

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended December 31, 2009

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 33-26115

**PATRIOT TRANSPORTATION HOLDING, INC.**

(Exact name of registrant as specified in its charter)

**Florida**

(State or other jurisdiction of  
incorporation or organization)

**59-2924957**

(I.R.S. Employer  
Identification No.)

**501 Riverside Ave., Ste 500,  
Jacksonville, FL**

(Address of principal executive offices)

**32202**

(Zip Code)

**904-396-5733**

(Registrant's telephone number, including area code)

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 [ ]

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ]

No [ ]

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

Large accelerated filer [ ]

Accelerated filer [x ]

Non-accelerated filer [ ]

Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ]

No [ x ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at December 31, 2009</u>
Common Stock, \$.10 par value per share	3,054,996 shares

PATRIOT TRANSPORTATION HOLDING, INC.  
FORM 10-Q  
QUARTER ENDED DECEMBER 31, 2009

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## Preliminary Note Regarding Forward-Looking Statements.

Certain matters discussed in this report contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those indicated by such forward-looking statements.

These forward-looking statements relate to, among other things, capital expenditures, liquidity, capital resources and competition and may be indicated by words or phrases such as "anticipate", "estimate", "plans", "projects", "continuing", "ongoing", "expects", "management believes", "the Company believes", "the Company intends" and similar words or phrases. The following factors and others discussed in the Company's periodic reports and filings with the Securities and Exchange Commission are among the principal factors that could cause actual results to differ materially from the forward-looking statements: freight demand for petroleum products including recessionary and terrorist impacts on travel in the Company's markets; levels of construction activity in the markets served by our mining properties; fuel costs and the Company's ability to recover fuel surcharges; accident severity and frequency; risk insurance markets; driver availability and cost; the impact of future regulations regarding the transportation industry; availability and terms of financing; competition in our markets; interest rates, inflation and general economic conditions; demand for flexible warehouse/office facilities in the Baltimore-Washington-Northern Virginia area; and ability to obtain zoning and entitlements necessary for property development. However, this list is not a complete statement of all potential risks or uncertainties.

These forward-looking statements are made as of the date hereof based on management's current expectations, and the Company does not undertake an obligation to update such statements, whether as a result of new information, future events or otherwise. Additional information regarding these and other risk factors may be found in the Company's other filings made from time to time with the Securities and Exchange Commission.

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**  
**PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited)	(In thousands, except share data)	
	December 31, <u>2009</u>	September 30, <u>2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 12,280	15,803
Accounts receivable (including related party of \$417 and \$336 and net of allowance for doubtful accounts of \$99 and \$110, respectively)	5,912	5,286
Notes receivable	1,177	1,158
Inventory of parts and supplies	682	616
Deferred income taxes	104	104
Prepaid tires on equipment	1,237	1,211
Prepaid taxes and licenses	1,150	1,703
Prepaid insurance	1,620	2,390
Prepaid expenses, other	102	93
Assets of discontinued operations	1,497	1,519
Total current assets	<u>25,761</u>	<u>29,883</u>
Property, plant and equipment, at cost	292,298	289,336
Less accumulated depreciation and depletion	<u>92,624</u>	<u>90,323</u>
Net property, plant and equipment	<u>199,674</u>	<u>199,013</u>
Real estate held for investment, at cost	6,933	6,933
Investment in joint venture	7,090	6,858
Goodwill	1,087	1,087
Notes receivable	5,339	5,647
Unrealized rents	3,363	3,346
Other assets	<u>3,961</u>	<u>4,087</u>
Total assets	<u>\$253,208</u>	<u>256,854</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 2,151	2,822
Federal and state income taxes payable	1,348	2,355
Accrued payroll and benefits	3,032	4,945
Accrued insurance	3,033	3,190
Accrued liabilities, other	936	1,102
Long-term debt due within one year	4,366	4,293
Liabilities of discontinued operations	<u>3,375</u>	<u>3,660</u>
Total current liabilities	<u>18,241</u>	<u>22,367</u>
Long-term debt, less current portion	70,741	71,860
Deferred income taxes	15,679	15,679
Accrued insurance	2,950	2,995
Other liabilities	1,480	1,545
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Preferred stock, no par value;		
5,000,000 shares authorized; none issued	-	-
Common stock, \$.10 par value;		
25,000,000 shares authorized,		
3,054,996 and 3,053,036 shares issued		
and outstanding, respectively	306	305
Capital in excess of par value	36,231	35,858
Retained earnings	107,561	106,226
Accumulated other comprehensive income, net	<u>19</u>	<u>19</u>
Total shareholders' equity	<u>144,117</u>	<u>142,408</u>
Total liabilities and shareholders' equity	<u>\$253,208</u>	<u>256,854</u>
See accompanying notes.		

**PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

(In thousands except per share amounts)  
(Unaudited)

	THREE MONTHS ENDED DECEMBER 31,	
	<u>2009</u>	<u>2008</u>
<b>Revenues:</b>		
Transportation	\$22,081	24,982
Real estate	<u>5,419</u>	<u>5,862</u>
Total revenues (including revenue from related parties of \$1,471 and \$1,615, respectively)	27,500	30,844
<b>Cost of operations:</b>		
Transportation	18,230	20,343
Real estate	<u>3,178</u>	<u>3,177</u>
Total cost of operations	21,408	23,520
<b>Gross profit:</b>		
Transportation	3,851	4,639
Real estate	<u>2,241</u>	<u>2,685</u>
Total gross profit	6,092	7,324
Selling, general and administrative expense	<u>3,050</u>	<u>3,293</u>
<b>Operating profit</b>	3,042	4,031
Interest income and other	115	25
Equity in loss of joint venture	(1)	(5)
Interest expense	<u>(1,026)</u>	<u>(866)</u>
Income before income taxes	2,130	3,185
Provision for income taxes	<u>(818)</u>	<u>(1,242)</u>
<b>Income from continuing operations</b>	1,312	1,943
Income (loss) from discontinued operations, net	<u>24</u>	<u>(196)</u>
<b>Net income</b>	<u>\$ 1,336</u>	<u>1,747</u>
<b>Earnings per common share:</b>		
Income from continuing operations -		
Basic	\$ .43	.64
Diluted	\$ .42	.63
Discontinued operations (Note 11) -		
Basic	\$ .01	(.06)
Diluted	\$ .01	(.07)
Net income - basic	\$ .44	.58
Net income - diluted	\$ .43	.56
Number of shares (in thousands) used in computing:		
-basic earnings per common share	3,051	3,033
-diluted earnings per common share	3,137	3,108

See accompanying notes.

**PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED DECEMBER 31, 2009 AND 2008**  
(In thousands)  
(Unaudited)

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,336	1,747
Adjustments to reconcile net income to net cash provided by continuing operating activities:		
Depreciation, depletion and amortization	2,920	3,191
Equity in loss of joint venture	1	5
(Gain) on sale of equipment	(43)	(84)
(Income) loss from discontinued operations, net	(24)	196
Stock-based compensation	247	131
Net changes in operating assets and liabilities:		
Accounts receivable	(626)	2,084
Inventory of parts and supplies	(66)	188
Prepaid expenses and other current assets	1,288	932
Other assets	(42)	109
Accounts payable and accrued liabilities	(2,907)	(3,759)
Income taxes payable	(1,007)	1,114
Long-term insurance liabilities and other long-term liabilities	(110)	19
Net cash provided by operating activities of continuing operations	967	5,873
Net cash (used in) provided by operating activities of discontinued operations	(239)	1,824
Net cash provided by operating activities	<u>728</u>	<u>7,697</u>
<b>Cash flows from investing activities:</b>		
Purchase of transportation group property and equipment	(2,479)	(2,575)
Purchase and development of real estate group property	(953)	(6,268)
Investment in joint venture	(235)	(225)
Proceeds from the sale of property, plant and equipment	47	315
Proceeds received on note for sale of Sunbelt	289	-
Net cash used in investing activities of continuing operations	(3,331)	(8,753)
Net cash used in investing activities of discontinued operations	-	(437)
Net cash used in investing activities	<u>(3,331)</u>	<u>(9,190)</u>
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	(1,046)	(980)
Excess tax benefits from exercises of stock options and vesting of restricted stock	39	6
Exercise of employee stock options	87	7
Net cash used in financing activities	<u>(920)</u>	<u>(967)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,523)</b>	<b>(2,460)</b>
Cash and cash equivalents at beginning of period	15,803	7,778
Cash and cash equivalents at end of the period	<u>\$ 12,280</u>	<u>5,318</u>

See accompanying notes.

**PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**  
(Unaudited)

(1) **Basis of Presentation.** The accompanying consolidated financial statements include the accounts of Patriot Transportation Holding, Inc. and its subsidiaries (the "Company"). Investment in the 50% owned Brooksville Joint Venture is accounted for under the equity method of accounting. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (primarily consisting of normal recurring accruals) considered necessary for a fair statement of the results for the interim periods have been included. Operating results for the three months ended December 31, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2010. The accompanying consolidated financial statements and the information included under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the Company's consolidated financial statements and related notes included in the Company's Form 10-K for the year ended September 30, 2009.

(2) **Recent Accounting Pronouncements.** On October 1, 2009, the Company adopted fair value measurement standards codified in ASC Topic 820, "Fair Value Measurements and Disclosures" (ASC 820), for non-financial assets and liabilities. ASC 820 defines fair value for accounting purposes, establishes a framework for measuring fair value and expands disclosures about fair value measurements. On October 1, 2008, the Company adopted this standard with respect to financial assets and liabilities and elected to defer our adoption of this standard for non-financial assets and liabilities. The adoption of these standards did not materially affect the consolidated financial results of the Company.

In December 2007 the FASB issued a standard that requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction (whether a full or partial acquisition); establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; requires expensing of most transaction and restructuring costs; and requires the acquirer to disclose to investors and other users all of the information needed to evaluate and understand the nature and financial effect of the business combination. The guidance was subsequently codified into ASC Topic 805, "Business Combinations", and applies prospectively to business combinations for which the acquisition date is on or after October 1, 2009. The impact of ASC Topic 805 on the consolidated financial

statements will depend upon the nature, terms and size of the acquisitions consummated after the effective date.

(3) **Business Segments.** The Company has identified two business segments, each of which is managed separately along product lines. The Company's operations are substantially in the Southeastern and Mid-Atlantic states. The transportation segment hauls primarily petroleum related bulk liquids and dry bulk commodities by motor carrier. The real estate segment owns real estate of which a substantial portion is under mining royalty agreements or leased. The real estate segment also holds certain other real estate for investment and develops commercial and industrial properties.

Operating results and certain other financial data for the Company's business segments are as follows (in thousands):

	Three Months ended December 31, _____	
	<u>2009</u>	<u>2008</u>
Revenues:		
Transportation	\$ 22,081	24,982
Real estate	5,419	5,862
	<u>\$ 27,500</u>	<u>30,844</u>
Operating profit:		
Transportation	\$ 1,855	2,393
Real estate	2,241	2,685
Corporate expenses:		
Allocated to transportation	(347)	(410)
Allocated to real estate	(354)	(344)
Unallocated	(353)	(293)
	<u>(1,054)</u>	<u>(1,047)</u>
	<u>\$ 3,042</u>	<u>4,031</u>
Interest expense:		
Real estate	\$ 1,026	866
Capital expenditures:		
Transportation	\$ 2,479	2,575
Real estate	953	6,268
	<u>\$ 3,432</u>	<u>8,843</u>
Depreciation, depletion and amortization:		
Transportation	\$ 1,561	1,705
Real estate	1,300	1,301
Other	59	185
	<u>\$ 2,920</u>	<u>3,191</u>
Identifiable assets	December 31, <u>2009</u>	September 30, <u>2009</u>
Transportation	\$ 43,372	43,229
Discontinued Transportation Operations	1,497	1,519
Real estate	192,300	192,461
Cash items	12,280	15,803
Unallocated corporate assets	3,759	3,842
	<u>\$253,208</u>	<u>256,854</u>



(4) **Long-Term debt.** Long-term debt is summarized as follows (in thousands):

	December 31, 2009	September 30, 2009
5.6% to 8.6% mortgage notes due in installments through 2027	75,107	76,153
Less portion due within one year	<u>4,366</u>	<u>4,293</u>
	\$ <u>70,741</u>	<u>71,860</u>

The Company has a \$37,000,000 uncollateralized Revolving Credit Agreement with three banks, which matures on December 13, 2013. The Revolver bears interest at a rate of 1.00% over the selected LIBOR, which may change quarterly based on the Company's ratio of Consolidated Total Debt to Consolidated Total Capital, as defined. A commitment fee of 0.15% per annum is payable quarterly on the unused portion of the commitment. The commitment fee may also change quarterly based upon the ratio described above. The Revolver contains limitations on availability and restrictive covenants including limitations on paying cash dividends. Letters of credit in the amount of \$12,382,000 were issued under the Revolver. As of December 31, 2009, \$24,618,000 was available for borrowing and \$39,287,000 of consolidated retained earnings would be available for payment of dividends. The Company was in compliance with all covenants as of December 31, 2009.

The fair values of the Company's mortgage notes payable were estimated based on current rates available to the Company for debt of the same remaining maturities but does not consider prepayment penalties. At December 31, 2009, the carrying amount and fair value of such other long-term debt was \$75,107,000 and \$71,769,000, respectively.

(5) **Related Party Transactions.** The Company may be considered a related party to Vulcan Materials Company (Vulcan). One director of the Company is employed by Vulcan and is related to two other Company directors. The Company, through its transportation subsidiaries, hauls commodities by tank trucks for Vulcan. Charges for these services are based on prevailing market prices. The real estate subsidiaries lease certain construction aggregates mining and other properties to Vulcan.

A subsidiary of the Company (FRP) has a Joint Venture Agreement with Vulcan Materials Company (formerly Florida Rock Industries, Inc.), Brooksville Quarry, LLC, to develop approximately 4,300 acres of land near Brooksville, Florida. The venture is jointly controlled by Vulcan and FRP, and they each have a mandatory obligation to fund additional capital contributions of up to \$2 million of which capital contributions of \$1,735,000 have been made by each party as of December 31, 2009. Distributions will be made on a 50-50 basis except for royalties and depletion specifically allocated to FRP. Other income for the three months ended December 31, 2009 and 2008 includes a loss of \$1,000 and \$5,000, respectively, representing the Company's equity in the loss of the joint venture.

(6) **Earnings per share.** The following details the computations of the basic and diluted earnings per common share (dollars in thousands, except per share amounts):

	THREE MONTHS ENDED DECEMBER 31,	
	<u>2009</u>	<u>2008</u>
Weighted average common shares outstanding during the period - shares used for basic earnings per common share	3,051	3,033
Common shares issuable under share based payment plans which are potentially dilutive	<u>86</u>	<u>75</u>
Common shares used for diluted earnings per common share	<u>3,137</u>	<u>3,108</u>
Net income	\$ <u>1,336</u>	<u>1,747</u>
Earnings per common share		
Basic	\$ <u>.44</u>	<u>.58</u>
Diluted	\$ <u>.43</u>	<u>.56</u>

For the three months ended December 31, 2009, 37,070 shares attributable to outstanding stock options were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the three months ended December 31 2008, 10,000 shares attributable to outstanding stock options were excluded from the calculation of diluted earnings per common share because their inclusion would have been anti-dilutive. For the three months ended December 31, 2009 and 2008, all outstanding restricted shares were included in the calculation of diluted earnings per common share because the unrecorded compensation and tax benefits to be credited to capital in excess of par for all awards of restricted stock were lower than the average price of the common shares, and therefore were dilutive.

(7) **Stock-Based Compensation Plans.** As more fully described in Note 7 to the Company's notes to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended September 30, 2009, the Company's stock-based compensation plan permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock units, and stock awards. The number of common shares available for future issuance was 231,970 at December 31, 2009.

The Company recorded the following stock compensation expense in its consolidated statements of income (in thousands):

	Three Months ended December 31,	
	<u>2009</u>	<u>2008</u>
Stock option grants	\$ 199	80
Restricted stock awards granted in 2006	<u>48</u>	<u>51</u>
	247	131

A summary of changes in outstanding options is presented below (in thousands, except share and per share amounts):

<u>Options</u>	<u>Number Of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Term (yrs)</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at September 30, 2009	237,930	\$36.70	4.5	\$ 4,246
Granted	9,070	\$96.48		\$ 349
Exercised	2,000	\$43.50		\$ 40
Forfeited	<u>-</u>	\$ -		\$ -
Outstanding at December 31, 2009	245,000	\$38.86	4.4	\$ 4,555
Exercisable at December 31, 2009	212,430	\$32.28	3.7	\$ 3,444
Vested during three months ended December 31, 2009	10,400			\$ 250

The aggregate intrinsic value of exercisable in-the-money options was \$13,214,000 and the aggregate intrinsic value of all outstanding in-the-money options was \$13,641,000 based on the market closing price of \$94.46 on December 31, 2009 less exercise prices. Gains of \$103,000 were realized by option holders during the three months ended December 31, 2009. The realized tax benefit from options exercised for the three months ended December 31, 2009 was \$39,000. Total compensation cost of options granted but not yet vested as of December 31, 2009 was \$978,000, which is expected to be recognized over a weighted-average period of 3.6 years.

A summary of changes in restricted stock awards is presented below (in thousands, except per share amounts):

<u>Restricted Stock</u>	<u>Number Of Shares</u>	<u>Weighted Average Grant Price</u>	<u>Weighted Average Remaining Term (yrs)</u>	<u>Weighted Average Grant Date Fair Value</u>
Outstanding at September 30, 2009	2,550	\$63.70	.3	\$ 163
Granted	-	\$ -		\$ -
Vested	-	\$ -		\$ -
Forfeited	<u>40</u>	\$66.09		\$ 3
Outstanding at December 31, 2009	2,510	\$63.66	-	\$ 160

(8) **Contingent liabilities.** Certain of the Company's subsidiaries are involved in litigation on a number of matters and are subject to certain claims which arise in the normal course of business. The Company has retained certain self-insurance risks with respect to

losses for third party liability and property damage. In the opinion of management none of these matters are expected to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

(9) **Concentrations.** The transportation segment primarily serves customers in the Southeastern U.S. Significant economic disruption or downturn in this geographic region or these industries could have an adverse effect on our financial statements.

During the first three months of fiscal 2010, the transportation segment's ten largest customers accounted for approximately 63.4% of the transportation segment's revenue. One of these customers accounted for 21.5% of the transportation segment's revenue. The loss of any one of these customers would have an adverse effect on the Company's revenues and income. Accounts receivable from the transportation segment's ten largest customers was \$2,833,000 and \$2,578,000 at December 31, 2009 and September 30, 2009 respectively.

(10) **Fair Value Measurements.** Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 means the use of quoted prices in active markets for identical assets or liabilities. Level 2 means the use of values that are derived principally from or corroborated by observable market data. Level 3 means the use of inputs that are unobservable and significant to the overall fair value measurement.

As of December 31, 2009 the Company had no assets or liabilities measured at fair value on a recurring basis and only one asset recorded at fair value on a non-recurring basis as it was deemed to be other-than-temporarily impaired. The fair value of the corporate aircraft of \$1,850,000 is based on level 2 inputs for similar assets in the current market. The fourth quarter of fiscal 2009 included \$900,000 for the impairment to estimated fair value of the corporate aircraft. The Company's decision to discontinue its use required adjustment to the lower values of the current economic environment.

The fair value of note receivable (see Note 11) approximates the unpaid principal balance based upon the interest rate and credit risk of the note. The fair value of all other financial instruments with the exception of mortgage notes (see Note 4) approximates the carrying value due to the short-term nature of such instruments.

(11) **Discontinued operations.** In August 2009 the Company sold its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). Under the agreement, the Buyer purchased all of SunBelt's tractors and trailers, leased the SunBelt terminal facilities in Jacksonville, Florida for 36 months at a rental of \$5,000 per month and leased the terminal facilities in South Pittsburgh, Tennessee for 60 months at a

rental of \$5,000 per month with an option to purchase the Tennessee facilities at the end of the lease for payment of an additional \$100,000. The South Pittsburgh lease was recorded as a sale under bargain purchase accounting. The purchase price received for the tractors and trailers and inventories was a \$1 million cash payment and the delivery of a Promissory Note requiring 60 monthly payments of \$130,000 each including interest at 7%, secured by the assets of the business conveyed. In the quarter ending September 30, 2009 the Company recognized \$283,000 in severance costs related to a change-in-control agreement triggered by the sale of SunBelt. The Company retained all pre-closing receivables and liabilities.

SunBelt has been accounted for as discontinued operations in accordance with ASC Topic 205-20 Presentation of Financial Statements - Discontinued Operations. All periods presented have been restated accordingly. A summary of discontinued operations is as follows:

	Three months Ended December 31,	
	2009	2008
Revenue	\$ 44	7,088
Operating expenses	(23)	7,248
Income (loss) before taxes	38	(319)
Income taxes	(14)	123
Income (loss) from discontinued operations	\$ 24	(196)

The components of the balance sheet are as follows:

	December 31, 2009	September 30, 2009
Accounts receivable	\$ 122	142
Other assets	2	1
Deferred income taxes	1,249	1,249
Property and equipment, net	124	127
Assets of discontinued operations	<u>\$ 1,497</u>	<u>1,519</u>
Accounts payable	\$ 98	243
Accrued payroll and benefits	2	140
Accrued liabilities, other	72	73
Insurance liabilities	3,203	3,204
Liabilities of discontinued operations	<u>\$ 3,375</u>	<u>3,660</u>

(12) **Subsequent Events.** Subsequent events have been evaluated and disclosed herein relating to events that have occurred from January 1, 2010 through the date we issued these financial statements, February 3, 2010.

The Company announced on January 6, 2010 that the transportation group has been unsuccessful in renewing certain contracts with significant customers recently. For the fiscal year ending September 30, 2009 the revenue from these customers was \$10,012,000 or approximately 11.0% of transportation group revenue.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**Overview** - The Company has two business segments: transportation and real estate.

The Company's transportation business is conducted through Florida Rock & Tank Lines, Inc. ("Tank Lines") which operates in the Southeastern United States. Tank Lines hauls petroleum and other liquids and dry bulk commodities by tank trailers.

The Company's real estate activities are conducted through two wholly owned subsidiaries. Florida Rock Properties, Inc. ("Properties") and FRP Development Corp. ("Development"). Properties owns mining properties and other properties held for investment or future development. Development owns, manages and develops commercial warehouse/office rental properties in the Baltimore-Washington-Northern Virginia area. Substantially all of the real estate operations are conducted within the Southeastern and Mid-Atlantic United States.

The Company's operations are influenced by a number of external and internal factors. External factors include levels of economic and industrial activity in the United States and the Southeast, driver availability and cost, regulations regarding driver qualifications and hours of service, petroleum product usage in the Southeast which is driven in part by tourism and commercial aviation, fuel costs, construction activity, aggregates sales by lessees from the Company's mining properties, interest rates, market conditions and attendant prices for casualty insurance, demand for commercial warehouse space in the Baltimore-Washington-Northern Virginia area, and ability to obtain zoning and entitlements necessary for property development. Internal factors include revenue mix, capacity utilization, auto and workers' compensation accident frequencies and severity, other operating factors, administrative costs, group health claims experience, and construction costs of new projects. Financial results of the Company for any individual quarter are not necessarily indicative of results to be expected for the year.

**Discontinued Operation.** In August 2009 the Company sold its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). Under the agreement, the buyer purchased all of SunBelt's tractors and trailers, leased the SunBelt terminal facilities in Jacksonville, Florida for 36 months at a rental of \$5,000 per month and leased the terminal facilities in South Pittsburgh, Tennessee for 60 months at a rental of \$5,000 per month with an option to purchase the Tennessee facilities at the end of the lease for payment of an additional \$100,000. The South Pittsburgh lease was recorded as a sale under bargain purchase accounting. The purchase price received for the tractors and trailers and inventories was a \$1 million cash payment and the delivery of a Promissory Note requiring 60 monthly payments of \$130,000 each

including interest at 7%, secured by the assets of the business conveyed. The Company retained all pre-closing receivables and liabilities. SunBelt has been accounted for as discontinued operations in accordance with ASC Topic 205-20 Presentation of Financial Statements - Discontinued Operations. All periods presented have been restated accordingly.

### **Comparative Results of Operations for the Three Months Ended December 31, 2009 and 2008**

**Consolidated Results** - Net income for the first quarter of fiscal 2010 decreased 23.5% to \$1,336,000 compared to \$1,747,000 for the same period last year. Diluted earnings per common share for the first quarter of fiscal 2010 were \$0.43 compared to \$0.56 the same quarter last year. Transportation segment results were lower due to reduced miles driven and lower fuel surcharges. The real estate segment's results were lower due to reduced mining royalties and lower developed property occupancy.

#### **Transportation Results**

(dollars in thousands)	Three Months Ended December 31			
	<u>2009</u>	<u>%</u>	<u>2008</u>	<u>%</u>
Transportation revenue	\$ 19,467	88%	21,013	84%
Fuel surcharges	<u>2,614</u>	<u>12%</u>	<u>3,969</u>	<u>16%</u>
Revenues	22,081	100%	24,982	100%
Compensation and benefits	8,319	38%	9,537	38%
Fuel expenses	3,905	18%	4,527	18%
Insurance and losses	2,265	10%	2,262	9%
Depreciation expense	1,523	7%	1,661	7%
Other, net	<u>2,218</u>	<u>10%</u>	<u>2,356</u>	<u>9%</u>
Cost of operations	<u>18,230</u>	<u>83%</u>	<u>20,343</u>	<u>81%</u>
Gross profit	<u>\$ 3,851</u>	<u>17%</u>	<u>4,639</u>	<u>19%</u>

Transportation segment revenues were \$22,081,000 in the first quarter of 2010, a decrease of \$2,901,000 over the same quarter last year. Revenue miles in the current quarter were down 9.2% compared to the first quarter of 2009 due to lower demand and a competitive economic climate. Fuel surcharge revenue decreased \$1,355,000. Excluding fuel surcharges, revenue per mile increased 2.1% over the same quarter last year. The average price paid per gallon of diesel fuel decreased by \$.15 or 5.6% over the same quarter in fiscal 2009.

The Transportation segment's cost of operations was \$18,230,000 in the first quarter of 2010, a decrease of \$2,113,000 over the same quarter last year. The Transportation segment's cost of operations in the first quarter of 2010 as a percentage of revenue was 83% versus 81% in the first quarter of 2009. Compensation and benefits decreased \$1,218,000 or 12.8% compared to the same quarter last year due to the

decrease in miles driven and lower driver turnover related pay. Fuel surcharge revenue decreased \$1,355,000 while fuel cost decreased by only \$622,000 leaving a negative impact to gross profit of \$733,000. Insurance and losses increased \$3,000 compared to the same quarter last year due to a \$279,000 increase in group health expense offset by lower other costs due to the reduced miles driven. Depreciation expense decreased \$138,000 due to fewer trucks. Other expense decreased \$138,000 primarily due to the decrease in miles driven, reduced vehicle maintenance, reduced hiring costs, and other cost management.

### Real Estate Results

(dollars in thousands)	Three Months Ended December 31			
	<u>2009</u>	<u>%</u>	<u>2008</u>	<u>%</u>
Royalties and rent	\$ 1,335	25%	1,635	28%
Developed property rentals	<u>4,084</u>	<u>75%</u>	<u>4,227</u>	<u>72%</u>
Total Revenue	5,419	100%	5,862	100%
Mining and land rent expenses:				
Property operating expenses	353	7%	458	8%
Depreciation and depletion	94	2%	111	2%
Management Company indirect	57	1%	44	1%
Developed property expenses:				
Property operating expenses	1,100	20%	879	15%
Depreciation and amortization	1,206	22%	1,190	20%
Management Company indirect	<u>368</u>	<u>7%</u>	<u>495</u>	<u>8%</u>
Cost of Operations	<u>3,178</u>	<u>59%</u>	<u>3,177</u>	<u>54%</u>
Gross profit	<u>\$ 2,241</u>	<u>41%</u>	<u>2,685</u>	<u>46%</u>

Real Estate segment revenues for the first quarter of fiscal 2010 were \$5,419,000, a decrease of \$443,000 or 7.6% over the same quarter last year. Lease revenue from developed properties decreased \$143,000 or 3.4% due to reduced occupancy partly offset by snow removal reimbursements. Royalties and rent decreased \$300,000 or 18.3% due to decreased demand for mined tons and a \$161,000 decrease in revenues from timber sales.

Real estate segment expenses for the first quarter of fiscal 2010 were constant from the same quarter last year. Developed property operating expenses increased \$221,000 due to increased snow removal expenses and higher property taxes. Developed property depreciation and amortization increased \$16,000 due to a new building placed into service April 2009. Mining and land rent property operating expenses decreased \$105,000 due to lower maintenance and other costs. Mining and land depreciation and depletion expenses decreased \$17,000 due to reduced tons mined. Management Company indirect expenses (excluding lease related property management fees) decreased \$114,000 due to reduced salaries from the staffing level adjustments completed during fiscal 2009.



## **Consolidated Results**

**Gross Profit** - Consolidated gross profit was \$6,092,000 in the first quarter of fiscal 2010, a decrease of \$1,232,000 or 16.8% compared to \$7,324,000 in the same period last year. Gross profit in the transportation segment decreased \$788,000 or 17.0% due to reduced miles driven and lower fuel surcharges. Gross profit in the real estate segment decreased \$444,000 or 16.6% due to decreased demand for tons mined and reduced occupancy of developed properties.

**Selling, general and administrative expense** - Selling, general and administrative expenses decreased \$243,000 or 7.4% over the same quarter last year due to lower staffing and reduced company aircraft expenses partly offset by increased stock compensation expense and professional services.

**Interest expense** - Interest expense increased \$160,000 over the same quarter last year due to lower capitalized interest.

**Income taxes** - Income tax expense decreased \$424,000 over the same quarter last year due to decreased earnings.

**Income from continuing operations** - Income from continuing operations was \$1,312,000 or \$.42 per diluted share in the first quarter of fiscal 2010, a decrease of 32.5% compared to \$1,943,000 or \$.63 per diluted share for the same period last year.

**Discontinued operations** - The after tax income from discontinued operations for the first quarter of fiscal 2010 was \$24,000 versus a loss of \$196,000 for the same period last year. Diluted earnings on discontinued operations for the first quarter of fiscal 2010 was \$.01 compared to a diluted loss of \$.07 in the first quarter of fiscal 2009.

**Net income** - Net income for the first quarter of fiscal 2010 decreased 23.5% to \$1,336,000 compared to \$1,747,000 for the same period last year. Diluted earnings per common share for the first quarter of fiscal 2010 were \$0.43 compared to \$0.56 the same quarter last year. Transportation segment results were lower due to reduced miles driven and lower fuel surcharges. The real estate segment's results were lower due to reduced mining royalties and lower developed property occupancy.

**Liquidity and Capital Resources.** For the first three months of fiscal 2010, the Company used cash provided by operating activities of continuing operations of \$967,000, proceeds received on notes of \$289,000, proceeds from the sale of plant, property and equipment of \$47,000, proceeds from the exercise of employee stock options of \$87,000, excess tax benefits from the exercise of stock options of \$39,000 and cash balances to purchase \$2,479,000 in transportation equipment, to expend \$953,000 in real estate development, to invest

\$235,000 in the Brooksville Joint Venture and to make \$1,046,000 scheduled payments on long-term debt. Cash used in the operating activities of discontinued operations was \$239,000. Cash decreased \$3,523,000.

In August 2009 the Company sold its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). The purchase price received for the tractors and trailers and inventories was a \$1 million cash payment and the delivery of a Promissory Note requiring 60 monthly payments of \$130,000 each including 7% interest, secured by the assets of the business conveyed. The Company retained all pre-closing receivables and liabilities. SunBelt has been accounted for as discontinued operations. All periods presented have been restated accordingly.

Cash flows from operating activities for the first three months of fiscal 2010 were \$6,969,000 lower than the same period last year primarily due to lower revenues, higher income tax payments related to the sale of SunBelt and the same quarter last year including an usually large decrease in accounts receivable both in continuing operations and discontinued operations.

Cash flows used in investing activities for the first three months of fiscal 2010 were \$5,859,000 lower due to decreased purchases of equipment and land reflecting lower construction levels on the portfolio.

Cash flows used in financing activities for the first three months of fiscal 2010 were \$47,000 lower than the same period last year due to an increase of \$66,000 in mortgage payments and increased stock options exercised by employees.

The Company has a \$37,000,000 uncollateralized Revolving Credit Agreement with three banks, which matures on December 13, 2013. The Revolver contains limitations on availability and restrictive covenants including limitations on paying cash dividends. During the past year letters of credit in the amount of \$12,382,000 were issued under the Revolver. As of December 31, 2009, \$24,618,000 was available for borrowing and \$39,287,000 of consolidated retained earnings would be available for payment of dividends. The Company was in compliance with all covenants as of December 31, 2009.

The Company had \$18,460,000 of irrevocable letters of credit outstanding as of December 31, 2009. Most of the letters of credit are irrevocable for a period of one year and are automatically extended for additional one-year periods until notice of non-renewal is received from the issuing bank not less than thirty days before the expiration date. These were issued for insurance retentions and to guarantee certain obligations to state agencies related to real estate development. During fiscal 2009 the Company faced increased fees at the annual renewal of its letters of credit. The Company issued replacement letters of credit through the Revolver to reduce fees.

The Board of Directors has authorized Management to repurchase shares

of the Company's common stock from time to time as opportunities arise. As of December 31, 2009, \$5,625,000 was authorized for future repurchases of common stock. The Company does not currently pay any dividends on common stock.

The Company has committed to make additional capital contributions of up to \$265,000 over the next 12 months to Brooksville Quarry, LLC in connection with a joint venture with Vulcan.

While the Company is affected by environmental regulations, such regulations are not expected to have a major effect on the Company's capital expenditures or operating results.

**Recent Accounting Pronouncements.** On October 1, 2009, the Company adopted fair value measurement standards codified in ASC Topic 820, "Fair Value Measurements and Disclosures" (ASC 820), for non-financial assets and liabilities. ASC 820 defines fair value for accounting purposes, establishes a framework for measuring fair value and expands disclosures about fair value measurements. On October 1, 2008, the Company adopted this standard with respect to financial assets and liabilities and elected to defer our adoption of this standard for non-financial assets and liabilities. The adoption of these standards did not materially affect the consolidated financial results of the Company.

In December 2007 the FASB issued a standard that requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction (whether a full or partial acquisition); establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; requires expensing of most transaction and restructuring costs; and requires the acquirer to disclose to investors and other users all of the information needed to evaluate and understand the nature and financial effect of the business combination. The guidance was subsequently codified into ASC Topic 805, "Business Combinations", and applies prospectively to business combinations for which the acquisition date is on or after October 1, 2009. The impact of ASC Topic 805 on the consolidated financial statements will depend upon the nature, terms and size of the acquisitions consummated after the effective date.

**Related Party Transactions.** The Company, through its transportation subsidiaries, hauls commodities by tank and flatbed trucks for Vulcan Materials Company (Vulcan). Charges for these services are based on prevailing market prices. The real estate subsidiaries lease certain construction aggregates mining and other properties to Vulcan.

On October 4, 2006, a subsidiary of the Company (FRP) entered into a Joint Venture Agreement with Vulcan Materials Company (formerly Florida Rock Industries, Inc.) to form Brooksville Quarry, LLC, to

develop approximately 4,300 acres of land near Brooksville, Florida. The venture is jointly controlled by Vulcan and FRP, and they each have a mandatory obligation to fund additional capital contributions of up to \$2 million of which capital contributions of \$1,735,000 have been made by each party as of December 31, 2009. Distributions will be made on a 50-50 basis except for royalties and depletion specifically allocated to FRP. Other income for the three months ended December 31, 2009 and 2008 includes a loss of \$1,000 and \$5,000, respectively, representing the Company's equity in the loss of the joint venture.

**Summary and Outlook.** Transportation segment results were lower due to reduced miles driven and lower fuel surcharges. The Company announced on January 6, 2010 that the transportation group has been unsuccessful in renewing certain contracts with significant customers recently. For the fiscal year ending September 30, 2009 the revenue from these customers was \$10,012,000 or approximately 11.0% of transportation group revenue.

Gross profit from the leasing of developed buildings has weakened from previous levels and may weaken further as our three newer buildings brought into service in the past fifteen months continue to contribute no revenue (but now add their fair share of depreciation and maintenance expense) and expiring leases, if renewed, will likely entail rent concessions from the existing levels. Prospective tenants for vacant space are significantly fewer than in the past few years, competition for their contracts are more intense and rental rates continue to decline from existing levels. The Company is not presently engaged in the construction of any new buildings.

In July 2008, a subsidiary of the Company, FRP Bird River, LLC, entered into an agreement to sell approximately 121 acres of land in Baltimore County, Maryland to Mackenzie Investment Group, LLC. The purchase price for the property is \$25,265,000, subject to certain potential purchase price adjustments. The agreement of sale is subject to certain contingencies including satisfactory completion of the buyer's inspection period and additional government approvals and closing may be two or more years away. The purchaser has placed non-refundable deposits of \$1,000,000 under this contract in escrow including \$650,000 in March 2009. Preliminary approval for the development as originally contemplated under the agreement's pricing contingencies has now been received and the time for any appeals from that approval expired.

In May 2008, the Company received final approval from the Zoning Commission of the District of Columbia of its planned unit development application for the Company's 5.8 acre undeveloped waterfront site on the Anacostia River in Washington, D.C. This site is located adjacent to the recently opened Washington Nationals Baseball Park. The site currently is leased to Vulcan Materials Company on a month-to-month basis. The approved planned unit development permits the Company to develop a four building, mixed use project, containing approximately

545,800 square feet of office and retail space and approximately 569,600 square feet of additional space for residential and hotel uses. The approved development would include numerous publicly accessible open spaces and a waterfront esplanade along the Anacostia River. In November 2009, the Company received a two-year extension for commencement of this project, moving the construction commencement date to June 2013. The Company sought this extension because of negative current market indications.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**

The Company is exposed to market risk from changes in interest rates. For its cash and cash equivalents, a change in interest rates affects the amount of interest income that can be earned. For its debt instruments with variable interest rates, changes in interest rates affect the amount of interest expense incurred. The Company prepared a sensitivity analysis of its cash and cash equivalents to determine the impact of hypothetical changes in interest rates on the Company's results of operations and cash flows. The interest-rate analysis assumed a 50 basis point adverse change in interest rates on all cash and cash equivalents. However, the interest-rate analysis did not consider the effects of the reduced level of economic activity that could exist in such an environment. Based on this analysis, management has concluded that a 50 basis point adverse move in interest rates on the Company's cash and cash equivalents would have an immaterial impact on the Company's results of operations and cash flows.

### **ITEM 4. CONTROLS AND PROCEDURES**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Chief Accounting Officer ("CAO"), as appropriate, to allow timely decisions regarding required disclosure.

The Company also maintains a system of internal accounting controls over financial reporting that are designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving the desired control objectives.

As of December 31, 2009, the Company, under the supervision and with the participation of the Company's management, including the CEO, CFO and CAO, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's CEO, CFO and CAO concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be included in periodic SEC filings.

There have been no changes in the Company's internal controls over financial reporting during the first three months that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1A. RISK FACTORS**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2009, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

### **Item 6. EXHIBITS**

- (a) Exhibits. The response to this item is submitted as a separate Section entitled "Exhibit Index", on page 27.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

February 3, 2010

PATRIOT TRANSPORTATION HOLDING, INC.

John D. Baker II

John D. Baker II  
President and Chief Executive  
Officer

John D. Milton, Jr.

John D. Milton  
Executive Vice President, Treasurer,  
Secretary and Chief  
Financial Officer

John D. Klopfenstein

John D. Klopfenstein  
Controller and Chief  
Accounting Officer

**PATRIOT TRANSPORTATION HOLDING, INC.**  
**FORM 10-Q FOR THE QUARTER ENDED DECEMBER 31, 2009**  
**EXHIBIT INDEX**

- (14) Financial Code of Ethical Conduct between the Company, Chief Executive Officers and Financial Managers, as revised on January 28, 2004, which is available on the Company's website at [www.patriottrans.com](http://www.patriottrans.com).
  
- (31)(a) Certification of John D. Baker II.
- (31)(b) Certification of John D. Milton, Jr.
- (31)(c) Certification of John D. Klopfenstein.
  
- (32) Certification of Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer under Section 906 of the Sarbanes-Oxley Act of 2002.



I, John D. Baker II, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2010

/s/John D. Baker II  
President and Chief Executive  
Officer

I, John D. Milton, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2010

/s/John D. Milton, Jr.  
Executive Vice President, Treasurer,  
Secretary and Chief Financial Officer

I, John D. Klopfenstein, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2010

/s/John D. Klopfenstein  
Controller and Chief Accounting  
Officer

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Patriot Transportation Holding, Inc.

February 3, 2010

PATRIOT TRANSPORTATION HOLDING, INC.

JOHN D. BAKER II  
John D. Baker II  
President and Chief Executive  
Officer

JOHN D. MILTON, JR.  
John D. Milton  
Executive Vice President,  
Treasurer, Secretary and  
Chief Financial Officer

JOHN D. KLOPFENSTEIN  
John D. Klopfenstein  
Controller and Chief  
Accounting Officer

A signed original of this written statement required by Section 906 has been provided to Patriot Transportation Holding, Inc. and will be retained by Patriot Transportation Holding, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification accompanies the issuer's Quarterly report on Form 10-Q and is not filed as provided in SEC Release Nos. 33-8212, 34-4751 and IC-25967, dated June 30, 2003.