

TEXAS PACIFIC LAND TRUST
Form 10-K
March 12, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

✓ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended: December 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file No.: 1-737

TEXAS PACIFIC LAND TRUST
(Exact Name of Registrant as Specified in its Charter)

Not Applicable
(State or Other Jurisdiction of
Incorporation or Organization)

75-0279735
(I.R.S. Employer
Identification Number)

1700 Pacific Avenue, Suite 2770
Dallas, Texas
(Address of Principal Executive Offices)

75201
(Zip Code)

Registrant's telephone number, including area code: (214) 969-5530

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Sub-shares in Certificates of Proprietary Interest (par value \$.03-1/3 per share)	Name of Each Exchange on Which Registered New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web Site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter (June 30, 2009) was approximately \$324,237,806.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

Cautionary Statement Regarding Forward-Looking Statements

Statements in this Annual Report on Form 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding management's expectations, hopes, intentions or strategies regarding the future. Forward-looking statements include statements regarding the Trust's future operations and prospects, the markets for real estate in the areas in which the Trust owns real estate, applicable zoning regulations, the markets for oil and gas, production limits on prorated oil and gas wells authorized by the Railroad Commission of Texas, expected competition, management's intent, beliefs or current expectations with respect to the Trust's future financial performance and other matters. All forward-looking statements in this Report are based on information available to us as of the date this Report is filed with the Securities and Exchange Commission, and we assume no responsibility to update any such forward-looking statements, except as required by law. All forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the factors discussed in Item 1A "Risk Factors" and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART I

Item 1. Business.

(a) General Development of Business. The registrant (hereinafter called “Texas Pacific” or the “Trust”) was organized under a Declaration of Trust, dated February 1, 1888, to receive and hold title to extensive tracts of land in the State of Texas, previously the property of the Texas and Pacific Railway Company, and to issue transferable Certificates of Proprietary Interest pro rata to the holders of certain debt securities of the Texas and Pacific Railway Company. The Trustees are empowered under the Declaration of Trust to manage the lands with all the powers of an absolute owner, and to use the lands and the proceeds of sale of the lands, either to pay dividends to the Certificate holders or to buy in and cancel outstanding Certificates. The Trust’s income is derived primarily from land sales, oil and gas royalties, grazing leases, and interest. This method of operation has continued through the present. During the last five years there has not been any reorganization, disposition of any material amount of assets not in the ordinary course of business (although in the ordinary course of business Texas Pacific does sell or lease large tracts of land owned by it), or any material change in the mode of conducting business.

Texas Pacific’s income from oil and gas royalties has been limited in the past by the level of production authorized for prorated wells each year by the regulations of the Railroad Commission of the State of Texas. The monthly percentage of allowable production has averaged 100% in recent years, but, because of the limited capacity of older wells and other operating problems, the percentage permitted by the Railroad Commission could not be produced by most operators.

(b) Financial Information about Industry Segments. Texas Pacific does not have identifiable industry segments, although, as shown in the Statements of Income included in the financial statements incorporated by reference in Item 8 of this Report on Form 10-K, land sales, oil and gas royalties, grazing leases, and interest income are the major contributors to the income of Texas Pacific. The Trust’s management views its operations as one segment and believes the only significant activity is managing the land which was conveyed to the Trust in 1888. Managing the land includes sales and leases of such land and the retention of oil and gas royalties. See the Statements of Income for additional sources of income for the last three (3) years of Texas Pacific.

(c) Narrative Description of Business. As previously indicated, the business done and intended to be done by Texas Pacific consists of sales and leases of land owned by it, retaining oil and gas royalties, temporary cash investments and the overall management of the land owned by it.

(i) During the last three fiscal years the following items have accounted for more than fifteen percent (15%) of total revenues.

	2009	2008	2007
Oil and Gas Royalties	66%	70%	63%
Easements and Sundry Income	16%	15%	--

- (ii) Texas Pacific is not in the business of development of new products.
- (iii) Raw materials are not necessary to the business of Texas Pacific.
- (iv) Patents, trademarks, licenses, franchises or concessions held are not material to any business of Texas Pacific.
- (v) The business of Texas Pacific is not seasonal in nature, as that term is generally understood, although land sales may vary widely from year to year and quarter to quarter.
- (vi) The business of Texas Pacific does not require Texas Pacific to maintain any particular amount or item of working capital.
- (vii) During 2009, no single customer or group of affiliated customers accounted for ten percent (10%), or more, of Texas Pacific's consolidated revenues. Texas Pacific received \$461,054, or approximately 5.3 percent of its oil and gas royalty income during 2009, from 46 leases operated by Chevron U.S.A., Inc.
- (viii) Backlogs are not relevant to an understanding of Texas Pacific's business.
- (ix) No material portion of Texas Pacific's business is subject to renegotiation or termination at the election of the Government.
- (x) The Trust does not have competitors, as such, in that it sells, leases and generally manages land owned by it and, to that extent, any owner of property located in areas comparable to the Trust is a potential competitor.
- (xi) Research activities relating to the development of new products or services or to the improvement of existing products or services are not material to the Trust's business.
- (xii) Compliance with Federal, State and local provisions that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, have had no material effect upon the capital expenditures, earnings and competitive position of Texas Pacific. To date, Texas Pacific has not been called upon to expend any funds for these purposes.
- (xiii) As of February 28, 2010 Texas Pacific had eight (8) full-time employees.

(d) Financial Information about Geographic Areas. Texas Pacific does not have any foreign operations. For each of its last three fiscal years, all of the Trust's revenues have been derived from, and all of its long-lived assets have been located in, the United States.

(e) Available Information. The Trust makes available, free of charge, on or through its Internet website copies of its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). We maintain our website at <http://www.TPLTrust.com>. The information contained on our website is not part of this Report.

Item 1A: Risk Factors.

An investment in our securities involves a degree of risk. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also have a material adverse effect on us. If any of the following risks actually occur, our financial condition, results of operations, cash flows or business could be harmed. In that case, the market price of our securities could decline and you could lose part or all of your investment.

A prolonged downturn in global economic conditions may materially and adversely affect our business.

Our business and results of operations are affected by international, national and regional economic conditions. Financial markets in the United States and elsewhere have been experiencing extreme disruption during the past year, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining values of others. Recent reports have indicated that the global economy has begun to emerge from recession, but the improvement, thus far, has been weak and there can be no assurance that the global economy will not slip back into a recessionary mode. Slowing or declining economic growth in the United States and elsewhere may lead to reduced industrial production which, in turn, may lead to lower demand and lower prices for oil and gas, which may adversely affect our results of operations.

The Trust's oil and gas royalty revenue is dependent upon the market prices of oil and gas which fluctuate.

The oil and gas royalties which the Trust receives are dependent upon the market prices for oil and gas. The market prices for oil and gas are subject to national and international economic and political conditions and, in the past, have been subject to significant price fluctuations. Price fluctuations for oil and gas have been particularly volatile in recent years. The Trust's oil and gas royalties benefited from the substantial increases in the market prices for oil and gas which occurred during the first nine months of 2008, but were then adversely affected by the significant downturn in oil and gas market prices which occurred in the fourth quarter of 2008 and extended through the first quarter of 2009. Although there was a gradual improvement in oil and gas prices throughout the remainder of 2009, prices have not returned to the levels

achieved during the first nine months of 2008 and, in view of the continued difficult economic conditions, we cannot assure you that the recently improved market prices will continue or that future, additional decreases in the market prices of oil and gas will not occur. If lower market prices for oil and gas occur they may have an adverse effect on our oil and gas royalty revenues.

The Trust is not an oil and gas producer. Its revenues from oil and gas royalties are subject to the actions of others.

The Trust is not an oil and gas producer. Its oil and gas income is derived from perpetual non-participating oil and gas royalty interests which it has retained. As wells age the costs of production may increase and their capacity may decline absent additional investment. However, the owners and operators of the oil and gas wells make all decisions as to investments in, and production from, those wells and the Trust's royalties will be dependent upon decisions made by those operators, among other factors. The Railroad Commission of the State of Texas sets authorized production levels for pro rated wells by regulation. The monthly percentage of allowable production has averaged 100% in recent years. However, in the past the Trust's income from oil and gas royalties has been limited by the production levels authorized by the Railroad Commission and we cannot assure you that they may not be so limited in the future.

Our revenues from the sale of land are subject to substantial fluctuation. We are a passive seller of land and land sales are subject to many factors that are beyond our control.

Land sales vary widely from year to year and quarter to quarter. The total dollar amount, the average price per acre, and the number of acres sold in any one year or quarter should not be assumed to be indicative of land sales in the future. The Trust is a passive seller of land and does not actively solicit sales of land. The demand for, and the sale price of, any particular tract of the Trust's land is influenced by many factors, including, the national and local economies, the rate of residential and commercial development in nearby areas, livestock carrying capacity and the condition of the local agricultural industry, which itself is influenced by range conditions and prices for livestock and agricultural products. Approximately 99% of the Trust's land is classified as ranch land and intermingled with parcels owned by third parties to form ranching units. The Trust's ability to sell ranch land is, therefore, largely dependent on the actions of adjoining landowners.

The Trust's remaining holdings of land in metropolitan areas are limited.

The sale price of land suitable for development in metropolitan areas is generally substantially higher than the price of land in rural or ranching areas. The Trust's remaining holdings of land suitable for development in metropolitan areas are limited.

If the liability of holders of Certificates of Proprietary Interest and Sub-shares were to be found to be governed by the laws of Texas, holders of Certificates of Proprietary Interest and Sub-shares might be held to have personal liability for claims against the Trust, to the extent such claims exceeded the assets of the Trust.

The Declaration of Trust which established the Trust was executed and delivered in New York. Under the laws of the State of New York, the holders of Certificates of Proprietary

Interest and Sub-shares are not subject to any personal liability for the acts or obligations of the Trust. The assets of the Trust are located in Texas. Under the laws of the State of Texas the holders of Certificates of Proprietary Interest and Sub-shares may be held personally liable with respect to claims against the Trust, but only after the assets of the Trust first have been exhausted. Thus, if a court were to hold that the liability of holders of Certificates of Proprietary Interest and Sub-shares for obligations is governed by the laws of Texas, rather than New York, it is possible that holders of Certificates of Proprietary Interest and Sub-shares might be held to have personal liability for claims against the Trust to the extent such claims exceeded all of the Trust's assets.

The Trustees are not subject to annual election and, as a result, the ability of the holders of Certificates of Proprietary Interest and Sub-shares to influence the policies of the Trust may be limited.

Directors of a corporation are generally subject to election at each annual meeting of stockholders or, in the case of staggered boards, at regular intervals. Under the Declaration of Trust, however, the Trust is not required to hold annual meetings of holders of Certificates of Proprietary Interest and Sub-shares to elect Trustees and Trustees generally hold office until their death, resignation or disqualification. As a result, the ability of holders of Certificates of Proprietary Interest and Sub-shares to effect changes in the Board of Trustees, and the policies of the Trust, is significantly more limited than that of the stockholders of a corporation.

Our results of operations for any quarter are not necessarily indicative of our results of operations for a full year.

Sales of land fluctuate from quarter to quarter. Revenues from oil and gas royalties may also fluctuate from quarter to quarter based upon market prices for oil and gas and production decisions made by the operators. As a result, the results of our operations for any particular quarter are not necessarily indicative of the results of operations for a full year.

Item 1B: Unresolved Staff Comments.

Not Applicable.

Item 2: Properties.

At the time of filing of this Report on Form 10-K, Texas Pacific Land Trust owned the surface estate in 962,553 acres of land, comprised of numerous separate tracts, located in 20 counties in the western part of Texas. There were no material liens or encumbrances on the Trust's title to the surface estate in those tracts.

The Trust also owns a 1/128 nonparticipating perpetual oil and gas royalty interest under 85,414 acres of land and a 1/16 nonparticipating perpetual oil and gas royalty interest under 386,988 acres of land in the western part of Texas. Generally speaking, if the Trust sells the surface estate in real property with respect to which it holds a perpetual oil and gas royalty interest, that oil and gas royalty interest is excluded from the sale and retained by the Trust.

At December 31, 2009, grazing leases were in effect on 99 percent or approximately 953,035 acres of the Trust's land. The Trust regularly enters into grazing leases with many different local ranchers which grant the ranch owner lessees the right to graze livestock on the Trust's properties. These leases are generally in a standard form common in the locality. Grazing leases are generally entered into for terms ranging from three (3) to five (5) years. The Trust generally retains the right to cancel a grazing lease upon thirty (30) days notice in the event of a sale of the land. No individual grazing lease is material to the Trust.

Approximately 696 acres of land were sold in 2009.

The Trust leases office space in Dallas, Texas.

Item 3: Legal Proceedings.

Texas Pacific is not involved in any material pending legal proceedings.

Item 4: Reserved.

PART II

Item 5: Market for Registrant's Common Equity, Related Security Holder Matters and Issuer Purchases of Equity Securities.

The principal United States market on which Sub-shares in the Trust's Certificates of Proprietary Interest are traded is the New York Stock Exchange. The range of reported sales prices for Sub-shares on the New York Stock Exchange for each quarterly period during the past two fiscal years was as follows:

	2009		2008	
	High	Low	High	Low
1st Quarter	\$30.65	\$16.30	\$45.50	\$30.40
2nd Quarter	\$37.70	\$23.99	\$55.15	\$39.44
3rd Quarter	\$37.02	\$27.50	\$54.57	\$36.52
4th Quarter	\$32.97	\$27.10	\$39.01	\$16.10

Certificates of Proprietary Interest and Sub-shares are interchangeable in the ratio of one Certificate for 3,000 Sub-shares or 3,000 Sub-shares for one Certificate of Proprietary Interest. Texas Pacific has paid a cash dividend once a year for the preceding 53 years. The cash dividend was \$.19 per Sub-share in 2009 and \$.18 per Sub-share in 2008 and was paid during the first quarter of each year. Texas Pacific is not a party to any agreement that would limit its ability to pay dividends in the future, although any future dividends are subject to the discretion of the Board of Trustees and will depend upon the Trust's earnings, capital requirements and financial position, applicable requirements of law, general economic conditions and other factors considered relevant by the Board of Trustees.

The approximate numbers of holders of Certificates of Proprietary Interest and Sub-shares, respectively, as of January 31, 2010, were as follows:

Certificates of Proprietary Interest	–
Sub-shares in Certificates of Proprietary Interest	434
TOTAL	434

The Trust did not sell any equity securities during the year ended December 31, 2009.

During the fourth quarter of 2009, the Trust repurchased Sub-share certificates as follows:

Period	Total Number of Sub-shares Purchased	Average Price Paid per Sub- share	Total Number of Sub- shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Sub- shares that May Yet Be Purchased Under the Plans or Programs
October 1, through October 31, 2009	27,767	\$30.99	–	–
November 1, through November 30, 2009	34,136	\$28.45	–	–
December 1, through December 31, 2009	22,170	\$28.64	–	–
Total	84,073	* \$29.34	–	–

* The Trust purchased and retired 84,073 Sub-shares in the open market.

Item 6: Selected Financial Data.

The selected financial data set forth below for the years ended December 31, 2009, 2008, 2007, 2006 and 2005, were derived from our audited financial statements. The data presented below should be read in conjunction with Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Financial Statements and Notes thereto incorporated by reference in Item 8 “Financial Statements and Supplementary Data.”

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Gross income	\$ 13,138,287	\$ 19,525,012	\$ 15,835,111	\$ 23,022,482	\$ 15,407,641
Expenses	3,093,524	3,720,046	3,957,397	6,143,467	3,234,913
Income before income taxes	10,044,763	15,804,966	11,877,714	16,879,015	12,172,728
Income taxes	3,130,720	4,865,193	3,628,026	5,309,153	3,660,141
Net income	\$ 6,914,043	\$ 10,939,773	\$ 8,249,688	\$ 11,569,862	\$ 8,512,587
Net income per Sub-share	\$.69	\$1.06	\$.78	\$1.08	\$.78
Dividends per Sub-share (1)	\$.19	\$.18	\$.16	\$.55	\$.11
Average number of Sub-shares outstanding	10,018,028	10,354,408	10,536,367	10,695,644	10,864,657

	As of December 31,				
	2009	2008	2007	2006	2005
Total assets, exclusive of property with no assigned value	\$ 26,787,620	\$ 30,785,034	\$ 32,656,735	\$ 32,467,548	\$ 32,304,893

(1) The figure for 2006 includes a special dividend of \$.42 per Sub-share.

Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read together with the factors discussed in Item 1A "Risk Factors" and with the Financial Statements, including the Notes thereto, and the other financial information appearing elsewhere in this Report. Period-to-period comparisons of financial data are not necessarily indicative, and therefore should not be relied upon as indicators, of the Trust's future performance. Words or phrases such as "does not believe" and "believes," or similar expressions, when used in this Form 10-K or other filings with the SEC, are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

Overview

The Trust was organized in 1888 and holds title to extensive tracts of land in numerous West Texas counties which were previously the property of the Texas and Pacific Railway Company. We continue to manage those lands for the benefit of the holders of Certificates of Proprietary Interest in the Trust. Our revenues are derived primarily from sales of land, oil and gas royalties, grazing leases of the land and interest. Due to the nature of our operations, our revenue is subject to substantial fluctuations from quarter to quarter and year to year. We are a passive seller of land and do not actively solicit sales of land. In addition, the demand for, and sale price of, particular tracts of land is influenced by many factors beyond our control, including general economic conditions, the rate of development in nearby areas and the suitability of the particular tract for the ranching uses prevalent in western Texas. The Trust is not an oil and gas producer. Rather, its oil and gas revenue is derived from retained perpetual non-participating oil and gas royalty interests. Thus, in addition to being subject to fluctuations in response to the

market prices for oil and gas, our oil and gas royalty revenues are also subject to decisions made by the owners and operators of the oil wells to which our royalty interests relate as to investments in and production from those wells. We monitor production reports by the oil and gas companies to assure that we are being paid the appropriate royalties. We review conditions in the agricultural industry in the areas in which our lands are located and seek to keep as much of our lands as possible under lease to local ranchers at competitive rates. In recent years, we have been successful at keeping nearly 99% of our land subject to grazing leases.

Results of Operations

The Trust's primary sources of income are revenue derived from sales of land, either for cash or a combination of cash and mortgage notes, and revenue derived from the Trust's land and mineral interests.

On June 20, 2007, the Trustees authorized a five-for-one split of Sub-shares in certificates of proprietary interest, effective July 2, 2007. As a result, the par value of Sub-shares was reduced from \$.16-2/3 per sub-share to \$.03-1/3 per sub-share. All figures presented in this report relative to Sub-shares outstanding, earnings per Sub-share, dividends per Sub-share, the number and cost of Sub-shares purchased for cancellation, and the market price of Sub-shares reflect the five-for-one split.

2009 Compared to 2008

Total operating revenues and investing revenues in 2009 aggregated \$13,138,287, a decrease of \$6,386,725, or 32.7%, from the \$19,525,012 of total operating revenues and investing revenues recorded in 2008. This decrease resulted primarily from a significant decrease in oil and gas royalty revenue and, to a lesser extent, decreases in easements and sundry income, land sales and interest income from notes receivable. There was a modest increase in revenue from grazing leases in 2009 compared to 2008. Earnings per Sub-share certificate were \$.69 for 2009 compared to \$1.06 in 2008. The Trust purchased and retired 311,632 Sub-shares during 2009, leaving 9,894,514 Sub-shares outstanding at December 31, 2009.

Land sales in 2009 were \$523,010 compared to \$823,440 in 2008, a decrease of 36.5%. A total of 696 acres were sold in 2009 at an average price of \$751 per acre, compared to 2,219 acres in 2008 at an average price per acre of \$371.

Rentals, royalties and other income (including interest on investments) were \$12,615,277 in 2009 compared to \$18,701,572 in 2008, a decrease of 32.5%.

Oil and gas royalty revenue in 2009 was \$8,686,187 compared to \$13,694,843 in 2008, a decrease of 36.6%. Oil royalty revenue was \$6,823,871 and gas royalty revenue was \$1,862,316 in 2009. Crude oil production from Trust royalty wells increased 24.8% in 2009 from 2008, but this increase in the volume of oil produced was more than offset by a 46.4% decrease in the average price per barrel of oil received by the Trust in 2009 compared to 2008. Total gas production decreased 3.4% in 2009 compared to 2008, and there was a 44.7% decrease in the average price of gas during 2009 compared to 2008. The average prices per royalty barrel of crude oil for 2009 and 2008 were \$55.06 and \$102.80, respectively.

Grazing lease income in 2009 was \$492,802 compared to \$482,193 in 2008.

Interest revenue (including interest on investments) was \$1,269,907 in 2009 compared to \$1,590,110 in 2008, a decrease of 20.1%. Interest on notes receivable amounted to \$1,216,480 in 2009 compared to \$1,361,364 in 2008. At year end 2009, notes receivable from land sales were \$15,728,925 compared to \$17,656,227 at year end 2008. Interest on investments amounted to \$53,427 in 2009 and \$228,746 in 2008, respectively. Total principal cash payments on notes receivable were \$1,927,302 in 2009 including \$665,604 of prepaid principal.

Easements and sundry income revenue in 2009 was \$2,166,381 compared to \$2,934,426 in 2008. The decrease in easements and sundry income revenue was primarily attributable to decreases in the amount of pipeline easement income received and sundry income received in 2009 compared to 2008. Easements and sundry income is unpredictable and may vary significantly from period to period.

Taxes, other than income taxes were \$611,448 in 2009 compared to \$898,619 in 2008. Oil and gas production taxes were \$453,569 in 2009 compared to \$731,070 in 2008. Ad valorem taxes were \$108,326 in 2009 compared to \$119,074 in 2008. All other expenses were \$2,482,076 in 2009 compared to \$2,821,427 in 2008.

2008 Compared to 2007

Total operating revenues and investing revenues in 2008 aggregated \$19,525,012, an increase of \$3,689,901, or 23.3%, from the \$15,835,111 of total operating revenues and investing revenues recorded in 2007. This increase resulted primarily from increases in oil and gas royalty revenue and easements and sundry income which more than offset declines in land sales and interest revenue. Earnings per Sub-share certificate were \$1.06 for 2008 compared to \$.78 in 2007. The Trust purchased and retired 282,229 Sub-shares during 2008, leaving 10,206,146 Sub-shares outstanding at December 31, 2008.

Land sales in 2008 were \$823,440 compared to \$1,932,664 in 2007, a decrease of 57.4%. A total of 2,219 acres were sold in 2008 at an average price of \$371 per acre, compared to 1,554 acres in 2007 at an average price per acre of \$1,244.

Rentals, royalties and other income (including interest on investments) were \$18,701,572 in 2008 compared to \$13,902,447 in 2007, a decrease of 34.5%.

Oil and gas royalty revenue in 2008 was \$13,694,843 compared to \$10,022,709 in 2007, an increase of 36.6%. Oil royalty revenue was \$10,206,759 and gas royalty revenue was \$3,488,084 in 2008. Crude oil production from Trust royalty wells decreased 8.0% in 2008 from 2007, but this decrease in the volume of oil produced was more than offset by a 57.3% increase in the average price per barrel of oil received by the Trust in 2008 compared to 2007. Total gas production increased 12.0% in 2008 compared to 2007, and there was a 5.0% increase in the average price of gas during 2008 compared to 2007. The average prices per royalty barrel of crude oil for 2008 and 2007 were \$102.80 and \$65.36, respectively.

Grazing lease income in 2008 was \$482,193 compared to \$479,908 in 2007.

Interest revenue (including interest on investments) was \$1,590,110 in 2008 compared to \$1,834,249 in 2007, a decrease of 13.3%. Interest on notes receivable amounted to \$1,361,364 in 2008 compared to \$1,464,249 in 2007. At year end 2008, notes receivable from land sales were \$17,656,227 compared to \$19,625,622 at year end 2007. Interest on investments amounted to \$228,746 in 2008 and \$370,000 in 2007, respectively. Total principal cash payments on notes receivable were \$2,363,395 in 2008 including \$1,025,354 of prepaid principal.

Easements and sundry income revenue in 2008 was \$2,934,426 compared to \$1,565,581 in 2007. The increase in easements and sundry income revenue was primarily attributable to increases in easement income and the amount of oil company damage settlements received in 2008 compared to 2007. Easements and sundry income is unpredictable and may vary significantly from period to period.

Taxes, other than income taxes were \$898,619 in 2008 compared to \$702,391 in 2007. Oil and gas production taxes were \$731,070 in 2008 compared to \$547,075 in 2007. Ad valorem taxes were \$119,074 in 2008 compared to \$107,673 in 2007. The Trust's basis in real estate sold, which is included in total expenses was \$0 in 2008 compared to \$693,455 in 2007. All other expenses were \$2,821,427 in 2008 compared to \$2,561,551 in 2007.

Liquidity

The Trust's principal sources of liquidity are its revenues from oil and gas royalties, lease rentals and receipts of interest and principal payments on the notes receivable arising from its sales of land. In the past these sources have generated more than adequate amounts of cash to meet the Trust's needs and, in the opinion of management, should continue to do so in the foreseeable future.

Off-Balance Sheet Arrangements

The Trust has not engaged in any off-balance sheet arrangements.

Tabular Disclosure of Contractual Obligations

As of December 31, 2009, the Trust's known contractual obligations were as follows:

Contractual Obligations	Total	Payment Due by Period			
		Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations	\$-	\$-	\$-	\$-	\$-
Capital lease obligations	-	-	-	-	-
Operating lease obligations	340,267	70,400	140,800	129,067	-
Purchase obligations	-	-	-	-	-
Other long-term liabilities reflected on the Trust's balance sheet under GAAP	-	-	-	-	-
Total	\$340,267	\$70,400	\$140,800	\$129,067	\$-

Effects of Inflation

We do not believe that inflation has had a material impact on our operating results. We cannot assure you, however, that future increases in our costs will not occur or that any such increases that may occur will not adversely affect our results of operations.

Critical Accounting Policies and 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 the reported amounts of assets and liabilities at the date of the financial statements. It is our opinion that we fully disclose our significant accounting policies in the Notes to the Financial Statements. Consistent with our disclosure policies, we include the following discussion related to what we believe to be our most critical accounting policies that require our most difficult, subjective or complex judgment.

Valuation of Notes Receivable - Management of the Trust monitors delinquencies to assess the propriety of the carrying value of its notes receivable. At the point in time that notes receivable become delinquent, management reviews the operations information of the debtor and the estimated fair value of the collateral held as security to determine whether an allowance for losses is required. Any required allowance for losses is recorded in the period of determination. At December 31, 2009, and 2008, there were no significant delinquencies and, as such, no allowances for losses have been recorded.

Valuation of Real Estate Acquired Through Foreclosure - The value of real estate acquired through foreclosure is established at the lower of cost or fair value less disposition costs at the date of foreclosure. Cost is considered to be the aggregate of the outstanding principal and interest, past due ad valorem taxes and other fees associated with the foreclosure. Subsequent to the foreclosure date, valuations are periodically performed or obtained by management when events or changes in circumstances indicate that the full carrying amount may not be recoverable. At such time, a valuation allowance is established to reduce the carrying value to the estimated fair value. Valuation of the real estate is based on the estimates of management and is subject to judgment. At December 31, 2009 and 2008, no valuation allowances were recorded.

Gain Recognition on Land Sales - Accounting principles generally accepted in the United States of America dictate the manner in which the gain or loss on the sale of land is recorded. The Trust has established policies for the sale of land which result in the full accrual method of gain recognition. This policy generally requires that the Trust receive a minimum cash down payment of 25% of the sales price on each sale and that any related notes receivable require regular principal and interest payments, payable over terms from 5 to 15 years.

Item 7A: Quantitative and Qualitative Disclosures About Market Risk.

The Trust's primary market risk exposure relates to changes in interest rates related to its notes receivable. To limit the impact of interest rate changes, the Trust enters into fixed rate notes receivable that approximate the current interest rate for land sales at the time. As a result, the Trust's only interest rate risk is the opportunity loss should interest rates increase. The

following table summarizes expected maturities of the Trust's notes receivable. As the interest rates represent rates which management believes are current rates on similar land sales, the Trust believes the fair values of its notes receivable approximate the carrying amounts.

Year Ending December 31,	Maturity
2010	\$ 1,378,718
2011	1,441,800
2012	1,538,889
2013	1,631,041
2014	1,649,870
Thereafter	8,088,607
	\$ 15,728,925

The Trust's remaining financial instruments consist of cash, U.S. Treasury Bills, certificates of deposit, temporary cash investments and accounts payable and other liabilities and the carrying amounts of these instruments approximate fair value due to the short-term nature of these instruments.

Item 8: Financial Statements and Supplementary Data.

See the Index to Financial Statements included in Item 15. The Financial Statements listed therein are incorporated herein by reference to pages F-1 through F-21 of this Report on Form 10-K.

Item 9: Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A: Controls and Procedures.

(a) Disclosure Controls and Procedures.

Pursuant to Rule 13a-15 under the Exchange Act, management of the Trust under the supervision and with the participation of Roy Thomas, the Trust's Chief Executive Officer, and David M. Peterson, the Trust's Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Trust's disclosure controls and procedures as of the end of the Trust's fiscal year covered by this Report on Form 10-K. Based upon that evaluation, Mr. Thomas and Mr. Peterson concluded that the Trust's disclosure controls and procedures are effective in timely alerting them to material information relating to the Trust required to be included in the Trust's periodic SEC filings.

(b) Management's Report on Internal Control over Financial Reporting.

Management of the Trust is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Management has assessed the effectiveness of the Trust's internal control over financial reporting as of December 31, 2009 using the criteria set forth by the Committee of Sponsoring

Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on that assessment, management believes that the Trust's internal control over financial reporting was effective as of December 31, 2009.

(c) Attestation Report of Registered Public Accounting Firm.

The Trust's independent registered public accountants have issued an audit report on the Trust's internal control over financial reporting. This audit report appears on page F-1 of this Report.

(d) Changes in Internal Control over Financial Reporting.

There were no changes in the Trust's internal control over financial reporting during the fourth quarter of 2009 that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Item 9B: Other Information.

Not applicable.

PART III

Item 10: Directors, Executive Officers and Corporate Governance.

(a) Trustees:

Name	Age	Position and Offices Held With Registrant	Period During Which Person Has Served in Office
Maurice Meyer III	74	Trustee, Chairman of the Trustees and Chairman of Audit Committee	Trustee since February 28, 1991; Chairman of Trustees since May 28, 2003.
John R. Norris III	56	Trustee	Trustee since June 7, 2000.
James K. Norwood	68	Trustee and Member of Audit Committee	Trustee since June 14, 2006.

We believe Mr. Meyer's qualifications to serve as a Trustee include the wealth of knowledge and understanding concerning the Trust which he has gained in his nearly twenty (20) years of service as a Trustee. In addition, prior to his retirement, he spent his entire career in the securities industry which enables him to bring particularized expertise to provide guidance and assistance to management in administering the Trust's sub-share repurchase program prescribed by the terms of the Declaration of Trust.

We believe Mr. Norris' qualifications to serve as a Trustee include his legal expertise and extensive background as a practicing attorney in Dallas which allows him to provide counsel and insight to his fellow Trustees and management with respect to the various legal issues which the Trust faces. In addition to his nearly ten (10) years experience as a Trustee, Mr. Norris advised the Trust on legal matters for many years prior to his election as a Trustee.

We believe Mr. Norwood's extensive experience as a real estate appraiser in Texas makes him particularly well-suited to serve as a Trustee. The Trust is a large landholder and Mr. Norwood's real estate expertise is invaluable to the Trust in administering its holdings including its leasing and sale of land.

(b) Executive Officers:

Name	Age	Position and Offices Held With Registrant	Period During Which Person Has Served in Office
Roy Thomas	63	General Agent, Chief Executive Officer and Secretary	General Agent and Secretary of the Trust since January 1, 1995 and Chief Executive Officer since November 12, 2002. Mr. Thomas had previously served as Assistant General Agent from December 1, 1992 through December 31, 1994.

David M. Peterson	44 Assistant General Agent and Chief Financial Officer	Assistant General Agent since January 1, 1997 and Chief Financial Officer since November 12, 2002.
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The Trustees hold office until their death, resignation or disqualification. The General Agent, Chief Executive Officer and Secretary and the Assistant General Agent and Chief Financial Officer hold office until their death, resignation, discharge or retirement pursuant to the Texas Pacific Land Trust Revised Employees' Pension Plan. No executive officer was selected to be an officer pursuant to any arrangement or understanding between him and any other person or persons other than the Trustees acting solely in their capacity as such.

(c) Certain Significant Employees. The Trust does not employ any person who is not an executive officer who makes or is expected to make significant contributions to the business of the Trust.

(d) Family Relations. There are no family relationships among any of the Trustees and executive officers of the Trust.

(e) Business Experience.

Name of Trustee or Executive Officer	Principal Occupation or Employment During the Past Five Years
Maurice Meyer III	Former Vice Chairman of Henderson Brothers; personal investments
John R. Norris III	Attorney; Calloway, Norris, Burdette & Weber, Dallas, Texas
James K. Norwood	Licensed Real Estate Appraiser; James K. Norwood, Inc.
Roy Thomas	General Agent, Chief Executive Officer and Secretary of Texas Pacific Land Trust
David M. Peterson	Assistant General Agent and Chief Financial Officer of Texas Pacific Land Trust

(f) Involvement in Certain Legal Proceedings. During the past five years, no Trustee or executive officer has been involved in any event reportable under this caption.

(g) Promoters and Control Persons. Not applicable.

Code of Ethics

The Trust has adopted a Code of Conduct and Ethics applicable to its chief executive officer, chief financial officer and certain other employees. A copy of the Code of Ethics has been made available on the Trust's corporate website. We maintain our website at <http://www.TPLTrust.com>. The information contained on our website is not part of this Report.

Changes in Procedures Regarding Nomination of Trustees

There have been no material changes to the procedures by which security holders may recommend nominees to the Trust's Board of Trustees.

Audit Committee

The Trust has a standing Audit Committee of its Board of Trustees. The current members of the Audit Committee are Messrs. Meyer and Norwood.

Audit Committee Financial Expert

The Board of Trustees has determined that no current member of the Board of Trustees serving on the Trust's Audit Committee would meet the requirements of the definition of "audit committee financial expert" set forth in the applicable rules of the SEC. The terms of the Trust, which was established in 1888, and governing law would require an amendment of the Trust in order to add new Trustees who would satisfy the requirements of the definition. Any amendment of the Trust to do so would necessarily involve judicial proceedings and an expensive time-consuming process with no assurance that an individual meeting the requirements of the definition, who would be willing to serve as Trustee given the modest compensation offered (\$2,000 per annum, \$4,000 per annum for the Chairman), could be located. The Audit Committee consists of two independent Trustees, each of whom has been determined by the Board of Trustees to be qualified, in their judgment, to monitor the performance of management, the Trust's internal accounting operations and the independent auditors and to be qualified to monitor the disclosures of the Trust. In addition, the Audit Committee has the ability to retain its own independent accountants, attorneys and other advisors, whenever it deems appropriate, to advise it. As a result, the Board of Trustees believes that the time and expense involved in an amendment of the Trust, with no assurance that an individual meeting the requirements of the definition of "audit committee financial expert" could be persuaded to become a member of the Board of Trustees, would not be in the best interests of the Trust at this time.

Item 11: Executive Compensation.

Compensation Discussion and Analysis

The Trust's compensation programs are designed to reward the performance of the Named Executive Officers in achieving the Trust's primary goals of protecting and maintaining the assets of the Trust. The compensation program consists principally of a salary and an annual cash bonus. Base salaries provide our Named Executive Officers with a steady income stream that is not contingent on the Trust's performance, while the addition of a cash bonus allows the Nominating, Compensation and Governance Committee flexibility to recognize and reward the

Named Executive Officers' contributions to the Trust's performance in a given year. Salaries are reviewed annually and salary increases and the amounts of cash bonuses are determined by the Nominating, Compensation and Governance Committee of the Trustees based upon an evaluation of the Named Executive Officer's performance against the goals and objectives of the Trust. Differences in salary for the Named Executive Officers may reflect the differing responsibilities of their respective positions, the differing levels of experience of the individuals and internal pay equity considerations. The Nominating, Compensation and Governance Committee does not have a specific list of factors to which it assigns various weights and against which it measures the Named Executive Officers' performance in making its compensation decisions. The Committee's decisions are based on their overall impression of the Named Executive Officers' individual performances.

The Trust has not incorporated equity-related or other long-term compensation elements in its compensation programs. The Declaration of Trust pursuant to which the Trust was created empowers the Trustees to use the lands originally contributed to the Trust either to pay dividends to the certificate holders or to repurchase and cancel outstanding certificates. In view of that general directive to the Trustees, the issuance of equity to executive officers has not been made a part of the Trust's compensation program.

As part of its compensation program the Trust maintains both a qualified defined benefit pension plan and a qualified defined contribution plan which are both available to employees generally, as well as the Named Executive Officers. These plans are designed to assist employees in planning adequately for their retirement.

The Nominating, Compensation and Governance Committee has the sole authority to determine the compensation of the General Agent and Chief Executive Officer of the Trust. The Committee obtains and considers recommendations from the General Agent in connection with its review and approval of the annual compensation, including the amount of annual bonus, paid to the Assistant General Agent and Chief Financial Officer.

Summary Compensation Table

The following table sets forth information concerning compensation for services in all capacities awarded to, earned by, or paid to, the Trust's Chief Executive Officer and its Chief Financial Officer, who are its only executive officers (collectively, the "Named Executive Officers"):

Name and Position	Year	Salary (\$)	Bonus (\$)	Change in Actuarial Present Value of Accumulated Benefits (\$)(1)	All Other Compensation (\$)(2)(3)	Total (\$)
Roy Thomas	2009	\$ 197,917	\$ 20,000	\$ 77,359	\$ 11,875	\$ 307,151
General Agent, Chief Executive Officer	2008	\$ 192,917	\$ 20,000	\$ 71,421	\$ 11,575	\$ 295,913
and Secretary	2007	\$ 187,917	\$ 20,000	\$ 84,311	\$ 11,275	\$ 303,503

David M. Peterson	2009	\$ 135,833	\$ 10,000	\$ 14,068	\$ 8,150	\$ 168,051
Assistant General	2008	\$ 131,833	\$ 10,000	\$ 12,699	\$ 7,910	\$ 162,442
Agent and Chief Financial Officer	2007	\$ 127,833	\$ 10,000	\$ 11,138	\$ 7,670	\$ 156,641

- (1) Represents the aggregate change in the actuarial present value of the Named Executive Officer's accumulated benefit under all defined benefit and actuarial pension plans (including supplemental plans) from the pension plan measurement date used for financial statement reporting purposes with respect to the Trust's audited financial statements for the prior completed fiscal year to the pension plan measurement date used for financial statement reporting purposes with respect to the Trust's audited financial statements for the covered fiscal year.
- (2) Represents contributions by the Trust to the account of the Named Executive Officer under the Trust's defined contribution retirement plan.
- (3) The aggregate value of the perquisites and other personal benefits, if any, received by the named Executive Officer for all years presented have not been reflected in the table because the amount was below the Securities and Exchange Commission's \$10,000 threshold for disclosure.

		Pension Benefits		
Name	Plan Name	Number of Years Credited Service	Actuarial Present Value of Accumulated Benefit (\$)	Payments during Last Fiscal Year
Roy Thomas	Texas Pacific Land Trust Revised Employee's Pension Plan	23.0	\$ 612,855	\$ 0
David M. Peterson	Texas Pacific Land Trust Revised Employee's Pension Plan	14.5	\$ 81,485	\$ 0

The Texas Pacific Land Trust Revised Employees' Pension Plan is a non-contributory defined benefit pension plan qualified under Section 401 of the Internal Revenue Code in which the employees, excluding the Trustees, participate. The remuneration covered by the Plan is Salary. The Plan provides a normal retirement benefit equal to 1.5% of a participant's average Salary for the last five years prior to retirement for each year of Credited Service under the Plan. Credited Service is earned from the participant's date of membership in the Plan, which is generally not the participant's date of hire by the Trust. For information concerning the valuation method and material assumptions used in quantifying the present value of the Named Executive Officers' current accrued benefits, see Note 5 of the Notes to Financial Statements incorporated by reference in Item 8 of this Report.

As of December 31, 2009, the annual accrued normal retirement benefits are estimated to be \$64,501 and \$27,273 for Mr. Thomas and Mr. Peterson, respectively.

The Plan provides for early retirement after 20 years of service with the Trust. Early retirement benefits are calculated in the same manner as the normal retirement benefit, but are reduced by 1/15 for each of the first five years and 1/30 for each of the next five years that benefits commence prior to normal retirement. If benefits commence more than 10 years prior to normal retirement, the early retirement benefit payable at age 55 is reduced actuarially for the period prior to age 55. The annual early retirement benefit payable to Mr. Thomas as of January 1, 2010 is estimated to be \$56,976. Mr. Peterson is not currently eligible for an early retirement benefit.

Trustee Compensation Table

Name	Fees Earned or Paid in Cash (\$)	
	(1)	Total (\$)
Maurice Meyer III	\$ 4,000	\$ 4,000
John R. Norris III	\$ 2,000	\$ 2,000
James K. Norwood	\$ 2,000	\$ 2,000

(1) As Chairman, Mr. Meyer receives \$4,000 annually for his services as Chairman of the Trustees. Each of the other Trustees receives \$2,000 annually for his services as such.

Employment Agreements

The Trust is not a party to any employment agreements with any of its Named Executive Officers. There is no compensation plan or arrangement with respect to any individual named in the Summary Compensation Table that results, or will result, from the resignation, retirement or any other termination of such individual's employment or from a change in control of Texas Pacific or from a change in the individual's responsibilities following a change in control of Texas Pacific.

Compensation Committee Interlocks and Insider Participation

Each of the Trustees is a member of the Nominating, Compensation and Governance Committee of the Trustees. None of the Trustees is, or has been in the past, an officer or employee of the Trust. None of the Trustees had any relationship requiring disclosure by the Trust pursuant to Item 404 of Regulation S-K. There are no interlocking relationships requiring disclosure by the Trust pursuant to Item 407(e)(4)(iii) of Regulation S-K.

Compensation Committee Report

The Nominating, Compensation and Governance Committee has reviewed and discussed the Compensation Discussion and Analysis section of this Item 11 and, based on such review and discussion, recommended that it be included in this Report.

Maurice Meyer III
 John R. Norris III
 James K. Norwood

Item 12: Security Ownership of Certain Beneficial Owners and Management and Related Security Holder Matters.

The Trust does not maintain any compensation plans (or individual compensation arrangements) under which equity securities of the Trust are authorized for issuance.

(a) Security Ownership of Certain Beneficial Owners. The following table sets forth information as to all persons known to the Trust to be the beneficial owner of more than 5% of the Trust’s voting securities (Certificates of Proprietary Interest and Sub-share Certificates). The Certificates of Proprietary Interest and Sub-share Certificates are freely interchangeable in the ratio of one Certificate of Proprietary Interest for 3,000 Sub-shares or 3,000 Sub-shares for one Certificate of Proprietary Interest, and are deemed to constitute a single class.

Name and Address	Number of Securities Beneficially Owned	Type of Securities	Percent of Class
Donald W. Hodges (1) 2905 Maple Ave. Dallas, TX 75201	579,658	Sub-share certificates	5.8%
Select Equity Group (2) 380 Lafayette Street, 6th floor New York, NY 10003	923,276	Sub-share certificates	9.2%

(1) The information set forth is based on a joint filing on Schedule 13G made on February 17, 2010 by Donald W. Hodges (“Hodges”), First Dallas Holdings, Inc. (“Holdings”), First Dallas Securities, Inc. (“Securities”), Hodges Capital Management, Inc. (“HCM”), Hodges Fund (“HF”), Hodges Small Cap Fund (“HSCF”), Hodges Blue Chip 25 Fund (“HBCF”) and Hodges Pure Contrarian Fund (“HPCF”). According to the filing, (i) Hodges shares voting power with respect to 454,900 of the Sub-share certificates and shares dispositive power with respect to 579,658 of the Sub-share certificates, (ii) Holdings shares voting power with respect to 454,900 of the Sub-share certificates and shares dispositive power with respect to 579,658 of the Sub-share certificates, (iii) Securities shares dispositive power with respect to 31,765 of the Sub-share certificates, (iv) HCM shares voting power with respect to 452,900 of the Sub-share certificates and shares dispositive power with respect to 545,893 of the Sub-share certificates, (v) HF shares voting and dispositive power with respect to 408,000 of the Sub-share certificates, (vi) HSCF shares voting and dispositive power with respect to 35,000 of the Sub-share certificates, (vii) HBCF shares voting and dispositive power with respect to 3,800 of the Sub-share certificates, and (viii) HPCF shares voting and dispositive power with respect to 3,000 of the Sub-share certificates. The Schedule 13G indicates that (A) Securities is a broker-dealer and an

investment adviser, (B) HCM is an investment adviser, (C) HF is an investment company, (D) HSCF is an investment company, (E) HBCF is an investment company, and (F) HPCF is a holding company. The Schedule 13G further indicates that Hodges is the controlling shareholder of Holdings, that Holdings is the parent holding company of Securities and HCM and that HF, HSCF, HBCF and HPCF are all series of an investment company as to which HCM serves as the investment adviser. The filing indicates that the Sub-share certificates were not acquired and are not held for the purpose of, or with the effect of, changing or influencing the control of the Trust and are not held in connection with, or as a participant in, any transaction having that purpose or effect.

(2) The information set forth is based on a joint filing on Schedule 13G/A made on February 17, 2010 by Select Equity Group, Inc. (“Select Equity”), Select Offshore Advisors, LLC (“Select Offshore”) and George S. Loening (“Loening”). According to the Schedule 13G/A, (i) Select Equity has sole voting power and sole dispositive power with respect to 540,636 of the Sub-share certificates, (ii) Select Offshore has sole voting and sole dispositive power with respect to 382,640 of the Sub-share certificates and (iii) Loening has sole voting and sole dispositive power with respect to all of the Sub-share certificates. According to the Schedule 13G/A, Loening is the controlling shareholder of Select Equity and the Manager of Select Offshore and has the power to vote or to direct the voting of, and the power to dispose or to direct the disposition of, all of the Sub-share certificates held by Select Equity and Select Offshore. The filing indicates that the Sub-share certificates were not acquired and are not held for the purpose of, or with the effect of, changing or influencing the control of the Trust and were not acquired and are not held in connection with, or as a participant in, any transaction having that purpose or effect.

(b) Security Ownership of Management: The following table sets forth information as to equity securities (Certificates of Proprietary Interest and Sub-share Certificates) beneficially owned directly or indirectly by all Trustees, naming them, and by all Trustees and executive officers of the registrant, as a group:

Title and Class (1)	Name of Beneficial Owner	Amount and Nature of Ownership on February 28, 2010	Percent of Class
Sub-share certificates:	Maurice Meyer III	74,750 (2)	*
Sub-share certificates:	John R. Norris III	1,000	*
Sub-share certificates:	James K. Norwood	1,300	*
Sub-share certificates:	Roy Thomas	1,000	*
Sub-share certificates:	David M. Peterson	--	