PLAINS ALL AMERICAN PIPELINE LP
Form 10-K
February 23, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2016

or

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

Commission file number 1-14569

PLAINS ALL AMERICAN PIPELINE, L.P.
(Exact name of registrant as specified in its charter)

Delaware	76-0582150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
333 Clay Street, Suite 1600, Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 646-4100

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Units	New York Stock Exchange

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 x No o

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 o No x

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 x No o

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 x No o

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. o

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 x	Accelerated Filer o
Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

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

The aggregate market value of the Common Units held by non-affiliates of the registrant (treating all executive officers and directors of the registrant and holders of 10% or more of the Common Units outstanding, for this purpose, as if they may be affiliates of the registrant) was approximately $10.8 billion on June 30, 2016, based on a closing price of $27.49 per Common Unit as reported on the New York Stock Exchange on such date.

As of February 10, 2017, there were 675,097,184 Common Units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
NONE

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
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FORWARD-LOOKING STATEMENTS

All statements included in this report, other than statements of historical fact, are forward-looking statements, including but not limited to statements incorporating the words "anticipate," "believe," "estimate," "expect," "plan," "intend" a "forecast," as well as similar expressions and statements regarding our business strategy, plans and objectives for future operations. The absence of such words, expressions or statements, however, does not mean that the statements are not forward-looking. Any such forward-looking statements reflect our current views with respect to future events, based on what we believe to be reasonable assumptions. Certain factors could cause actual results or outcomes to differ materially from the results or outcomes anticipated in the forward-looking statements. The most important of these factors include, but are not limited to:

- declines in the volume of crude oil and NGL shipped, processed, purchased, stored, fractionated and/or gathered at or through the use of our assets, whether due to declines in production from existing oil and gas reserves, reduced demand, failure to develop or slowdown in the development of additional oil and gas reserves, whether from reduced cash flow to fund drilling or the inability to access capital, or other factors;
- the effects of competition;
- market distortions caused by producer over-commitments to new or recently constructed infrastructure projects, which impacts volumes, margins, returns and overall earnings;
- unanticipated changes in crude oil market structure, grade differentials and volatility (or lack thereof);
- environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;
- maintenance of our credit rating and ability to receive open credit from our suppliers and trade counterparties;
- fluctuations in refinery capacity in areas supplied by our mainlines and other factors affecting demand for various grades of crude oil, refined products and natural gas and resulting changes in pricing conditions or transportation throughput requirements;
- the occurrence of a natural disaster, catastrophe, terrorist attack (including eco-terrorist attacks) or other event, including attacks on our electronic and computer systems;
- failure to implement or capitalize, or delays in implementing or capitalizing, on expansion projects, whether due to permitting delays, permitting withdrawals or other factors;
- tightened capital markets or other factors that increase our cost of capital or limit our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- the successful integration and future performance of acquired assets or businesses and the risks associated with operating in lines of business that are distinct and separate from our historical operations;
- the currency exchange rate of the Canadian dollar;
- continued creditworthiness of, and performance by, our counterparties, including financial institutions and trading companies with which we do business;
- inability to recognize current revenue attributable to deficiency payments received from customers who fail to ship or move more than minimum contracted volumes until the related credits expire or are used;
- non-utilization of our assets and facilities;
- increased costs, or lack of availability, of insurance;
- weather interference with business operations or project construction, including the impact of extreme weather events or conditions;
- the availability of, and our ability to consummate, acquisition or combination opportunities;
- the effectiveness of our risk management activities;
- shortages or cost increases of supplies, materials or labor;
- the impact of current and future laws, rulings, governmental regulations, accounting standards and statements, and related interpretations;
- fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our long-term incentive plans;

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- risks related to the development and operation of our assets, including our ability to satisfy our contractual obligations to our customers;
- factors affecting demand for natural gas and natural gas storage services and rates;
- general economic, market or business conditions and the amplification of other risks caused by volatile financial markets, capital constraints and pervasive liquidity concerns; and
- other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the storage of natural gas and the processing, transportation, fractionation, storage and marketing of natural gas liquids.

Other factors described herein, as well as factors that are unknown or unpredictable, could also have a material adverse effect on future results. Please read Item 1A. “Risk Factors.” Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

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PART I

Items 1 and 2. Business and Properties

General

Plains All American Pipeline, L.P. is a Delaware limited partnership formed in 1998. Our operations are conducted directly and indirectly through our primary operating subsidiaries. As used in this Form 10-K and unless the context indicates otherwise, the terms "Partnership," "Plains," "PAA," "we," "us," "our," "ours" and similar terms refer to Plains All American Pipeline, L.P. and its subsidiaries.

We own and operate midstream energy infrastructure and provide logistics services for crude oil, natural gas liquids ("NGL"), natural gas and refined products. We own an extensive network of pipeline transportation, terminalling, storage, and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. Our business activities are conducted through three operating segments: Transportation, Facilities and Supply and Logistics.

Organizational History

We were formed as a master limited partnership to acquire and operate the midstream crude oil businesses and assets of a predecessor entity and completed our initial public offering in 1998. From an economic perspective, we are owned 100% by our limited partners, which include Series A preferred unitholders and common unitholders. Our common units are publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "PAA". Our non-economic general partner interest is held by PAA GP LLC ("PAA GP"), a Delaware limited liability company, whose sole member is Plains AAP, L.P. ("AAP"), a Delaware limited partnership. In addition to its ownership of PAA GP, as of December 31, 2016, AAP also owned an approximate 33% limited partner interest in us represented by 241.7 million of our common units.

Plains All American GP LLC ("GP LLC"), a Delaware limited liability company, is AAP's general partner. Plains GP Holdings, L.P. ("PAGP"), a Delaware limited partnership that completed its initial public offering in October 2013, is the sole and managing member of GP LLC. Both PAGP and GP LLC have elected to be treated as a corporation for United States federal income tax purposes, and, at December 31, 2016, owned a combined 42% limited partner and economic interest in AAP. PAA GP Holdings LLC ("PAGP GP"), a Delaware limited liability company, is the general partner of PAGP.

References to the "PAGP Entities" include PAGP GP, PAGP, GP LLC, AAP and PAA GP. References to our "general partner," as the context requires, include any or all of the PAGP Entities. References to the "Plains Entities" include us, our subsidiaries and the PAGP Entities.

Simplification Transactions

On November 15, 2016, the Plains Entities closed a series of transactions and executed several organizational and ancillary documents (the "Simplification Transactions") intended to simplify our capital structure, better align the interests of our stakeholders and improve our overall credit profile. The Simplification Transactions included, among other things: the permanent elimination of our incentive distribution rights ("IDRs") and the economic rights associated with our 2% general partner interest in exchange for the issuance by us to AAP of 245.5 million PAA common units (including approximately 0.8 million common units to be issued in the future) and the assumption by us of all of AAP's outstanding debt ($642 million); the implementation of a unified governance structure pursuant to which the board of directors of our general partner was eliminated and an expanded board of directors of PAGP GP (the "PAGP

GP Board") assumed oversight responsibility over both us and PAGP; and provision for annual PAGP shareholder elections beginning in 2018 with certain directors with expiring terms in 2018, and the participation of our common unitholders in such elections through our ownership of newly issued Class C shares in PAGP, which provide us, as the sole holder, the right to vote in elections of eligible PAGP GP directors together with the holders of PAGP Class A and Class B shares. In addition, we entered into an Omnibus Agreement with AAP and PAGP to promote economic alignment between our common unitholders and PAGP's Class A shareholders by, among other measures, maintaining a one-to-one relationship between the number of outstanding PAGP Class A shares and the number of our common units indirectly owned by PAGP through AAP.

See Note 1 to our Consolidated Financial Statements for further discussion of the Simplification Transactions.

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Partnership Structure and Management

Our operations are conducted directly and indirectly through, and our operating assets are owned by, our subsidiaries. As the sole member of GP LLC, PAGP has responsibility for conducting our business and managing our operations; however, the PAGP GP Board has ultimate responsibility for managing the business and affairs of PAGP, AAP and us. As the sole holder of Class C shares of PAGP, we have the right to vote in elections of eligible directors, together with the holders of PAGP's Class A and Class B shares. See Item 10. "Directors and Executive Officers of Our General Partner and Corporate Governance." Our general partner does not receive a management fee or other compensation in connection with its management of our business, but it is reimbursed for substantially all direct and indirect expenses incurred on our behalf.

The two diagrams below show our organizational structure and ownership as of December 31, 2016 in both a summarized and more detailed format. The first diagram depicts our legal structure in summary format, while the second diagram depicts a more comprehensive view of such structure, including ownership and economic interests and shares and units outstanding:

Summarized Partnership Structure
(as of December 31, 2016)

(1) PAGP will hold an annual meeting for the election of eligible PAGP GP directors beginning in 2018. Through our ownership of Class C shares of PAGP, our common unitholders have the right to vote, pro rata with the holders of Class A and Class B shares of PAGP, for the election of eligible PAGP GP directors. See Item 10. "Directors and Executive Officers of our General Partner and Corporate Governance" for further information regarding governance of the Plains Entities, including changes as a result of the Simplification Transactions.

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Detailed Partnership Structure
(as of December 31, 2016)

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(1) As of December 31, 2016, the PAGP GP Board consisted of 10 members. In February 2017, the limited liability agreement of PAGP GP was amended and restated to provide for two additional directors. See Item 10. "Directors and Executive Officers of our General Partner and Corporate Governance" for further information regarding governance of the Plains Entities.

(2) Represents the number of Class A units of AAP ("AAP units") for which the outstanding Class B units of AAP (referred to herein as the "AAP Management Units") will be exchangeable, assuming the conversion of all such units at a rate of approximately 0.941 AAP units for each AAP Management Unit.

(3) Assumes conversion of all outstanding AAP Management Units into AAP units.

(4) Each Class C share represents a non-economic limited partner interest in PAGP and carries with it the right to vote, pro rata with the holders of Class A and Class B shares of PAGP, for the election of eligible PAGP GP directors.

(5) Amount does not include 792,074 common units that will become issuable to AAP that relate to AAP Management Units that are outstanding but not earned. See Note 16 to our Consolidated Financial Statements for additional discussion of the AAP Management Units.

(6) The Partnership holds direct and indirect ownership interests in consolidated operating subsidiaries including, but not limited to, Plains Marketing, L.P., Plains Pipeline, L.P. and Plains Midstream Canada ULC ("PMC").

(7) The Partnership holds indirect equity interests in unconsolidated entities including BridgeTex Pipeline Company, LLC ("BridgeTex"), Butte Pipe Line Company ("Butte"), Caddo Pipeline LLC ("Caddo"), Cheyenne Pipeline LLC ("Cheyenne"), Diamond Pipeline LLC ("Diamond"), Eagle Ford Pipeline LLC ("Eagle Ford Pipeline"), Eagle Ford Terminals Corpus Christi LLC ("Eagle Ford Terminals"), Frontier Aspen LLC ("Frontier"), Saddlehorn Pipeline Company, LLC ("Saddlehorn"), Settoon Towing, LLC ("Settoon Towing"), STACK Pipeline LLC ("STACK") and White Cliffs Pipeline LLC ("White Cliffs").

Business Strategy

Our principal business strategy is to provide competitive and efficient midstream transportation, terminalling, storage, processing, fractionation and supply and logistics services to producers, refiners and other customers. Toward this end, we endeavor to address regional supply and demand imbalances for crude oil and NGL in the United States and Canada by combining the strategic location and capabilities of our transportation, terminalling, storage, processing and fractionation assets with our supply, logistics and distribution expertise. We believe successful execution of this strategy will enable us to generate sustainable earnings and cash flow. We intend to manage and grow our business by:

- optimizing our existing assets and realizing cost efficiencies through operational improvements;
- using our transportation, terminalling, storage, processing and fractionation assets in conjunction with our supply and logistics activities to capture inefficiencies, address physical market imbalances, mitigate inherent risks and increase margin;
- developing and implementing growth projects that (i) address evolving crude oil and NGL needs in the midstream transportation and infrastructure sector and (ii) are well positioned to benefit from long-term industry trends and opportunities; and
- selectively pursuing strategic and accretive acquisitions that complement our existing asset base and distribution capabilities.

Competitive Strengths

We believe that the following competitive strengths position us to successfully execute our principal business strategy:

- Many of our assets are strategically located and operationally flexible. The majority of our primary Transportation segment assets are in crude oil service, are located in well-established crude oil producing regions and other transportation corridors and are connected, directly or indirectly, with our Facilities segment assets. The majority of

our Facilities segment assets are located at major trading locations and premium markets that serve as gateways to major North American refinery and distribution markets where we have strong business relationships. In addition, our assets include pipeline, rail, barge, truck and storage assets, which provide our customers and us

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with significant flexibility and optionality to satisfy demand and balance markets, particularly during a dynamic period of changing product flows.

- We possess specialized crude oil and NGL market knowledge. We believe our business relationships with participants in various phases of the crude oil and NGL distribution chain, from producers to refiners, as well as our own industry expertise (including our knowledge of North American crude oil and NGL flows), provide us with an extensive understanding of the North American physical crude oil and NGL markets.
- Our supply and logistics activities typically generate a base level of margin with the opportunity to realize incremental margins. We believe the variety of activities executed within our Supply and Logistics segment in combination with our risk management strategies provides us with a low risk opportunity to generate a base level of margin, the amount of which may vary depending on market conditions (such as commodity price levels, differentials and certain competitive factors). In certain market scenarios, we may be able to realize incremental margins that meaningfully exceed such base levels.
- We have the evaluation, integration and engineering skill sets and the financial flexibility to continue to pursue acquisition and expansion opportunities. Since 1998, we have completed and integrated over 90 acquisitions with an aggregate purchase price of approximately $13.2 billion, including our February 2017 acquisition of the Alpha Crude Connector gathering system. Since 1998, we have also implemented expansion capital projects totaling approximately $11.4 billion. In addition, considering our investment grade credit rating, liquidity and capital structure, we believe we have the financial resources and strength necessary to finance future strategic expansion and acquisition opportunities. As of December 31, 2016, we had approximately $2.4 billion of liquidity available, including cash and cash equivalents and availability under our committed credit facilities, subject to continued covenant compliance.
- We have an experienced management team whose interests are aligned with those of our unitholders. Our executive management team has an average of 31 years of industry experience, and an average of 19 years with us or our predecessors and affiliates. In addition, through their ownership of common units, grants of phantom units and interests in our general partner, including interests in PAGP, AAP units and AAP Management Units, our management team has a vested interest in our continued success.

Financial Strategy

Targeted Credit Profile

We believe that a major factor in our continued success is our ability to maintain a competitive cost of capital and access to the capital markets. In that regard, we intend to maintain a credit profile that we believe is consistent with investment grade credit ratings. We have targeted a general credit profile with the following attributes:

- an average long-term debt-to-total capitalization ratio of approximately 50% or less;
- a long-term debt-to-adjusted EBITDA multiple averaging between 3.5x and 4.0x (adjusted EBITDA is earnings before interest, taxes, depreciation and amortization and further adjusted for selected items that impact comparability. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Non-GAAP Financial Measures" for a discussion of our selected items that impact comparability and our non-GAAP measures.);
- an average total debt-to-total capitalization ratio of approximately 60% or less; and
- an average adjusted EBITDA-to-interest coverage multiple of approximately 3.3x or better.

The first two of these four metrics include long-term debt as a critical measure. We also incur short-term debt in connection with our supply and logistics activities that involve the simultaneous purchase and forward sale of crude oil, NGL and natural gas. The crude oil, NGL and natural gas purchased in these transactions are hedged. We do not consider the working capital borrowings associated with these activities to be part of our long-term capital structure. These borrowings are self-liquidating as they are repaid with sales proceeds. We also incur short-term debt to fund New York Mercantile Exchange ("NYMEX") and Intercontinental Exchange ("ICE") margin requirements. In certain

market conditions, these routine short-term debt levels may increase significantly above baseline levels. For example, our short-term debt levels at December 31, 2016 included borrowings for $410 million of margin requirements, which is significantly elevated from historical levels primarily due to the increase in crude oil prices at the end of the year. For the years ended December 31, 2015 and 2014, we had positive cash flow associated with such margin balance activities at the end of the year of $157 million and $133 million, respectively.

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Typically, to maintain our targeted credit profile and achieve growth through acquisitions and expansion capital, we fund approximately 55% of the capital requirements associated with these activities with equity and cash flow in excess of distributions. From time to time, we may be outside the parameters of our targeted credit profile as, in certain cases, capital expenditures and acquisitions may be financed initially using debt or there may be delays in realizing anticipated synergies from acquisitions or contributions from expansion capital projects to adjusted EBITDA. As a result of the challenging environment and the impact of the gap in the timing between funding our capital program and the time the assets are placed in service and begin to generate cash flow, we expect our long-term debt-to-adjusted EBITDA to be above our target range for the near-term. We expect this leverage ratio will improve and return to our targeted levels as we execute our 2017 funding plan, complete the 2017 asset sales, and as the industry recovers and we realize EBITDA growth from our capital investments.

To improve our ability to manage through the industry downturn and to position for a recovery, we completed a number of initiatives during 2016 to maintain a solid capital structure, significant liquidity and overall financial flexibility. Such initiatives included (i) executing the Simplification Transactions in November 2016, which lowered our incremental cost of equity through the elimination of our IDRs, and in connection therewith resetting our distribution level, which resulted in an annual reduction in cash distributions of approximately $320 million, (ii) securing approximately $1.6 billion of equity capital through the sale of new Series A preferred units in January 2016, (iii) selectively utilizing our continuous offering program to raise approximately $805 million of net proceeds, (iv) selling non-core assets and entering into strategic joint ventures, which raised approximately $550 million of net cash proceeds while reducing our capital commitments, and (v) entering into a definitive agreement to sell additional assets for approximately $290 million that is expected to close in the first half of 2017, subject to regulatory approvals. See Note 6 and Note 11 to our Consolidated Financial Statements for additional discussion of these transactions.

We intend to end 2017 with a long-term debt balance at or below levels at December 31, 2016. To that end, we expect that our 2017 acquisition and expansion capital will be funded with proceeds from asset sales, equity issuances and retained cash flow.

Acquisitions

The acquisition of midstream assets and businesses that are strategic and complementary to our existing operations constitutes an integral component of our business strategy and growth objectives. Such assets and businesses include crude oil and NGL logistics assets as well as other energy assets that have characteristics and provide opportunities similar to our existing business lines and enable us to leverage our assets, knowledge and skill sets.

The following table summarizes acquisitions greater than $200 million that we have completed over the past five years.

Acquisition [1]	Date	Description	Approximate Purchase Price [2] (in millions)	
Alpha Crude Connector Gathering System	Feb-2017	Recently constructed gathering system located in the Northern Delaware Basin	$ 1,215	(3)
Spectra Energy Partners Western Canada NGL Assets	Aug-2016	Integrated system of NGL assets located in Western Canada	$ 204	(4)
50% Interest in BridgeTex Pipeline Company, LLC (“BridgeTex”)	Nov-2014	BridgeTex owns a crude oil pipeline that extends from Colorado City, Texas to East Houston	$ 1,088	(5)
US Development Group Crude Oil Rail Terminals	Dec-2012	Four operating crude oil rail terminals and one terminal under development	$ 503	
BP Canada Energy Company	Apr-2012		$ 1,683	(6)

NGL assets located in Canada and the upper-Midwest United States

(1) Excludes our acquisition of all of the outstanding publicly-traded common units of PAA Natural Gas Storage, L.P. ("PNG") on December 31, 2013 (referred to herein as the "PNG Merger"), as we historically consolidated PNG into our financial statements for financial reporting purposes in accordance with generally accepted accounting principles in the United States ("GAAP"). As consideration for the PNG Merger, we issued approximately 14.7 million PAA common units with a value of approximately $760 million.

(2) As applicable, the approximate purchase price includes total cash paid and debt assumed, including amounts for working capital and inventory.

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(3) Purchase price subject to working capital and other adjustments. See Note 6 to our Consolidated Financial Statements for additional information regarding this acquisition.

(4) Approximate purchase price of $180 million, net of cash, inventory and other working capital acquired.

(5) Approximate purchase price of $1.075 billion, net of working capital acquired. We account for our 50% interest in BridgeTex under the equity method of accounting.

(6) Purchase price includes approximately $17 million of imputed interest. A prepayment of $50 million was made during 2011. Approximate purchase price of $1.192 billion, net of working capital, linefill and long-term inventory acquired.

Divestitures

During 2016, we initiated a program to evaluate potential sales of non-core assets and/or sales of partial interests in assets to strategic joint venture partners to optimize our asset portfolio and strengthen our balance sheet and leverage metrics. This program currently totals approximately $1.2 billion of asset sales, of which approximately $550 million closed in 2016, with the remaining $670 million either already closed or expected to close during the first half of 2017. See Note 6 to our Consolidated Financial Statements for additional discussion of our dispositions and divestitures.

Ongoing Acquisition, Divestiture and Investment Activities

Consistent with our business strategy, we are continuously engaged in the evaluation of potential acquisitions, joint ventures and capital projects. In addition, we continue to evaluate our asset portfolio to determine whether additional sales of non-core assets would further optimize our portfolio and strengthen our balance sheet. As a part of these efforts, we often engage in discussions with potential third parties regarding the possible purchase of or investment in assets and operations that are strategic and complementary to our existing operations, or the potential sale of assets that we believe might have more value to a third-party buyer. In addition, in the past we have evaluated and pursued, and intend in the future to evaluate and pursue, the acquisition of or investment in other energy-related assets that have characteristics and provide opportunities similar to our existing business lines and enable us to leverage our assets, knowledge and skill sets. Such efforts may involve participation by us in processes that have been made public and involve a number of potential buyers or investors, commonly referred to as "auction" processes, as well as situations in which we believe we are the only party or one of a limited number of parties who are in negotiations with the potential seller or other party. With respect to a potential divestiture, we may also conduct an auction process or may negotiate a transaction with one or a limited number of potential buyers. These acquisition and investment efforts often involve assets which, if acquired, constructed or sold, as applicable, could have a material effect on our financial condition and results of operations.

We typically do not announce a transaction until after we have executed a definitive agreement. However, in certain cases in order to protect our business interests or for other reasons, we may defer public announcement of a transaction until closing or a later date. Past experience has demonstrated that discussions and negotiations regarding a potential transaction can advance or terminate in a short period of time. Moreover, the closing of any transaction for which we have entered into a definitive agreement may be subject to customary and other closing conditions, which may not ultimately be satisfied or waived. Accordingly, we can give no assurance that our current or future acquisition, divestiture or investment efforts will be successful. Although we expect the acquisitions and investments we make to be accretive in the long term, we can provide no assurance that our expectations will ultimately be realized. See Item 1A. "Risk Factors—Risks Related to Our Business—If we do not make acquisitions or if we make acquisitions that fail to perform as anticipated, our future growth may be limited" and "—Acquisitions involve risks that may adversely affect our business."

Expansion Capital Projects

Our extensive asset base and our relationships with customers provide us with opportunities for organic growth through the construction of additional assets that are complementary to, and expand or extend, our existing asset base. Our 2017 expansion capital plan is representative of the diversity and balance of our overall project portfolio. The following expansion capital projects are included in our 2017 capital plan as of February 2017:

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Basin/Region	Project	2017 Plan Amount [1] ($ in millions)	Description	Projected In-Service Date
Permian	Permian Basin Area Gathering System Projects	$ 120	Multiple projects to increase and expand our pipeline infrastructure in the Delaware Basin, including planned interconnects associated with the recently acquired Alpha Crude Connector gathering system	Q1 2017 - 2018
Central / Mid-Continent	Diamond Pipeline	300	50% interest in approximately 440 miles of new crude oil pipeline; 200,000 Bbls/d capacity from Cushing, OK to Valero's refinery in Memphis, TN	Q4 2017
	Cushing Terminal Expansions	30	Addition of approximately 2.1 million barrels of storage capacity and additional	Q2 2017 - Q4 2017
Canada	Fort Saskatchewan Facility Projects	90	Multi-phase project, remaining Phase I project includes conversion of service of approximately 3 million barrels of existing caverns Remaining Phase II projects include (i) adding a merox sweetening unit that will increase our ability to handle a variety of feed streams providing more flexibility and flow assurance, (ii) development of two new ethane caverns with 1.6 million barrels of capacity and a utility cavern and (iii) the addition of 2.7 million barrels of brine capacity Phase III includes a six-spot rail rack expansion for condensate service and adding butane service to four existing propane spots	Q1 2017 - 2018
Other	Other Projects	260		Q1 2017 - 2018+
Total Projected Expansion Capital Expenditures		$ 800		

(1) Represents the portion of the total project cost expected to be incurred during the year. Potential variation to current capital costs estimates may result from (i) changes to project design, (ii) final cost of materials and labor and (iii) timing of incurrence of costs due to uncontrollable factors such as receipt of permits or regulatory approvals and weather.

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Global Petroleum Market Overview

The health of the global petroleum market is dependent on the relative supply and demand of hydrocarbons, including crude oil and NGL. These supply and demand economics are greatly influenced by the broader global economic climate, exposing the petroleum market to the challenges and volatility associated with global economic development. For the period from 2004 through 2013, global liquids production increased 7.6 million barrels per day while global liquids consumption increased 8.4 million barrels per day. For the period from 2013 through 2015, global production growth outpaced global consumption growth by 2.5 million barrels per day resulting in a cumulative imbalance of 2.3 million barrels per day. In 2016, the market remained oversupplied, but global demand growth began to outpace global supply growth as non-OPEC production declined 0.6 million barrels per day. The table below depicts historical OPEC and non-OPEC liquids production and global liquids consumption and is derived from the EIA Short-Term Energy Outlook, January 2017 (see EIA website at www.eia.doe.gov):

	Annual Liquids Production [1]					Δ from	Δ from	Δ from
	2004	2013	2014	2015	2016	2004-2013	2013-2015	2015-2016
	(in millions of barrels per day) [2]							
Production (Supply)								
OPEC	35.0	37.6	37.5	38.7	39.6	2.6	1.1	0.9
Non-OPEC	48.4	53.4	55.9	57.5	56.8	5.0	4.1	(0.6)
Total	83.4	91.0	93.4	96.1	96.4	7.6	5.2	0.3
Total Consumption (Demand)	83.0	91.4	92.6	94.1	95.6	8.4	2.7	1.4
Global Supply / Demand Balance	0.4	(0.5)	0.8	2.0	0.9	(0.9)	2.5	(1.1)

[1] Amounts are derived from the EIA's Short-Term Energy Outlook.
[2] Amounts may not recalculate due to rounding.

This surge in liquids production without a commensurate increase in demand has led to a near-to-medium-term supply imbalance and increase in inventory, which has resulted in a reduction to benchmark petroleum prices. Producers, in turn, scaled back capital programs, which ultimately reduced supply. These outcomes are expected to lead to underinvestment in long lead time projects and additionally stimulate petroleum demand growth, which ultimately should lead to an environment where prices will recover to a level to support future production growth in the U.S.

In November 2016, OPEC indicated a desire to return to its historical strategy of managing crude oil production levels. Joined by certain non-OPEC countries such as Russia and Mexico, OPEC and non-OPEC participants have targeted to cut output by approximately 1.8 million barrels per day in the first of half of 2017. This decision drove a significant increase in crude oil prices during the fourth quarter of 2016. To the extent the production cut is executed and demand growth stays on trend, accumulated inventories should begin to decline, prices should remain firm and potentially rise, ultimately leading to increased activity levels.

Crude Oil Market Overview

The definition of a commodity is a "mass-produced unspecialized product" and implies the attribute of fungibility. Crude oil is typically referred to as a commodity; however, it is neither unspecialized nor fungible. The crude slate available to U.S. and world-wide refineries consists of a substantial number of different grades and varieties of crude oil. Each crude oil grade has distinguishing physical properties. For example, specific gravity (generally referred to as light or heavy), sulfur content (generally referred to as sweet or sour) and metals content, along with other characteristics, collectively result in varying economic attributes. In many cases, these factors result in the need for

such grades to be batched or segregated in the transportation and storage processes, blended to precise specifications or adjusted in value.

The lack of fungibility of the various grades of crude oil creates logistical transportation, terminalling and storage challenges and inefficiencies associated with regional volumetric supply and demand imbalances. These logistical inefficiencies are created as certain qualities of crude oil are indigenous to particular regions or countries. Also, each refinery has a distinct configuration of process units designed to handle particular grades of crude oil. The relative yields and the cost to obtain, transport and process the crude oil drives the refinery's choice of feedstock. In addition, from time to time, natural

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disasters and geopolitical factors such as hurricanes, earthquakes, tsunamis, inclement weather, labor strikes, refinery disruptions, embargoes and armed conflicts may impact supply, demand, transportation and storage logistics.

Our assets and our business strategy are designed to serve our producer and refiner customers by addressing regional crude oil supply and demand imbalances that exist in the United States and Canada. The nature and extent of these imbalances change from time to time as a result of a variety of factors, including regional production declines and/or increases; refinery expansions, modifications and shut-downs; available transportation and storage capacity; and government mandates and related regulatory factors.

From 2011 through 2014, the combination of (i) a significant increase in North American production volumes, (ii) a change in crude oil qualities and related differentials and (iii) high utilization of existing pipeline and terminal infrastructure stimulated multiple industry initiatives to build new pipeline and terminal infrastructure, convert certain pipeline assets to alternative service or reverse flows and expand the use of trucks, rail and barges for the movement of crude oil and condensate. Increased production came from mature producing areas such as the Rockies, the Permian Basin in West Texas and the Mid-Continent region, as well as from less mature, but rapidly growing areas such as the Eagle Ford Shale in South Texas and the Williston Basin in North Dakota. As a result, North American crude oil production increased 3.7 million barrels per day, or 33% between 2011 and 2014, with the increases coming primarily from Canada, the Eagle Ford Shale, the Permian Basin and the Williston Basin. Production increases in all of these regions strained existing transportation, terminalling and downstream infrastructure. This opportunity for new crude oil infrastructure attracted significant investment in midstream oil assets, resulting in excess midstream capacity in the Permian, Eagle Ford, Williston, Mid-continent and DJ basins. The combination of the slowdown in U.S. crude oil production growth and significant commitments for new infrastructure created an environment in which margins have compressed and differentials are less than transportation cost in some cases. As production growth resumes and pipeline utilizations increase, differentials should approach transportation cost parity. The improvement is expected to occur on a regional basis subject to reductions in excess capacity.

In addition, significant shifts in the type and location of crude oil being produced in North America, relative to the types and location of crude oil being produced five years ago, have led to changes in the utilization of downstream infrastructure. From 2009 through 2015, refiners increased throughputs to take advantage of discounted domestic production, which led to lower use of imported crude oil by U.S. refineries. This decline in imports was a meaningful change in a multi-year trend where foreign imports of crude oil tripled over an approximately 23-year period from 1985 to 2007. However, in 2016, this more recent trend reversed as a result of lower 48 onshore production declines. In 2016, U.S. refinery inputs reached historically high levels fueled by price driven demand growth and exports, and U.S. petroleum consumption increased to 19.6 million barrels per day. The table below shows the overall domestic petroleum consumption projected through 2018 and is derived from the EIA Short-Term Energy Outlook, January 2017 (see EIA website at www.eia.doe.gov). This forecast shows increasing domestic production, decreasing foreign imports and steady levels of product exports.

	Actual [1]	Projected [1]	
	2016	2017	2018
	(in millions of barrels per day)		
Supply			
Domestic Crude Oil Production	8.9	9.0	9.3
Net Imports - Crude Oil	7.3	6.9	6.7
Other - (Supply Adjustment/Stock Change)	—	0.3	0.3
Crude Oil Input to Domestic Refineries	16.2	16.2	16.3
Net Product Imports / (Exports)	(2.6)	(2.5)	(2.6)

Supply from Renewable Sources	1.1	1.1	/s/ H. Joe King, Jr.

W. Morris Fine, Executive Vice President, Secretary and Director

H. Joe King, Jr., Director

/s/ David L. Francis

/s/ R. Horace Johnson

David L. Francis, Director

R. Horace Johnson, Director

/s/ Loren B. Harrell, Jr.

Loren B. Harrell, Jr., Director

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SCHEDULE I

INVESTORS TITLE COMPANY AND SUBSIDIARIES
SUMMARY OF INVESTMENTS - OTHER THAN INVESTMENTS IN RELATED PARTIES
As of December 31, 2006

Type of Investment	Cost(1)	Market Value	Amount at which shown in the Balance Sheet (2)
Fixed Maturities:			
Bonds:			
States, municipalities and political subdivisions	$ 97,164,741	$ 97,972,214	$ 97,930,218
Public utilities	199,918	201,712	201,712
All other corporate bonds	4,810,783	5,017,979	5,017,979
Short-term investments	4,098,503	4,098,503	4,098,503
Certificates of deposit	362,408	362,408	362,408
Total fixed maturities	106,636,353	107,652,816	107,610,820
Equity Securities:			
Common Stocks:			
Public utilities	174,489	256,841	256,841
Banks, trust and insurance companies	70,990	498,360	498,360
Industrial, miscellaneous and all other	7,989,499	11,126,897	11,126,897
Nonredeemable preferred stocks	418,025	613,825	613,825
Total equity securities	8,653,003	12,495,923	12,495,923
Other Investments	1,473,303		1,473,303
Total investments per the consolidated balance sheet	$ 116,762,659		$ 121,580,046

(1) Fixed maturities are shown at amortized cost and equity securities are shown at original cost.

(2) Bonds of states, municipalities and political subdivisions are shown at amortized cost for held-to-maturity bonds and fair value for available-for-sale bonds. Equity securities are shown at fair value.

SCHEDULE II

INVESTORS TITLE COMPANY (PARENT COMPANY)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
BALANCE SHEETS
AS OF DECEMBER 31, 2006 AND 2005

		2006		2005
Assets				
Cash and cash equivalents	$	194,391	$	1,755,372
Investments in fixed maturities, available-for-sale		19,951,713		12,249,500
Investments in equity securities, available-for-sale		127,750		130,800
Short term investments		1,464,032		4,482
Investments in affiliated companies		68,973,229		65,072,364
Other investments		703,296		919,486
Other receivables		410,018		204,258
Income taxes receivable		876,666		1,233,462
Accrued interest, dividends, and other assets		261,793		108,201
Property, net		3,151,099		3,256,978
Deferred income taxes, net		55,551		-
Total Assets	$	96,169,538	$	84,934,903
Liabilities and Stockholders' Equity				
Liabilities:				
Accounts payable and accrued liabilities	$	893,875	$	633,407
Deferred income taxes, net		-		4,240
Total liabilities		893,875		637,647
Stockholders' Equity:				
Class A Junior Participating preferred stock - no par value (shares authorized 100,000; no shares issued)		-		-
Common stock-no par (shares authorized 10,000,000; 2,507,325 and 2,549,434 shares issued and outstanding 2006 and 2005, respectively, excluding 291,676 and 297,783 shares 2006 and 2005, respectively, of common stock held by the Company's subsidiary)		1		1
Retained earnings		92,134,608		81,477,022
Accumulated other comprehensive income		3,141,054		2,820,233
Total stockholders' equity		95,275,663		84,297,256
Total Liabilities and Stockholders' Equity	$	96,169,538	$	84,934,903

SCHEDULE II

INVESTORS TITLE COMPANY (PARENT COMPANY)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

		2006		2005		2004
Revenues:						
Investment income-interest and dividends	$	561,400	$	280,145	$	124,421
Net realized gain (loss) on sales of investments		-		18,464		(12,500)
Rental income		735,431		553,222		519,991
Miscellaneous income (loss)		(115,883)		70,147		69,274
Total		1,180,948		921,978		701,186
Operating Expenses:						
Office occupancy and operations		349,645		299,388		285,903
Business development		69,372		51,110		42,953
Taxes-other than payroll and income		79,871		90,004		75,649
Professional fees		141,501		68,245		60,161
Other expenses		110,453		78,304		59,738
Total		750,842		587,051		524,404
Equity in Net Income of Affiliated Cos.*		12,710,328		12,984,996		10,583,384
Income Before Income Taxes		13,140,434		13,319,923		10,760,166
Provision (Benefit) for Income Taxes		(45,000)		27,000		41,000
Net Income	$	13,185,434	$	13,292,923	$	10,719,166
Basic Earnings per Common Share	$	5.22	$	5.19	$	4.29
Weighted Average Shares Outstanding-Basic		2,527,927		2,560,418		2,496,711
Diluted Earnings Per Common Share	$	5.14	$	5.10	$	4.09
Weighted Average Shares Outstanding-Diluted		2,564,216		2,607,633		2,620,916

* Eliminated in consolidation

See notes to condensed financial statements.

SCHEDULE II

INVESTORS TITLE COMPANY (PARENT COMPANY)
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	2006	2005	2004
Operating Activities:			
Net income	$ 13,185,434	$ 13,292,923	$ 10,719,166
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in net earnings of subsidiaries	(12,710,329)	(12,984,996)	(10,583,384)
Depreciation	124,030	80,129	73,452
Amortization (accretion), net	(820)	(1,391)	5,719
Issuance of common stock in payment of bonuses and fees	5,013	-	-
Net realized (gain) loss on sales of investments	-	(18,464)	12,500
Provision (benefit) for deferred income taxes	(55,000)	33,000	59,000
(Increase) decrease in receivables	(205,760)	33,540	1,519,069
(Increase) decrease in income taxes receivable-current	356,796	890,455	(796,461)
Increase in prepaid expenses	(153,592)	(62,488)	(28,786)
Increase (decrease) in accounts payable and accrued liabilities	260,468	(290,719)	(5,357)
Net cash provided by operating activities	806,240	971,989	974,918
Investing Activities:			
Capital contribution to subsidiaries	(115,000)	(1,178,000)	(1,783,000)
Return of capital contributions from subsidiaries	80,000	-	-
Dividends received from subsidiaries	9,446,950	7,291,120	5,050,819
Purchases of available-for-sale securities	(21,310,774)	(9,435,060)	(19,518,900)
Purchases of short-term securities	(1,459,550)	-	(1,012,182)
Purchases of and net earnings from other investments	-	(150,000)	-
Proceeds from sales and maturities of available-for-sale securities	13,600,000	6,024,040	13,267,500
Proceeds from sales of short-term securities	-	1,007,700	2,494,742
Proceeds from sales and distributions from other investments	216,190	68,915	9,187
Purchases of property	(18,151)	(1,251,285)	(50,326)
Net change in pending trades	-	(1,027,929)	1,027,929
Net cash provided by (used in) investing activities	439,665	1,349,501	(514,231)

Financing Activities:						
Retirement of common stock		(2,255,735)		(363,765)		-
Exercise of options		55,272		-		-
Dividends paid (net dividends paid to subsidiary of $70,401, $46,717 and $53,936 in 2006, 2005 and 2004, respectively)		(606,423)		(410,202)		(374,425)
Net cash used in financing activities		(2,806,886)		(773,967)		(374,425)
Net Increase (Decrease) in Cash and Cash Equivalents		(1,560,981)		1,547,523		86,262
Cash and Cash Equivalents, Beginning of Year		1,755,372		207,849		121,587
Cash and Cash Equivalents, End of Year	$	194,391	$	1,755,372	$	207,849
Supplemental Disclosures:						
Cash Paid During the Year For:						
Income Taxes	$	342,938	$	896,000	$	781,000
Non cash net unrealized gain/loss on investment	$	(12,431)	$	11,489	$	(80,263)

See notes to condensed financial statements.

SCHEDULE II

INVESTORS TITLE COMPANY AND SUBSIDIARIES
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. The accompanying condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Investors Title Company and Subsidiaries.

2. Cash dividends paid to Investors Title Company by its wholly owned subsidiaries were as follows:

Subsidiaries	2006	2005	2004
Investors Title Insurance Company, net*	$ 4,976,950	$ 4,546,120	$ 3,950,819
Investors Title Exchange Corporation	4,125,000	2,250,000	1,100,000
Investors Title Accomodation Corporation	170,000	195,000	-
Investors Title Management Services, Inc.	60,000	275,000	-
Investors Title Commercial Agency	115,000	25,000	-
	$ 9,446,950	$ 7,291,120	$ 5,050,819

* Total dividends of $5,047,351, $4,592,837 and $4,004,755 paid to the Parent Company in 2006, 2005 and 2004, respectively, netted with dividends of $70,401, $46,717 and $53,936 received from the Parent in 2006, 2005 and 2004, respectively.

SCHEDULE III

INVESTORS TITLE COMPANY AND SUBSIDIARIES
SUPPLEMENTARY INSURANCE INFORMATION
For the Years Ended December 31, 2006, 2005 and 2004

Segment	Deferred Policy Acquisition Cost	Future Policy Benefits, Losses, Claims and Loss Expenses	Unearned Premiums	Other Policy Claims and Benefits Payable	Premium Revenue	Net Investment Income	Benefits Claims, Losses and Settlement Expenses	Amortization of Deferred Policy Acquisition Costs	Other Operating Expenses	Premiums Written
Year Ended December 31, 2006										
Title Insurance	---	$ 36,906,000	---	$ 470,468	$ 70,196,467	$ 3,688,966	$ 7,405,211	---	$ 55,557,492	N/A
Exchange Services	---	---	---	---	---	18,138	---	---	1,346,743	N/A
All Other	---	---	---	---	---	619,231	---	---	3,022,836	N/A
	---	$ 36,906,000	---	$ 470,468	$ 70,196,467	$ 4,326,335	$ 7,405,211	---	$ 59,927,071	
Year Ended December 31, 2005										
Title Insurance	---	$ 34,857,000	---	$ 442,098	$ 76,522,266	$ 2,993,149	$ 8,164,783	---	$ 57,850,106	N/A
Exchange Services	---	---	---	---	---	18,463	---	---	907,414	N/A
All Other	---	---	---	---	---	324,155	---	---	2,358,652	N/A
	---	$ 34,857,000	---	$ 442,098	$ 76,522,266	$ 3,335,767	$ 8,164,783	---	$ 61,116,172	
Year Ended December 31, 2004										
Title Insurance	---	$ 31,842,000	---	$ 551,662	$ 71,843,445	$ 2,597,355	$ 7,984,339	---	$ 53,456,152	N/A
Exchange Services	---	---	---	---	---	7,821	---	---	640,183	N/A
All Other	---	---	---	---	---	147,662	---	---	2,258,336	N/A
	---	$ 31,842,000	---	$ 551,662	$ 71,843,445	$ 2,752,838	$ 7,984,339	---	$ 56,354,671	

SCHEDULE IV

INVESTORS TITLE COMPANY AND SUBSIDIARIES
REINSURANCE
For the Years Ended December 31, 2006, 2005 and 2004

	Gross Amount	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of Amount Assumed to Net
YEAR ENDED DECEMBER 31, 2006					
Title Insurance	$ 70,615,891	$ 441,582	$ 22,158	$ 70,196,467	0.03%
YEAR ENDED DECEMBER 31, 2005					
Title Insurance	$ 76,817,423	$ 316,133	$ 20,976	$ 76,522,266	0.03%
YEAR ENDED DECEMBER 31, 2004					
Title Insurance	$ 72,132,121	$ 294,639	$ 5,963	$ 71,843,445	0.01%

SCHEDULE V

INVESTORS TITLE COMPANY AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2006, 2005 and 2004

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts - Describe	Deductions- describe*		Balance at End of Period
2006						
Premiums Receivable Valuation Provision	$ 2,444,000	$ 4,927,691	$ -	$ (5,243,691)	(a)	$ 2,128,000
Reserves for Claims	$ 34,857,000	$ 7,405,211	$ -	$ (5,356,211)	(b)	$ 36,906,000
2005						
Premiums Receivable Valuation Provision	$ 2,240,000	$ 5,399,734	$ -	$ (5,195,734)	(a)	$ 2,444,000
Reserves for Claims	$ 31,842,000	$ 8,164,783	$ -	$ (5,149,783)	(b)	$ 34,857,000
2004						
Premiums Receivable Valuation Provision	$ 2,474,000	$ 5,745,114	$ -	$ (5,979,114)	(a)	$ 2,240,000
Reserves for Claims	$ 30,031,000	$ 7,984,339	$ -	$ (6,173,339)	(b)	$ 31,842,000

(a) Cancelled premiums
(b) Payments of claims, net of recoveries

INDEX TO EXHIBITS

Exhibit Number	Description
3(i)	Articles of Incorporation dated January 22, 1973, incorporated by reference to Exhibit 1 to Form 10 dated June 12, 1984
3(ii)	Bylaws - Restated and Amended as of May 21, 2003, incorporated by reference to Exhibit 3(ii) to Form 10-K for the year ended December 31, 2003
4	Rights Agreement, dated as of November 12, 2002, between Investors Title Company and Central Carolina Bank, a division of National Bank of Commerce, incorporated by reference to Exhibit 1 to Form 8-A filed November 15, 2002
10(i)	1997 Stock Option and Restricted Stock Plan, incorporated by reference to Exhibit 10(viii) to Form 10-K for the year ended December 31, 1996
10(ii)	Form of Nonqualified Stock Option Agreement to Non-employee Directors dated May 13, 1997 under the 1997 Stock Option and Restricted Stock Plan, incorporated by reference to Exhibit 10(ix) to Form 10-Q for the quarter ended June 30, 1997
10(iii)	Form of Nonqualified Stock Option Agreement under 1997 Stock Option and Restricted Stock Plan, incorporated by reference to Exhibit 10(x) to Form 10-K for the year ended December 31, 1997
10(iv)	Form of Incentive Stock Option Agreement under 1997 Stock Option and Restricted Stock Plan, incorporated by reference to Exhibit 10(xi) to Form 10-K for the year ended December 31, 1997
10(v)	Form of Amendment to Incentive Stock Option Agreement between Investors Title Company and George Abbitt Snead, incorporated by reference to Exhibit 10(xii) to Form 10-Q for the quarter ended June 30, 2000
10(vi)	2001 Stock Option and Restricted Stock Plan, incorporated by reference to Exhibit 10(xiii) to Form 10-K for the year ended December 31, 2000
10(vii)	Form of Employment Agreement dated November 17, 2003 with each of J. Allen Fine, James A. Fine, Jr. and W. Morris Fine, incorporated by reference to Exhibit 10(ix) to Form 10-K for the year ended December 31, 2003
10(viii)	Amended and Restated Employment Agreement dated June 1, 2004 with J. Allen Fine, incorporated by reference to Exhibit 10(x) to Form 10-Q for the quarter ended June 30, 2004
10(ix)	Form of Amended and Restated Employment Agreement dated June 1, 2004 with each of James A. Fine, Jr. and W. Morris Fine, incorporated by reference to Exhibit 10(xi) to Form 10-Q for the quarter ended June 30, 2004

10(x)	Nonqualified Deferred Compensation Plan dated June 1, 2004, incorporated by reference to Exhibit 10(xii) to Form 10-Q for the quarter ended June 30, 2004
10(xi)	Nonqualified Supplemental Retirement Benefit Plan dated November 17, 2003, incorporated by reference to Exhibit 10(xiii) to Form 10-Q for the quarter ended June 30, 2004
10(xii)	Death Benefit Plan Agreement dated April 1, 2004 with J. Allen Fine, incorporated by reference to Exhibit 10(xiv) to Form 10-Q for the quarter ended June 30, 2004
10(xiii)	Death Benefit Plan Agreement dated May 19, 2004 with James A. Fine, Jr., incorporated by reference to Exhibit 10(xv) to Form 10-Q for the quarter ended June 30, 2004
13	Portions of 2006 Annual Report to Shareholders incorporated by reference in this report as set forth in Parts I, II and IV hereof
14	Code of Business Conduct and Ethics, incorporated by reference to Exhibit 14 to Form 10-K for the year ended December 31, 2003
16	Letter regarding Change in Certifying Accountant, incorporated by reference to Exhibit 16 to Form 8-K dated September 24, 2004
21	Subsidiaries of Registrant, incorporated by reference to Exhibit 21 to Form 10-K for the year ended December 31, 2003
23	Consent of Dixon Hughes PLLC
31(i)	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31(ii)	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002