

Hilltop Holdings Inc.  
Form DEF 14A  
April 30, 2010  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Hilltop Holdings Inc.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:



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**Hilltop Holdings Inc.**  
**200 Crescent Court, Suite 1330**  
**Dallas, Texas 75201**  
**Tel: 214.855.2177**  
**Fax: 214.855.2173**  
**www.hilltop-holdings.com**  
**NYSE: HTH**

**NOTICE OF 2010 ANNUAL MEETING**

**AND PROXY STATEMENT**

April 29, 2010

You are cordially invited to attend our 2010 Annual Meeting of Stockholders at 10:00 a.m., Dallas, Texas, local time, on June 10, 2010. The meeting will be held at the Crescent Club at 200 Crescent Court, 17th Floor, Dallas, Texas 75201.

This booklet includes the formal notice of the meeting and our proxy statement. The proxy statement tells you about the matters to be addressed, and the procedures for voting, at the meeting.

**YOUR VOTE IS VERY IMPORTANT.** Even if you only have a few shares, we want your shares to be represented. **If your shares are held in a brokerage account, your broker no longer has discretion to vote on your behalf with respect to electing directors or certain other non-routine matters. Unlike last year, you must provide specific voting instructions to your broker in order to vote.** Please vote promptly in order to ensure that your shares are represented at the meeting.

We look forward to seeing you at the meeting.

Very truly yours,

Jeremy B. Ford  
Chief Executive Officer

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY  
MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 10, 2010**

This proxy statement and our Annual Report for the fiscal year ended December 31, 2009 are both available at [www.proxyvote.com](http://www.proxyvote.com).

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**200 Crescent Court, Suite 1330**  
**Dallas, Texas 75201**  
**Tel: 214.855.2177**  
**Fax: 214.855.2173**  
**www.hilltop-holdings.com**  
**NYSE: HTH**

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**Notice of 2010 Annual Meeting of Stockholders**

**To Be Held on June 10, 2010**

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**WHEN:** Thursday, June 10, 2010, at 10:00 a.m., Dallas, Texas local time

**WHERE:** Crescent Club  
200 Crescent Court, 17th Floor  
Dallas, Texas 75201

**WHY:** At this meeting, you will be asked to consider and vote upon:

1. The election of eleven directors to serve on our Board of Directors until the 2011 annual meeting of stockholders and until their successors are duly elected and qualify;
2. The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2010; and
3. The transaction of any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

**WHO MAY VOTE:** Stockholders of record at the close of business on April 5, 2010.

**ANNUAL REPORT:** Our 2009 Annual Report is enclosed.

**DATE OF MAILING:** This notice and the accompanying proxy statement, as well as our Annual Report, are first being mailed to our stockholders on or about May 4, 2010.

**Your vote is very important. Please read the proxy statement and voting instructions on the enclosed proxy card. Then, whether or not you plan to attend the annual meeting in person, and no matter how many shares you own, please sign, date and promptly return the enclosed proxy card in the enclosed envelope, which requires no additional postage if mailed in the United States.**

By Order of the Board of Directors,

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Corey G. Prestidge  
General Counsel & Secretary

April 29, 2010  
Dallas, Texas

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**PROXY STATEMENT**

**Hilltop Holdings Inc.**

**2010 Annual Meeting of Stockholders**

**June 10, 2010**

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**GENERAL INFORMATION**



## Edgar Filing: Hilltop Holdings Inc. - Form DEF 14A

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Hilltop Holdings Inc., or Hilltop or the Company, of proxies to be voted at the 2010 Annual Meeting of Stockholders being held on Thursday, June 10, 2010, and at any adjournments or postponements of the meeting. The following questions and answers provide important information about the 2010 Annual Meeting and this Proxy Statement.

### What am I voting on?

At the 2010 Annual Meeting, stockholders will be asked to consider and vote upon:

- The election of eleven directors to serve on our Board of Directors until the 2011 annual meeting of stockholders and until their successors are duly elected and qualify;
- The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2010; and
- The transaction of any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

### What is the Board of Directors' recommendations?

The Board of Directors recommends a vote **FOR** the election of each of our director candidates and **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

### Who is entitled to vote?

Holders of record of our common stock at the close of business on April 5, 2010, are entitled to vote at the meeting. Each stockholder is entitled to cast one vote for each share of common stock owned on each matter presented.

### How do I vote?

You may vote in person at the meeting or by proxy. We recommend that you vote by proxy even if you plan to attend the meeting. You always can change your vote at the meeting.

## Edgar Filing: Hilltop Holdings Inc. - Form DEF 14A

If you have shares of our common stock that are held by a broker or other nominee, you may instruct your broker or nominee to vote your shares by following the instructions that the broker or nominee provides you. Effective this year, New York Stock Exchange rules prohibit your broker from voting for the election of directors on your behalf without specific voting instructions from you. Most brokers offer voting by mail, telephone and internet.

### How do proxies work?

Our Board of Directors is asking for your proxy. Giving your proxy to the persons named by us means you authorize them to vote your shares at the meeting in the manner you direct. You may vote for all, some or none of our director candidates, and you may vote for or against, or abstain from voting on, the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

If you are a stockholder of record, and you sign and return the enclosed proxy card, but do not specify how your shares are to be voted, your shares will be voted **FOR** the election of all of our director candidates and **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm. If you are a beneficial owner of shares held in street name, and you sign and return the enclosed proxy card, but do not specify how your shares are to be voted, your shares will be voted **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm and will not be voted, at all, for election of directors.

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You may receive more than one proxy or voting card depending on how you hold your shares. Shares registered in your name are covered by one card. If you also hold shares through a broker or other nominee, you also may receive material from them asking how you want to vote. To be sure that all of your shares are voted, we encourage you to respond to each request you receive.

**How do I revoke a proxy?**

You may revoke your proxy before it is voted by:

- Submitting a new, properly executed proxy with a later date;
- Voting in person at the meeting; or
- Notifying our corporate Secretary in writing at the address listed under [Questions](#) on page 36.

**Will my shares be voted if I don't sign a proxy?**

If you hold your shares directly in your own name, they will not be voted unless you provide a proxy. Under certain conditions, shares that you own that are held by a broker may be voted even if you do not provide voting instructions to the broker. Brokerage firms have the authority under applicable rules to vote on certain routine matters, including the ratification of auditors.

**What constitutes a quorum?**

In order to carry on the business of the meeting, we must have a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either in person or by proxy. Shares owned by us are not voted and do not count for this purpose. Both abstentions and broker non-votes (described below) are counted as present for purposes of determining the presence of a quorum. On the record date, we had 56,488,488 shares of common stock outstanding and entitled to vote at the meeting.

**How many votes are needed for approval?**

*Election of Directors*

Election of the director nominees requires the affirmative vote of a plurality of the votes cast on the matter. The director candidates receiving the highest number of affirmative votes of the shares entitled to be voted will be elected as directors. For purposes of the election of directors, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. Stockholders may not cumulate votes in the election of directors.

*Ratification of Independent Auditor*

The appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2010 will be ratified if this proposal receives the affirmative vote of a majority of the votes cast on the matter. Brokers have the authority to vote **FOR** this proposal (but not for nominated directors) in the absence of contrary instructions from a beneficial owner. If this appointment is not ratified by stockholders, the Audit Committee and Board of Directors may reconsider its recommendation and appointment, respectively. With respect to this proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

A broker non-vote occurs when a broker submits a proxy, but does not vote for or against the matter. This will occur when the beneficial owner has not instructed the broker how to vote and the broker does not have discretionary authority to vote in the absence of instructions.

**Who conducts the proxy solicitation?**

Our Board of Directors is soliciting the proxies, and we will bear all costs of this solicitation, including the preparation, assembly, printing and mailing of this proxy statement. Copies of solicitation material will be furnished to banks, brokerage houses and other agents and nominees holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to those beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding the solicitation material to the beneficial owners. We have requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward all

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solicitation material to the beneficial owners of the shares that they hold of record. Certain of our officers and employees also may solicit proxies on our behalf by mail, email, phone or fax or in person.

**What should I do if I want to attend in person?**

Only stockholders of record, their proxy holders and invited guests may attend the meeting. If your shares are held by a broker or nominee, bring your most recent brokerage statement with you to the meeting. We can use that to verify your ownership of common stock and admit you to the meeting; *however*, you will not be able to vote your shares at the meeting without a proxy. If you wish to vote in person and your shares are held by a broker or nominee, you will need to obtain a proxy from the broker or nominee authorizing you to vote your shares held in their name. Any holder of a proxy from a stockholder must present the proxy card, properly executed, to be admitted. Stockholders and proxy holders must present a form of photo identification, such as a driver's license.

**PROPOSAL ONE ELECTION OF DIRECTORS**

**General**

At the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has nominated the director candidates named below.

Our Board of Directors oversees the management of us on your behalf. The Board of Directors reviews our long-term strategic plans and exercises direct decision-making authority on key issues, such as the authorization of dividends, the selection of the Chief Executive Officer, setting the scope of his authority to manage our day-to-day operations and the evaluation of his performance.

Our Board of Directors is not classified; thus, all of our directors are elected annually. The Nominating and Corporate Governance Committee has recommended, and our Board of Directors has nominated, for re-election eleven of the twelve persons currently serving as directors whose terms are expiring at the 2010 Annual Meeting of Stockholders.

Since the last annual meeting of stockholders, Larry D. Willard retired from the Company, including as a director, J. Randy Staff informed the Board of Directors that he would not stand for re-election at the 2010 Annual Meeting of Stockholders and Jeremy B. Ford was elected as a director and President and Chief Executive Officer.

If elected, each of the persons nominated as a director will serve until the next annual meeting of stockholders and until their successors are duly elected and qualify. Personal information on each of our nominees is given below.



Our Board of Directors has determined that seven of the eleven nominees for election as directors at the 2010 Annual Meeting of Stockholders have no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) and are independent within the meaning of the director independence requirements of the listing standards of the New York Stock Exchange, or NYSE. The independent directors are Rhodes Bobbitt, W. Joris Brinkerhoff, Charles R. Cummings, J. Markham Green, Jess T. Hay, William T. Hill, Jr. and W. Robert Nichols, III. The determinations regarding the independence of these individuals were based upon information known by the members of the Board of Directors concerning each other and supplied by each of the directors for the purpose of this determination. None of these directors had any transactions, relationships or arrangements that were required to be considered by the Board of Directors in determining that the director is independent. Assuming the election of our eleven nominees, all of our directors, other than Messrs. Gerald Ford, Jeremy Ford, Clifton Robinson and Carl Webb, also will be independent directors, as set forth in our Director Independence Criteria. The full text of the Director Independence Criteria can be found in the Investor Relations Governance Corporate Governance Documents section of our website at [www.hilltop-holdings.com](http://www.hilltop-holdings.com). A copy also may be obtained upon request by writing our corporate Secretary at the address provided on page 36.

Our Board of Directors met eight times during 2009. During 2009, no director attended fewer than 75% of the meetings of the Board of Directors and of the board committees on which he served, except for Mr. Brinkerhoff who missed three telephonic board meetings during his tenure in 2009. Because fewer than ten non-management

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stockholders usually attend our annual meetings in person, our Board of Directors has not adopted a formal policy with regard to director attendance at the annual meetings of stockholders. Messrs. Gerald Ford and Larry Willard attended the 2009 annual meeting of stockholders.

**Nominees for Election as Directors**

- Rhodes R. Bobbitt**  
Age 64
- Mr. Bobbitt has served as a director of Hilltop since November 2005. Mr. Bobbitt is retired. From 1987 until June 2004, he served as a Managing Director and the Regional Office Manager of the Private Client Service Group of Credit Suisse First Boston/Donaldson, Lufkin & Jenrette. Mr. Bobbitt was formerly Vice President of Security Sales in the Dallas office of Goldman, Sachs & Company from 1969 until 1987. He is actively involved with the University of Texas as a member of the University of Texas Development Board, was Co-Chairman of the Dallas Leadership Council Capital Raising Campaign, and is a member of the University of Texas MBA Investment Fund Advisory Board. He also serves on the Board of Directors of First Acceptance Corporation, including the Nominating and Corporate Governance, Investment, and Audit Committees of that company.
- W. Joris Brinkerhoff**  
Age 58
- Mr. Brinkerhoff has served as a director of Hilltop since June 2005. Mr. Brinkerhoff founded a Native American owned joint venture, Doyon Drilling Inc. J.V., in 1981 and served as its operations Chief Executive Officer and Chief Financial Officer until selling his venture interests in 1992. Doyon Drilling Inc. J.V. designed, built, leased and operated state of the art mobile drilling rigs for ARCO and British Petroleum in conjunction with their development of the North Slope Alaska petroleum fields. Mr. Brinkerhoff currently manages, on a full-time basis, family interests, including oil and gas production, a securities portfolio and various other business interests. He actively participates in numerous philanthropic organizations.
- Charles R. Cummings**  
Age 73
- Mr. Cummings has served as a director of Hilltop since October 2005. Mr. Cummings currently serves as the President and Chief Executive Officer of CB Resources, Inc., a petroleum and gas company, Container Investments, Inc. and Waste Concepts, Inc. He also currently serves as Chairman of Aaren Scientific, Inc. and Or-Tech Ingredients, Inc. From September 1998 through 2008, Mr. Cummings served as Chairman and Chief Executive Officer of Ophthalmic Innovations International, a manufacturer of intraocular lenses. Mr. Cummings is a partner of Bravo Equity Partners II, L.P., an equity investments group targeting growth companies with a focus on the Hispanic market, Transco Leasing and North Texas Pollo Campero. He was a co-founder of IESI Corporation in 1994, serving as a director until the sale of the company in January 2005. He also is a former audit partner with Arthur Young & Company.
- Gerald J. Ford**  
Age 65
- Mr. Ford has served as Chairman of the Board of Hilltop since August 2007, and has served as a director of Hilltop since June 2005. Mr. Ford served as interim Chief Executive Officer of Hilltop from January 1, 2010 until March 11, 2010. Mr. Ford is a banking and financial institutions entrepreneur who has been involved in numerous mergers and acquisitions of private and public sector financial institutions, primarily in the Southwestern United States, over the past 30 years. In that capacity, he acquired and consolidated 30 commercial banks from 1975 to 1993, forming First United Bank Group, Inc., a multi-bank holding company for which he functioned as Chairman of the Board and Chief Executive Officer until its sale in 1994. During this period, he also led investment consortiums that acquired numerous financial institutions, forming in succession, First Gibraltar Bank, FSB, First Madison Bank, FSB and First Nationwide Bank. Mr. Ford also served as Chairman of the Board of Directors and Chief Executive Officer of Golden State Bancorp Inc. and its subsidiary, California Federal Bank, FSB, from 1998 to 2002. He currently participates on numerous boards of directors, including Diart Financial Holdings

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LLC (formerly Triad Financial Holdings LLC), for which he also is Co-Chairman of the Board, First Acceptance Corporation, for which he also is Chairman of the Board, McMoRan Exploration Co., Freeport McMoRan Copper and Gold Inc. and Scientific Games Corporation. Mr. Ford previously served as a director of Americredit Corp. Mr. Ford also currently serves on the Board of Trustees of Southern Methodist University and is the Managing Partner of Ford Financial Fund, L.P., a private equity fund. Hilltop's President and Chief Executive Officer, Jeremy B. Ford, is the son of Mr. Ford, and Hilltop's general counsel and secretary, Corey G. Prestidge, is the son-in-law of Mr. Ford.

**Jeremy B. Ford**

Age 35

Mr. Jeremy Ford has worked in the financial services industry for over ten years, primarily focused on investments in and acquisitions of depository institutions and insurance and finance companies. He also is one of the individuals who provided services to Hilltop under the Management Services Agreement with Diamond A Administration Company, LLC. Accordingly, he has been actively involved in numerous potential acquisitions for Hilltop, the acquisition of NLASCO, Inc. in 2007, and the divestiture of the mobile home communities business in 2007. Mr. Jeremy Ford also is currently a director of First Acceptance Insurance Company, Inc., a subsidiary of First Acceptance Corporation, and a principal of Ford Financial Fund, L.P., a private equity fund. From 2004 to 2008, he worked for Diamond A-Ford Corporation, where he was involved in various investments made by a family limited partnership. Prior to that, he worked at Liberté Investors Inc. (now First Acceptance Corporation), California Federal Bank, FSB (now Citigroup Inc.), and Salomon Smith Barney (now Citigroup Inc.). Jeremy Ford previously served as a director of First Acceptance Corporation from 2000 to 2004. Jeremy Ford is the son of Gerald Ford, Hilltop's Chairman of the Board, and the brother-in-law of Corey G. Prestidge, Hilltop's general counsel and secretary.

**J. Markham Green**

Age 66

Mr. Green has served as a director of Hilltop since February 2004. Mr. Green is a private investor. From 2001 to 2003, he served as Vice Chairman of the Financial Institutions and Governments Group in investment banking at JP Morgan Chase. From 1993 until joining JP Morgan Chase, Mr. Green was involved in the start-up, and served on the boards, of eight companies, including Affordable Residential Communities Inc., the predecessor company to Hilltop Holdings Inc. From 1973 to 1992, Mr. Green served in various capacities at Goldman, Sachs & Co. in investment banking. He was a general partner of the company and co-head of the Financial Services Industry Group at the time of his retirement in 1992. Mr. Green is a member of the board of directors of MENTOR/The National Mentoring Partnership. Mr. Green previously served as Chairman of the Board of PowerOne Media LLC.

**Jess T. Hay**

Age 79

Mr. Hay has served as a director of Hilltop since March 2009. Mr. Hay was the Chairman and Chief Executive Officer of Lomas Financial Corporation, formerly a diversified financial services company engaged principally in mortgage banking, retail banking, commercial leasing and real estate lending, and of Lomas Mortgage USA, a mortgage banking institution, from which he retired in December 1994. He is the Chairman of the Texas Foundation for Higher Education, a non-profit organization dedicated to promoting higher education in the State of Texas, a position that he has held since 1987. He also is a director of MoneyGram International, Inc., Trinity Industries, Inc. and Viad Corp. He is a former director of Exxon Mobil Corporation and SBC Communications, Inc. (now AT&T Inc.).

**William T. Hill, Jr.**

Age 67

Mr. Hill has served as a director of Hilltop since April 2008. Mr. Hill is currently of counsel at Fitzpatrick Hagood Smith & Uhl, a criminal defense firm. Prior to that, Mr. Hill served as the Dallas District Attorney and the Chief Prosecuting Attorney of the Dallas District Attorney's office. During his tenure at the District Attorney's

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office, Mr. Hill restructured the office of 250 lawyers and 150 support personnel, including the computerization of the office in 1999. For more than four decades, Mr. Hill has been a strong community leader serving on a number of charitable boards and receiving numerous civic awards, including President of the SMU Mustang Board of Directors and Chairman of the Doak Walker Running Back Award its first year. Mr. Hill currently serves on the board of directors of Oncor Electric Delivery Company LLC, Oncor Electric Delivery Holdings Company LLC and Baylor Hospital Foundation, and is actively involved in the Mercy Street Mission as the Director of Strategic Initiatives. Mercy Street is a Christian-based organization serving West Dallas children by placing mentors with the children.

**W. Robert Nichols, III**

Age 65

Mr. Nichols has served as a director of Hilltop since April 2008. Mr. Nichols has been a leader in the construction machinery business since 1966. He was previously the President of Conley Lott Nichols, a dealer for several manufacturers of construction machinery, with offices in seven Texas cities. He has served on numerous bank and bank holding company boards, including United Mexico Bancorp and Ford Bank Group. Mr. Nichols is active in civic and charitable activities, serving as an active director at M.D. Anderson Hospital, The Nature Conservancy of Texas, Mercy Street and Baylor Hospital Emergency Center capital campaign.

**C. Clifton Robinson**

Age 72

Mr. Robinson has served as a director of Hilltop since March 2007. From 2000 until its acquisition by a subsidiary of Hilltop in January 2007, Mr. Robinson was Chairman of the Board and Chief Executive Officer of NLASCO, Inc., an insurance holding company domiciled in Texas. Mr. Robinson continues to serve as Chairman of the Board of NLASCO, Inc. In 2000, Mr. Robinson formed NLASCO, Inc. in conjunction with the acquisition of American Summit Insurance Company and the reacquisition of National Lloyds Insurance Company, which he had initially acquired in 1964 and later sold. In 1979, he organized National Group Corporation for the purpose of purchasing insurance companies and related businesses. In 1964, he became the President and Chief Executive Officer of National Lloyds Insurance Company in Waco, Texas, one of the two current insurance subsidiaries of NLASCO, Inc. From 1964 to the present, Mr. Robinson has participated in the formation, acquisition and management of numerous insurance business enterprises. Mr. Robinson established the Robinson-Lanham Insurance Agency in 1961. He previously has held positions with various insurance industry associations, including Vice-Chairman of the Board of Texas Life and Health Guaranty Association, President of the Independent Insurance Agents of Waco-McLennan County and membership on the board of directors of the Texas Life Insurance Association and the Texas Medical Liability Insurance Underwriting Association. Mr. Robinson currently serves on the Board of Trustees of the Scottish Rite Hospital for Children in Dallas, Texas.

**Carl B. Webb**

Age 60

Mr. Webb has served as a director of Hilltop since June 2005. Mr. Webb has served as a consultant to Hunter's Glen/Ford, Ltd., an investment partnership of which Mr. Ford serves as a general partner, since November 2002. Mr. Webb also is a senior principal of Ford Financial Fund, L.P., a private equity fund of which Mr. Ford is the Managing Partner. Mr. Webb was the interim President and Chief Executive Officer of Triad Financial Corporation from August 2005 until June 2007. Previously, Mr. Webb was the President and Chief Operating Officer and a Director of Golden State Bancorp Inc. and its subsidiary, California Federal Bank, FSB, from September 1994 until his departure in November 2002. Prior to his affiliation with California Federal Bank, FSB, Mr. Webb was the President and Chief Executive Officer of First Madison Bank, FSB (1993 to 1994) and First Gibraltar Bank, FSB (1988 to 1993), as well as President and a Director of First National Bank at Lubbock (1983 to 1988). Currently, Mr. Webb sits on the Boards of Directors of

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Diart Financial Holdings LLC (formerly Triad Financial Holdings LLC), for which he also is Co-Chairman of the Board, M & F Worldwide Corp. and AMB Property Corporation. He previously served as a director of Plum Creek Timber Company.

**Vote Necessary to Elect Directors**

Election of the director nominees requires the affirmative vote of a plurality of the votes cast on the matter. The director candidates receiving the highest number of affirmative votes of the shares entitled to be voted will be elected as directors. For purposes of the election of directors, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. Under applicable rules, a broker no longer has the authority to vote for the director nominees in the absence of instructions from the beneficial owner of the relevant shares. Stockholders may not cumulate votes in the election of directors.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES IDENTIFIED ABOVE.**

**Director Compensation**

*General*

Members of our Board of Directors who also are full-time employees do not receive any compensation for their service on the Board of Directors or any committee of the Board of Directors. All other directors receive the following compensation for their service on the Board of Directors:

- \$40,000 annual retainer; and
- \$2,000 fee for participation in each meeting of the Board of Directors at which attendance in person is requested (one-half of that fee is paid for participation in any meeting at which attendance is requested by telephone).

In addition, members of board committees receive the following additional compensation:

- Audit Committee \$65,000 annual fee for the chairperson of the committee;

- Nominating and Corporate Governance Committee \$10,000 annual fee for the chairperson of the committee;
- Compensation Committee \$10,000 annual fee for the chairperson of the committee;
- Investment Committee \$25,000 annual fee for the chairperson of the committee; and
- \$1,000 fee for participation in each meeting of that board committee.

Members of our Board of Directors may elect to receive their aggregate Board of Directors and board committee compensation:

- entirely in the form of cash;
- entirely in the form of common stock; or
- one-half in cash and one-half in common stock.

Cash and shares of common stock are paid and issued, respectively, in arrears on a calendar quarterly basis, with no vesting requirements. Customarily, these payments and issuances occur by the 15th day of the month following the applicable calendar quarter-end. The value of the common stock awarded is based upon the average closing price per share of our common stock for the last ten consecutive trading days of the applicable calendar quarter. In lieu of fractional shares of common stock that would otherwise be issuable to directors, we pay cash to the director based upon the value of those fractional shares at the value the shares are awarded to the director. If a director does not serve for the entire calendar quarter, that director is compensated based upon the time of service during the applicable calendar quarter.

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Each member of our Board of Directors is reimbursed for out-of-pocket expenses associated with his service on, and attendance at, Board of Directors or board committee meetings. Other than as described above, members of our Board of Directors receive no additional compensation for their service on the Board of Directors or board committees.

***Political Action Committee Matching Program***

The NLASCO Political Action Committee, or the PAC, is a separate segregated fund that was formed to make political contributions. To encourage participation in the PAC by eligible participants, for each contribution made to the PAC by an eligible individual contributor, Hilltop makes a matching contribution to any Section 501(c)(3) organization of the contributor's choice, dollar for dollar, up to the maximum amount an eligible individual can contribute to the PAC in a given calendar year. Under this program, no contributor to the PAC receives any financial, tax or other tangible benefit or premium from either Hilltop or the recipient charities. This program is completely voluntary.

***2009 Director Compensation*****Director Compensation Table for 2009(a)**

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	All other compensation (\$)	Total (\$)
Rhodes Bobbitt	103,000			103,000
W. Joris Brinkerhoff	26,530	26,470		53,000
Charles R. Cummings	125,000			125,000
Gerald J. Ford	57,000			57,000
J. Markham Green	63,000			63,000
Jess T. Hay	55,000			55,000
William T. Hill, Jr.	60,000			60,000
W. Robert Nichols, III	65,000			65,000
C. Clifton Robinson	51,000			51,000
James R. "Randy" Staff	29	55,971		56,000
Carl B. Webb	30	48,970		49,000
Larry D. Williard				

(a) Fees earned for services performed in 2009 include annual retainers, meeting fees and chairperson remuneration. Aggregate fees paid to non-employee directors for annual retainers and committee chairmanships were paid quarterly in arrears. Cash was paid in lieu of the issuance of fractional shares. Service for any partial quarter is calculated and paid on the basis of time served during the applicable calendar quarter. Non-employee directors are solely responsible for the payment of taxes payable on remuneration paid by the Company. The value of stock awarded was determined based upon the average closing price per share of our common stock for the last ten consecutive trading days of the calendar quarter during which the stock was earned.

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As described above, the 2009 stock awards were issued to each non-employee director who elected to receive all or part of his director compensation in the form of our common stock, generally within 15 days following each applicable calendar quarter-end. All of our personnel, as well as non-employee directors, are subject to trading restrictions with regard to our common stock, and trading may only occur during a trading window. Provided that any such party does not possess material, non-public information about us, this trading period commences on the second business day after the public release of quarterly or annual financial information and ends one month after the public release of that information.



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The following numbers of shares of our common stock were issued to our directors for services performed during 2009: W. Joris Brinkerhoff 2,242 shares; James R. Randy Staff 4,749 shares; and Carl B. Webb 4,149 shares. Certain of the foregoing shares were issued in 2010 for services performed in the fourth quarter of 2009. For more information regarding cost recognition for the issuance of stock, refer to the disclosure in Notes to Consolidated Financial Statements Note 1. Business, Basis of Presentation and Summary of Significant Accounting Policies Summary of Significant Accounting Policies Stock Based Compensation commencing on page F-13 of our Annual Report on Form 10-K for the year ended December 31, 2009.

Each of the above directors had outstanding the following aggregate numbers of shares of our common stock awarded for services performed on behalf of us from election or appointment through the end of fiscal 2009: Rhodes Bobbitt 1,562 shares; W. Joris Brinkerhoff 9,172 shares; Charles R. Cummings 5,379 shares; Gerald J. Ford 2,893 shares; J. Markham Green 3,309 shares; James R. Randy Staff 17,225 shares; and Carl B. Webb 17,740 shares. For further information about the stockholdings of these directors and our management, see Stock Ownership Security Ownership of Management commencing on page 16 of this Proxy Statement.

**Board Committees**

***General***

The Board of Directors appoints committees to assist it in carrying out its duties. In particular, committees work on key issues in greater detail than would be practical at a meeting of all the members of the Board of Directors. Each committee reviews the results of its deliberations with the full Board of Directors.

The standing committees of the Board of Directors currently consist of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Investment Committee. Current copies of the charters for the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Investment Committee, as well as our Corporate Governance Guidelines, Code of Business Conduct and Ethics and Code of Ethics for Chief Executive and Senior Financial Officers, may be found on our website at [www.hilltop-holdings.com](http://www.hilltop-holdings.com), under the heading Investor Relations Governance Corporate Governance Documents. Printed versions also are available to any stockholder who requests them by writing to our corporate Secretary at the address listed under Questions on page 36. A more detailed description of these committees is set forth below. Our Board of Directors may, from time to time, establish certain other committees to facilitate the management of us.

Table of Contents**Committee Membership**

The following table shows the current membership of, and the 2009 fiscal meeting information for, each of the committees of the Board of Directors.

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Investment Committee
Rhodes Bobbitt		Chairman		Chairman
W. Joris Brinkerhoff				
Charles R. Cummings	Chairman			
Gerald J. Ford				
Jeremy B. Ford				
J. Markham Green				
Jess T. Hay				
William T. Hill, Jr.				
W. Robert Nichols, III			Chairman	
C. Clifton Robinson				
James R. Staff				
Carl B. Webb				
Meetings in Fiscal 2009	6	5	4	6

**Audit Committee**

We have a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee helps our Board of Directors ensure the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm and the performance of our internal audit function and independent registered public accounting firm. In furtherance of those matters, the Audit Committee assists in the establishment and maintenance of our internal audit controls, selects, meets with and assists the independent registered public accounting firm, oversees each annual audit and quarterly review and prepares the report that federal securities laws require be included in our annual proxy statement, which appears on page 34. Mr. Cummings has been designated as Chairman, and Messrs. Green and Bobbitt are members, of the Audit Committee. Our Board of Directors has reviewed the education, experience and other qualifications of each member of the Audit Committee. Based upon that review, our Board of Directors has determined that Mr. Cummings qualifies as an audit committee financial expert, as defined by the rules of the Securities and Exchange Commission, and each member is independent for purposes of audit committee members, as set forth in the New York Stock Exchange's listing standards. Currently, none of our Audit Committee members serve on the audit committees of three or more public companies.

**Compensation Committee**

The Compensation Committee reviews and approves the compensation and benefits of our executive officers, administers our approved management incentive and 2003 equity incentive plans and produces the annual report on executive compensation for inclusion in our annual proxy statement, which appears on page 24. Each member is independent in accordance with the listing standards of the New York Stock

Exchange.

*Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee's purpose is as follows:

- Identify, screen and recommend to our Board of Directors individuals qualified to serve as directors of us and on committees of the Board of Directors;

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- Advise our Board of Directors with respect to the composition, procedures and committees of the Board of Directors;
- Advise our Board of Directors with respect to the corporate governance principles applicable to us; and
- Oversee the evaluation of the Board of Directors and our management.

Each member is independent in accordance with the listing standards of the New York Stock Exchange.

***Investment Committee***

The Investment Committee is responsible for, among other things, reviewing investment policies, strategies and programs; reviewing the procedures that we utilize in determining that funds are invested in accordance with policies and limits approved by it; and reviewing the quality and performance of our investment portfolios and the alignment of asset duration to liabilities.

**Corporate Governance**

***General***

We are committed to good corporate governance practices and, as such, we have adopted formal corporate governance guidelines to enhance our effectiveness. The guidelines govern, among other things, board member qualifications, responsibilities, education, management succession and executive sessions. A copy of the corporate governance guidelines may be found at our corporate website at [www.hilltop-holdings.com](http://www.hilltop-holdings.com) under the heading Investor Relations Governance Corporate Governance Documents. A copy also may be obtained upon request from our corporate Secretary at the address listed under Questions on page 36.

***Board Performance***

Our Board of Directors conducts an annual survey of its members regarding its performance and reviews the results of the survey with a view to improving efficacy and effectiveness of the Board of Directors. In addition, the full Board of Directors reviews annually the qualifications and effectiveness of the Audit Committee and its members.

*Director Qualifications for Service*

As described below, the Nominating and Corporate Governance Committee considers a variety of factors when a candidate is being considered to fill a vacancy on the Board of Directors or when nomination of an incumbent director for re-election is under consideration. The Nominating and Corporate Governance Committee and the Board of Directors strive to balance a diverse mix of experience, perspective, skill and background with the practical requirement that the Board of Directors will operate collegially, with the common purpose of overseeing our business on behalf of our stockholders. All of directors possess relevant experience, and each of them approaches the business of the Board of Directors and their responsibilities with great seriousness of purpose. The following describes, with respect to each director, his particular experience, qualifications, attributes and skills that qualify him to serve as a director:

*Rhodes Bobbitt*

Mr. Bobbitt has an extensive investment background. This is particularly important given our available cash on hand and the investment portfolios at our insurance subsidiaries.

*W. Joris Brinkerhoff*

Mr. Brinkerhoff has participated, and continues to participate, in a number business interests. Accordingly, he brings knowledge and additional perspectives to our Board from experiences with those interests.

*Charles R. Cummings*

Mr. Cummings has an extensive operational and accounting background. His expertise in these matters brings considerable strength to our Board in these areas.

*Gerald J. Ford*

Mr. Ford has been a financial institutions entrepreneur and private investor involved in numerous mergers and acquisitions of private and public sector financial institutions over the past 30 years. His extensive banking industry experience and educational background provide him with significant knowledge

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in dealing with financial, accounting and regulatory matters, making him a valuable member of our board of directors. In addition, his service on the board of directors and audit and corporate governance committees of a variety of public companies gives him a deep understanding of the role of the board.

*Jeremy B. Ford*

Mr. Jeremy Ford's career has focused on mergers and acquisitions in the financial services industry. Accordingly, he has been actively involved in numerous acquisitions, including our acquisition of NLASCO, Inc. His extensive knowledge of our operations makes him a valuable member of our Board.

*J. Markham Green*

Mr. Green has an extensive background in financial services, as well as board service. His investment banking background also provides our Board with expertise surrounding acquisitions and investments.

*Jess T. Hay*

Mr. Hay has broad experience in managing and leading significant enterprises in the financial services industry. His service on the boards of other significant companies provides the Board with additional perspective on the Company's operations.

*William T. Hill, Jr.*

Mr. Hill's 43 years of experience with legal and compliance matters, along with his management of a large group of highly skilled professionals, have given him considerable knowledge concerning many matters that come before our Board of Directors. Mr. Hill has also served on several civic and charitable boards over the past 35 years, which has given him invaluable experience in corporate governance matters.

*W. Robert Nichols III*

Mr. Nichols had broad experience in managing and leading enterprises. This significant experience provides our Board with additional perspectives on our operations.

*C. Clifton Robinson*

Mr. Robinson possesses particular knowledge and experience in the insurance industry, as we purchased NLASCO, Inc. from him in 2007. This provides our Board with expertise in regards to our insurance operations.

*Carl B. Webb*

Mr. Webb possesses particular knowledge and experience in strategic planning and the financial industry, as well as expertise in finance, that strengthen the Board's collective qualifications, skills and experience.

***Executive Board Sessions***

The current practice of our Board of Directors is to hold an executive session of its non-management directors at least once per quarter. The individual who serves as the chair at these executive sessions rotates each year among the chairs (if such chair is not a member of management) of the committees of the Board of Directors. Executive sessions of the independent directors of the Board of Directors also are held at least once per fiscal year.

***Communications with Directors***

Our Board of Directors has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member or all members of the Board of Directors by mail. To communicate with our Board of Directors, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual director or group or committee of directors by either name or title. This correspondence should be sent to Hilltop Holdings Inc., c/o Secretary, 200 Crescent Court, Suite 1330, Dallas, Texas 75201.

All communications received as set forth in the preceding paragraph will be opened by the office of our General Counsel for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service or patently offensive material will be forwarded promptly to the addressee(s). In the case of communications to the Board of Directors or any group or committee of directors, the General Counsel's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to whom the communication is addressed. If the amount of correspondence received through the foregoing process becomes excessive, our Board of Directors may consider

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approving a process for review, organization and screening of the correspondence by the corporate Secretary or other appropriate person.

***Code of Business Conduct and Ethics***

We have adopted a senior officer code of ethics applicable to our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. We also have adopted a code of business conduct and ethics applicable to all officers, directors and employees. Both codes are available on our website at [www.hilltop-holdings.com](http://www.hilltop-holdings.com) under the heading Investor Relations Governance Corporate Governance Documents. Copies also may be obtained upon request by writing our Corporate Secretary at the address listed under Questions on page 36. Amendments to, and waivers from, our senior officer code of ethics and our code of business conduct and ethics will be disclosed at the same website address provided above and in such filings as may be required pursuant to applicable law or listing standards.

**Director Nomination Procedures**

The Nominating and Corporate Governance Committee believes that, at a minimum, candidates for membership on the Board of Directors should have demonstrated an ability to make a meaningful contribution to the Board of Directors oversight of our business and affairs and have a record and reputation for honest and ethical conduct. The Nominating and Corporate Governance Committee recommends director nominees to the Board of Directors based on, among other things, its evaluation of a candidate's experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries, understanding of our business environment and a willingness to devote adequate time and effort to board responsibilities. In making its recommendations to the Board of Directors, the Nominating and Corporate Governance Committee also seeks to have the board nominate candidates who have diverse backgrounds and areas of expertise so that each member can offer a unique and valuable perspective.

The Nominating and Corporate Governance Committee expects, in the future, to identify potential nominees by asking current directors and executive officers to notify the committee if they become aware of persons who meet the criteria described above. The Nominating and Corporate Governance Committee also, from time to time, may engage firms, at our expense, that specialize in identifying director candidates. As described below, the Nominating and Corporate Governance Committee also will consider candidates recommended by stockholders.

Once a person has been identified by the Nominating and Corporate Governance Committee as a potential candidate, the committee expects to collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Nominating and Corporate Governance Committee determines that the candidate warrants further consideration, and if the person expresses a willingness to be considered and to serve on the Board of Directors, the Nominating and Corporate Governance Committee expects to request information from the candidate, review the person's accomplishments and qualifications, including in light of any other candidates that the committee might be considering, and conduct one or more interviews with the candidate. In certain instances, members of the Nominating and Corporate Governance Committee may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate's accomplishments.

In addition to formally nominating individuals for election as directors in accordance with our Second Amended and Restated Bylaws, as summarized below on page 35 under Stockholder Proposals for 2011, stockholders may send written recommendations of potential director candidates to the Nominating and Corporate Governance Committee for its consideration. Such recommendations should be submitted to the



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Nominating and Corporate Governance Committee c/o Secretary at Hilltop Holdings Inc., 200 Crescent Court, Suite 1330, Dallas, Texas 75201. Director recommendations submitted by stockholders should include the following information regarding the stockholder making the recommendation and the individual(s) recommended for nomination:

- name, age, business address and residence address;
- the class, series and number of any shares of Hilltop stock or other securities of Hilltop or any affiliate of Hilltop owned, beneficially or of record (including the name of the nominee holder if beneficially owned);

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- the date(s) that shares of Hilltop stock or other securities of Hilltop or any affiliate of Hilltop were acquired and the investment intent of such acquisition;
- any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any securities of Hilltop or any affiliate of Hilltop;
- whether and the extent to which such person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the prior six months has engaged in any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (a) manage risk or benefit of changes in the price of Hilltop securities or any security of any entity listed in the peer group in the stock performance graph included in the materials distributed with this Proxy Statement or (b) increase or decrease the voting power of such person in Hilltop disproportionately to such person's economic interest in Hilltop securities (or, as applicable, any security of any entity listed in the peer group in the stock performance graph included in the materials distributed with this Proxy Statement);
- any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with us), by security holdings or otherwise of such person in us or in any of our affiliates, other than an interest arising from the ownership of securities where such person receives no extra or special benefit not shared on a pro rata basis by all other holders of the same class or series;
- the investment strategy or objective, if any, of the stockholder making the recommendation and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors, or potential investors, in such stockholder (if not individuals);
- to the extent known by the stockholder making the recommendation, the name and address of any other stockholder supporting the nominee for election or reelection as a director;
- a certificate executed by the proposed nominee that certifies that the proposed nominee is not, and will not, become a party to, any agreement, arrangement or understanding with any person or entity other than us in connection with service or action as a director that has not been disclosed to us and that the proposed nominee consents to being named in a proxy statement and will serve as a director if elected;
- completed Proposed Nominee questionnaire (the questionnaire will be provided by us upon request by writing or telephoning our Corporate Secretary at the address or phone number listed under Questions on page 36); and
- all other information that would be required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 and the rules promulgated thereunder.

The stockholder recommendation and information described above must be delivered to the Corporate Secretary not earlier than the 120th day and not later than 5:00 p.m., Dallas, Texas time, on the 90th day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting of stockholders; *provided, however*, that if the date of the annual meeting is advanced more than thirty days prior to or delayed by more than thirty days after the first anniversary of the date of the preceding year's annual meeting, the stockholder recommendation and information must be delivered not earlier than the 120th day prior to the date of such annual meeting and not later than 5:00 p.m., Dallas, Texas time, on the later of the 90th day prior to the date of such annual meeting of stockholders and the 10th day following the date on which public announcement of the date of such annual meeting is first made. In the event, however, the number of directors to be elected to the Board of Directors is increased and there is no public announcement of such action at least 100 days prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting, a stockholder recommendation also will be considered timely, but only with respect to nominees for any new positions created by the increase, if it is delivered to the Corporate Secretary not later than 5:00 p.m, Dallas, Texas time, on the tenth day following the day on which the public announcement is first made.

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The Nominating and Corporate Governance Committee expects to use a similar process to evaluate candidates to the Board of Directors recommended by stockholders as the one it uses to evaluate candidates otherwise identified by the committee.

Mr. Jeremy Ford has not previously stood for election on our Board of Directors, as he was elected to our Board of Directors on March 11, 2010. Pursuant to an action of the Board of Directors at a meeting held March 11, 2010, the mandatory retirement age for directors was waived with regard to the service of Messrs. Cummings, Hay and Robinson.

No fee was paid to any third party or parties to identify or evaluate, or assist in identifying or evaluating, potential nominees.

The Nominating and Corporate Governance Committee did not receive the name of any recommended director nominee from a stockholder.

**STOCK OWNERSHIP**

**Principal Stockholders**

The following table sets forth information regarding our common stock beneficially owned on April 5, 2010 by any person or group, as that term is used in Section 13(d)(3) of Securities Exchange Act of 1934, known to us to beneficially own more than five percent of the outstanding shares of our common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (a)
Gerald J. Ford (b) 200 Crescent Court, Suite 1350 Dallas, Texas 75201	15,048,102	26.6%
Wells Fargo and Company (c) 420 Montgomery Street San Francisco, CA 94104	2,993,015	5.3%

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(a) Based on 56,488,488 shares of common stock outstanding on April 5, 2010. Shares issuable under instruments to purchase our common stock that are exercisable within 60 days of April 5, 2010 are treated as if outstanding for computing the percentage ownership of the person holding these instruments, but are not treated as outstanding for purposes of computing the percentage ownership of any other person.

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(b) The shares of common stock beneficially owned by Mr. Ford include 15,044,616 shares owned by Diamond A Financial, LP. Mr. Ford is the sole general partner of Diamond A Financial, LP. Mr. Ford has sole voting and dispositive power of these shares.

(c) Based upon a Schedule 13G filed on January 20, 2010. As set forth in this Schedule, the securities are beneficially owned by Wells Fargo and Company on its own behalf and on behalf of its subsidiaries. As further set forth in this Schedule, those subsidiaries include a bank, a broker-dealer and registered investment advisors. Wells Fargo and Company reported that it or its direct and indirect subsidiaries had sole voting power with respect to 2,913,343 shares and sole dispositive power with respect to 2,780,515 shares.

Table of Contents**Security Ownership of Management**

The following table sets forth information regarding the number of shares of our common and preferred stock beneficially owned on April 5, 2010, by:

- each of our directors;
- each of our named executive officers; and
- all of our directors and named executive officers presently serving, as a group.

Except as otherwise set forth below, the address of each of the persons listed below is c/o Hilltop Holdings Inc., 200 Crescent Court, Suite 1330, Dallas, Texas 75201. Except as otherwise indicated in the footnotes to this table, the persons named in the table have specified that they have sole voting and investment power with respect to all shares of stock shown as beneficially owned by them, subject to any applicable community property law.

Name of Beneficial Owner	Common Stock		Series A Cumulative Redeemable Preferred Stock	
	Amount and Nature of Beneficial Ownership	Percent of Class (a)	Amount and Nature of Beneficial Ownership	Percent of Class (b)
Rhodes Bobbitt	126,059(c)	*	19,350	*
W. Joris Brinkerhoff	34,457	*	1,000	*
Charles R. Cummings	37,476	*		*
Gerald J. Ford 200 Crescent Court, Suite 1350 Dallas, Texas 75201	15,048,102(d)	26.6%	538,000	10.8%(e)
Jeremy B. Ford(f)		*		*
J. Markham Green	119,152	*		*
Jess T. Hay		*		*
William T. Hill, Jr.		*		*
W. Robert Nichols, III		*		*
C. Clifton Robinson	1,218,880	2.2%		*
James Randy Staff	141,870	*		*
Carl B. Webb	80,433	*		*
Larry D. Willard	41,116(g)	*	15,000	*
Darren Parmenter	30,361(h)	*	1,000	*
Corey G. Prestidge		*		*
Greg Vanek	30,000(i)	*	5,000	*
	16,907,906(j)	29.9%	579,350	11.6%

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All Directors and Named Executive Officers, as a group (16 persons)

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\* Represents less than 1% of the outstanding shares of such class.

(a) Based on 56,488,488 shares of common stock outstanding on April 5, 2010. Shares issuable under instruments to purchase our common stock that are exercisable within 60 days of April 5, 2010, are treated as if outstanding for computing the percentage ownership of the person holding these instruments, but are not treated as outstanding for purposes of computing the percentage ownership of any other person.

(b) Based on 5,000,000 shares of Series A Cumulative Redeemable Preferred Stock outstanding on April 5, 2010.

(c) Includes 62,100 shares of common stock held in an IRA account for the benefit of Mr. Bobbitt.

(d) The shares of common stock beneficially owned by Mr. Ford include 15,044,616 shares owned by Diamond A Financial, LP. Mr. Ford is the sole general partner of Diamond A Financial, LP. Mr. Ford has sole voting and dispositive power of these shares.

(e) These shares of Series A Cumulative Redeemable Preferred Stock are owned by Diamond A Financial, LP. Mr. Ford is the sole general partner of Diamond A Financial, LP. Mr. Ford has sole dispositive power over these shares.

(f) Jeremy Ford is the beneficiary of a trust that owns a 49% limited partnership interest in Diamond A Financial, LP (see footnotes (d) and (e)).

(g) Includes 1,116 shares of common stock held in individual trusts for Mr. Willard's three grandchildren. Mr. Willard is the custodian of these trusts and, therefore, may be deemed to beneficially own the shares held in the trusts. Mr. Willard disclaims beneficial ownership of the shares held in those trusts.

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(h) Includes 30,000 shares of common stock acquirable pursuant to the exercise of a stock option. Excludes 20,000 shares of common stock acquirable pursuant to the exercise of a stock option that will not vest within 60 days of April 5, 2010.

(i) Includes 30,000 shares of common stock acquirable pursuant to the exercise of a stock option. Excludes 20,000 shares of common stock acquirable pursuant to the exercise of a stock option that will not vest within 60 days of April 5, 2010.

(j) Represents 16 persons and includes 60,000 shares of common stock acquirable pursuant to the exercise of stock options. Excludes 40,000 shares of common stock acquirable by our named executive officers pursuant to the exercise of stock options that will not vest within 60 days of April 5, 2010.

**MANAGEMENT**

**Executive Officers**

*General*

We have identified the following officers as executive officers, consistent with the definition of that term as used by the SEC:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Officer Since</b>
Jeremy B. Ford	35	President, Chief Executive Officer and Director	2010
Darren Parmenter	47	Senior Vice President - Finance	2007
Corey G. Prestidge	36	General Counsel and Secretary	2008
Greg D. Vanek	49	President of NLASCO, Inc.	2007

*Business Experience of Executive Officers*

Information concerning the business experience of Mr. Jeremy Ford is set forth above under Proposal One Election of Directors Nominees for Election as Directors on page 4.

*Darren Parmenter.* Mr. Parmenter has served as Senior Vice President of Finance of Hilltop since June 2007. From January 2000 to June 2007, Mr. Parmenter was with Hilltop's predecessor, Affordable Residential Communities Inc., and served as the Controller of Operations from



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April 2002 to June 2007. Prior to 2000, Mr. Parmenter was employed by Albertsons Inc., as an Assistant Controller.

*Corey G. Prestidge.* Mr. Prestidge has served as General Counsel and Secretary of Hilltop since January 2008. From November 2005 to January 2008, Mr. Prestidge was the Assistant General Counsel of Mark Cuban Companies. Prior to that, Mr. Prestidge was an associate in the corporate and securities practice group at Jenkins & Gilchrist, a Professional Corporation, which is a former national law firm that is no longer providing legal services. Mr. Prestidge is the son-in-law of our Chairman of the Board, Gerald J. Ford, and the brother-in-law of our President and Chief Executive Officer, Jeremy B. Ford.

*Greg Vanek.* Mr. Vanek has served as President and Chief Operating Officer of NLASCO since 2001, and National Lloyds Insurance Company and American Summit Insurance Company, subsidiaries of NLASCO, since 1997 and 2001, respectively, except for a brief period during 2000 when he was self-employed. Prior to his service in those capacities, Mr. Vanek served as Vice President of Marketing and as an underwriter for National Lloyds Insurance Company since joining the company in 1986. He is a member of various insurance industry associations, including a member and officer of the Association of Fire and Casualty Companies of Texas Legislative Committee and a board member of Southwestern Insurance Information Service.

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***Terms of Office and Relationships***

Our named executive officers are elected annually or, as necessary, to fill vacancies or newly created offices by our Board of Directors. Each named executive officer holds office until his successor is duly elected or qualifies or, if earlier, until his retirement, death, resignation or removal. Any officer or agent elected or appointed by our Board of Directors may be removed by our Board of Directors whenever, in its judgment, our best interests will be served, but any removal will be without prejudice to the contractual rights, if any, of the person so removed.

Except as disclosed elsewhere in this Proxy Statement, there are no familial relationships among any of our current directors or executive officers. Except as described under Proposal One Election of Directors Nominees for Election as Directors commencing on page 4, none of our director nominees hold directorships in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or pursuant to Section 15(d) of the Securities Exchange Act of 1934 or any company registered as an investment company under the Investment Company Act of 1940.

Except as set forth in this Proxy Statement, there are no arrangements or understandings between any nominee for election as a director or officer and any other person pursuant to which that director was nominated or that officer was selected.

**Compensation Discussion and Analysis**

In the paragraphs that follow, we will discuss the overall objectives of our compensation program and what it is designed to reward participants over the life of the program, each element of compensation that we provide and an explanation of the reasons for the compensation decisions we have made regarding the following individuals, whom we refer to as our named executive officers for 2009:

- Larry D. Willard Former President and Chief Executive Officer.
- Darren Parmenter Senior Vice President of Finance (principal financial officer).
- Corey G. Prestidge General Counsel and Secretary.
- Greg Vanek President of NLASCO.

Following this discussion, we provide specific information about compensation earned or awarded to our named executive officers during 2009.

*Objectives of Our Executive Compensation Program*

Our compensation program includes the following available components: salary, at-risk incentives and equity incentives linked to performance and the creation of stockholder value. In structuring our compensation programs each year, the Compensation Committee selects the particular components and the weighting given to those components, based upon our strategic objectives. We believe that it is critical to structure the compensation program in such a manner to retain those with the talent, skill and experience necessary for us to realize our strategic objectives.

With this in mind, the following principles help to guide our decisions regarding compensation of our named executive officers:

- *Compensation opportunities should be competitive with market practices.* In order to attract and retain the executives with the experience and skills necessary to lead our company and motivate them to deliver strong performance to our stockholders, we are committed to providing total annual compensation opportunities that are competitive.
- *A substantial portion of compensation should be performance-based.* Our executive compensation program emphasizes pay for performance. This means that corporate performance, as assessed by our Compensation Committee and under the management incentive plan, as the case may be, has the possibility to represent a substantial portion of the named executive officer's total compensation.

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- *Management's interests should be aligned with those of our stockholders.* Our long-term incentive compensation is delivered in the form of stock options, the value of which is ultimately dependent upon the performance of our stock price. Although we have no mandatory requirement of stock ownership by our employees, including our named executive officers, stock ownership is encouraged.
- *Compensation should be perceived as fair and equitable.* We strive to create a compensation program that will be perceived as fair and equitable, both internally and externally. We also consider the pay of the named executive officers relative to one another and to other members of the management team.

***How We Determine and Assess Executive Compensation Generally***

*Role of the Compensation Committee*

The Compensation Committee of our Board of Directors is responsible for reviewing and approving all aspects of the compensation programs for our named executive officers and making all decisions regarding specific compensation to be paid or awarded to them. The Compensation Committee is responsible for, among its other duties, the following:

- Review and approval of corporate incentive goals and objectives relevant to compensation;
- Evaluation of individual performance results in light of these goals and objectives;
- Evaluation of the competitiveness of the total compensation package; and
- Approval of any changes to the total compensation package, including, but not limited to, salary, annual and long-term incentive award opportunities and payouts and retention programs.

The Compensation Committee is responsible for determining all aspects of compensation of the Chief Executive Officer, as well as assessing his individual performance.

The Compensation Committee may, in its discretion, consider (i) the transferability of managerial skills, (ii) the relevance of each named executive officer's experience to other potential employers, and (iii) the readiness of the named executive officer to assume a different or more significant role, either within our organization or with another organization. When making pay-related decisions, the Compensation Committee

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also has considered our specific circumstances and the associated difficulties with attraction, retention and motivation of talent and its importance in supporting achievement of our strategic objectives.

Information about the Compensation Committee and its composition, responsibilities and operations can be found on page 9 of this Proxy Statement and in the Investor Relations-Governance section of our website.

### *Role of the Chief Executive Officer in Compensation Decisions*

The Chief Executive Officer recommends to the Compensation Committee any compensation changes affecting the other named executive officers. Within the framework of the compensation programs approved by the Compensation Committee and based on management's review of market competitive positions, each year the Chief Executive Officer recommends the level of base salary increase, if any, reviews and approves the specific individual objectives in the annual incentive program and recommends the long-term incentive grant value for the other named executive officers. His recommendations are based upon his assessment of the individual officer's performance, performance of the officer's respective business or function and employee retention considerations. The Compensation Committee reviews the Chief Executive Officer's recommendations and must approve any compensation changes affecting our officers or executives. The Chief Executive Officer does not play any role with respect to any matter impacting his own compensation.

### *Role of Compensation Consultant*

The Compensation Committee retained Towers Perrin to provide market data and to advise on market trends and practices in connection with determining compensation payable in 2007 and 2006. The Compensation Committee then made its own determinations regarding 2009, 2008 and 2007 compensation of the named executive

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officers, considering the data and advice previously provided by Towers Perrin, among other factors. Since the Compensation Committee has determined not to increase the 2008 or 2009 compensation of the named executive officers, other than with respect to Mr. Prestidge in 2009, it did not retain in 2008 or 2009, and does not plan to retain in 2010, the services of a compensation consultant.

*Other Factors*

Pay decisions are made following a review and discussion of both the financial and operational performance of our businesses and the annual performance reviews of the named executive officers and other members of the management team.

***Elements of our Executive Compensation Program***

Overall, our executive compensation program is designed to be consistent with the objectives and principles set forth above. The basic elements of our 2009 and 2010 executive compensation program are summarized below, followed by a more detailed discussion of those programs.

Our compensation policies and programs are considered by the Compensation Committee in a total rewards framework, considering both pay base salary, annual incentive compensation and long-term incentive compensation; and benefits benefits, perquisites and executive benefits and other compensation. Our executive compensation program consists primarily of the following components:

<b>Compensation Component</b>	<b>Purpose</b>
Base Salary	Fixed component of pay intended to compensate the individual fairly for the responsibility level of the position held.
Annual Incentives	Variable component of pay intended to motivate and reward the individual's contribution to achieving our short-term/annual objectives.
Long-term Incentives	Variable component of pay intended to motivate and reward the individual's contribution to achieving our long-term objectives.
Perquisites	Fixed component of pay intended to provide an economic benefit to us in attracting and retaining executive talent.
Post-Termination Compensation (Severance and Change in Control)	Fixed component of pay intended to provide a temporary income source following an executive's involuntary termination and, in the case of a change-in-control, to also provide continuity of management during that event.

*Base Salary*

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We provide base salaries for each named executive officer, commensurate with the services each provides to us, because we believe a portion of total direct compensation should be provided in a form that is fixed and liquid. For 2009, base salary remained unchanged for the named executive officers, except with respect to Mr. Prestidge, whose compensation was increased to be commensurate with the named executive officers other than the Chief Executive Officer. The following are the base salaries for the named executive officers in 2008, 2009 and 2010:

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Name	2008	Base Salary 2009	2010
Larry D. Willard	\$ 500,000	\$ 500,000	\$
Darren Parmenter	\$ 275,000	\$ 275,000	\$ 275,000
Corey G Prestidge	\$ 225,000	\$ 275,000	\$ 275,000
Greg Vanek	\$ 275,000	\$ 275,000	\$ 275,000

*Annual Incentive Awards*

Our named executive officers and other employees are eligible to receive annual incentive awards based upon our financial performance and other factors, including individual performance. The Compensation Committee believes that this element of compensation is important to focus management efforts on, and provide rewards for, annual financial and strategic results that are aligned with creating value for our stockholders. In years past, this component of the compensation program was pre-determined at the outset of the year and based upon measurable criteria. In 2008, our Compensation Committee decided to eliminate the pre-determined nature of this incentive compensation from the compensation program for our named executive officers serving at Hilltop, while maintaining that structure at our insurance holding company, NLASCO, Inc. This decision was due to the sale of substantially all of our assets in July 2007 and the change in the primary focus of Hilltop management towards acquisitions with its available cash. This component of the compensation program for the named executive officers at Hilltop in 2009 and 2010 is purely at the discretion of the Compensation Committee. Therefore, the Compensation Committee is entitled to reward those officers on a more subjective, versus quantitative basis, which it believes is more relevant given the nature of Hilltop's current focus. The Compensation Committee, however, envisions returning to previous structure upon the consummation of an acquisition of a business with our available cash.

With respect to the award payable to Mr. Vanek in 2009, the thresholds under the management incentive plan were based upon achievement of certain combined ratios as follows:

- Maximum - a 2009 combined ratio of 84% or less, a maximum of 75% of the named executive officer's salary;
- Target - a 2009 combined ratio above 84%, but 90% or lower, a maximum of 50% of the named executive officer's salary; and
- Threshold - if the 2009 combined ratio is over 90%, but the non-catastrophe loss and loss adjustment expense ratio is 42% or less, then a maximum of 25% of the named executive officer's salary.

Combined ratio is the sum of two ratios, loss and loss adjustment expense ratio and policy acquisition and other underwriting expense ratio. Loss and loss adjustment expense ratio is loss and loss adjustment expenses divided by net premiums earned for the same period. Policy acquisition and other underwriting expense ratio is policy acquisition and other underwriting expense divided by net premiums earned for the same period.

The Compensation Committee, in its sole discretion, determines the amount of each participant's award based on attainment of the applicable performance goals and assessments of individual performance. For 2009 performance, the combined ratio exceeded the amount at which an award was payable. The Compensation Committee, however, has the authority to make adjustments to the performance objectives in recognition of unusual or non-recurring events or to pay discretionary bonuses. The following discretionary bonuses were paid for services



rendered in 2009:

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Name	Amount of Cash Bonus
Larry D. Willard	\$ 500,000(a)
Darren Parmenter	\$ 50,000
Corey Prestidge	\$ 50,000
Greg Vanek	\$ 68,750

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(a) Represents amount paid in cash to Mr. Willard in connection with his retirement.

As previously mentioned, the named executive officers serving at Hilltop will be awarded bonuses in 2010 at the discretion of the Compensation Committee. With respect to Mr. Vanek, the Compensation Committee approved the following performance criteria for 2010:

- \$41,250 if the Expense Ratio(1) is 39% or less;
- \$10,313 if written premium exceeds forecast; and
- Loss Ratio(2):
- \$154,688 if 46% or less;
- \$72,188 if greater than 46%, but 52% or less; or
- \$20,625 if greater than 52%, but the non-catastrophe Loss Ratio(3) is 50% or less

The management incentive plan provides that, upon a change in control (as defined in the plan), each participant (which includes each of the named executive officers) would be entitled to payment of a pro-rata bonus for the year in which the change of control occurs, the amount of which would be determined assuming the maximum level of performance had been achieved.

*Long-Term Incentive Awards*

As described above, we believe that a portion of each named executive officer's compensation should be tied to the performance of our company's stock price, aligning the officer's interest with that of our stockholders. In this regard, our long-term incentive compensation is delivered in the form of stock options, the value of which is ultimately dependent upon the performance of our stock price. Further discussion of the 2003 equity incentive plan pursuant to which such options are awarded is found after the "Grants of Plan Based Awards" section below.

On July 27, 2006 and March 8, 2007, the Compensation Committee granted options to purchase 200,000 and 10,000 shares, respectively, to Mr. Willard. The sale of substantially all of our assets on July 31, 2007 constituted a change in control under the option plan. Accordingly, the

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options granted to Mr. Willard to purchase an aggregate of 210,000 shares became fully vested. In connection with his retirement, we agreed to pay him the spread between their respective strike prices and the closing price on November 30, 2009 (amounting to \$290,700) for his agreement not to exercise the options. On October 25, 2007, the Compensation Committee granted options to purchase 50,000 shares to each of Mr. Parmenter and Mr. Vanek. In determining the number of stock options granted to Messrs. Parmenter and Vanek, the Compensation Committee did not take into account specific individual performance factors, but rather considered the awards previously made to other executive officers. No option awards were granted in 2008 and 2009.

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(1) Expense Ratio is policy acquisition and other underwriting expense divided by net premiums earned for the same period.

(2) Loss Ratio is the ratio that expresses the relationship of losses to premiums. Loss Ratio is loss and loss adjustment expenses divided by net premiums earned for the same period.

(3) The non-catastrophe Loss Ratio is defined as the loss and loss adjustment expense ratio excluding Property Claim Service identified catastrophes that result in a loss to NLASCO, Inc. of \$125,000 or more.

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We have not adopted a formal policy for the timing of grants of equity awards. The Compensation Committee, however, follows an informal practice of annually reviewing and determining whether to grant equity awards. If off-cycle awards, such as in the case of new hires, promotions or special retention awards, were required to be considered, the Compensation Committee would determine the applicability and amount of any such awards on a case-by-case basis.

All option awards made to eligible employees, including the named executive officers, are made pursuant to the 2003 equity incentive plan. All stock options issued under the terms of the plan are granted with an exercise price equal to the fair market value of our common stock on the date of grant. For this purpose, the market value is deemed to be the closing price of the common stock on the New York Stock Exchange on the date of grant of the stock options. Options awards are not subject to re-pricing.

All stock option awards made to the named executive officers are made by the Compensation Committee and not pursuant to delegated authority.

*Perquisites and Other Benefits*

We provide a limited number of perquisites and other benefits to our named executive officers. Generally, our named executive officers receive only medical benefits, life insurance and long-term disability coverages, as well as supplemental contributions to the Company's 401(k) program, on the same terms and conditions as available to all employees. These medical and insurance benefits generally consist of group medical coverage with applicable deductibles and co-pays and complementary long-term disability capped at \$50,000, with the option to purchase additional coverage.

In addition, in connection with the Company's move in principal headquarters from Colorado to Dallas, Texas, we have reimbursed Mr. Willard, on a tax grossed-up basis, for certain expenses for housing, private aircraft and automobile use and we have reimbursed Mr. Parmenter for certain housing and relocation expenses.

*Severance and Other Post-Termination Compensation*

Currently, we do not maintain any severance or change in control program for the named executive officers. We, however, have historically paid severance, the amount of which is generally determined both by length of tenure and level of compensation, when termination occurs other than for cause and pursuant to which certain benefits may be provided to the named executive officers. Absent the negotiation of specific agreements with the named executive officers, their severance benefits would be provided on the same basis as provided to other employees of the Company.

Currently, Mr. Parmenter and we are a party to an employment agreement pursuant to which we agreed that if he is terminated without reasonable cause, he will be entitled to one year of base salary, plus a bonus and COBRA coverage for 18 months. In addition, we are party to an employment agreement with Mr. Vanek. If he is terminated without cause or resigns for good reason, each as defined in the employment agreement, he will be entitled to the following: unpaid vacation; an amount equal to the greater of (x) his base salary for the remainder of the

employment period and (y) his base salary for one year; his pro rata bonus; and the cost of COBRA for one year.

Further discussion of the employment and severance agreements and payments made pursuant thereto may be found in the Employment Contracts, Termination of Employment and Change in Control Arrangements section below.

The 2003 equity incentive plan, pursuant to which stock option awards are granted to the named executive officers, contains specific termination and change-in-control provisions. We determined to include a change in control provision in the plan to be competitive with what we believe to be the standards for the treatment of equity upon a change in control and so that employees who remain after a change of control would be treated the same with regard to equity as the general stockholders who could sell or otherwise transfer their equity upon a change in control. Under the terms of the plan, if a change of control event (as defined under the plan) were to occur, all awards then outstanding would become vested and/or exercisable and any applicable performance goals with respect

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thereto would be deemed to be fully achieved. The sale of substantially all of our assets in July 2007 constituted a change in control under this plan. Further discussion of the change in control payments made pursuant to the 2003 equity incentive plan may be found in the Employment Contracts, Termination of Employment and Change in Control Arrangements section below.

**Other Programs and Policies**

*Stock Ownership Requirements*

Our senior executives are encouraged to own a meaningful amount of our common stock; however, there is no formal policy that requires such stock ownership. Each of the named executive officers owns common stock of the Company, as specified in Stock Ownership Security Ownership of Management beginning on page 16 of this Proxy Statement.

*Tax Considerations*

Section 162(m) of the Internal Revenue Code, or the Code, imposes a \$1.0 million limit on the tax-deductibility of compensation paid to our five most highly paid executives, which includes the named executive officers. Exceptions are provided for compensation that is performance-based and paid pursuant to a plan meeting certain requirements of Section 162(m) of the Code. The Compensation Committee has carefully considered the implications of Section 162(m) of the Code and believes that tax deductibility of compensation is an important consideration. Accordingly, where possible and considered appropriate, the Compensation Committee strives to preserve corporate tax deductions. The Compensation Committee, however, reserves the flexibility, where appropriate, to approve compensation arrangements that may not be tax deductible to the Company, such as base salary and awards of time-based restricted stock. The Compensation Committee will continue to review the Company's executive compensation practices to determine if other elements of executive compensation constitute qualified performance-based compensation under Section 162(m) of the Code.

We also continue to monitor the regulatory developments under Section 409A of the Code, which was enacted as part of the American Jobs Creation Act of 2004. Section 409A imposes substantial limitations and conditions on nonqualified deferred compensation plans, including certain types of equity compensation and separation pay arrangements.

*Accounting Considerations*

Differing forms of equity awards will have comparable accounting treatments under FAS 123 (R) and, therefore, we expect that accounting treatments will not influence our selection of forms of equity compensation.

**Compensation Committee Report**

The Compensation Committee of the Board of Directors of Hilltop Holdings Inc. has reviewed and discussed with management the Compensation Discussion and Analysis contained in Hilltop's Proxy Statement. Based on its review, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Hilltop's Proxy Statement.

The foregoing report has been submitted by the following members of the Compensation Committee:

Rhodes Bobbitt (Chairman)

W. Joris Brinkerhoff

William T. Hill, Jr.

**Executive Compensation**

The following tables set forth information concerning the compensation earned for services performed during 2009, 2008 and 2007 by the named executive officers, who were either serving in such capacities on December 31, 2009 or during 2009 or are reportable pursuant to applicable SEC regulations.

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**Summary Compensation Table**