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**Return of Private Foundation**  
or Section 4947(a)(1) Nonexempt Charitable Trust  
Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

**2010**

For calendar year 2010, or tax year beginning , 2010, and ending , 20

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return  
☐ Amended return ☐ Address change ☐ Name change

Name of foundation <b>LUDA BELLE WALKER FOUNDATION</b>		A Employer identification number <b>75-2745568</b>
Number and street (or P O box number if mail is not delivered to street address) <b>803 JEFFERSON</b>	Room/suite	B Telephone number (see page 10 of the instructions) <b>936-634-2771</b>
City or town, state, and ZIP code <b>LUFKIN, TX 75904</b>		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization. <input type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) <b>\$ 957,217</b>	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
(Part I, column (d) must be on cash basis)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	24,789	24,789		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	24,782			
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		24,782		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	49,571	49,571	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)	6,492	3,246		3,246
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	927			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 Total operating and administrative expenses. Add lines 13 through 23	7,419	3,246	0	3,246
	25 Contributions, gifts, grants paid	12,000			12,000
26 Total expenses and disbursements. Add lines 24 and 25	19,419	3,246	0	15,246	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	30,152				
b Net investment income (if negative, enter -0-)		46,325			
c Adjusted net income (if negative, enter -0-)			0		

<b>Part II Balance Sheets</b>		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
<b>Assets</b>	<b>1</b>	Cash—non-interest-bearing . . . . .	45,748	34,648	34,648
	<b>2</b>	Savings and temporary cash investments . . . . .			
	<b>3</b>	Accounts receivable ▶ . . . . .			
		Less: allowance for doubtful accounts ▶ . . . . .			
	<b>4</b>	Pledges receivable ▶ . . . . .			
		Less: allowance for doubtful accounts ▶ . . . . .			
	<b>5</b>	Grants receivable . . . . .			
	<b>6</b>	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions) . . . . .			
	<b>7</b>	Other notes and loans receivable (attach schedule) ▶ . . . . .			
		Less: allowance for doubtful accounts ▶ . . . . .			
	<b>8</b>	Inventories for sale or use . . . . .			
	<b>9</b>	Prepaid expenses and deferred charges . . . . .			
	<b>10a</b>	Investments—U.S. and state government obligations (attach schedule)			
	<b>b</b>	Investments—corporate stock (attach schedule) <b>SCHA 2</b> . . . . .	840,480	882,658	922,569
	<b>c</b>	Investments—corporate bonds (attach schedule) . . . . .			
	<b>11</b>	Investments—land, buildings, and equipment, basis ▶ . . . . .			
<b>Liabilities</b>		Less: accumulated depreciation (attach schedule) ▶ . . . . .			
	<b>12</b>	Investments—mortgage loans . . . . .			
	<b>13</b>	Investments—other (attach schedule) . . . . .			
	<b>14</b>	Land, buildings, and equipment, basis ▶ . . . . .			
		Less: accumulated depreciation (attach schedule) ▶ . . . . .			
	<b>15</b>	Other assets (describe ▶ . . . . .)			
<b>Net Assets or Fund Balances</b>	<b>16</b>	<b>Total assets</b> (to be completed by all filers—see the instructions. Also, see page 1, item I) . . . . .	886,228	917,306	957,217
	<b>17</b>	Accounts payable and accrued expenses . . . . .			
	<b>18</b>	Grants payable . . . . .	9,180	36,434	
	<b>19</b>	Deferred revenue . . . . .			
	<b>20</b>	Loans from officers, directors, trustees, and other disqualified persons			
	<b>21</b>	Mortgages and other notes payable (attach schedule) . . . . .			
	<b>22</b>	Other liabilities (describe ▶ . . . . .)	-396	531	
	<b>23</b>	<b>Total liabilities</b> (add lines 17 through 22) . . . . .	8,784	36,965	
<b>Net Assets or Fund Balances</b>		<b>Foundations that follow SFAS 117, check here</b> . . . ▶ <input type="checkbox"/> <b>and complete lines 24 through 26 and lines 30 and 31.</b>			
	<b>24</b>	Unrestricted . . . . .			
	<b>25</b>	Temporarily restricted . . . . .			
	<b>26</b>	Permanently restricted . . . . .			
		<b>Foundations that do not follow SFAS 117, check here</b> ▶ <input checked="" type="checkbox"/> <b>and complete lines 27 through 31.</b>			
	<b>27</b>	Capital stock, trust principal, or current funds . . . . .	83,727	83,727	
	<b>28</b>	Paid-in or capital surplus, or land, bldg., and equipment fund			
	<b>29</b>	Retained earnings, accumulated income, endowment, or other funds	793,717	796,614	
<b>Net Assets or Fund Balances</b>	<b>30</b>	<b>Total net assets or fund balances</b> (see page 17 of the instructions) . . . . .	877,444	880,341	
	<b>31</b>	<b>Total liabilities and net assets/fund balances</b> (see page 17 of the instructions) . . . . .	886,228	917,306	

**Part III Analysis of Changes in Net Assets or Fund Balances**

<b>1</b>	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return) . . . . .	<b>1</b>	877,444
<b>2</b>	Enter amount from Part I, line 27a . . . . .	<b>2</b>	30,152
<b>3</b>	Other increases not included in line 2 (itemize) ▶ . . . . .	<b>3</b>	0
<b>4</b>	Add lines 1, 2, and 3 . . . . .	<b>4</b>	907,596
<b>5</b>	Decreases not included in line 2 (itemize) ▶ <b>INCREASE IN GRANTS PAYABLE</b> . . . . .	<b>5</b>	27,255
<b>6</b>	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	<b>6</b>	880,341

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
<b>1a SEE SCHEDULE 3</b>				
<b>b</b>				
<b>c</b>				
<b>d</b>				
<b>e</b>				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
<b>a</b>				
<b>b</b>				
<b>c</b>				
<b>d</b>				
<b>e</b>				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
<b>a</b>				
<b>b</b>				
<b>c</b>				
<b>d</b>				
<b>e</b>				
<b>2</b> Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		<b>2</b>	<b>24,782</b>	
<b>3</b> Net short-term capital gain or (loss) as defined in sections 1222(5) and (6). If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8		<b>3</b>	<b>0</b>	

**Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income**

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No  
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	12,020	200,520	.059944
2008	13,500	227,108	.059443
2007	12,000	278,573	.043077
2006	11,410	244,163	.046731
2005	10,799	233,289	.046290
<b>2</b> Total of line 1, column (d)			<b>2</b> .255485
<b>3</b> Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			<b>3</b> .051097
<b>4</b> Enter the net value of noncharitable-use assets for 2010 from Part X, line 5			<b>4</b> 868,549
<b>5</b> Multiply line 4 by line 3			<b>5</b> 44,380
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)			<b>6</b> 463
<b>7</b> Add lines 5 and 6			<b>7</b> 44,843
<b>8</b> Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.			<b>8</b> 15,246

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)**

<b>1a</b>	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
<b>b</b>	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b . . . . .	<b>1</b>	927
<b>c</b>	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
<b>2</b>	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	<b>2</b>	0
<b>3</b>	Add lines 1 and 2 . . . . .	<b>3</b>	927
<b>4</b>	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	<b>4</b>	0
<b>5</b>	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-	<b>5</b>	927
<b>6</b>	Credits/Payments:		
<b>a</b>	2010 estimated tax payments and 2009 overpayment credited to 2010	<b>6a</b>	396
<b>b</b>	Exempt foreign organizations—tax withheld at source . . . . .	<b>6b</b>	
<b>c</b>	Tax paid with application for extension of time to file (Form 8868) . . . . .	<b>6c</b>	
<b>d</b>	Backup withholding erroneously withheld . . . . .	<b>6d</b>	
<b>7</b>	Total credits and payments. Add lines 6a through 6d . . . . .	<b>7</b>	396
<b>8</b>	Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	<b>8</b>	0
<b>9</b>	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b> . . . . .	<b>9</b>	531
<b>10</b>	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b> . . . . .	<b>10</b>	
<b>11</b>	Enter the amount of line 10 to be. <b>Credited to 2011 estimated tax</b> ▶ <b>Refunded</b> ▶	<b>11</b>	

**Part VII-A Statements Regarding Activities**

	Yes	No
<b>1a</b> During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? . . . . .		✓
<b>b</b> Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? . . . . .		✓
<i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		
<b>c</b> Did the foundation file <b>Form 1120-POL</b> for this year? . . . . .		✓
<b>d</b> Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year. (1) On the foundation ▶ \$ _____ (2) On foundation managers. ▶ \$ _____		
<b>e</b> Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ _____		
<b>2</b> Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		✓
<b>3</b> Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes . . . . .</i>		✓
<b>4a</b> Did the foundation have unrelated business gross income of \$1,000 or more during the year? . . . . .		✓
<b>b</b> If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .		N/A
<b>5</b> Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T</i>		✓
<b>6</b> Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? . . . . .		✓
<b>7</b> Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	✓	
<b>8a</b> Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ TEXAS		
<b>b</b> If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If "No," attach explanation . . . . .</i>	✓	
<b>9</b> Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? <i>If "Yes," complete Part XIV . . . . .</i>		✓
<b>10</b> Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses . . . . .</i>		✓

**Part VII-A Statements Regarding Activities (continued)**

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		✓
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	
Website address ▶ N/A				
14	The books are in care of ▶ C. JAMES HALEY, JR	Telephone no ▶	936-634-2771	
	Located at ▶ 803 JEFFERSON, LUFKIN, TX	ZIP+4 ▶	75904	
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year ▶	15		
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes	No
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ▶			✓

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1b	N/A
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1c	✓
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	If "Yes," list the years ▶ 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is <b>not</b> applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 22 of the instructions) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	✓
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	✓

**Part VII-B** Statements Regarding Activities for Which Form 4720 May Be Required (continued)

- 5a** During the year did the foundation pay or incur any amount to:
- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☒ No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No
- b** If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? **5b** *N/A*
- Organizations relying on a current notice regarding disaster assistance check here ☐
- c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No
- If "Yes," attach the statement required by Regulations section 53.4945–5(d)
- 6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b**
- If "Yes" to 6b, file Form 8870
- 7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No
- b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** *N/A*

**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account other allowances
C JAMES HALEY, JR 803 JEFFERSON, LUFKIN, TX 75904	PRESIDENT 1	0	0	0
ANNA BETH CONNELL 1302 TOM TEMPLE, LUFKIN, TX 75904	VICE PRES 0	0	0	0
ELSIE WILLIS 1302 TOM TEMPLE, LUFKIN, TX 75904	SECRETARY 0	0	0	0

**2** Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account other allowances
NONE				

Total number of other employees paid over \$50,000 ☐

**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)***3** Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services		

**Part IX-A** Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
<b>1</b> N/A	
<b>2</b>	
<b>3</b>	
<b>4</b>	

**Part IX-B** Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
<b>1</b> N/A	
<b>2</b>	
All other program-related investments. See page 24 of the instructions.	
<b>3</b>	
Total. Add lines 1 through 3	

**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
<b>a</b>	Average monthly fair market value of securities . . . . .	<b>1a</b>	781,721
<b>b</b>	Average of monthly cash balances . . . . .	<b>1b</b>	100,056
<b>c</b>	Fair market value of all other assets (see page 25 of the instructions) . . . . .	<b>1c</b>	0
<b>d</b>	<b>Total</b> (add lines 1a, b, and c) . . . . .	<b>1d</b>	881,776
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) . . . . .	<b>1e</b>	
<b>2</b>	Acquisition indebtedness applicable to line 1 assets . . . . .	<b>2</b>	0
<b>3</b>	Subtract line 2 from line 1d . . . . .	<b>3</b>	881,776
<b>4</b>	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions) . . . . .	<b>4</b>	13,227
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4 . . . . .	<b>5</b>	868,549
<b>6</b>	<b>Minimum investment return.</b> Enter 5% of line 5 . . . . .	<b>6</b>	43,427

**Part XI Distributable Amount** (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

<b>1</b>	Minimum investment return from Part X, line 6 . . . . .	<b>1</b>	43,427
<b>2a</b>	Tax on investment income for 2010 from Part VI, line 5 . . . . .	<b>2a</b>	927
<b>b</b>	Income tax for 2010 (This does not include the tax from Part VI) . . . . .	<b>2b</b>	0
<b>c</b>	Add lines 2a and 2b . . . . .	<b>2c</b>	927
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1 . . . . .	<b>3</b>	42,500
<b>4</b>	Recoveries of amounts treated as qualifying distributions . . . . .	<b>4</b>	0
<b>5</b>	Add lines 3 and 4 . . . . .	<b>5</b>	42,500
<b>6</b>	Deduction from distributable amount (see page 25 of the instructions) . . . . .	<b>6</b>	0
<b>7</b>	<b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1 . . . . .	<b>7</b>	42,500

**Part XII Qualifying Distributions** (see page 25 of the instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
<b>a</b>	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26 . . . . .	<b>1a</b>	15,246
<b>b</b>	Program-related investments—total from Part IX-B . . . . .	<b>1b</b>	
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes . . . . .	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the:		
<b>a</b>	Suitability test (prior IRS approval required) . . . . .	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule) . . . . .	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4 . . . . .	<b>4</b>	15,246
<b>5</b>	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions) . . . . .	<b>5</b>	
<b>6</b>	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4 . . . . .	<b>6</b>	15,246

**Note.** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

**Part XIII Undistributed Income** (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
<b>1</b> Distributable amount for 2010 from Part XI, line 7 . . . . .				42,500
<b>2</b> Undistributed income, if any, as of the end of 2010:				0
<b>a</b> Enter amount for 2009 only . . . . .			9,180	
<b>b</b> Total for prior years: 20____, 20____, 20____		0		
<b>3</b> Excess distributions carryover, if any, to 2010:				
<b>a</b> From 2005 . . . . .				
<b>b</b> From 2006 . . . . .				
<b>c</b> From 2007 . . . . .				
<b>d</b> From 2008 . . . . .				
<b>e</b> From 2009 . . . . .				
<b>f</b> <b>Total</b> of lines 3a through e . . . . .	0			
<b>4</b> Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ <u>15,246</u>				
<b>a</b> Applied to 2009, but not more than line 2a			9,180	
<b>b</b> Applied to undistributed income of prior years (Election required—see page 26 of the instructions)		0		
<b>c</b> Treated as distributions out of corpus (Election required—see page 26 of the instructions)	0			
<b>d</b> Applied to 2010 distributable amount . . . . .				6,066
<b>e</b> Remaining amount distributed out of corpus	0			
<b>5</b> Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)	0			0
<b>6</b> Enter the net total of each column as indicated below:				
<b>a</b> Corpus Add lines 3f, 4c, and 4e. Subtract line 5	0			
<b>b</b> Prior years' undistributed income Subtract line 4b from line 2b . . . . .		0		
<b>c</b> Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed . . . . .		0		
<b>d</b> Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions . . . . .		0		
<b>e</b> Undistributed income for 2009. Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions . . . . .			0	
<b>f</b> Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011 . . . . .				36,434
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions) . . . . .	0			
<b>8</b> Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions) . . . . .	0			
<b>9</b> <b>Excess distributions carryover to 2011.</b> Subtract lines 7 and 8 from line 6a . . . . .	0			
<b>10</b> Analysis of line 9:				
<b>a</b> Excess from 2006 . . . . .	0			
<b>b</b> Excess from 2007 . . . . .	0			
<b>c</b> Excess from 2008 . . . . .	0			
<b>d</b> Excess from 2009 . . . . .	0			
<b>e</b> Excess from 2010 . . . . .	0			

**Part XIV Private Operating Foundations** (see page 27 of the instructions and Part VII-A, question 9)

**1a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling ▶

**b** Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

**2a** Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

	Tax year	Prior 3 years			(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
<b>b</b> 85% of line 2a					
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon:					
<b>a</b> "Assets" alternative test—enter:					
<b>(1)</b> Value of all assets					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					
<b>b</b> "Endowment" alternative test—enter 2% of minimum investment return shown in Part X, line 6 for each year listed					
<b>c</b> "Support" alternative test—enter:					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
<b>(3)</b> Largest amount of support from an exempt organization					
<b>(4)</b> Gross investment income					

**Part XV Supplementary Information** (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)**1 Information Regarding Foundation Managers:**

- a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2) )

NONE

- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

- a** The name, address, and telephone number of the person to whom applications should be addressed

C JAMES HALEY, JR, 803 JEFFERSON, LUFKIN, TX 75904

- b** The form in which applications should be submitted and information and materials they should include

SEE STATEMENT 2

- c** Any submission deadlines

NONE

- d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

SEE STATEMENT 3

**Part XV** Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i>				
THE MOSIAC CENTER 601 N FIRST STREET, LUFKIN, TX 75904	N/A	PUBLIC	GENERAL OPERATIONS	5,000
PREGNANCY HELP CENTER 106 SOUTH BYNUM, LUFKIN, TX 75904	N/A	PUBLIC	GENERAL OPERATIONS	5,000
BUCKNER FAMILY PLACE 3402 DANIEL MCCALL DRIVE, LUFKIN, TX 75901	N/A	PUBLIC	GENERAL OPERATIONS	2,000
<b>Total</b>			<b>3a</b>	<b>12,000</b>
<i>b Approved for future payment</i>				
NONE				
<b>Total</b>			<b>3b</b>	

## Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 28 of the instructions )
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount		
1 Program service revenue.						
a						
b						
c						
d						
e						
f						
g Fees and contracts from government agencies						
2 Membership dues and assessments . . . . .						
3 Interest on savings and temporary cash investments						
4 Dividends and interest from securities . . . . .			14	24,789		
5 Net rental income or (loss) from real estate:						
a Debt-financed property . . . . .						
b Not debt-financed property . . . . .						
6 Net rental income or (loss) from personal property						
7 Other investment income . . . . .						
8 Gain or (loss) from sales of assets other than inventory						
9 Net income or (loss) from special events . . . . .						
10 Gross profit or (loss) from sales of inventory . . . . .			18	24,782		
11 Other revenue a _____						
b _____						
c _____						
d _____						
e _____						
12 Subtotal Add columns (b), (d), and (e)				49,571		
13 Total. Add line 12, columns (b), (d), and (e) . . . . .						

(See worksheet in line 13 instructions on page 29 to verify calculations )

## Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]

**Part XVII** Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

Exempt Organizations		Yes	No
<b>1</b>	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
<b>a</b>	Transfers from the reporting foundation to a noncharitable exempt organization of		
<b>(1)</b>	Cash	<b>1a(1)</b>	✓
<b>(2)</b>	Other assets	<b>1a(2)</b>	✓
<b>b</b>	Other transactions		
<b>(1)</b>	Sales of assets to a noncharitable exempt organization	<b>1b(1)</b>	✓
<b>(2)</b>	Purchases of assets from a noncharitable exempt organization	<b>1b(2)</b>	✓
<b>(3)</b>	Rental of facilities, equipment, or other assets	<b>1b(3)</b>	✓
<b>(4)</b>	Reimbursement arrangements	<b>1b(4)</b>	✓
<b>(5)</b>	Loans or loan guarantees	<b>1b(5)</b>	✓
<b>(6)</b>	Performance of services or membership or fundraising solicitations	<b>1b(6)</b>	✓
<b>c</b>	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	<b>1c</b>	✓
<b>d</b>	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

**2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

**b** If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee C. James Haley, Jr.

2-7-11  
Date

**PRESIDENT**

Title

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature

Date \_\_\_\_\_

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ►

Firm's address ►

Phone no

**LUDA BELLE WALKER FOUNDATION  
SCHEDULE OF MONTHLY AVERAGE VALUES  
YEAR ENDED 12-31-10**

	<u>SECURITIES</u>	<u>CASH</u>	<u>TOTAL</u>
JANUARY	805,981	47,348	853,328
FEBRUARY	794,989	49,625	844,614
MARCH	817,764	51,803	869,566
APRIL	498,709	400,701	899,410
MAY	486,868	393,807	880,676
JUNE	805,978	39,517	845,495
JULY	818,203	38,340	856,543
AUGUST	830,069	37,164	867,233
SEPTEMBER	845,921	37,170	883,092
OCTOBER	880,745	35,906	916,652
NOVEMBER	890,039	34,642	924,681
DECEMBER	905,382	34,646	940,028
	<hr/>	<hr/>	<hr/>
AVERAGE	781,721	100,056	881,776
	<hr/>	<hr/>	<hr/>

**FORM 990-PF, PART II, LINE 10B**  
**INVESTMENTS - CORPORATE STOCK**

CORPORATE STOCKS	VAL METHOD	BOOK VALUE	FAIR MKT. VALUE
5421.743 AMERICAN BOND FD OF AMERICA F	Cost	65,309	66,091
1574.157 AMERICAN EUROPACIFIC GRW F	Cost	60,048	64,792
1242 569 AMERICAN FUNDAMENTAL INV F	Cost	43,061	45,577
1590 040 AMERICAN GR FD OF AMERICA F1	Cost	45,905	48,083
2600.729 BLACKROCK EQUITY DIVIDEND A	Cost	43,167	45,565
6105.493 BLACKROCK LOW DUR BD INV SVC	Cost	58,497	58,918
1396 973 BLACKROCK US OPPORTUNITIES SVC	Cost	50,762	55,418
489 375 COHEN & STEERS REALTY SH S INC	Cost	27,759	28,609
3303 363 DAVIS NEW YORK VENTURE A	Cost	42,905	44,757
604 90 HARDING LOEVNER EMERG MKTS	Cost	27,432	31,334
3689.572 IVY LARGE GRW A	Cost	45,569	47,928
1972 14 KEELEY SMALL CAP VALUE A	Cost	45,517	49,244
9450 728 MFS LIMITED MATURITY A	Cost	58,785	58,500
1622 220 NUVEEN TRADEWINDS VAL OPPORT A	Cost	52,676	56,891
5660 298 PIMCO LOW DURATION FD A	Cost	59,367	58,811
6117.057 PIMCO TOTAL RETURN A	Cost	67,901	66,370
2368.328 THRONBURG INTL VALUE A	Cost	59,531	66,384
3958 952 WELLS FARGO HIGH INCOME INV	Cost	28,466	29,296
		<u>882,658</u>	<u>922,569</u>

Activity

MONEY MARKET FUND (MMF) AND BANK DEPOSITS ACTIVITY

Date	Activity Type	Description	Credits/(Debits)	
12/30	Automatic Investment	BANK DEPOSIT PROGRAM		\$4 41

REALIZED GAIN/(LOSS) DETAIL

LONG-TERM

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
3M COMPANY	11/08/06	04/26/10	200 000	\$17,375 72	\$15,875 00	\$1,500 72	2 ADJUSTED 12/16/09
AIM CAPITAL DEVELOPMENT C	12/16/03	04/21/10	37 763	496 96	597 03	(100 07)	A
	12/21/04	04/21/10	124 192	1,634 37	2,088 91	(454 54)	A
	12/20/05	04/21/10	220 563	2,902 61	3,551 04	(648 43)	A
	12/20/05	04/21/10	32 010	421 25	515 36	(94 11)	A
	12/19/06	04/21/10	156 581	2,060 61	2,632 11	(571 50)	A
	12/19/06	04/21/10	62 990	828 95	1,058 87	(229 92)	A
	12/18/07	04/21/10	212 550	2,797 16	3,413 55	(616 39)	A
	12/18/07	04/21/10	48 024	632 00	771 27	(139 27)	A
	01/01/09	04/21/10	204 426	2,690 24	3,428 23	(737 99)	A
	01/15/99	04/21/10	1,228 669	16,169 28	17,999 88	(1,830 60)	A
ALCOA INC	11/08/06	04/26/10	300 000	4,226 95	8,629 50	(4,402 55)	2 ADJUSTED 12/16/09
AMERICAN BD FD OF AMERICA C	01/23/08	04/21/10	3,411 676	41,076 54	45,000 01	(3,923 47)	A
	02/26/08	04/21/10	11 474	138 15	147 32	(9 17)	A
	03/26/08	04/21/10	12 891	155 21	163 84	(8 63)	A
	04/28/08	04/21/10	12 827	154 44	163 03	(8 59)	A
	05/27/08	04/21/10	13 027	156 84	167 13	(10 29)	A
	06/26/08	04/21/10	12 932	155 70	162 69	(6 99)	A
	07/28/08	04/21/10	13 507	162 62	165 86	(3 24)	A
	08/26/08	04/21/10	13 643	164 26	167 26	(3 00)	A
	09/26/08	04/21/10	14 391	173 27	168 23	5 04	A
	10/24/08	04/21/10	0 789	9 50	8 55	0 95	A
	11/25/08	04/21/10	16 284	196 06	172 12	23 94	A
	12/24/08	04/21/10	25 605	308 28	273 21	35 07	A
	12/24/08	04/21/10	22 353	269 13	238 51	30 62	A
	01/23/09	04/21/10	7 142	85 99	76 56	9 43	A
	02/25/09	04/21/10	16 452	198 08	173 57	24 51	A
	03/25/09	04/21/10	12 217	147 09	128 52	18 57	A
AMERICAN CAP WORLD BOND C	01/24/08	04/21/10	352 113	7,028 18	7 000 00	28 18	A

CONTINUED

# MorganStanley SmithBarney

CLIENT STATEMENT | For the Period December 1-31, 2010

Fund Solution Active Assets Account  
267-011591-009  
C J HALEY, E D WILLIS, A B  
CONNELL CO-TEES LUDA BELLE WALKER

## Activity

### REALIZED GAIN/(LOSS) DETAIL

#### LONG-TERM (CONTINUED)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
	03/12/08	04/21/10	2 636	52 61	52 96	(0 35)	A
	06/19/08	04/21/10	2 541	50 72	49 81	0 91	A
	10/03/08	04/21/10	2 622	52 34	48 16	4 18	A
	12/24/08	04/21/10	2 784	55 57	51 79	3 78	A
	12/24/08	04/21/10	1 761	35 15	32 75	2 40	A
	03/20/09	04/21/10	2 924	58 36	52 37	5 99	A
	12/16/08	04/26/10	309 000	10 494 19	9 304 14	1 190 05	
	11/03/04	04/21/10	319 616	8 949 24	7 999 99	949 25	A
	12/21/05	04/21/10	2 411	67 51	71 91	(4 40)	A
	11/08/06	04/21/10	319 616	8 949 24	10 339 57	(1 390 33)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	179 695	5 031 46	5 813 13	(781 67)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	3 766	105 45	121 83	(16 38)	2 ADJUSTED 12/17/09
	12/20/06	04/21/10	11 104	310 91	354 23	(43 32)	A
	12/20/06	04/21/10	0 409	11 45	13 04	(1 59)	A
	12/12/07	04/21/10	17 347	485 72	580 25	(94 53)	2 ADJUSTED 12/17/09
	12/12/07	04/21/10	0 639	17 89	21 37	(3 48)	2 ADJUSTED 12/17/09
	12/20/07	04/21/10	33 338	933 46	1 071 83	(138 37)	1 ADJUSTED 12/17/09
	12/20/07	04/21/10	21 340	597 52	686 09	(88 57)	A
	12/20/07	04/21/10	1 608	45 02	51 69	(6 67)	1 ADJUSTED 12/17/09
	12/20/07	04/21/10	1 029	28 81	33 09	(4 28)	A
	12/22/08	04/21/10	0 308	8 62	5 89	2 73	1 ADJUSTED 12/17/09
	12/22/08	04/21/10	0 197	5 52	3 77	1 75	
	01/24/08	04/21/10	871 080	9 695 11	10 000 00	(304 89)	A
	02/29/08	04/21/10	4 923	54 79	56 27	(1 48)	A
	03/31/08	04/21/10	5 317	59 18	59 66	(0 48)	A
	04/29/08	04/21/10	5 103	56 80	59 04	(2 24)	A
	05/29/08	04/21/10	5 113	56 91	59 46	(2 55)	A
	06/30/08	04/21/10	5 372	59 79	60 60	(0 81)	A
	07/29/08	04/21/10	5 491	61 11	60 68	0 43	A
	08/29/08	04/21/10	5 566	61 95	61 11	0 84	A
	09/29/08	04/21/10	6 045	67 28	61 78	5 50	A
	10/28/08	04/21/10	1 029	11 45	8 51	2 94	A
	11/28/08	04/21/10	8 361	93 06	63 71	29 35	A
	12/26/08	04/21/10	13 118	146 00	99 96	46 04	A
	12/26/08	04/21/10	2 665	29 66	20 31	9 35	A
	01/28/09	04/21/10	3 772	41 98	30 29	11 69	A

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# MorganStanley SmithBarney

CLIENT STATEMENT | For the Period December 1-31, 2010

Fund Solution Active Assets Account  
267-011591-009  
C J HALEY, E D WILLIS, A B  
CONNELL CO-TEES LUDA BELLE WALKER

## Activity

### REALIZED GAIN/(LOSS) DETAIL

#### LONG-TERM (CONTINUED)

Security Description	Date		Quantity	Sales		Orig / Adj Total Cost	Realized	
	Acquired	Sold		Proceeds	Cost		Gain/(Loss)	Comments
AT&T INC	02/27/09	04/21/10	8 467	68 99	65 62	28 62	A	
	03/27/09	04/21/10	6 199	23 967 00	48 48	20 51	A	
	11/08/06	04/26/10	909 000	9 491 88	31,173 70	(7,206 70)	2	ADJUSTED 12/16/09
	12/16/08	04/26/10	360 000	13 183 17	10,007 93	(516 05)		
BANK OF NEW YORK MELLON CORP	02/15/84	04/26/10	500 000	11 039 28	3,274 10	9 909 07	A	
BOEING CO	12/16/08	04/26/10	346 000	22 494 81	9 493 90	1 545 38		
CHEVRON CORP	11/08/06	04/26/10	300 000	25 443 12	25,410 00	(2,915 19)	2	ADJUSTED 12/16/09
CITIGROUP INC	11/08/06	04/26/10	308 000	7 487 61	21,310 52	4,132 60	2	ADJUSTED 12/16/09
	11/08/06	04/26/10	1 600 000	1 380 53	80 792 00	(73 304 39)	2	ADJUSTED 12/16/09
	01/11/89	04/26/10	295 000	21 022 26	2,261 77	(881 24)	A	
COCA COLA CO	11/08/06	04/26/10	387 000	11 679 04	18 097 82	2 924 44	2	ADJUSTED 12/16/09
	12/16/08	04/26/10	215 000	12 433 41	9 989 33	1 689 71		
CONOCOPHILLIPS	12/16/08	04/26/10	213 000	9 084 34	11 384 64	1 048 77		
CONS EDISON INC (HLDG CO)	11/08/06	04/26/10	200 000	9 214 07	7 586 35	1 627 72	2	ADJUSTED 12/16/09
DIAMOND OFFSHORE DRILLING INC	12/16/08	04/26/10	108 000	12 630 53	12 094 50	536 03	2	ADJUSTED 12/16/09
DOMINION RES INC (NEW)	11/08/06	04/26/10	300 000	12 216 39	13 783 50	(1 567 11)	2	ADJUSTED 12/16/09
DU PONT EI DE NEMOURS & CO	11/08/06	04/26/10	300 000	58 736 50	8 222 70	50 513 80	A	
EXXON MOBIL CORP	06/21/94	04/26/10	850 000	1 519 89	1 150 96	368 93	A	
FORESTAR GROUP INC	11/14/00	04/26/10	66 000	7 249 91	13 447 34	(6 197 43)	2	ADJUSTED 12/16/09
GENERAL ELECTRIC CO	11/08/06	04/26/10	378 000	10 932 41	9 941 94	990 47		
	12/16/08	04/26/10	570 000	10 165 22	593 26	9 571 96	A	
	03/09/79	04/26/10	530 000	7 863 66	458 94	7 404 72	A	
	03/09/79	04/26/10	410 000	1 66	738 55	(736 89)	A	
GUARANTY FINL GROUP INC	11/14/00	01/08/10	66 000	4 772 32	8 241 14	(3 468 82)	A	
INTEL CORP	11/14/00	04/26/10	200 000	22 273 90	15 811 52	6 462 38	2	ADJUSTED 12/16/09
INTL BUSINESS MACHINES CORP	11/08/06	04/26/10	171 000	15 109 78	9 941 20	5 168 58		
	12/16/08	04/26/10	116 000	26 051 35	4 810 00	21 241 35	A	
	08/17/81	04/26/10	200 000	12 579 38	13 163 87	(584 49)	2	ADJUSTED 12/16/09
JOHNSON & JOHNSON	11/08/06	04/26/10	194 000	10 958 32	10 017 15	941 17		
	12/16/08	04/26/10	169 000	12 968 43	2 446 75	10 521 68	A	
	08/04/94	04/26/10	200 000	10 015 99	9 000 09	1 015 90		
LOCKHEED MARTIN CORP	12/16/08	04/26/10	116 000	11 391 46	9 974 56	1 416 90		
MC DONALDS CORP	12/16/08	04/26/10	160 000	6 200 33	6 892 25	(691 92)	A	
MICROSOFT CORP	11/14/00	04/26/10	200 000	2 123 96	6 452 09	(4 328 13)	A	
MOTOROLA INC	11/14/00	04/26/10	300 000	7 387 89	7 040 00	347 89	2	ADJUSTED 12/16/09
NSTAR INC	11/08/06	04/26/10	200 000					

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# Morgan Stanley Smith Barney

## Activity

Fund Solution Active Assets Account  
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C J HALEY, E D WILLIS, A B  
CONNELL CO-TEES LUDA BELLE WALKER

## REALIZED GAIN/(LOSS) DETAIL

### LONG-TERM (CONTINUED)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
PNC FINL SVCS GP	12/16/08	04/26/10	209 000	14,297 54	10,000 07	4,297 47	
PROCTER & GAMBLE	11/08/06	04/26/10	400 000	25,548 27	25,658 00	(109 73)	2 ADJUSTED 12/16/09
	12/16/08	04/26/10	164 000	10,474 79	9,983 01	491 78	
PUTNAM GLB NAT RESOURCES A	11/08/06	04/21/10	258 269	5,162 80	8,406 65	(3,243 85)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	113 216	2,263 19	3,685 18	(1,421 99)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	90 540	1,809 89	2,947 07	(1,137 18)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	84 059	1,680 34	2,736 12	(1,055 78)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	66 243	1,324 20	2,156 20	(832 00)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	64 988	1,299 11	2,115 35	(816 24)	2 ADJUSTED 12/17/09
	12/12/07	04/21/10	82 274	1,644 66	1,823 89	(179 23)	2 ADJUSTED 12/17/09
	12/12/07	04/21/10	118 185	2,362 52	3,699 20	(1,336 68)	1 ADJUSTED 12/17/09
	12/12/07	04/21/10	48 536	970 23	1,519 18	(548 95)	1 ADJUSTED 12/17/09
	12/12/07	04/21/10	2 039	40 76	63 81	(23 05)	1 ADJUSTED 12/17/09
	12/12/08	04/21/10	155 367	3,105 79	1,946 75	1,159 04	1 ADJUSTED 12/17/09
PUTNAM GLOBAL HEALTH CARE A	11/08/06	04/21/10	294 343	14,516 99	18,887 99	(4,371 00)	2 ADJUSTED 12/17/09
	12/04/07	04/21/10	69 487	3,427 10	3,943 03	(515 93)	2 ADJUSTED 12/17/09
	12/03/08	04/21/10	51 979	2,563 60	1,850 44	713 16	1 ADJUSTED 12/17/09
PUTNAM GLOBAL UTILITIES A	11/08/06	04/21/10	3,134 893	34,295 70	40,408 77	(6,113 07)	2 ADJUSTED 12/17/09
	11/08/06	04/21/10	17 625	192 82	227 18	(34 36)	2 ADJUSTED 12/17/09
	12/12/07	04/21/10	1,180 965	12,919 75	13,257 99	(338 24)	2 ADJUSTED 12/17/09
	12/12/07	04/21/10	17 291	189 16	277 34	(88 18)	1 ADJUSTED 12/17/09
	03/28/08	04/21/10	19 303	211 17	274 10	(62 93)	1 ADJUSTED 12/17/09
	06/30/08	04/21/10	19 825	216 89	297 17	(80 28)	1 ADJUSTED 12/17/09
	09/30/08	04/21/10	24 158	264 29	307 29	(43 00)	1 ADJUSTED 12/17/09
	12/26/08	04/21/10	29 287	320 40	308 98	11 42	1 ADJUSTED 12/17/09
	12/26/08	04/21/10	25 103	274 63	264 84	9 79	1 ADJUSTED 12/17/09
PUTNAM GROWTH & INCOME A	03/26/09	04/21/10	24 268	265 49	225 21	40 28	1 ADJUSTED 12/17/09
	11/08/06	04/21/10	641 536	8,378 46	14,036 76	(5,658 30)	2 ADJUSTED 02/05/10
	11/08/06	04/21/10	46 817	611 43	1,024 35	(412 92)	2 ADJUSTED 02/05/10
	11/08/06	04/21/10	17 198	224 61	376 29	(151 68)	2 ADJUSTED 02/05/10
	12/12/07	04/21/10	87 153	1,138 22	1,682 26	(544 04)	2 ADJUSTED 02/05/10
	12/12/07	04/21/10	15 231	198 92	293 99	(95 07)	2 ADJUSTED 02/05/10
	03/17/08	04/21/10	2 794	36 49	38 78	(2 29)	1 ADJUSTED 02/05/10
	06/16/08	04/21/10	3 082	40 25	42 16	(1 91)	1 ADJUSTED 02/05/10
	09/15/08	04/21/10	3 327	43 45	42 32	1 13	1 ADJUSTED 02/05/10
	12/11/08	04/21/10	4 711	61 53	42 49	19 04	1 ADJUSTED 02/05/10

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# Morgan Stanley Smith Barney

CLIENT STATEMENT | For the Period December 1-31, 2010

Fund Solution Active Assets Account  
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C J HALEY, E D WILLIS, A B

CONNELL CO-TEES LUDA BELLE WALKER

## Activity

### REALIZED GAIN/(LOSS) DETAIL

#### LONG-TERM (CONTINUED)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
SEARS HOLDING CORP	12/11/08	04/21/10	4 258	55 61	38 41	17 20	1 ADJUSTED 02/05/10
SOUTHERN CO	03/12/09	04/21/10	4 715	61 58	36 35	25 23	1 ADJUSTED 02/05/10
TEMPLE INLAND INC	11/08/06	01/08/10	31 000	2,964 50	5,347 19	(2,382 69)	2 ADJUSTED 12/16/09
TRAVELERS COMPANIES INC COM	11/08/06	04/26/10	200 000	6,940 38	7,168 00	(227 62)	2 ADJUSTED 12/16/09
	11/14/00	04/26/10	200 000	4,986 67	2,777 40	2,209 27	A
	11/08/06	04/26/10	95 000	4,973 81	5,003 65	(29 84)	2 ADJUSTED 12/16/09
Long-Term This Period				\$0.00	\$0.00	\$0.00	
Long-Term Year to Date				\$763,248.29	\$762,321.88	\$926.41	

#### SHORT-TERM

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
AMERICAN BD FD OF AMERICA C	04/24/09	04/21/10	15 396	185 37	165 04	20 33	A
	05/22/09	04/21/10	15 199	183 00	166 73	16 27	A
	06/25/09	04/21/10	11 253	135 49	125 92	9 57	A
	07/24/09	04/21/10	10 051	121 01	113 78	7 23	A
	08/25/09	04/21/10	9 770	117 63	112 94	4 69	A
	09/25/09	04/21/10	9 584	115 39	112 71	2 68	A
	10/23/09	04/21/10	9 680	116 55	114 03	2 52	A
	11/25/09	04/21/10	9 357	112 66	111 72	0 94	A
	12/24/09	04/21/10	10 743	129 35	126 77	2 58	
	01/25/10	04/21/10	8 361	100 67	100 08	0 59	
	02/25/10	04/21/10	9 475	114 08	113 23	0 85	
	03/25/10	04/21/10	9 742	117 32	116 13	1 19	
AMERICAN CAP WORLD BOND C	06/16/09	04/21/10	2 846	56 81	52 90	3 91	A
	09/29/09	04/21/10	2 544	50 78	50 80	(0 02)	A
	12/23/09	04/21/10	2 667	53 23	52 97	0 26	
	12/23/09	04/21/10	0 657	13 11	13 05	0 06	
	03/23/10	04/21/10	2 690	53 69	53 59	0 10	
AMERICAN ELECTRIC POWER CO	04/29/09	04/26/10	16 000	543 39	426 08	117 31	
	06/11/09	04/26/10	15 000	509 43	412 02	97 41	
AMERICAN GR FD OF AMERICA C	12/21/09	04/21/10	1 540	43 14	40 33	2 81	
AMERICAN HIGH INCOME TRUST C	04/28/09	04/21/10	8 059	89 70	66 73	22 97	A
	05/28/09	04/21/10	7 616	84 77	67 10	17 67	A
	06/26/09	04/21/10	6 339	70 55	57 81	12 74	A

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Activity

Fund Solution Active Assets Account  
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C J HALEY, E D WILLIS, A B  
CONNELL CO-TEES LUDA BELLE WALKER

REALIZED GAIN/(LOSS) DETAIL

SHORT-TERM (CONTINUED)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
	07/28/09	04/21/10	5 983	66 59	57 14	9 45	A
	08/28/09	04/21/10	5 869	65 32	57 75	7 57	A
	09/28/09	04/21/10	5 610	62 44	57 73	4 71	A
	10/28/09	04/21/10	5 538	61 64	57 37	4 27	A
	11/27/09	04/21/10	5 618	62 53	58 54	3 99	A
	12/28/09	04/21/10	8 580	95 50	90 78	4 72	
	01/28/10	04/21/10	2 341	26 06	25 03	1 03	
	02/26/10	04/21/10	5 517	61 40	58 92	2 48	
	03/26/10	04/21/10	5 471	60 90	59 91	0 99	
AT&T INC	06/11/09	04/26/10	42 000	1,107 39	1,050 76	56 63	
BANK OF NEW YORK MELLON CORP	10/02/09	04/26/10	29 000	925 26	813 45	111 81	
CHEVRON CORP	10/02/09	04/26/10	152 000	12,556 35	10,536 79	2,019 56	
COLGATE PALMOLIVE CO	04/29/09	04/26/10	139 000	11 660 90	8 360 98	3 299 92	
GENERAL ELECTRIC CO	04/29/09	04/26/10	174 000	3 337 26	2 159 16	1 178 10	
HONEYWELL INTERNATIONAL INC	04/29/09	04/26/10	137 000	6 612 62	4 288 37	2 324 25	
INTEL CORP	04/29/09	04/26/10	297 000	7 086 90	4 621 91	2 464 99	
	06/11/09	04/26/10	1 000	23 86	16 79	7 07	
	10/02/09	04/26/10	247 000	5 893 82	4 776 81	1 117 01	
INTL BUSINESS MACHINES CORP	06/11/09	04/26/10	2 000	260 51	223 02	37 49	
JOHNSON & JOHNSON	04/29/09	04/26/10	12 000	778 11	614 58	163 53	
LOCKHEED MARTIN CORP	06/11/09	04/26/10	1 000	86 34	85 14	1 20	
	10/02/09	04/26/10	20 000	1 726 89	1 532 32	194 57	
MC DONALDS CORP	04/29/09	04/26/10	8 000	569 57	441 70	127 87	
	06/11/09	04/26/10	1 000	71 20	59 30	11 90	
	10/02/09	04/26/10	15 000	1 067 95	861 21	206 74	
METLIFE INCORPORATED	06/11/09	04/26/10	305 000	14 339 12	10 011 32	4 327 80	
MICROSOFT CORP	04/29/09	04/26/10	432 000	13 392 72	8 803 30	4 589 42	
PFIZER INC	10/02/09	04/26/10	646 000	10 912 00	10 528 12	383 88	
	10/16/09	04/26/10	98 000	1 655 38	1 716 47	(61 09)	
PNC FINL SVCS GP	04/29/09	04/26/10	17 000	1 162 96	695 25	467 71	
	06/11/09	04/26/10	5 000	342 05	215 38	126 67	
PROCTER & GAMBLE	04/29/09	04/26/10	17 000	1 085 80	864 82	220 98	
	06/11/09	04/26/10	6 000	383 22	320 28	62 94	
PUTNAM GLB NAT RESOURCES A	12/22/09	04/21/10	11 513	230 14	217 83	12 31	
PUTNAM GLOBAL HEALTH CARE A	12/22/09	04/21/10	1 364	67 28	64 03	3 25	
PUTNAM GLOBAL UTILITIES A	06/26/09	04/21/10	31 107	340 31	314 49	25 82	1 ADJUSTED 12/17/09

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# MorganStanley SmithBarney

CLIENT STATEMENT | For the Period December 1-31, 2010

Fund Solution Active Assets Account  
267-011591-009  
C J HALEY, E D WILLIS, A B  
CONNELL CO-TEES LUDA BELLE WALKER

## Activity

### REALIZED GAIN/(LOSS) DETAIL

#### SHORT-TERM (CONTINUED)

Security Description	Date Acquired	Date Sold	Quantity	Sales Proceeds	Orig / Adj Total Cost	Realized Gain/(Loss)	Comments
	09/28/09	04/21/10	28 249	309 04	316 67	(7 63)	1 ADJUSTED 12/17/09
	12/28/09	04/21/10	42 550	465 50	482 52	(17 02)	
	12/28/09	04/21/10	28 100	307 41	318 65	(11 24)	
	03/26/10	04/21/10	32 958	360 60	351 33	9 27	
PUTNAM GROWTH & INCOME A	06/11/09	04/21/10	3 056	39 91	30 74	9 17	1 ADJUSTED 02/05/10
	09/11/09	04/21/10	1 621	21 17	18 35	2 82	1 ADJUSTED 02/05/10
	12/11/09	04/21/10	1 554	20 30	18 38	1 92	1 ADJUSTED 02/05/10
	12/11/09	04/21/10	0 282	3 68	3 34	0 34	1 ADJUSTED 02/05/10
	12/29/09	04/21/10	0 556	7 26	6 70	0 56	
	03/11/10	04/21/10	1 480	19 32	18 43	0 89	
Short-Term This Period				\$0.00	\$0.00	\$0.00	
Short-Term Year to Date				\$102,909.60	\$79,054.32	\$23,855.28	
Net Realized Gain/(Loss) This Period				\$0.00	\$0.00	\$0.00	
Net Realized Gain/(Loss) Year to Date				\$866,157.89	\$841,376.20	\$24,781.69	

Gain/loss information is provided for informational purposes only and should not be used for tax preparation. Please refer to the gain/loss section of the disclosures for important information about gain/loss reporting.

From January through September, realized gain/loss information will be shown only for trades settling in the current month, and/or certain adjustments (to previously closed lots) made in the current month. From October through December, in order to provide information for year-end investment planning, complete year to date realized gain/loss detail will be displayed for trades settling through the last business day of the year.

1 - This information reflects your requested adjustments to the transaction details.

2 - You, or a third party, have provided the transaction details for this position.

A - You executed this transaction elsewhere and later transferred the security to your Morgan Stanley Smith Barney Account. Another financial institution has provided Morgan Stanley Smith Barney the transaction detail for this position.