

PACCAR INC
Form 4
January 15, 2008

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
PIGOTT MARK C

(Last) (First) (Middle)
777 106TH AVENUE NE
(Street)

BELLEVUE, WA 98004

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
PACCAR INC [PCAR]

3. Date of Earliest Transaction (Month/Day/Year)
01/11/2008

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

CHAIRMAN & CEO

6. Individual or Joint/Group Filing (Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
COMMON STOCK					2,555,862	D	
COMMON STOCK					123,286	I	WIFE & CHILDREN
COMMON STOCK					1,308,892	I ⁽¹⁾	EASCLIFFE COMPANY
COMMON STOCK (SIP)	01/11/2008		J ⁽²⁾	0.73	A	\$ 52.93	60,232.291 D
COMMON STOCK	01/11/2008		J ⁽³⁾	0.695	A	\$ 47.47	60,232.986 D

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(SIP)

COMMON STOCK (SIP)	01/11/2008	J ⁽⁴⁾	199.587	A	\$ 54.32	60,432.573	D
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COMMON STOCK (SIP)	01/11/2008	J ⁽⁵⁾	0.497	A	\$ 51.95	60,433.07	D
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COMMON STOCK (SIP)	01/11/2008	J ⁽⁶⁾	1,180.121	A	\$ 51.21	61,613.191	D
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COMMON STOCK (SIP)	01/11/2008	A ⁽⁷⁾	226.709	A	\$ 49.62	61,839.9	D
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount of Number of Shares
STOCK OPTION ⁽⁸⁾	\$ 10.57					01/01/2001 04/28/2008	COMMON STOCK 200,598
STOCK OPTION ⁽⁸⁾	\$ 10.62					01/01/2002 04/27/2009	COMMON STOCK 310,870
STOCK OPTION ⁽⁸⁾	\$ 8.25					01/01/2003 01/25/2010	COMMON STOCK 351,298
STOCK OPTION ⁽⁸⁾	\$ 10.2					01/01/2004 01/24/2011	COMMON STOCK 342,339
STOCK OPTION ⁽⁸⁾	\$ 12.54					01/01/2005 01/23/2012	COMMON STOCK 284,724

STOCK OPTION ⁽⁸⁾	\$ 13.96	01/01/2006	01/15/2013	COMMON STOCK	248,427
STOCK OPTION ⁽⁸⁾	\$ 25.31	01/01/2007	01/15/2014	COMMON STOCK	135,067
STOCK OPTION ⁽⁸⁾	\$ 32.11	01/01/2008	01/20/2015	COMMON STOCK	173,043
STOCK OPTION ⁽⁸⁾	\$ 32.23	01/01/2009	01/26/2016	COMMON STOCK	147,343
STOCK OPTION ⁽⁸⁾	\$ 44.56	01/01/2010	01/31/2017	COMMON STOCK	112,266
COMMON STOCK (LTIP) ⁽⁹⁾	<u>(9)</u>	<u>(9)</u>	<u>(9)</u>	COMMON STOCK	639.87
COMMON STOCK (DICP) ⁽¹⁰⁾	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>	COMMON STOCK	1,594.7

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PIGOTT MARK C 777 106TH AVENUE NE BELLEVUE, WA 98004	X		CHAIRMAN & CEO	

Signatures

Mark C. Pigott 01/15/2008
 **Signature of Date
 Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares held by a corporation in which Reporting Person is a shareholder. Holding is reported voluntarily as Reporting Person is not a controlling shareholder and has no voting or investment power with respect to the Issuer's securities.
- (2) Interest on funds held in SIP pending investment in shares reinvested in shares October 17, 2007. (SIP information based on most recent report from SIP trustee - received January 11, 2008).
- (3) Interest on funds held in SIP pending investment in shares reinvested in shares November 16, 2007. (SIP information based on most recent report from SIP trustee - received January 11, 2008).
- (4) December 5, 2007 dividend on PACCAR Savings Investment Plan (SIP) shares reinvested pursuant to SIP. (SIP information based on most recent report from SIP trustee - received January 11, 2008).
- (5) Interest on funds held in SIP pending investment in shares reinvested in shares December 12/18/2007. (SIP information based on most recent report from SIP trustee - received January 11, 2008).
- (6) January 7, 2008 dividend on SIP shares reinvested pursuant to SIP.

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- (7) Shares awarded January 10, 2008 under SIP. (SIP information based on most recent report from SIP trustee - received January 11, 2008).
- (8) Option to buy awarded under PACCAR Long Term Incentive Plan (LTIP).
- (9) Share units held in deferred phantom stock account under LTIP convertible to common stock on a one-for-one basis upon satisfaction of all applicable vesting conditions.
- (10) Share units held in deferred phantom stock account under PACCAR Deferred Incentive Compensation Plan (DICP) convertible to common stock on a one-for-one basis upon satisfaction of all applicable vesting conditions.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. D> 182

Executive compensation

1,312

Stock option expense

4,026 3,467

Accrued wages

958 357

Allowance for uncollectible receivables

276 43

Additional tax basis of securities

2,407 172

Restricted stock grant

315

Recognition of OTTI

307

Unrealized losses on investments

6,425

Total deferred income tax assets

28,004 17,768

Deferred income tax liabilities:

Deferred policy acquisition costs, net

(5,013) (3,644)

Unrealized gains on investments

(676)

Total deferred income tax liabilities

(5,013) (4,320)

Explanation of Responses:

Net deferred income tax asset

\$22,991 \$13,448

A valuation allowance is deemed unnecessary as of December 31, 2011 and December 31, 2010, respectively, because management believes it is probable that the Company will generate substantial taxable income sufficient to realize the tax benefits associated with the net deferred income tax asset shown above in the near future.

Liabilities for unrecognized tax benefits, if any, are recorded in accordance with issued FASB guidance on Accounting for Uncertainty in Income Taxes. The Company recognizes accruals for interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

The Company filed a consolidated federal income tax return for the fiscal years ended December 31, 2010, 2009, and 2008 and intends to file the same for the fiscal year ended December 31, 2011. The agreements between the Company and its statutory subsidiaries provide that they will incur income taxes based on a computation of taxes as if they were stand-alone taxpayers.

The 2006 consolidated federal income tax return for the Company and its subsidiaries was examined by the Internal Revenue Service in 2009. The audit was completed and settled in October 2009 with no major issues. The combination of positive and negative adjustments resulted in an agreed upon assessment of \$3 thousand, which was paid by the Company in January 2010.

Tax years that remain open for purposes of examination of its income tax liability due to taxing authorities, include the years ended December 31, 2010, 2009 and 2008. The 2009 consolidated federal income tax return for the Company and its subsidiaries is currently under examination by the Internal Revenue Service.

Table of Contents

NOTE 13 EARNINGS PER SHARE

Basic earnings per share (EPS) is based on the weighted average number of shares outstanding for the period, excluding any dilutive common share equivalents. Diluted EPS reflects the potential dilution that could occur if securities to issue Common Stock were exercised.

The following table reconciles the numerator (i.e., income) and denominator (i.e., shares) of the basic and diluted earnings per share computations for net income for the years ended December 31, 2011, 2010 and 2009 (shares in thousands):

	Year Ended December 31,		
	2011	2010	2009
Numerator for EPS:			
Net income	\$ 20,109	\$ 36,984	\$ 28,787
Less: Preferred stock dividends	(20)	(20)	(27)
Income available to common stockholders	\$ 20,089	\$ 36,964	\$ 28,760
Denominator for EPS:			
Weighted average common shares outstanding	39,184	39,113	37,618
Plus: Assumed conversion of stock-based compensation (1)	770	977	2,679
Assumed conversion of preferred stock (2)	488	489	493
Weighted average diluted common shares outstanding	40,442	40,579	40,790
Basic earnings per common share	\$ 0.51	\$ 0.95	\$ 0.76
Diluted earnings per common share (2)	\$ 0.50	\$ 0.91	\$ 0.71
Weighted average number of antidilutive shares	2,553	1,941	398

- (1) Represents the dilutive effect of unvested restricted stock and unexercised stock options.
- (2) The assumed conversion of preferred stock for 2010 and 2009 have been corrected to reflect the conversion factor of 1 to 5 for Series M Preferred Stock. A conversion factor of 1 to 1.25 was incorrectly used to calculate the assumed conversion of Series M Preferred Stock as presented in the Company's Forms 10-K for the years ended December 31, 2010 and 2009. This error resulted in an understatement of the assumed conversion of preferred stock for purposes of calculating the average diluted shares outstanding resulting in an overstatement of diluted earnings per share of an amount less than one penny for both years ended December 31, 2010 and 2009. However, the overstatement for the year ended December 31, 2010 caused the calculation of diluted earnings per share to be rounded up to \$0.92 per share. Subsequent to the correction, diluted earnings per share for the year ended December 31, 2010 no longer rounds up to \$0.92 per share.

Table of Contents

NOTE 14 OTHER COMPREHENSIVE INCOME (LOSS)

The following table provides the components of other comprehensive income (loss) on a pretax and after-tax basis for the periods presented (in thousands):

	Year Ended December 30, 2010			Year Ended December 30, 2009		
	Pretax	Tax	After-tax	Pretax	Tax	After-tax
Net unrealized gains on available-for-sale investments arising during the periods	\$ 4,983	\$ (1,925)	\$ 3,058	\$ 31,861	\$ (12,290)	\$ 19,571
Less: realized gains on investments	5,744	(2,216)	3,528	24,224	(9,344)	14,880
Less: reclassification of unrealized losses relating to the reclassification of investment portfolio to trading from available-for-sale	(656)	253	(403)			
Less: realized foreign currency gains on investments	809	(312)	497	6,760	(2,608)	4,152
Change in net unrealized gains on available-for-sale investments	(914)	350	(564)	877	(338)	539
Other comprehensive (loss) income	\$ (914)	\$ 350	\$ (564)	\$ 877	\$ (338)	\$ 539

There were no amounts of other comprehensive income for the year ended December 31, 2011 and there were no amounts of accumulated other comprehensive income as of December 31, 2011 and 2010.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Employment Agreements and Potential Payments Upon Certain Events

The Company has employment agreements with certain employees which are in effect as of December 31, 2011. The agreements provide for minimum salaries, which may be subject to annual percentage increases, non-equity incentive compensation based on pre-tax or net income levels attained by the Company and fringe benefits. The agreements also provide for payments contingent upon the occurrence of certain events. The following table provides the amount of commitments and contingent payments the Company is obligated to pay in the form of salaries, non-equity incentive compensation and fringe benefits under agreements with executive officers (in thousands):

	As of December 31, 2011		
	Salaries	Non-equity incentive compensation	Fringe
Commitments	\$ 9,523	\$ 5,022	\$ 166
Contingent payments upon certain events:			
Termination	\$ 4,524	\$ 2,823	\$ 58
Change in control	\$ 13,634	\$ 5,016	\$
Death	\$ 6,969	\$ 3,923	\$ 182
Disability	\$ 4,540	\$ 2,524	\$ 182

Operating Leases

The Company has leased certain computer equipment and software under a master equipment lease agreement with Relational Funding, Inc. with an original equipment cost of \$2.7 million. The Company also has several leases on office space.

Table of Contents

The following table provides future minimum rental payments required under the non-cancelable operating leases as of the period presented (in thousands):

As of December 31, 2011	
2012	\$ 348
2013	224
2014	220
2015 and thereafter	71
Total	\$ 863

Litigation

Certain lawsuits have been filed against the Company. These lawsuits involve matters that are routine litigation incidental to the claims aspect of the Company's business for which estimated losses are included in Unpaid Losses and Loss Adjustment Expenses in the Company's Consolidated Financial Statements. In the opinion of management, these lawsuits are not material individually or in the aggregate to the Company's financial position or results of operations. Accruals made or assessments of materiality of disclosure related to probable or possible losses do not consider any anticipated insurance proceeds.

NOTE 16 FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. U.S. GAAP describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach. Each approach includes multiple valuation techniques. U.S. GAAP does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Assets and liabilities carried at fair value are classified in one of the following three categories based on the nature of the inputs to the valuation technique used:

Level 1 Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Summary of significant valuation techniques for assets measured at fair value on a recurring basis

Level 1

Cash equivalents: Comprise actively traded money market funds that have daily quoted net asset values for identical assets that the Company can access.

U.S. government obligations and agencies: Comprise U.S. Treasury Bills or Notes. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.

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Foreign government bonds: Comprise actively traded fixed-rate bonds of foreign governments rated AAA. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.

Table of Contents

Common stock: Comprised actively traded, exchange-listed U.S. and international equity securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Company can access.

Exchange traded and mutual funds: Comprised actively traded funds. Valuation is based on daily quoted net asset values for identical assets in active markets that the Company can access.

Level 2

U.S. government obligations and agencies: Comprised U.S. Treasury Inflation Protected Securities (TIPS). The primary inputs to the valuation include quoted prices for identical assets in inactive markets or similar assets in active or inactive markets, contractual cash flows, benchmark yields and credit spreads.

Derivatives: The primary inputs to the valuation include quoted prices or quoted net asset values for identical or similar assets in markets that are not active or highly active.

As required by U.S. GAAP, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect their placement within the fair value hierarchy levels.

The following tables set forth by level within the fair value hierarchy the Company's assets that were accounted for at fair value on a recurring basis as of December 31, 2011 and 2010 (in thousands):

	As of December 31, 2011			
	Level 1	Level 2	Level 3	Total
INVESTMENTS:				
Cash and cash equivalents	\$ 229,685	\$	\$	\$ 229,685
Restricted cash and cash equivalents	78,312			78,312
Trading portfolio:				
Debt securities:				
US government obligations and agencies	174	3,627		3,801
Equity securities:				
Common stock:				
Metals and mining	38,816			38,816
Other	11,926	18		11,944
Exchange traded and mutual funds:				
Metals and mining	25,997			25,997
Agriculture	16,878			16,878
Indices	1,710			1,710
Derivatives (non-hedging)		123		123
Other investments	371			371
Total trading portfolio	95,872	3,768		99,640
Total investments	\$ 403,869	\$ 3,768	\$	\$ 407,637

Table of Contents

	As of December 31, 2010			Total
	Level 1	Level 2	Level 3	
INVESTMENTS:				
Cash and cash equivalents	\$ 133,645	\$	\$	\$ 133,645
Restricted cash and cash equivalents	13,940			13,940
Trading portfolio:				
Debt securities:				
US government obligations and agencies	179	129,937		130,116
Equity securities:				
Common stock:				
Metals and mining	25,752			25,752
Other	362			362
Exchange traded and mutual funds:				
Metals and mining	42,209			42,209
Agriculture	14,877			14,877
Energy	5,559			5,559
Indices	4,613			4,613
Other	1,044			1,044
Derivatives (non-hedging)		182		182
Total trading portfolio	94,595	130,119		224,714
Total investments	\$ 242,180	\$ 130,119	\$	\$ 372,299

The Company did not have any transfers between Level 1 and Level 2 for the years ended December 31, 2011 and 2010.

See NOTE 3 INVESTMENTS for the amount of cost/amortized cost for the financial instruments listed in the table above.

The following table summarizes the carrying value and estimated fair values of the Company's financial instruments that are not carried at fair value (in thousands):

	As of December 31, 2011	
	Carrying value	Estimated Fair Value
LIABILITIES:		
Long-term debt	\$ 21,691	\$ 18,775

	As of December 31, 2010	
	Carrying value	Estimated Fair Value
LIABILITIES:		
Long-term debt	\$ 23,162	\$ 19,099

Long-term debt: The carrying value of long term debt was determined from the expected cash flows discounted using the interest rate quoted by the issuer of the note, the SBA which is below prevailing rates quoted by private lending institutions. However, as the Company's use of funds from the surplus note is limited by the terms of the agreement, the Company has determined the interest rate quoted by the SBA to be appropriate for purposes of establishing the fair value of the note.

Table of Contents

NOTE 17 QUARTERLY RESULTS FOR 2011 AND 2010 (UNAUDITED)

The following table provides a summary of quarterly results for the periods presented (in thousands except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
For the year ended December 31, 2011				
Net premiums earned	\$ 48,004	\$ 49,524	\$ 49,634	\$ 51,823
Investment income	257	(21)	122	430
Total revenues	64,333	53,672	49,413	58,443
Total expenses	41,257	40,551	48,170	62,165
Net income	13,898	7,549	975	(2,313)
Basic earnings per share	0.35	0.19	0.02	(0.06)
Diluted earnings per share	0.34	0.19	0.02	(0.06)
For the year ended December 31, 2010				
Net premiums earned	\$ 33,314	\$ 41,360	\$ 48,831	\$ 46,938
Investment income	193	118	66	615
Total revenues	45,220	55,860	70,735	68,108
Total expenses	33,841	38,224	49,423	56,158
Net income	6,944	10,767	13,077	6,196
Basic earnings per share	0.18	0.27	0.33	0.16
Diluted earnings per share	0.17	0.27	0.32	0.15

The fourth quarter results of 2011 compared to 2010 are primarily attributable to trading losses in the Company's investment portfolio and an increase in losses and loss adjustment expenses. The losses in the investment portfolio reflect a decline in the value of the Company's equity securities holdings occurring mostly during the second half of the year ended December 31, 2011.

NOTE 18 SUBSEQUENT EVENTS

The Company performed an evaluation of subsequent events through the date the financial statements were issued and determined there were no recognized or unrecognized subsequent events that would require an adjustment or additional disclosure in the consolidated financial statements as of December 31, 2011 except for the following.

Effective January 1, 2012, the T25 contract (described in Note 4 REINSURANCE) was subsequently replaced at identical limits and retentions as the prior agreement with an unaffiliated third party reinsurer as an open market purchase. Effective January 1, 2012 through May 31, 2012, under an excess catastrophe contract, the Insurance Entities obtained catastrophe coverage of \$140.2 million in excess of \$44.8 million covering certain loss occurrences including hurricanes. The total cost of this reinsurance coverage is \$4.4 million. In the event of a non-Hurricane loss subject to this contract, the Insurance Entities will pay to the Reinsurer 20.0% of the Ultimate Net Loss ceded to the Reinsurer arising out of such non-Hurricane loss.

On February 22, 2012, the Company declared a dividend of \$0.10 per share on its outstanding Common Stock to be paid on April 6, 2012, to the shareholders of record at the close of business on March 28, 2012.

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE

ITEM 9A. CONTROLS AND PROCEDURES
Evaluation of Disclosure Controls and Procedures

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

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of its principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. Based on that evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures were effective as of December 31, 2011.

Management s Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company s internal control system was designed to provide reasonable assurance to the Company s management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of December 31, 2011, the Company s internal control over financial reporting is effective based on those criteria.

Management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 has been audited by Blackman Kallick LLP, the independent registered public accounting firm who also audited the Company s consolidated financial statements. The auditor s attestation report on management s assessment of the Company s internal control over financial reporting is presented above at Report of Independent Registered Certified Public Accounting Firm.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company s internal control over financial reporting during the fourth quarter of 2011 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

NONE

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE
Code of Business Conduct and Ethics

The Company adopted a Code of Business Conduct and Ethics on December 5, 2008 that is applicable to all directors, officers and employees of the Company. The code is publicly available at the Company's headquarters in Fort Lauderdale, Florida and also on the Company's website at www.universalinsuranceholdings.com. A copy of the Company's Code of Business Conduct and Ethics may be obtained free of charge by written request to George R. De Heer, CFO, Universal Insurance Holdings, Inc., 1110 West Commercial Boulevard, Suite 100, Fort Lauderdale, FL 33309.

For information regarding our Directors, Executive Officers and Corporate Governance, reference is made to our definitive proxy statement for our Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2011 and which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

For information regarding Executive Compensation, reference is made to our definitive proxy statement for our Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2011 and which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

For information regarding Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, reference is made to our definitive proxy statement for our Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2011 and which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

For information regarding Certain Relationships and Related Transactions, and Director Independence, reference is made to our definitive proxy statement for our Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2011 and which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

For information regarding Principal Accountant Fees and Services, reference is made to our definitive proxy statement for our Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2011 and which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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(1) Financial Statements

The following consolidated financial statements of the Company and the report of the Independent Registered Certified Public Accounting Firm thereon filed with this report:

Report of Independent Registered Certified Public Accounting Firm (Blackman Kallick LLP).

Table of Contents

Consolidated Balance Sheets as of December 31, 2011 and 2010.

Consolidated Statements of Income for the years ended December 31, 2011, 2010 and 2009.

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2011, 2010 and 2009.

Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009.

Notes to Consolidated Financial Statements.

(2) Financial Statement Schedules

The following additional financial statement schedules are furnished herewith pursuant to the requirements of Form 10-K.

	Page
Schedules required to be filed under the provisions of Regulation S-X Article 7:	
Schedule II Condensed Financial Information of Registrant	97
Schedule V Valuation Allowances and Qualifying Accounts	100
Schedule VI Supplementary Information Concerning Consolidated Property-Casualty Insurance Operations	101
Report of Independent Registered Certified Public Accounting Firm	102

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or in notes thereto.

(3) EXHIBITS

3.1	Registrant's Amended and Restated Certificate of Incorporation, as amended
3.2	Registrant's Amended and Restated Bylaws (3)
3.3	Certificate of Designation for Series A Convertible Preferred Stock dated October 11, 1994 (2)
3.4	Certificate of Designations, Preferences, and Rights of Series M Convertible Preferred Stock dated August 13, 1997 (1)
3.5	Certificate of Amendment of Amended and Restated Certificate of Incorporation dated October 19, 1998 (2)
3.6	Certificate of Amendment of Amended and Restated Certificate of Incorporation dated December 18, 2000 (2)
3.7	Certificate of Amendment of Certificate of Designations of the Series A Convertible Preferred Stock dated October 29, 2001 (2)
3.8	Certificate of Amendment of Amended and Restated Certificate of Incorporation dated December 7, 2005 (8)
3.9	Certificate of Amendment of Amended and Restated Certificate of Incorporation dated May 18, 2007 (8)
4.1	Form of Common Stock Certificate
10.1	The Universal Insurance Holdings, Inc. Amended and Restated 2009 Omnibus Incentive Plan (12)*
10.2	Employment Agreement, dated as of May 1, 1997, by and between the Company and Bradley I. Meier (1)*

Table of Contents

10.3	Employment Agreement, dated as of January 1, 2005, by and between the Company and Sean Downes*
10.4	Employment Agreement, dated as of September 30, 2010, by and between the Company and George R. De Heer (10)*
10.5	Amendment to Employment Agreement of Bradley I. Meier, dated March 21, 2007 (4)*
10.6	Amendment to Employment Agreement of Sean P. Downes, dated March 21, 2007 (4)*
10.7	Addendum No. 1 to the Downes Employment Agreement, dated May 22, 2006.*
10.8	Addendum No. 8 to the Meier Employment Agreement, dated July 12, 2007 (5)*
10.9	Addendum No. 2 to the Downes Employment Agreement, dated July 12, 2007 (5)*
10.10	Addendum No. 9 to Meier Employment Agreement, dated December 5, 2008 (6)*
10.11	Addendum No. 3 to Downes Employment Agreement, dated December 5, 2008 (6)*
10.12	Addendum to No. 4 to Downes Employment Agreement, dated February 4, 2010 (9)*
10.13	Addendum to No. 10 to Meier Employment Agreement, dated December 6, 2010 (11)*
10.14	Non-Qualified Stock Option Agreement, dated February 4, 2010, by and between the Company and Sean P. Downes (9)*
10.15	Restricted Stock Award Agreement, dated February 4, 2010, by and between the Company and Sean P. Downes (9)*
10.16	Non-Qualified Stock Option Agreement, dated July 12, 2007, by and between the Company and Bradley I. Meier (5)*
10.17	Non-Qualified Stock Option Agreement, dated July 12, 2007, by and between the Company and Sean P. Downes (5)*
10.18	Director Services Agreement, dated July 12, 2007, by and between the Company and Norman M. Meier (5)*
10.19	Non-Qualified Stock Option Agreement, dated July 12, 2007, by and between the Company and Norman M. Meier (5)*
10.20	Director Services Agreement, dated July 12, 2007, by and between the Company and Ozzie A. Schindler (5)*
10.21	Non-Qualified Stock Option Agreement, dated July 12, 2007, by and between the Company and Ozzie A. Schindler (5)*
10.22	Director Services Agreement, dated July 12, 2007, by and between the Company and Joel M. Wilentz (5)*
10.23	Non-Qualified Stock Option Agreement, dated July 12, 2007, by and between the Company and Joel M. Wilentz (5)*
10.24	Director Services Agreement, dated July 12, 2007, by and between the Company and Reed J. Slogoff (5)*
10.25	Non-Qualified Stock Option Agreement, dated July 12, 2007, by and between the Company and Reed J. Slogoff (5)*
10.26	Performance-Based Restricted Stock Award, dated March 28, 2011, by and between the Company and Sean P. Downes (13)*

Table of Contents

10.27	Stock Option Agreement, dated December 21, 2001, by and between the Company and Bradley I. Meier (12)*
10.28	Management Agreements by and between Universal Property & Casualty Insurance Company and Universal P&C Management, Inc. dated as of June 2, 1997 (1)
10.29	Florida Insurance Capital Build-Up Incentive Program Surplus Note (Surplus Note) between the Company and The State Board of Administration of Florida (SBA) (7)
10.30	Addendum No. 1 to the Surplus Note between the Company and SBA (7)
10.31	Multiple Line Quota Share Reinsurance Contract between the Company and Everest Reinsurance Company (7)
10.32	Independent Adjusting Firm Agreement between the Company and Downes and Associates (7)
21	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Title 18, United States Code, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Exhibit Numbers 10.1-10.27 are management contracts or compensatory plans required to be filed as Exhibits to this Form 10-K.

** These interactive data files are furnished and deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

- (1) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the year ended April 30, 1997 filed with the Securities and Exchange Commission on August 13, 1997, as amended.
- (2) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 2002 filed with the Securities and Exchange Commission on April 9, 2003.
- (3) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 11, 2007.
- (4) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 22, 2007.

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- (5) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 10, 2007.

Table of Contents

- (6) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 9, 2008.
- (7) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 10, 2009.
- (8) Incorporated by reference to the Registrant's Registration Statement on Form S-8 (File No. 333-163564) filed with the Securities and Exchange Commission on December 8, 2009.
- (9) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2010.
- (10) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on October 5, 2010.
- (11) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 7, 2010.
- (12) Incorporated by reference to the Registrant's Registration Statement on Form S-8 (File No. 333-174125) filed with the Securities and Exchange Commission on May 11, 2011.
- (13) Incorporated by reference to the Registrant's Current Report on Form 8-K, file with the Securities and Exchange Commission on May 12, 2011.

Table of Contents

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report on Form 10-K to be signed on its behalf by the undersigned, hereunto duly authorized.

UNIVERSAL INSURANCE HOLDINGS, INC.

Dated: March 23, 2012

By: /s/ Bradley I. Meier
Bradley I. Meier, President and Chief Executive Officer

By: /s/ George R. De Heer
George R. De Heer, Chief Financial Officer and Principal Accounting Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>/s/ Bradley I. Meier</u>	President, Chief Executive Officer and Director	March 23, 2012
Bradley I. Meier		
<u>/s/ Sean P. Downes</u>	Senior Vice President, Chief Operating Officer and Director	March 23, 2012
Sean P. Downes		
<u>/s/ George R. De Heer</u>	Chief Financial Officer	March 23, 2012
George R. De Heer		
<u>/s/ Norman M. Meier</u>	Director	March 23, 2012
Norman M. Meier		
<u>/s/ Michael Pietrangelo</u>	Director	March 23, 2012
Michael Pietrangelo		
<u>/s/ Ozzie A. Schindler</u>	Director	March 23, 2012
Ozzie A. Schindler		
<u>/s/ Reed J. Slogoff</u>	Director	March 23, 2012
Reed J. Slogoff		
<u>/s/ Joel M. Wilentz</u>	Director	March 23, 2012

Joel M. Wilentz

SCHEDULE CONDENSED FINANCIAL INFORMATION OF REGISTRANT

Table of Contents**SCHEDULE II CONDENSED FINANCIAL INFORMATION OF REGISTRANT**

Universal Insurance Holdings, Inc. had no long term obligations, guarantees or material contingencies as of December 31, 2011 and 2010. The following summarizes the major categories of the parent company's financial statements (in thousands, except per share data):

CONDENSED BALANCE SHEETS

ASSETS	As of December 31,	
	2011	2010
Cash and cash equivalents	\$ 6,900	\$ 8,457
Restricted cash and cash equivalents	30,220	11,340
Investments in subsidiaries and undistributed earnings	94,249	112,001
Equity securities	15,553	9,501
Receivable from securities	1,019	
Other receivables		5
Property and equipment, net		5
Deferred income taxes	22,991	13,448
Other assets	324	190
Total assets	\$ 171,256	\$ 154,947
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable	160	164
Payable for securities	133	
Income taxes payable	12,740	8,282
Other accrued expenses	8,218	6,711
Total liabilities	21,251	15,157
STOCKHOLDERS' EQUITY:		
Cumulative convertible preferred stock, \$.01 par value	1	1
Authorized shares 1,000		
Issued shares 108		
Outstanding shares 108		
Minimum liquidation preference \$2.66 per share		
Common stock, \$.01 par value	411	404
Authorized shares 55,000		
Issued shares 41,100 and 40,407		
Outstanding shares 40,082 and 39,388		
Treasury shares, at cost 1,018 and 1,019 shares	(3,101)	(3,109)
Additional paid-in capital	36,536	33,675
Retained earnings	116,158	108,819
Total stockholders' equity	150,005	139,790
Total liabilities and stockholders' equity	\$ 171,256	\$ 154,947

Table of Contents**CONDENSED STATEMENTS OF INCOME**

	For the Years Ended December 31,		
	2011	2010	2009
PREMIUMS EARNED AND OTHER REVENUES			
Assumed premiums written	\$ 20,703	\$ 4,534	\$ 17,500
Increase (decrease) in unearned assumed premiums		7,292	(7,292)
Premiums earned, net	20,703	11,826	10,208
Net investment income	54	42	37
Net realized (losses) gains on investments	(1,186)	1,379	1,242
Net unrealized (losses) gains on investments	(3,009)	223	
Net foreign currency gains on investments			115
Management fee	142	41	
Commission revenue			1
Total premiums earned and other revenues	16,704	13,511	11,603
OPERATING COSTS AND EXPENSES			
General and administrative expenses	20,830	20,417	21,586
Total operating cost and expenses	20,830	20,417	21,586
LOSS BEFORE INCOME TAXES AND EQUITY IN NET EARNINGS OF SUBSIDIARIES			
Benefit from income taxes	(4,126)	(6,906)	(9,983)
	(3,016)	(2,664)	(3,494)
LOSS BEFORE EQUITY IN NET EARNINGS OF SUBSIDIARIES	(1,110)	(4,242)	(6,489)
Equity in net income of subsidiaries	21,219	41,226	35,276
CONSOLIDATED NET INCOME	\$ 20,109	\$ 36,984	\$ 28,787

Table of Contents**CONDENSED STATEMENTS OF CASH FLOWS**

	For the Years Ended December 31,		
	2011	2010	2009
Cash flows from operating activities			
Net Income	\$ 20,109	\$ 36,984	\$ 28,787
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in net income of subsidiaries	(20,219)	(41,226)	(35,276)
Amortization of cost of stock options	1,450	2,109	1,521
Amortization of restricted stocks grants	1,399	853	655
Net realized losses (gains) on investments	1,186	(1,379)	(1,242)
Net unrealized losses (gains) on investments	3,010	(223)	
Foreign currency gains on investments, net			(115)
Deferred income taxes	(9,543)	(1,333)	1,881
Excess tax benefits from stock-based compensation	(195)	(4,099)	(728)
Other	5	16	16
Net changes in assets and liabilities relating to operating activities:			
Restricted cash and cash equivalents	(18,880)	5,175	(16,515)
Premiums receivable		8,721	(8,721)
Purchases of equity securities, trading	(77,691)	(12,760)	
Proceeds from sale of equity securities, trading	66,526	10,897	
Income taxes recoverable		3,212	(729)
Income taxes payable	4,653	12,012	1,097
Unearned premiums		(7,292)	7,292
Other operating assets and liabilities	1,404	604	(568)
Net cash (used in) provided by operating activities	(27,182)	12,271	(22,645)
Cash flows from investing activities:			
Capital contributions and loans to subsidiaries	(49,001)	(39,161)	
Purchases of equity securities, available for sale		(3,578)	(36,318)
Proceeds from sale of equity securities, available for sale		10,702	24,536
Net cash used in investing activities	(49,001)	(32,037)	(11,782)
Cash flows from financing activities:			
Preferred stock dividend	(20)	(20)	(27)
Common stock dividend	(12,750)	(12,533)	(20,314)
Issuance of common stock	5	14	55
Tax withholding payments related to stock-based compensation	(172)	(4,293)	(223)
Excess tax benefits from stock-based compensation	195	4,099	728
Transfers from subsidiaries	87,972	38,482	54,493
Net cash provided by financing activities	74,626	25,749	34,712
Net (decrease) increase in cash and cash equivalents	(1,557)	5,983	285
Cash and cash equivalents at beginning of period	8,457	2,474	2,189
Cash and cash equivalents at end of period	\$ 6,900	\$ 8,457	\$ 2,474

VALUATION ALLOWANCES AND QUALIFYING ACCOUNTS

Table of Contents**SCHEDULE V VALUATION ALLOWANCES AND QUALIFYING ACCOUNTS**

The following table summarizes activity in the Company's allowance for doubtful accounts for the periods presented (in thousands):

Description	Beginning Balance	Charges to Earnings	Additions Charges to Other Accounts	Deductions	Ending Balance
Year Ended December 31, 2011: Allowance for doubtful accounts	\$ 111	650		46	\$ 715
Year Ended December 31, 2010: Allowance for doubtful accounts	\$ 2,702	1,305		3,896	\$ 111
Year Ended December 31, 2009: Allowance for doubtful accounts	\$ 1,400	1,354		52	\$ 2,702

**SUPPLEMENTAL INFORMATION CONCERNING CONSOLIDATED PROPERTY AND CASUALTY
INSURANCE OPERATIONS**

Table of Contents**SCHEDULE VI SUPPLEMENTAL INFORMATION CONCERNING CONSOLIDATED PROPERTY AND CASUALTY INSURANCE OPERATIONS**

The following table provides certain information related to the Company's property and casualty operations as of, and for the periods presented (in thousands):

	As of December 31, Reserves for Unpaid Losses and LAE	Incurred Loss and LAE current year	For the Year Ended December 31, Incurred Loss and LAE prior years		Paid Losses and LAE	Net Investment Income
2011	\$ 187,215	\$ 112,838	\$ 11,471	\$ 104,910	\$ 788	
2010	\$ 158,929	\$ 107,424	\$ 5,931	\$ 97,838	\$ 992	
2009	\$ 127,198	\$ 97,630	\$ 8,503	\$ 86,400	\$ 1,454	

	As of December 31, Deferred Policy Acquisition Cost (DAC)	For the Year Ended December 31, Amortization of DAC		Net Premiums Written	Net Premiums Earned	As of December 31, Unearned Premiums
2011	\$ 12,996	\$ 21,477	\$ 208,483	\$ 198,985	\$ 359,842	
2010	\$ 9,446	\$ 18,066	\$ 199,615	\$ 170,443	\$ 328,334	
2009	\$ 9,465	\$ 10,710	\$ 134,287	\$ 141,654	\$ 278,371	

Table of Contents

Report of Independent Registered Certified Public Accounting Firm

Board of Directors

Universal Insurance Holdings, Inc.

Fort Lauderdale, Florida

We have audited the accompanying consolidated balance sheets of **Universal Insurance Holdings, Inc. and Subsidiaries** (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2011, and the Company's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)*; such consolidated financial statements and report are included elsewhere in this Form 10-K and are incorporated herein by reference. Our audits also included the consolidated financial statement schedules of the Company listed in the accompanying index at Item 15. These consolidated financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ Blackman Kallick, LLP

Chicago, Illinois

March 23, 2012