information.

It is the policy of TPC to forbid any employees, Directors, or Principals, (or any members of their immediate family), from using "material" non-public information when making investment decisions (either personally or on behalf of others, including clients of The Pettyjohn Company), from recommending the purchase or sale of securities to others, or to disclose said "material" information to any non-employee of TPC.

10. Employees are expected to consult with the principal before taking action whenever a situation arises which may give the appearance that a potential conflict of interest exists.
11. TPC is an advocate of self-regulation and encourages employees to openly communicate with coworkers, principals, and board members. The SEC requires that any code violations be promptly reported to the firm's Chief Compliance Officer. To this end, no employee shall be terminated or otherwise penalized in retaliation for bringing illegal activities to the attention of principals, board members, auditing accountants or regulatory authorities, in compliance with generally accepted "whistle blower" standards. As is practical, the principals will make every effort to protect the privacy of the source of information.

At the time of his or her annual review, each employee is to receive a copy of this code of ethics, and to certify in writing that he or she recognizes being subject to its provisions.