

UNITRIN INC  
Form DEF 14A  
March 28, 2005  
[Table of Contents](#)

## SCHEDULE 14A

(Rule 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT

#### SCHEDULE 14A INFORMATION

**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 Rule 14a-12

**UNITRIN, INC.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x 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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(2) Aggregate number of securities to which transaction applies:

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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.. 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:

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

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(3) Filing Party:

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(4) Date Filed:

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Table of Contents

**Notice of**

**2005**

**Annual Meeting**

**and Proxy Statement**

*One East Wacker Drive • Chicago, Illinois 60601*

**Table of Contents**

One East Wacker Drive

Chicago, Illinois 60601

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held May 4, 2005**

The 2005 Annual Meeting of Shareholders of Unitrin, Inc. (the Company or Unitrin ) will be held at 10:00 a.m. on Wednesday, May 4, 2005 at Bank One Center, One Bank One Plaza, 10 S. Dearborn Street (Plaza Level), Chicago, Illinois 60670. Attendees providing proper identification will be directed to the meeting room. The purpose of the Annual Meeting will be to:

- (1) Elect a Board of Directors;
- (2) Consider and vote on a proposal to approve the 2005 Restricted Stock and Restricted Stock Unit Plan; and
- (3) Consider and act upon such other business as may be properly brought before the meeting.

The Board of Directors has fixed March 14, 2005 as the record date for determining shareholders entitled to receive this notice and to vote at the Annual Meeting or any adjournments or postponements of the meeting. A list of shareholders as of the close of business on March 14, 2005 will be available for inspection at the Annual Meeting and for a period of ten days prior to May 4, 2005 during ordinary business hours at the Company's executive offices located at One East Wacker Drive, Chicago, Illinois 60601.

By Order of the Board of Directors.

Scott Renwick

*Secretary*

Chicago, Illinois

March 28, 2005

**Important: Whether or not you plan to attend the Annual Meeting, please fill in, sign and return the enclosed proxy card as promptly as possible in the postage-paid envelope provided. If you are a shareholder of record, you may also give a proxy by telephone or through the Internet by following the instructions printed on your proxy card.**

**Table of Contents**

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING</u>	1
<u>Proxy and Proxy Statement</u>	1
<u>Voting and Record Date</u>	1
<u>Quorum and Required Vote</u>	5
<u>Shareholder Proposals, Nominations and Communications</u>	6
<u>Cost of Proxy Solicitation</u>	7
<u>Additional Information about Unitrin and Householding Requests</u>	7
<u>CORPORATE GOVERNANCE</u>	8
<u>OWNERSHIP OF UNITRIN COMMON STOCK</u>	9
<u>Directors and Executive Officers</u>	9
<u>Certain Beneficial Owners</u>	11
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	12
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	13
<u>Election</u>	13
<u>Business Experience of Nominees</u>	13
<u>Meetings and Committees of the Board of Directors</u>	15
<u>Selection of Board Nominees</u>	17
<u>Director Compensation</u>	18
<u>REPORT OF THE AUDIT COMMITTEE</u>	19
<u>INDEPENDENT PUBLIC ACCOUNTANTS</u>	20
<u>Independent Public Accountant Fees for 2004 and 2003</u>	20
<u>Pre-Approval of Services</u>	21
<u>Selection of Independent Public Accountant for 2005</u>	21
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	21
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	22
<u>UNITRIN EXECUTIVE OFFICERS</u>	25
<u>EXECUTIVE OFFICER COMPENSATION AND BENEFITS</u>	26
<u>Summary Compensation Table</u>	26
<u>Equity Compensation Plan Information</u>	28
<u>Option/SAR Grants in 2004 Fiscal Year</u>	29
<u>Aggregated Option/SAR Exercises in 2004 Fiscal Year, and Fiscal Year-End Option/SAR Values</u>	32
<u>Unitrin Common Stock Performance Graph</u>	34
<u>Pension Plans</u>	35
<u>Annual Pension Benefits 2005 Estimates</u>	35
<u>Change of Control Arrangements</u>	36
<u>PROPOSAL 2: APPROVAL OF THE 2005 RESTRICTED STOCK AND RESTRICTED STOCK UNIT PLAN</u>	37
<u>INCORPORATION BY REFERENCE</u>	42

APPENDICES:

AUDIT COMMITTEE CHARTER

A-1

2005 RESTRICTED STOCK AND RESTRICTED STOCK UNIT PLAN

B-1

**Table of Contents**

**PROXY STATEMENT FOR THE  
2005 ANNUAL MEETING OF SHAREHOLDERS**

The Company's Board of Directors is furnishing you with this Proxy Statement to solicit proxies to be voted at the 2005 Annual Meeting of Shareholders. The Annual Meeting will be held at 10:00 a.m. on Wednesday, May 4, 2005 at Bank One Center, One Bank One Plaza, 10 S. Dearborn Street (Plaza Level), Chicago, Illinois 60670. The proxies also may be voted at any adjournments or postponements of the meeting.

The mailing address of our principal executive offices is One East Wacker Drive, Chicago, Illinois 60601. We began sending these proxy materials on or about March 28, 2005 to all shareholders entitled to vote at the 2005 Annual Meeting.

All properly executed proxy cards, and all properly completed proxies submitted by telephone or through the Internet, that are delivered in response to this solicitation will be voted at the Annual Meeting in accordance with the directions given in the proxy, unless the proxy is revoked before the meeting.

**QUESTIONS AND ANSWERS ABOUT  
THE ANNUAL MEETING AND VOTING**

**Proxy and Proxy Statement**

*What is a proxy?*

A proxy is your legal appointment of another person to vote the stock you own. That other person is called a proxy. If you appoint someone as your proxy in a written document, that document is also called a proxy or a proxy card. We have designated the Company's Chairman and Chief Executive Officer, Richard C. Vie, and the Company's Executive Vice President and Chief Financial Officer, Eric J. Draut, to act as proxies for the Annual Meeting. You do not need to attend the Annual Meeting to vote your shares if you provide a proxy in the manner described in this Proxy Statement.



*What is a Proxy Statement?*

A Proxy Statement is a document that sets forth the information required by the federal securities laws and regulations administered by the Securities and Exchange Commission ( SEC ) which is intended to allow you to vote on an informed basis at the Annual Meeting.

**Voting and Record Date**

*What am I being asked to vote on?*

The following two proposals will be voted on at the Annual Meeting:

1. Election of Directors (See pages 13 15 for a list of the Director Nominees); and

**Table of Contents**

2. Approval of the 2005 Restricted Stock and Restricted Stock Unit Plan.

*How does the Board of Directors recommend that I vote?*

**The Board of Directors recommends that you vote *FOR* each of the nominees to the Board and *FOR* approval of the 2005 Restricted Stock and Restricted Stock Unit Plan.**

*Who can vote?*

You are entitled to vote at the Annual Meeting if you owned Unitrin common stock at the close of business on March 14, 2005. This date is called the record date.

*How many shares of Unitrin stock are eligible to be voted at the Annual Meeting?*

At the close of business on the record date of March 14, 2005, there were 68,997,446 shares of Unitrin common stock issued and outstanding. Accordingly, 68,997,446 shares of Unitrin common stock are eligible to be voted at the Annual Meeting. Unitrin had no other voting securities outstanding on March 14, 2005.

*How many votes do I have?*

Each share of Unitrin common stock that you owned on the record date entitles you to one vote. Your proxy card indicates the number of shares of Unitrin common stock that you owned on March 14, 2005 which are eligible to be voted at the Annual Meeting.

*How do I vote in person?*

If you owned Unitrin common stock in your own name on March 14, 2005, your name will appear on the list of record shareholders of the Company and, if you wish to attend in person, you will be admitted to the Annual Meeting and may vote by written ballot or by delivering a signed proxy card. However, if your shares are held in the name of a broker, bank or other institution, you must present written evidence at the Annual Meeting from the institution indicating that you were the beneficial owner of the shares on March 14, 2005 and that you have been authorized by

that institution to vote your shares in person. This written evidence is generally called a Legal Proxy and should be submitted to the Company's Secretary, Scott Renwick, prior to the commencement of the Annual Meeting.

*How do I give a proxy to vote my shares?*

How you give a proxy to vote your shares depends on whether you hold your shares of Unitrin common stock (i) as a shareholder of record or (ii) in street name through an institution, such as a stock brokerage firm or bank. The shares of a shareholder of record are registered with the Company's transfer agent, Wachovia Bank, N.A., in the shareholder's own name. Shares held in street name are registered with the Company's transfer agent in the name of the stock brokerage firm or other institution (or the name of its nominee), but not in the

**Table of Contents**

shareholder's own name. In this case, the institution maintains its own internal records showing the shareholder as the actual beneficial owner of the shares.

*Shareholders of record:* If you hold your shares of Unitrin common stock as a shareholder of record (or through the Company's employee 401(k) savings plan), you may give a proxy to vote your shares by one of the following methods:

Complete, sign and date the enclosed proxy card and return it no later than the commencement of the Annual Meeting in the postage-paid envelope provided;

Call the toll-free telephone number on the proxy card and follow the recorded instructions no later than 3:00 p.m. Eastern Daylight Saving Time on Tuesday, May 3, 2005;

Access the proxy voting website identified on the proxy card and follow the instructions no later than 3:00 p.m. Eastern Daylight Saving Time on Tuesday, May 3, 2005; or

Attend the Annual Meeting in person and deliver a signed proxy or ballot to one of the ushers when requested to do so.

The telephone and internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions, and to confirm that shareholders' instructions have been recorded properly. Shareholders who wish to give proxy voting instructions over the Internet should be aware that there may be costs associated with electronic access, such as usage charges from internet service providers and telephone companies. In addition, in choosing among the available alternatives for proxy voting, shareholders should be aware that there may be some risk that a vote either by telephone or over the Internet might not be properly recorded or counted because of an unanticipated electronic malfunction. *As described above, please note that the ability of shareholders of record to submit voting instructions by telephone and over the Internet ends at 3:00 p.m. Eastern Daylight Saving Time on the day before the Annual Meeting.* The reason for this cut off is to allow for the timely assembly and tabulation of telephonic and internet voting instruction data.

*Shares held in street name:* If you hold your shares of Unitrin common stock in street name through an institution, the institution generally will supply you with its own form of proxy card requesting you to provide your voting instructions in writing or, in some cases, by telephone or over the Internet. Following its receipt of your voting instructions, the institution will be authorized to provide a proxy to the Company to vote your shares in accordance with your instructions.

*How will my proxy be voted?*

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If you properly sign your proxy card and timely send it to Wachovia Bank, N.A., or timely deliver your voting instructions by telephone or the Internet, the individuals named on your proxy card (i.e. the designated proxies) will be authorized to vote your shares as you

## **Table of Contents**

have directed. With respect to Proposal 1 regarding the election of directors, you are given the choice of voting for all nominees for director or withholding authority to vote for some or all nominees. With respect to Proposal 2, you are given the choice of voting *FOR* or *AGAINST*, or to *ABSTAIN* from voting.

If you sign the proxy card but do not make specific choices, the designated proxies will vote your shares as recommended by the Company's Board of Directors. The Board of Directors recommends that you vote in favor of all of the nominees in Proposal 1, and in favor of Proposal 2.

*What is the effect of marking the proxy card to withhold authority in the election of directors?*

A proxy card that has been marked to withhold authority with respect to one or more nominees for director will be considered as part of the voting power present with respect to the election of directors and will have the effect of a vote against any such nominees.

*What is the effect of marking the proxy card to abstain from voting on Proposal 2?*

A proxy card marked *ABSTAIN* from voting on Proposal 2 will be treated as present for purposes of determining a quorum and counted as votes cast against the proposal.

*What are broker non-votes and how might they affect voting?*

Broker non-votes can occur in some instances when a stockbroker holding securities in street name for its customer does not receive voting instructions from the customer. In these cases, the applicable New York Stock Exchange rules (the Rules) governing stockbrokers allow brokers to exercise discretionary voting power with respect to some matters (called discretionary matters) but not others (called non-discretionary matters), depending on the subject matter of the proposal being voted upon. Under the Rules, Proposal 1 involves a discretionary matter for brokers, and a broker not receiving voting instructions from a customer generally will be free to cast a vote in its discretion as to this matter. Proposal 2 involves a non-discretionary matter under the Rules, and so a broker not receiving voting instructions from a customer on this matter may not vote in its discretion on Proposal 2. In such case, if a broker cannot use its discretion to vote a share, the resulting non-vote will be used to determine quorum only, and will have no other effect on voting.

*How will voting on any other business be conducted?*

The Company's management is aware of no business that may come before the Annual Meeting other than the voting on Proposals 1 and 2 as described in this Proxy Statement. However, if any other business should properly come before the Annual Meeting, your proxy card will authorize the persons named in the proxy to vote on any such matters in their discretion.

**Table of Contents**

*May I revoke my proxy or change my voting instructions?*

If you are a shareholder of record, you may revoke your proxy or change your voting instructions as follows:

Deliver to Wachovia Bank, N.A. another signed proxy card with a later date anytime prior to the commencement of the Annual Meeting;

Notify Unitrin's Secretary, Scott Renwick, in writing prior to the commencement of the Annual Meeting that you have revoked your proxy;

Call the toll-free telephone number on the proxy card and re-vote anytime prior to 3:00 p.m. Eastern Daylight Saving Time on Tuesday, May 3, 2005;

Access the proxy voting website identified on the proxy card and re-vote anytime prior to 3:00 p.m. Eastern Daylight Saving Time on Tuesday, May 3, 2005; or

Attend the Annual Meeting in person and deliver a new signed proxy or ballot to one of the ushers when requested to do so.

If you own your shares of Unitrin common stock in street name, you should contact your stockbroker or other institution holding your shares to determine the procedures, if any, for revoking or changing your voting instructions. Please refer to the discussion under the above question *How do I give a proxy to vote my shares?* regarding shareholders of record and shares held in street name.

*If I plan to attend the Annual Meeting, should I give my proxy?*

Whether or not you plan to attend the Annual Meeting, we urge you to give a proxy. Returning your proxy card or giving voting instructions by telephone or through the Internet will not affect your right to attend the Annual Meeting and vote in person. However, giving a proxy will ensure that your shares are represented at the Annual Meeting in the event that you are unable to attend.

*What does it mean if I receive more than one proxy card?*



If your Unitrin shares are held under different names or in more than one account, you will receive more than one proxy card. Each proxy card will indicate the number of shares you are entitled to vote on that particular proxy card.

## **Quorum and Required Vote**

*What is a quorum?*

In order to conduct business at the Annual Meeting, a quorum must be present; that is, a majority of Unitrin's common stock outstanding as of the record date must be represented in person or by proxy at the Annual Meeting. If you properly submit a proxy, your shares covered by that proxy will be counted towards a quorum.

**Table of Contents**

*How many votes are required to elect the Nominees for the Board of Directors?*

If a quorum is present, directors are elected by the vote of the holders of a majority of the Company's outstanding stock having voting power present, in person or by proxy, at the Annual Meeting.

*How many votes are required to approve Proposal 2?*

If a quorum is present, the outcome of Proposal 2 will be determined by the vote of the holders of a majority of the Company's outstanding stock having voting power present, in person or by proxy, at the Annual Meeting.

**Shareholder Proposals, Nominations and Communications**

*May a shareholder nominate someone at the Annual Meeting to be a director of Unitrin or bring any other business before the Annual Meeting?*

The Company's Amended and Restated Bylaws ( Bylaws ) require advance notice to the Company if a shareholder intends to attend an annual meeting of shareholders in person and to nominate someone for election as a director or to bring other business before the meeting. Such a notice may be made only by a shareholder of record within the time period established in the Bylaws and described in each year's proxy statement. The deadline for notices in relation to the 2005 Annual Meeting has expired and the Company did not receive any such notices during the prescribed notice period. Accordingly, no such director nominations or other business proposed from the floor of the 2005 Annual Meeting will be in order. The procedures for shareholder nominations and other proposals relating to the 2006 Annual Meeting are summarized below in the answers to the following two questions.

*How can a shareholder nominate someone to be a director of Unitrin or bring any other business before the 2006 Annual Meeting?*

In accordance with the advance notice requirements of the Bylaws described above, if a shareholder of record wishes to nominate directors or bring other business to be considered by shareholders at the 2006 Annual Meeting, such proposals must be made in writing to the Company no later than March 6, 2006 and no earlier than February 3, 2006. However, if the date of the 2006 Annual Meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary date of the 2005 Annual Meeting (*i.e.*, May 4, 2006), then such nominations and proposals must be delivered in writing to the Company no earlier than 90 days prior to the 2006 Annual Meeting and no later than the close of business on the *later* of (i) the 60th day prior to the 2006 Annual Meeting, or (ii) the 10th day following the

day on which public announcement of the date of the 2006 Annual Meeting is first made.

All shareholder proposals and notices should be submitted to Scott Renwick, Secretary, Unitrin, Inc., One East Wacker Drive, Chicago, Illinois 60601.

Please note that these requirements relate only to matters intended to be proposed from the floor of the 2006 Annual Meeting. They are separate from certain SEC requirements

## **Table of Contents**

which must be met in order to have shareholder proposals included in the Company's Proxy Statement, as described immediately below.

*When are shareholder proposals due so that they may be included in Unitrin's Proxy Statement for the Annual Meeting of Shareholders to be held in 2006?*

Pursuant to regulations of the SEC, shareholders who intend to submit proposals for inclusion in the Company's proxy materials for the 2006 Annual Meeting must do so no later than November 28, 2005. Certain other SEC requirements must also be met to have a shareholder proposal included in the Company's Proxy Statement. In addition, these requirements are independent of the advance notice requirements of the Company's Bylaws described immediately above. Under SEC rules in effect on the date of this Proxy Statement, shareholder nominations of persons for election to the Board of Directors are not eligible for inclusion in the Company's proxy materials. All shareholder proposals and notices should be submitted to Scott Renwick, Secretary, Unitrin, Inc., One East Wacker Drive, Chicago, Illinois 60601.

*How may a shareholder communicate with the Board of Directors?*

Shareholders may communicate with the Board of Directors by calling the Unitrin Corporate Responsibility Hotline at 888-217-7925 or submitting a report or inquiry online at [www.tnwinc.com/webreport](http://www.tnwinc.com/webreport).

The Hotline is managed by an independent company, and reports can be made anonymously or confidentially. Communications addressed to the non-management directors as a group will be directed to the Chairman of the Nominating & Corporate Governance Committee.

## **Cost of Proxy Solicitation**

*What are the costs of soliciting these proxies and who pays them?*

The Company has retained the services of W.F. Doring & Co., Inc. ( "Doring" ) to aid in the solicitation of proxies. Doring estimates that its fees and expenses for these services will not exceed \$15,000. The Company will bear the total expense of the solicitation which will include, in addition to the amounts paid to Doring, amounts paid to reimburse banks, brokerage firms and others for their expenses in forwarding solicitation material. Although the principal solicitation of proxies is being made by mail, additional proxy solicitation may be made through direct communication with certain shareholders or their representatives by directors, officers and employees of the Company.

and its subsidiaries, who will receive no additional compensation for such solicitation.

### **Additional Information about Unitrin and Householding Requests**

*Where can I find more information about Unitrin?*

Unitrin files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports, and other information with the SEC. The

## **Table of Contents**

public can obtain copies of these materials by visiting the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549, by calling the SEC at 800-SEC-0330, or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, as soon as reasonably practicable after such materials are filed with or furnished to the SEC, the Company makes copies available to the public free of charge (other than access charges by internet service providers) on or through its website at [www.unitrin.com](http://www.unitrin.com). You also may obtain these materials and additional information regarding Unitrin as follows:

Contact Unitrin Investor Relations by telephone at 312-661-4930, or by e-mail at [investor.relations@unitrin.com](mailto:investor.relations@unitrin.com).

Write to Unitrin at One East Wacker Drive, Chicago, Illinois 60601, Attention: Investor Relations.

*How may shareholders with the same address request delivery of either single or multiple copies of the proxy statement?*

If you share an address with another shareholder, you may have received only one Proxy Statement unless you provided contrary instructions. This is commonly referred to as "householding." If you wish, you may request a separate copy from the Company at the address or phone number noted above. Similarly, if you and another shareholder sharing your address received multiple copies of this Proxy Statement, you may request a single copy for future deliveries of communications from the Company at the address or phone number listed above.

## **CORPORATE GOVERNANCE**

The Company has adopted the following guidelines, charters and codes, which are posted on the Company's website ([www.unitrin.com](http://www.unitrin.com)) in the Corporate Governance section. Copies of these documents may also be obtained free of charge by request to the Company at the address or phone number listed in the preceding section.

Corporate Governance Guidelines

Charters of the Committees of the Board of Directors

Audit Committee

Compensation Committee

Nominating & Corporate Governance Committee

Code of Business Conduct and Ethics

Code of Ethics for Financial Executives

The Code of Ethics for Financial Executives applies to its principal executive officer, principal financial officer, principal accounting officer and controller. The Company intends to disclose future amendments to, and any waivers from (though none are anticipated), the Code of Ethics for Financial Executives in the Corporate Governance section on its website.

**Table of Contents****OWNERSHIP OF UNITRIN COMMON STOCK****Directors and Executive Officers**

The following table shows the beneficial ownership of the Company's common stock ( Common Stock ) as of March 14, 2005 (unless otherwise indicated) by: (i) each director, including directors who are also executive officers; (ii) each other executive officer named in the Summary Compensation Table beginning on page 26 ( named executive officers ); and (iii) all directors and executive officers as a group. To the Company's knowledge, the beneficial owner has both sole voting and sole dispositive powers with respect to the shares listed opposite his or her name, unless otherwise indicated.

<b>Name</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class(a)</b>
<i>Directors</i>		
James E. Annable	51,239(b)	*
Eric J. Draut <i>Executive Vice President &amp; Chief Financial Officer</i>	261,301(b)	*
Donald V. Fites	5,000(b)	*
Douglas G. Geoga	26,596(b)	*
Reuben L. Hedlund	14,000(b)	*
Jerrold V. Jerome	323,257(b)	*
William E. Johnston, Jr.	30,764(b)	*
Wayne Kauth	9,819(b)	*
Fayez S. Sarofim	4,809,601(b),(c)	6.97%
Donald G. Southwell <i>President &amp; Chief Operating Officer</i>	297,848(b)	*
Richard C. Vie <i>Chairman of the Board &amp; Chief Executive Officer</i>	1,088,346(b),(d)	1.56%
Ann E. Ziegler	19,550(b)	*
<i>Named Executive Officers (other than Messrs. Vie, Southwell and Draut listed above)</i>		
Edward J. Konar <i>Vice President</i>	54,141(b)	*
Scott Renwick <i>Senior Vice President, General Counsel &amp; Secretary</i>	143,173(b)	*
<i>Directors and All Executive Officers as a Group (17 persons)</i>	7,287,973(e)	10.36%

- (a) Based on the number of shares outstanding on the record date, March 14, 2005, plus shares deemed outstanding pursuant to rules of the SEC that are attributable to vested stock options (see notes (b) and (e) below). An asterisk in this column indicates ownership of less than 1% of the outstanding Common Stock. Each outstanding share of Common Stock includes an attached right under the Company's shareholder rights plan adopted August 4, 2004 (the Rights Plan). Among other provisions of the Rights Plan, if any person or group beneficially owns 15% or more (22% or more in the case of the Company's existing stockholder, Singleton Group LLC, and certain



related persons) of

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**Table of Contents**

the Common Stock without approval of the Board of Directors, then each shareholder (other than the non-approved acquirer and its affiliates and transferees) would be entitled to buy Common Stock having twice the market value of the exercise price of the rights, which has been set at \$150.00.

- (b) Shares shown for the directors and the named executive officers include shares which they have the right to acquire as of March 14, 2005 or within 60 days thereafter through the exercise of stock options. The number of such shares for each of such persons is as follows: Annable (24,894); Draut (205,744); Fites (0); Geoga (24,596); Hedlund (12,000); Jerome (6,342); Johnston (26,764); Kauth (4,000); Sarofim (0); Southwell (209,028); Vie (581,569); Ziegler (16,000); Konar (27,646); and Renwick (111,784).
- (c) Based upon information as of December 31, 2004 contained in an amendment to a Schedule 13G filed jointly with the SEC by Mr. Sarofim and Fayeze Sarofim & Co., Mr. Sarofim may be deemed to be the beneficial owner of 4,809,601 shares of Common Stock. Of such shares, Mr. Sarofim reported sole voting and dispositive powers as to 2,024,670 shares, shared voting power as to 2,463,399 shares, and shared dispositive power as to 2,784,931 shares. Substantially all of the shares which are not subject to sole voting and dispositive powers are held in accounts managed by Fayeze Sarofim & Co. (of which Mr. Sarofim is the Chairman of the Board, President, a director, and the majority shareholder) or by its wholly-owned subsidiaries, Sarofim Trust Co. and Sarofim International Management Company, or are owned directly by Sarofim International Management Company for its own account. Fayeze Sarofim & Co. maintains policies which preclude Mr. Sarofim from exercising voting and dispositive powers with respect to Common Stock held in accounts managed by Fayeze Sarofim & Co. and its subsidiaries. Shares shown also include 9,968 shares held in trusts for which Mr. Sarofim is a trustee, and with respect to which he disclaims beneficial ownership. Mr. Sarofim's mailing address is Two Houston Center, Suite 2907, Houston, Texas 77010.
- (d) Shares shown for Mr. Vie include 15,834 shares held by a trust, the trustee of which is his wife. Mr. Vie disclaims beneficial ownership of such shares.
- (e) Shares shown for directors and all executive officers as a group include shares beneficially owned by (i) all directors, (ii) all named executive officers, and (iii) all other executive officers of the Company. Such shares include shares that any such director or executive officer has the right to acquire as of March 14, 2005 or within 60 days thereafter through the exercise of stock options.

**Table of Contents****Certain Beneficial Owners**

The following table shows the beneficial ownership of Common Stock by each person, other than the Company's directors and executive officers shown above, known by the Company to be the beneficial owner of more than five percent of the outstanding Common Stock. To the Company's knowledge, the beneficial owner has both sole voting and sole dispositive powers with respect to the shares listed opposite the beneficial owner's name, unless otherwise indicated.

<b><u>Name and Address</u></b>	<b><u>Amount and Nature of Beneficial Ownership</u></b>	<b><u>Percent of Class(a)</u></b>
Singleton Group LLC 11661 San Vicente Blvd., Suite 915  Los Angeles, California 90049	13,600,520 (b)	19.7%
Ronya Kozmetsky P.O. Box 2253  Austin, Texas 78768	4,072,420 (c)	5.9%
Barclays Global Investors, NA, Barclays Global Fund Advisors and Barclays Global Investors, Ltd. 45 Fremont Street  San Francisco, CA 94105	3,945,751 (d)	5.7%

- (a) Based on the number of shares outstanding on the record date, March 14, 2005. Each outstanding share of Common Stock includes an attached right under the Company's Rights Plan. See footnotes (a) and (b) to the table in the above section entitled "Directors and Executive Officers."
- (b) The following information is based on a Schedule 13D/A filed with the SEC on March 22, 2005 (the "Schedule 13D/A"). The Singleton Group LLC ("LLC") directly owns 13,600,520 shares of Common Stock. Caroline W. Singleton is the trustee and beneficial owner of a trust that has a membership interest in the LLC. William W. Singleton also is the trustee and beneficiary of a trust that has a membership interest in the LLC. Caroline W. Singleton and William W. Singleton disclaim beneficial interest of the Common Stock held by the LLC, except to the extent of their pecuniary interests therein.

As reported in the Schedule 13D/A, the LLC and Caroline W. Singleton, William W. Singleton and Donald E. Rugg, as managers of the LLC, share voting and dispositive power with respect to the shares of Common Stock held by the LLC.

In addition to the Common Stock held by the LLC, the Schedule 13D/A reports that Donald E. Rugg has sole voting and dispositive powers with respect to 266 shares of Common Stock. As a result of such shares

beneficially owned outside of the LLC, Donald E. Rugg may be deemed a beneficial owner of 13,600,786 shares of Common Stock, which constitutes 19.7% of the Common Stock.

- (c) Based upon information as of December 31, 2004 contained in a Schedule 13G filed by Ronya Kozmetsky with the SEC, Ms. Kozmetsky is the beneficial owner of 4,072,420 shares of Common Stock, of which she has sole voting and dispositive powers.

**Table of Contents**

- (d) Based upon information as of December 31, 2004 contained in a Schedule 13G filed with the SEC, Barclays Global Investors, NA, Barclays Global Fund Advisors and Barclays Global Investors, Ltd. beneficially own an aggregate of 3,945,751 shares of Common Stock, as to which the owner has sole dispositive powers and which includes 3,697,090 shares as to which the owner has sole voting powers. Of such aggregate ownership: Barclays Global Investors, NA beneficially owns 1,039,025 shares, as to which it has sole dispositive powers and which includes 804,223 shares as to which it has sole voting powers; Barclays Global Fund Advisors beneficially owns 2,842,928 shares, as to which it has sole dispositive powers and which includes 2,835,869 shares as to which it has sole voting powers; and Barclays Global Investors, Ltd. beneficially owns 63,798 shares, as to which it has sole dispositive powers and which includes 56,998 shares as to which it has sole voting powers.

The address of the principal business office of Barclays Global Investors NA and Barclays Global Fund Advisors is 5 Fremont Street, San Francisco, CA 94105. The address of the principal business office of Barclays Global Investors, Ltd. is Murray House, 1 Royal Mint Court, London, EC3N 4HH.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company's equity securities, to file with the SEC reports of ownership and reports of changes in ownership of such securities. Directors, executive officers and greater than ten percent shareholders are required to furnish the Company with copies of all the reports they file under Section 16(a). Based on the Company's knowledge of stock transfers, its review of copies of reports filed under Section 16(a) and written representations by persons furnished to the Company, the Company believes that all filing requirements applicable to its directors, executive officers and more than ten percent beneficial owners were complied with for the fiscal year ended December 31, 2004.

**Table of Contents**

**PROPOSAL 1:**

**ELECTION OF DIRECTORS**

**Election**

Twelve directors are to be elected at the Annual Meeting to serve for a term of one year or until the election of their successors. If any of the persons named below declines or is unable to serve as a director (which is not anticipated), the designated proxies listed on the proxy card reserve full discretion to vote for any or all other persons as may be nominated.

**Business Experience of Nominees**

The following is a summary of the business experience during the last five years of each person nominated to be a director of the Company:

*James E. Annable*, 61, has been a director of the Company since November 1993. Dr. Annable serves as Economic Advisor to the President of JPMorgan Chase Corporation and Secretary to the Federal Advisory Council of the Board of Governors of the Federal Reserve Board. Prior to these positions, Dr. Annable was Senior Vice President and Director of Economics of Bank One Corporation from July 1999 through June 2001. Prior to June 2001, Dr. Annable served as a Senior Vice President and Chief Economist of Bank One Corporation and its predecessors.

*Eric J. Draut*, 47, has been a director of the Company since February 2002 at which time he was elected Executive Vice President. Mr. Draut is the Company's Chief Financial Officer, a position he has held since February 1997. Mr. Draut was a Senior Vice President of the Company from February 1999 until February 2002, and served as Treasurer from April 1992 until February 2002. Mr. Draut was a Vice President between October 1997 and February 1999, and Controller from February 1990 until February 1997.

*Donald V. Fites*, 70, has been a director since November 2004. From 1990 until his retirement in 1999, Mr. Fites served as chairman and chief executive officer of Caterpillar Inc., a global manufacturer of construction and mining equipment and engines. Mr. Fites currently serves as a member of the Board of Directors of Georgia-Pacific Corporation, Wolverine Worldwide, AK Steel Corporation and Oshkosh Truck Corporation.

*Douglas G. Geoga*, 49, has been a director of the Company since February 2000. Mr. Geoga is the President of Global Hyatt Corporation. Since November 2002, Mr. Geoga has served as the President of Hyatt Corporation and the President of AIC Holding Co., the parent corporation of Hyatt International Corporation, both privately-held subsidiaries of Global Hyatt Corporation which collectively operate the Hyatt chain of full-service hotels throughout the world. In addition, since January 2000, he has served as the President of Hospitality Investment Fund, L.L.C., a privately-held firm engaged in making investments in lodging and hospitality companies and projects. Prior to that, Mr. Geoga held a variety of positions with Hyatt Hotels & Resorts, including serving as its President from 1994 until January 1, 2000.

**Table of Contents**

*Reuben L. Hedlund*, 68, has been a director of the Company since November 1993. He has been a managing director or partner of the Chicago law firm of Hedlund & Hanley, LLC (and its predecessor firms) for more than the last five years.