

HCC INSURANCE HOLDINGS INC/DE/  
Form DEF 14A  
April 15, 2011

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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

Filed by a Party other than the Registrant

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 under §240.14a-12

**HCC INSURANCE HOLDINGS, INC.**

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(Name of Registrant as Specified In Its Charter)

N/A

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(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:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**HCC INSURANCE HOLDINGS, INC.**

**13403 Northwest Freeway  
Houston, Texas 77040-6094**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held May 26, 2011, at 9:00 a.m., Central Daylight Time**

NOTICE IS HEREBY GIVEN that the 2011 Annual Meeting of Stockholders of HCC Insurance Holdings, Inc. will be held on Thursday, May 26, 2011, at 9:00 a.m., Central Daylight time, at the headquarters of HCC Insurance Holdings, Inc. at 13403 Northwest Freeway, Houston, TX 77040, for the following purposes:

1. To elect the eleven individuals named in this Proxy Statement to serve as members of our Board of Directors for a one-year term, each to serve until the 2012 Annual Meeting of Stockholders and until his or her successor is duly elected and qualified;
2. To conduct an advisory vote on the compensation of our Named Executive Officers;
3. To conduct an advisory vote regarding the frequency of future advisory votes on the compensation of our Named Executive Officers;
4. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011; and
5. To transact such other business as may properly come before the meeting and any postponement or adjournment thereof.

Our Board of Directors has fixed the close of business on April 6, 2011 as the record date for determining those stockholders who are entitled to notice of, and to vote at, the 2011 Annual Meeting of Stockholders. A list of such stockholders will be open to examination by any stockholder at the annual meeting and for a period of ten days prior to the date of the annual meeting during ordinary business hours at 13403 Northwest Freeway, Houston, Texas. A copy of the Annual Report of HCC Insurance Holdings, Inc. for the year ended December 31, 2010 is enclosed.

To ensure that your shares are represented at the meeting, we encourage you to cast your vote as promptly as possible. You may vote via the Internet, via the telephone, or via the mail. Procedures for submitting your vote are described on page 2 of the Proxy Statement.

By Order of the Board of Directors,

RANDY D. RINICELLA,  
*Senior Vice President, General Counsel and Secretary*

Houston, Texas  
April 15, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF  
STOCKHOLDERS TO BE HELD ON MAY 26, 2011**

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**The Company's 2011 Notice of Annual Meeting and Proxy Statement, 2010 Annual Report and other proxy materials are available under the "Investor Relations" tab on our website at [www.hcc.com](http://www.hcc.com)**

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**HCC INSURANCE HOLDINGS, INC.**

13403 Northwest Freeway  
Houston, Texas 77040-6094

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

To be held on May 26, 2011

**INFORMATION CONCERNING SOLICITATION AND VOTING**

This Proxy Statement is first being mailed on or about April 15, 2011 to stockholders of HCC Insurance Holdings, Inc. ("HCC," "we," "us," "our," or the "Company") in connection with the solicitation by our Board of Directors (our "Board") of proxies to be voted at the Annual Meeting of Stockholders to be held on Thursday May 26, 2011, at 9:00 a.m., Central Daylight time, at the headquarters of HCC Insurance Holdings, Inc. at 13403 Northwest Freeway, Houston, TX 77040, and any postponement or adjournment thereof (the "2011 Annual Meeting"). The Proxy Statement contains information relating to the proposals to be voted upon at the meeting, the voting process, our Board of Directors, the compensation of our Named Executive Officers, and certain other information.

The solicitation of proxies is being made by HCC, and the cost of soliciting proxies will be borne by HCC. Copies of solicitation material may be furnished to brokers, custodians, nominees and other fiduciaries for forwarding to beneficial owners of shares of our common stock, and normal handling charges may be incurred for such forwarding service. HCC will bear the expense of such charges. Solicitation of proxies may be made by mail, personal interview, telephone and facsimile by our officers and other employees, who will receive no additional compensation for their services.

Our principal executive offices are located at 13403 Northwest Freeway, Houston, Texas 77040.

**Proposals to be Considered and Vote Required**

The following proposals will be voted upon at the 2011 Annual Meeting:

The election of the 11 individuals named in this Proxy Statement to serve as members of our Board of Directors for a one-year term, each to serve until the 2012 Annual Meeting of Stockholders and until his or her successor is duly elected and qualified;

An advisory vote regarding the approval of the compensation of our Named Executive Officers;

An advisory vote regarding the frequency of future advisory votes on the compensation of our Named Executive Officers;

The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2011.

Only stockholders of record on April 6, 2011 (the "record date") will be entitled to vote at the 2011 Annual Meeting, and each share will be entitled to one vote. At the close of business on the record date, there were 114,743,056 shares of our common stock outstanding and entitled to vote at the 2011 Annual Meeting.

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Quorum and voting requirements are set forth in the Delaware General Corporation Law and our governing documents. A majority of the outstanding shares of our common stock, entitled to vote and represented in person or by proxy, will constitute a quorum at the 2011 Annual Meeting. Abstentions, withhold votes and broker non-votes (described below) are counted as present for purposes of determining the presence of a quorum.

The election of directors will be determined by a plurality of the votes cast, which means that the 11 nominees who receive the highest number of votes will be elected. As a result, abstentions, withhold votes and broker non-votes will not impact the outcome of the election of directors. The affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy at the 2011 Annual Meeting and entitled to vote on the matter is required for (i) the approval, on an advisory basis, of our executive compensation and (ii) the ratification of our independent registered public accounting firm. As a result, abstentions have the effect of an against vote, but broker non-votes do not have the effect of an against vote. With respect to the advisory vote regarding the frequency of future advisory votes on executive compensation, the frequency receiving the greatest number of votes will be considered the frequency recommended by stockholders. As a result, abstentions, withhold votes and broker non-votes will have no effect on the vote.

If you hold your shares in "street name" through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion on some of the items to be acted upon, including the election of our directors, the advisory vote on executive compensation, and the advisory vote on frequency of future advisory votes on executive compensation. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those items ("broker non-votes"). Our Board does not anticipate calling for a vote on any matter other than those described herein.

**How to Vote**

Each stockholder is entitled to one vote for each share of common stock on all matters presented at the 2011 Annual Meeting. Stockholders do not have the right to cumulate their votes for the election of directors. Shares may be voted via the following procedures:

***Voting In-Person.***

***Stockholders of Record.*** Shares held directly in your name as the stockholder of record may be voted in person at the 2011 Annual Meeting. If you choose to vote in person at the 2011 Annual Meeting, please bring your proxy card and proof of personal identification.

***Beneficial Owners.*** Shares held in street name may be voted in person by you only if you obtain a legal proxy from the shareholder of record giving you the right to vote the shares.

***Voting via the Internet.*** Shares may be voted via the Internet at [www.proxyvote.com](http://www.proxyvote.com). Your voting instructions will be accepted up until 11:59 P.M. Eastern Daylight Time on May 25, 2011. Have your proxy card in hand when you access the web site and follow the instructions given.

***Voting via Telephone.*** Shares may be voted via any touch-tone telephone at 1-800-690-6903. Your voting instructions will be accepted up until 11:59 P.M. Eastern Daylight Time on May 25, 2011. Have your proxy card in hand when you call and follow the instructions given.

***Voting via Mail.*** Shares may be voted via mail by marking, signing and dating your proxy card and returning it in the postage-paid envelope to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

EVEN IF YOU CURRENTLY PLAN TO ATTEND THE 2011 ANNUAL MEETING, WE RECOMMEND THAT YOU ALSO SUBMIT YOUR PROXY AS DESCRIBED ABOVE SO THAT

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YOUR VOTE WILL BE COUNTED IF YOU LATER DECIDE NOT TO ATTEND THE MEETING. SUBMITTING YOUR PROXY VIA INTERNET, TELEPHONE OR MAIL DOES NOT AFFECT YOUR RIGHT TO VOTE IN PERSON AT THE ANNUAL MEETING.

**Voting of Proxies**

By giving your proxy, you grant the right to vote your shares to John N. Molbeck, Jr., our President and Chief Executive Officer and Randy D. Rinicella, our Senior Vice President, General Counsel and Secretary. If you return a signed, but unmarked proxy card, your shares will be voted (i) **FOR** the election of each of the director nominees named herein, (ii) **FOR** approval, on an advisory basis, of the compensation of our Named Executive Officers, (iii) **FOR** approval, on an advisory basis, of an annual advisory vote on the compensation of our Named Executive Officers in the future, and (iv) **FOR** ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

A proxy may be revoked at any time prior to 11:59 p.m., Eastern Daylight Time, on May 25, 2011. Such right of revocation is not limited by or subject to compliance with any formal procedure, but may be accomplished by (i) voting again via the Internet or telephone, (ii) requesting, completing and returning a second proxy card, (iii) giving written notice to the Secretary of the Company, or (iv) by voting in person at the 2011 Annual Meeting.



Table of Contents**PROPOSAL NUMBER 1 ELECTION OF DIRECTORS**

The Company has nominated the individuals listed below to serve as members of our Board until his or her successor is duly elected and qualified at the 2012 Annual Meeting of Stockholders or, if earlier, his or her death, resignation or removal. Each of the nominees is currently a director of HCC. Our Board has affirmatively determined that each of Ms. Bozeman, Mr. Duer, Dr. Flagg, Mr. Hamilton, Ms. Heisz, Ms. Midanek, Mr. Oesterreicher, Mr. Rosholt and Mr. Williams are "independent" directors, as that term is defined in the listing standards of the New York Stock Exchange ("NYSE"). Such directors are collectively referenced in this Proxy Statement as "Independent Directors."

Each of the proposed nominees has consented to stand for re-election as members of our Board and we believe that each has served our stockholders' interests well during his or her tenure as a director. We believe that HCC and its stockholders benefit from the wide variety of industry and professional experience that characterizes the members of our Board. Although our Board does not contemplate that any of the nominees will be unable to serve, if such a situation arises prior to the 2011 Annual Meeting, the Board may reduce the size of the Board accordingly, or the persons named in the enclosed form of Proxy will vote in accordance with their best judgment for any substitute nominee.

The following table presents information concerning the individuals nominated for election as directors of HCC, including current membership on committees of our Board, principal occupation or affiliations during the last five years, and certain directorships held during the last five years. Also included in the information below is a description of the particular experience, qualifications, attributes and skills that lead our Board to conclude that each individual should serve as a member of the Board. Generally, the Board believes that its members should have integrity, superior business judgment, and an understanding of the operational, financial and regulatory requirement of running a successful global business.

**Information Regarding Nominees for Director**

Name	Experience and Qualifications	Age	Served as Director Since
Judy C. Bozeman	<p>Since 1982, Ms. Bozeman has served as Chairman of the Board of Woodway Financial Advisors, a Trust Company that provides wealth management, estate and trust administration and financial planning, and that currently has trust and investment assets under management in excess of \$1.1 billion. As the firm's founder, she also served as its President and Chief Executive Officer from 1982 through 2006. Ms. Bozeman is Chairperson of our Compensation Committee and a member of our Investment and Finance Committee.</p> <p>Ms. Bozeman has more than 30 years of experience in the financial services industry, during which time she has been able to develop significant expertise in the areas of investments, asset allocation and investment management and financial analysis. These skills led the Board to conclude that she should serve as a director.</p>	68	2009

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Name	Experience and Qualifications	Age	Served as Director Since
Frank J. Bramanti	<p>Mr. Bramanti is the former Chief Executive Officer of HCC, a position he held from 2006 to May 2009. Prior to being appointed as CEO in 2006, Mr. Bramanti had been retired from his position as an Executive Vice President of HCC since the end of 2001. From 1980 until his retirement, he served HCC in various capacities, including as director, Secretary, Chief Financial Officer and interim President. Mr. Bramanti is Chairperson of our Investment and Finance Committee and a member of our Enterprise Risk Oversight Committee.</p> <p>Mr. Bramanti has over 20 years experience in the insurance industry gained from his many years of service as an executive of HCC, including as its CEO. This experience led the Board to conclude that he should serve as a director.</p>	54	1997
Walter M. Duer	<p>Mr. Duer is a Certified Public Accountant. He was a partner at the international accounting firm KPMG LLP from 1968 until his retirement in 2004. Mr. Duer is a member of our Audit Committee and our Investment and Finance Committee.</p> <p>With more than 40 years of experience as a CPA, Mr. Duer brings broad operational, financial and industry experience to the Board. During much of his tenure at KPMG Mr. Duer's work was focused on the insurance sector. His long experience and detailed knowledge of the factors influencing the insurance industry led the Board to conclude that he should serve as a director.</p>	64	2004

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Name	Experience and Qualifications	Age	Served as Director Since
James C. Flagg, Ph. D.	Dr. Flagg is a Certified Public Accountant. He is also an Associate Professor in the Department of Accounting in the Mays Business School at Texas A&M University, starting in 1988. Dr. Flagg holds a Master of Science in Economics, an M.B.A. and a Ph.D. in Accounting. Dr. Flagg is Chairperson of our Audit Committee and a member of our Nominating and Corporate Governance Committee. He is a member of the board of the Texas State Board of Public Accountancy. Until 2007, Dr. Flagg was also on the board of directors and chair of the Audit Committee of EGL, Inc. (Nasdaq: EAGL). Dr. Flagg has extensive experience in the accounting industry and in-depth knowledge of public company auditing practices. That experience and his background in economics, coupled with his significant experience on the board of another publicly-traded company, including his service as chair of its Audit Committee, led the Board to conclude that he should serve as a director.	59	2001
Thomas M. Hamilton	Mr. Hamilton has been co-owner of Medora Investments, a private investment firm, since 2003. He served as Chairman, President and Chief Executive Officer of EEX Corporation from 1997 until his retirement in 2002. Prior to 1997, Mr. Hamilton held various executive positions at other oil and gas companies, including Pennzoil-Quaker State Company, BP p.l.c. and Exxon Mobil Corporation. Mr. Hamilton serves on our Compensation Committee and is the Chairperson of our Nominating and Corporate Governance Committee. Mr. Hamilton is also a member of the board of directors of FMC Technologies, Inc. (NYSE: FTT), Hercules Offshore, Inc. (Nasdaq: HERO), and as chairman of the board of directors of Methanex Corporation (Nasdaq: MEOH). He also served as a member of the board of directors of Western Gas Resources (NYSE: WES) from January 2006 to August 2006. Mr. Hamilton has a strong knowledge of international business and strategic planning and an expertise in the area of corporate governance. These traits, along with Mr. Hamilton's significant management and leadership experience as a former chief executive officer and member of the boards of directors of several publicly-traded companies, including his service as chairman at one of those companies, led the Board to conclude that he should serve as a director.	67	2008

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Name	Experience and Qualifications	Age	Served as Director Since
Leslie S. Heisz	<p>Ms. Heisz was a managing director of Lazard Freres &amp; Co. LLC, where she provided strategic financial advisory services for clients in a variety of industries, from 2004 until April 2010. From 2003 to 2004, she served as a Senior Advisor at Lazard. Prior to that time, Ms. Heisz served as a managing director of Wasserstein Perella &amp; Co. (and its successor Dresdner Kleinwort Wasserstein) from 1996 until 2002 and as a director from 1995 to 1996, where she specialized in mergers and acquisitions and leveraged finance. During a majority of that time she led Wasserstein's Gaming and Leisure Group and its Los Angeles office. Prior to 1995, Ms. Heisz served as a Vice President at Salomon Brothers Inc, where she developed the firm's industry-leading gaming practice, and as a senior consultant at Price Waterhouse, where she specialized in strategic information systems. Ms. Heisz serves on our Investment and Finance Committee and Enterprise Risk Oversight Committee. She is also a member of the board of directors, a member of the Executive Committee, and chair of the Audit Committee of Ingram Micro (NYSE: IM). Ms. Heisz previously served as a member of the board of directors of International Game Technology (NYSE: IGT) from 2003 until 2008. During that time she served as chair of their Audit Committee and chair of their Nominating Committee. Ms. Heisz also served as a member of the board of managers of Eldorado Resorts LLC from 1996 until 2008. Ms. Heisz has strong leadership skills and financial expertise gained during her career as an investment banking executive with Lazard, Wasserstein and Salomon Brothers. These factors, combined with her broad knowledge of mergers and acquisitions and her experience on the boards of directors of other publicly-traded companies, led the Board to conclude that she should serve as a director.</p>	50	2010

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Name	Experience and Qualifications	Age	Served as Director Since
Deborah H. Midanek	<p>Ms. Midanek has served as the President of Solon Group, a business development firm which provides turnaround services and strategic advice to organizations in transition, since 2004. Prior to that time, she held several positions with Glass and Associates, Inc., a turnaround management firm, including President and Chief Operating Officer from 2003 to 2004, and Managing Principal from 2000 to 2003. Prior to 2000, Ms. Midanek held various executive positions with AlixPartners, Inc., Solon Asset Management, L.P., Drexel Burnham Lambert, Inc. and Bankers Trust Company. Ms. Midanek is a member of our Nominating and Corporate Governance Committee and Enterprise Risk Oversight Committee.</p> <p>Ms. Midanek's significant experience in business management, operations and financial analysis, combined with her knowledge of business strategy and execution, led the Board to conclude that she should serve as a director.</p>	55	2010
John N. Molbeck, Jr.	<p>Mr. Molbeck is our President and Chief Executive Officer, a position he assumed in May 2009. From 2006 to May 2009, he served as our President and Chief Operating Officer, a position he also held from 1997 to 2002. From 2003 through 2005, Mr. Molbeck served as Chief Executive Officer of Jardine Lloyd Thompson LLC, a retail insurance brokerage firm, which was, at the time, a subsidiary of Jardine Lloyd Thompson Group, plc. Prior to initially joining HCC in 1997, Mr. Molbeck had served as the Managing Director of Aon Natural Resources Group, a subsidiary of Aon Corporation. Mr. Molbeck is a member of our Investment and Finance Committee and an ex-officio member of our Enterprise Risk Oversight Committee.</p> <p>Mr. Molbeck has extensive knowledge and understanding of critical areas of the insurance industry gained through decades of service in positions of increasing responsibility. He also has extensive knowledge of HCC, its operations and strategy, gained from his many years of service as an executive of HCC, including as its current CEO. As a result, the Board concluded that Mr. Molbeck should serve as a director.</p>	64	2005

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Name	Experience and Qualifications	Age	Served as Director Since
James E. Oesterreicher	<p>Mr. Oesterreicher is the former chairman of the board of directors of J.C. Penney Company, Inc (NYSE: JCP). He served as its chairman and chief executive officer from 1997 until his retirement in 2000 and as its vice chairman and chief executive officer from 1995 to 1997. Mr. Oesterreicher is a member of our Compensation Committee and our Nominating and Corporate Governance Committee. Mr. Oesterreicher also serves on the boards of Texas Health Resources, Circle Ten Council Boy Scouts of America and Spina Bifida Birth Defects Foundation and as a member of the National March of Dimes Advisory Board. He served as a member of the board of directors of Brinker International, Inc. from 1994 to 2009 (NYSE: EAT).</p> <p>Mr. Oesterreicher has significant management and leadership experience as a result of his service as a former chief executive officer and member of the boards of directors of other publicly-traded companies. These skills led the Board to conclude that he should serve as a director.</p>	69	2007
Robert A. Rosholt	<p>Mr. Rosholt served as the Chief Financial Officer for Nationwide Mutual Insurance Company from 2002 until his retirement in 2008. Prior to joining Nationwide, Mr. Rosholt served as Executive Vice President and Chief of Operations at the risk services unit of Aon Corporation, a leading global provider of risk management services, insurance and reinsurance brokerage and human capital consulting, from 2000 to 2002. From 1974 to 2000, he served as Chief Financial Officer at First Chicago Corporation and its successor companies, including Bank One, where he had oversight for capital and asset liability management as well as proprietary investment activities. Mr. Rosholt is a member of our Audit Committee and is Chairperson of our Enterprise Risk Oversight Committee. He also served as a member of the board of directors, a member of the Audit Committee and a member of the Nominating and Corporate Governance Committee of Abercrombie &amp; Fitch Co. (NYSE: ANF) from June 2008 to September 2010.</p> <p>Mr. Rosholt is also a member of the advisory board of the Financial Institution Advisory Services of Alvarez and Marsal.</p> <p>Mr. Rosholt's many years of experience as an executive in the financial services and insurance industries, his knowledge of strategy development and execution, and his expertise in the application of risk management practices, led the Board to conclude that he should serve as a director.</p>	61	2008

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Name	Experience and Qualifications	Age	Served as Director Since
Christopher J. B. Williams	<p>Mr. Williams has served as Chairman of Wattle Creek Winery since 2005. Prior to his retirement in 2005, he served as National Director for Life, Accident &amp; Health of Willis Re. Mr. Williams is the Chairman of our Board, a position he assumed in 2008.</p> <p>Mr. Williams is also an ex-officio member of our Audit Committee, our Compensation Committee, our Enterprise Risk Oversight Committee, our Nominating and Corporate Governance Committee and our Investment and Finance Committee.</p> <p>Mr. Williams has over 30 years of experience in the insurance industry, including significant expertise in accident and health insurance lines, which comprise HCC's largest business segment. He also has significant knowledge of international insurance markets.</p> <p>These factors led the Board to conclude that he should as a director.</p>	55	2007

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" EACH OF THE NOMINEES LISTED ABOVE**

Table of Contents**2010 Director Compensation Table**

The table below summarizes the compensation paid to or accrued on behalf of our non-employee directors. We also reimburse our directors for travel, lodging and related expenses incurred in attending Board or committee meetings and for directors' education programs and seminars.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)<sup>(1)</sup></b>	<b>Stock Awards (\$)<sup>(2)</sup></b>	<b>Option Awards (\$)<sup>(3)</sup></b>	<b>Nonqualified Deferred Compensation Earnings (\$)<sup>(4)</sup></b>	<b>Total (\$)</b>
Judy C. Bozeman	130,049	80,000		4,959	215,008
Frank J. Bramanti	128,942	80,000			208,942
Patrick B. Collins <sup>(5)</sup>	113,000	80,000			193,000
Walter M. Duer	119,000	80,000			199,000
James C. Flagg, Ph.D.	146,000	80,000			226,000
Thomas M. Hamilton	141,200	80,000		19,014	240,214
Leslie S. Heisz	9,000	41,425			50,425
Deborah H. Midanek		41,425			41,425
James E. Oesterreicher	137,000	80,000			217,000
Robert A. Rosholt	136,000	80,000			216,000
Christopher J. B. Williams	187,000	200,000			387,000
Scott W. Wise	69,000				69,000

(1) Includes payment of annual retainer and meeting fees.

(2) Represents the aggregate grant date fair value of equity awards granted during 2010, computed in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, *Compensation - Stock Compensation*. For a discussion of the assumptions used in calculating the fair value of our stock-based compensation, refer to Note 1, *General Information and Significant Accounting and Reporting Policies - Stock-Based Compensation*, and Note 11 *Stock-Based Compensation*, in the Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2010. On May 27, 2010, each non-employee director (other than the Chairman of the Board) received a grant of 3,158 shares of common stock under our 2008 Flexible Incentive Plan. Mr. Williams, our Chairman of the Board, received a grant of 7,895 shares of common stock under our 2008 Flexible Incentive Plan. The number of shares of common stock granted was determined by dividing the \$80,000 (\$200,000 in the case of Mr. Williams) by \$25.33, the closing price of the Company's common stock on May 27, 2010, the date of grant. On November 17, 2010, Ms. Heisz and Ms. Midanek joined our Board. They each received a grant of 1,482 shares of common stock, representing a pro rata portion of the \$80,000 annual non-employee director grant divided by \$27.94, the closing price of the Company's common stock on November 17, 2010, the date of grant. All shares were fully vested as of the grant date.

(3)