Hilltop Holdings Inc.
Form DEF 14A
April 30, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

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

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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

NOTICE OF 2013 ANNUAL MEETING

AND PROXY STATEMENT

April 30, 2013

You are cordially invited to attend our 2013 Annual Meeting of Stockholders at 10:00 a.m., Dallas, Texas, local time, on June 12, 2013. The meeting will be held at The Crescent Club at 200 Crescent Court, 17th Floor, Dallas, Texas 75201.

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

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

The Notice of Internet Availability of Proxy Materials or this proxy statement and the accompanying proxy card, Notice of 2013 Annual Meeting of Stockholders and annual report for the year ended December 31, 2012 were first mailed to all stockholders of record on or about April 30, 2013.

We look forward to seeing you at the meeting.

Very truly yours,

Jeremy B. Ford
Chief Executive Officer

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 12, 2013.

Our proxy statement and our annual report for the fiscal year ended December 31, 2012 are both available at www.proxyvote.com.

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Hilltop Holdings Inc.

200 Crescent Court, Suite 1330

Dallas, Texas 75201

Tel: 214.855.2177

Fax: 214.855.2173

www.hilltop-holdings.com

NYSE: HTH

Notice of 2013 Annual Meeting of Stockholders

To Be Held on June 12, 2013

WHEN: Wednesday, June 12, 2013, at 10:00 a.m., Dallas, Texas local time

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

WHY: At this meeting, you will be asked to:

1. Elect 21 directors to serve on our Board of Directors until the 2014 annual meeting of stockholders and until their successors are duly elected and qualified;
2. Conduct an advisory vote to approve executive compensation;
3. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013; and
4. Transact any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

WHO MAY VOTE: Stockholders of record at the close of business on April 9, 2013.

ANNUAL REPORT: Our 2012 Annual Report is enclosed.

Pursuant to rules promulgated by the Securities and Exchange Commission, we are providing access to our proxy materials, including this proxy statement and our annual report for the year ended December 31, 2012, over the Internet. As a result, we are mailing to many of our stockholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our proxy materials. The notice contains instructions

on how to access those proxy materials over the Internet, as well as instructions on how to request a paper copy of our proxy materials. All stockholders who are not sent a notice will be sent a paper copy of our proxy materials by mail. This electronic distribution process reduces the environmental impact and lowers the costs of printing and distributing our proxy materials.

Your vote is very important. Please read the proxy statement and voting instructions on the enclosed proxy card. Then, whether or not you plan to attend the annual meeting in person, and no matter how many shares you own, please vote by Internet, telephone or by marking, signing, dating and promptly returning the enclosed proxy card in the enclosed envelope, which requires no additional postage if mailed in the United States. Please see General Information - What should I do if I want to attend in person? for information on how to obtain directions to be able to attend the meeting and vote in person.

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By Order of the Board of Directors,

Corey G. Prestidge
General Counsel & Secretary

April 30, 2013
Dallas, Texas

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HILLTOP HOLDINGS INC.

200 Crescent Court, Suite 1330

Dallas, Texas 75201

PROXY STATEMENT

2013 Annual Meeting of Stockholders

To be Held on June 12, 2013

GENERAL INFORMATION

The Notice of Internet Availability of Proxy Materials or this Proxy Statement and the accompanying proxy card, Notice of 2013 Annual Meeting of Stockholders and Annual Report on Form 10-K for the year ended December 31, 2012 were first mailed to all stockholders of record on or about April 30, 2013.

Unless otherwise indicated or unless the context otherwise requires, all references in this Proxy Statement to the Company , Hilltop , we , us , ou and similar expressions are references to Hilltop Holdings Inc. All references to NLASCO are references to NLASCO, Inc., our wholly-owned property and casualty insurance holding company. All references to PlainsCapital are references to PlainsCapital Corporation, our wholly owned financial services holding company; references to the Bank refer to PlainsCapital Bank (a wholly owned subsidiary of PlainsCapital Corporation); references to First Southwest refer to First Southwest Holdings, LLC (a wholly owned subsidiary of the Bank) and its subsidiaries as a whole; and references to PrimeLending refer to PrimeLending, a PlainsCapital Company (a wholly owned subsidiary of the Bank) and its subsidiaries as a whole.

Why am I receiving these proxy materials?

The Board of Directors of Hilltop Holdings Inc., or the Board of Directors, has made these materials available to you on the Internet or has delivered printed versions of these materials to you by mail in connection with the Board of Directors solicitation of proxies for use at our 2013 Annual Meeting of Stockholders, or the Annual Meeting, which will take place at 10:00 a.m. (Dallas, Texas time) on Wednesday, June 12, 2013, at The Crescent Club, 200 Crescent Court, 17th Floor, Dallas, Texas 75201. This Proxy Statement describes matters on which you, as a stockholder, are entitled to vote. This Proxy Statement also gives you information on these matters so that you can make an informed decision.

Why did I receive a one-page Notice in the mail regarding the Internet availability of proxy materials instead of printed proxy materials?

In accordance with rules promulgated by the Securities and Exchange Commission, or the SEC, instead of mailing a printed copy of our proxy materials to all of our stockholders, we have elected to furnish such materials to selected stockholders by providing access to these documents over the Internet. Accordingly, on or about April 30, 2013, we sent a Notice of Internet Availability of Proxy Materials, or the Notice, to selected stockholders of record and beneficial owners. These stockholders have the ability to access the proxy materials on a website referred to in the Notice or to request to receive a printed set of the proxy materials by calling the toll-free number found on the Notice. We encourage you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the environmental impact of the Annual Meeting.

How can I get electronic access to the proxy materials?

The Notice provides you with instructions regarding how to:

- view our proxy materials for the Annual Meeting on the Internet;
- vote your shares after you have viewed our proxy materials;
- register to attend the meeting in-person;
- request a printed copy of the proxy materials; and
- instruct us to send our future proxy materials to you electronically by email.

Copies of the proxy materials are available for viewing at www.proxyvote.com.

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You may have received proxy materials by email. Even if you received a printed copy of our proxy materials, you may choose to receive future proxy materials by email. Choosing to receive your future proxy materials by email will lower our costs of delivery and will reduce the environmental impact of our annual meetings. If you choose to receive our future proxy materials by email, you will receive an email next year with instructions containing a link to view those proxy materials and link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it or for so long as the email address provided by you is valid.

What am I voting on?

At the Annual Meeting, stockholders will be asked to:

- Elect 21 directors to serve on our Board of Directors until the 2014 Annual Meeting of Stockholders and until their successors are duly elected and qualified;

- Conduct an advisory vote to approve executive compensation;

- Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013; and

- Transact any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

What are the Board of Directors recommendations?

The Board of Directors recommends that you vote your shares:

- **FOR** each of our director candidates;

- **FOR**, on an advisory basis, the approval of the compensation of our named executive officers; and

- **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013.

Who is entitled to vote?

Holders of record of our common stock at the close of business on April 9, 2013, are entitled to vote at the meeting. Each stockholder is entitled to cast one vote for each share of common stock owned on each matter presented.

How do I vote?

If you are a stockholder of record, there are four ways to vote:

- *In Person*. You may vote in person at the Annual Meeting. Bring your printed proxy card if you received one by mail. Otherwise, we will provide stockholders of record a ballot at the Annual Meeting. We recommend that you vote by proxy even if you plan to attend the Annual Meeting. You always can change your vote at the Annual Meeting.

- *Via the Internet*. You may vote by proxy via the Internet by visiting www.proxyvote.com. Have your proxy card or Notice in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

- *Via Telephone*. If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the proxy card.

- *Via Mail*. If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by marking, signing and dating the proxy card and sending it back in the envelope provided.

If you have shares of our common stock that are held by a broker or other nominee, you may instruct your broker or nominee to vote your shares by following the instructions that the broker or nominee provides you. New York Stock Exchange rules prohibit your broker from voting for the election of directors and executive compensation on your behalf without specific voting instructions from you. Many brokers allow stockholders to provide voting instructions by mail, telephone and the Internet.

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How do proxies work?

Our Board of Directors is asking for your proxy. Giving your proxy to the persons named by us means you authorize them to vote your shares at the Annual Meeting in the manner you direct. You may vote for all, some or none of our director candidates, and you may vote for or against, or abstain from voting on, executive compensation and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013.

If you are a stockholder of record, and you indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors or you sign and return the enclosed proxy card, but do not specify how your shares are to be voted, your shares will be voted **FOR** the election of all of our director candidates, **FOR** the approval of our executive compensation and **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013.

If you are a beneficial owner of shares held in street name and you do not provide the organization that holds your shares with specific voting instructions, under the rules promulgated by the New York Stock Exchange, the organization that holds your shares may generally vote on routine matters at its discretion, but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on such matters with respect to your shares, which is generally referred to as a broker non-vote.

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

Which matters are considered routine or non-routine ?

The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013, is considered to be a routine matter. A broker or other nominee may generally vote on routine matters and, therefore, no broker non-votes are expected to exist with respect to this matter. All other matters set forth in this Proxy Statement are matters that we believe will be designated non-routine matters. A broker or other nominee cannot vote without instructions on non-routine matters and, therefore, there will be broker non-votes on all matters other than the ratification of the appointment of PricewaterhouseCoopers LLP.

Can I change my vote or revoke my proxy after I have voted?

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting, or earlier deadline specified in the Notice or the proxy card, by voting again via the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted), by signing and returning a new proxy card or vote instruction form with a later date, or by attending the Annual Meeting and voting in person. Your attendance at the Annual Meeting, however, will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering, prior to the Annual Meeting, a written

notice of revocation to the corporate Secretary at the address listed under Questions on page 54.

Will my shares be voted if I don t sign a proxy?

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

What constitutes a quorum?

In order to carry on the business of the meeting, we must have a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either in person or by proxy. Shares owned by us are not voted and do not count for this purpose. Both abstentions and broker non-votes (described below) are counted as present for purposes of determining the presence of a quorum. On April 9, 2013, we had 83,487,340 shares of common stock outstanding and entitled to vote at the meeting.

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How many votes are needed for approval?

Election of Directors

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

Advisory Vote to Approve Executive Compensation

The affirmative vote of a majority of the votes cast on the matter is required to approve, on an advisory basis, executive compensation. The Compensation Committee of the Board of Directors will review the results of this matter and will take the results into account in making future determinations concerning executive compensation. For purposes of the advisory vote on executive compensation, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

Ratification of Independent Registered Public Accounting Firm

The appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013 will be ratified if this proposal receives the affirmative vote of a majority of the votes cast on the matter. Brokers have the authority to vote **FOR** this proposal in the absence of contrary instructions from a beneficial owner. If this appointment is not ratified by stockholders, the Audit Committee and Board of Directors may reconsider its recommendation and appointment, respectively. With respect to this proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

Who conducts the proxy solicitation?

Our Board of Directors is soliciting the proxies, and we will bear all costs of this solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement. Copies of proxy materials will be furnished to banks, brokerage houses and other agents and nominees holding shares in their names that are beneficially owned by others so that they may forward the proxy materials to those beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding the proxy materials to the beneficial owners. We have requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward all proxy materials to the beneficial owners of the shares that they hold of record. Certain of our officers and employees also may solicit proxies on our behalf by mail, email, phone or fax or in person.

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

You will need an admission ticket to attend the Annual Meeting. Attendance at the Annual Meeting will be limited to stockholders of record at the close of business on April 9, 2013 (or their authorized representatives) having an admission ticket or proof of their share ownership, and guests of the Company. If you plan to attend the meeting, please indicate this when you are voting by telephone or Internet or follow the instructions on your proxy card, and we will promptly mail an admission ticket to you.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you can obtain an admission ticket in advance by providing proof of your ownership, such as a bank or brokerage account statement, to the corporate Secretary at the address listed under Questions on page 54. If you do not have an admission ticket, you must show proof of your ownership of the Company s common stock at the registration table at the door.

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PROPOSAL ONE ELECTION OF DIRECTORS

General

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

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

Our Board of Directors is not classified; thus, all of our directors are elected annually. The Nominating and Corporate Governance Committee has recommended, and our Board of Directors has nominated, for re-election all 21 persons currently serving as directors whose terms are expiring at the 2013 Annual Meeting of Stockholders.

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

In connection with our acquisition of PlainsCapital, we agreed to expand our Board of Directors and appoint nine additional directors from the directors serving on the PlainsCapital board of directors immediately prior to the closing of the acquisition. As a result, the Nominating and Corporate Governance Committee recommended the appointment of, and the Board of Directors appointed, the following legacy PlainsCapital directors to our Board of Directors effective November 30, 2012: Charlotte Jones Anderson, Tracy A. Bolt, Hill A. Feinberg, James R. Huffines, Lee Lewis, Andrew J. Littlefair, A. Haag Sherman, Robert C. Taylor, Jr. and Alan B. White.

Our Board of Directors has affirmatively determined that 12 of the 21 nominees for election as directors at the Annual Meeting have no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) and are independent within the meaning of the director independence requirements of the listing standards of the New York Stock Exchange, or NYSE. The independent directors are Charlotte Jones Anderson, Rhodes Bobbitt, Tracy A. Bolt, W. Joris Brinkerhoff, Charles R. Cummings, J. Markham Green, Jess T. Hay, William T. Hill, Jr., Andrew J. Littlefair, W. Robert Nichols, III, A. Haag Sherman and Robert C. Taylor, Jr. The determinations regarding the independence of these individuals were based upon information known by the members of the Board of Directors concerning each other and supplied by each of the directors for the purpose of this determination. In making its annual review on director independence, the Board of Directors considered transactions and relationships between each director and any member of his or her immediate family and the Company. The Board of Directors considered that four directors it determined to be independent Ms. Anderson and Messrs. Bolt, Littlefair and Taylor have, or a member of their immediate family or an affiliated company in which they are employed or in which they are a principal equity holder has, received loans from the Bank in the ordinary course of business that our Board of Directors did not view as compensation. In our management s opinion, these loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by the Bank with other unaffiliated persons and do not involve more than normal risk of collectability. In addition, the Board of Directors considered transactions between the Bank and Clean Energy Finance, Inc., a subsidiary of Clean Energy Fuels Corp., a company for which Andrew J. Littlefair serves as a director and president and chief executive officer. Mr. Littlefair

also beneficially owned 2.0% of Clean Energy Fuels Corp. at March 18, 2013. In 2012 and late 2011, the Bank purchased, in a series of transactions, an aggregate of approximately $6.1 million in original principal amount of promissory notes issued by unaffiliated third parties from Clean Energy Finance, Inc. Although purchased at premium to the outstanding principal balance on the notes, at the time of purchase, the interest rates on the notes exceeded the market rates charged by the Bank on similar-type loans that it originated. Clean Energy Finance, Inc. performs the servicing on the notes at no cost to the Bank and sold the notes with recourse to Clean Energy Finance, Inc. in the event of default. The aggregate payments of the purchase prices in these transactions constituted less than 2% of the consolidated gross revenues of each of Clean Energy Fuels Corp. and the Company in 2012 and were made in the ordinary course of business in arms-length transactions. Mr. Littlefair did not have a direct financial interest in any of the transactions with Clean Energy Finance, Inc. Assuming the election of our 21 nominees, all of our directors, other than Messrs. Hill A. Feinberg,

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Gerald Ford, Jeremy Ford, James R. Huffines, Lee Lewis, Clifton Robinson, Kenneth D. Russell, Carl Webb and Alan B. White, also will be independent directors, as set forth in our Director Independence Criteria. The full text of the Director Independence Criteria can be found in the Corporate Information Governance Documents section of our website at www.hilltop-holdings.com. A copy also may be obtained upon request by writing our corporate Secretary at the address provided on page 54.

Our Board of Directors met six times during 2012. During 2012, no director attended fewer than 75% of the meetings of the Board of Directors and of the board committees on which he or she served. Because fewer than ten non-management stockholders usually attend our annual meetings in person, our Board of Directors has not adopted a formal policy with regard to director attendance at the annual meetings of stockholders. We, however, encourage members of the Board of Directors to attend annual meetings. Messrs. Jeremy Ford and Robert Nichols attended the 2012 annual meeting of stockholders.

Nominees for Election as Directors

Charlotte Jones Anderson Age 46	Ms. Anderson has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. She previously served as a director of PlainsCapital from September 2009 to November 2012. She currently serves as Executive Vice President, Brand Management and President of Charities for the Dallas Cowboys Football Club, Ltd., a National Football League team. She has worked in various capacities for the Dallas Cowboys organization since 1990. A native of Little Rock, Arkansas, Ms. Anderson is a graduate of Stanford University where she earned a Bachelor of Science degree in Human Biology. Ms. Anderson is actively involved with a number of charitable and philanthropic organizations, including The Boys and Girls Clubs of America (regional trustee), the Salvation Army (board of directors), The Rise School (board of directors), the Southwest Medical Foundation (board of directors), the Dallas Symphony (board of directors), and the President s Advisory Counsel for The Dallas Center for Performing Arts Foundation.
Rhodes R. Bobbitt Age 67	Mr. Bobbitt has served as a director of Hilltop since November 2005. Mr. Bobbitt is retired. From 1987 until June 2004, he served as a Managing Director and the Regional Office Manager of the Private Client Service Group of Credit Suisse First Boston/Donaldson, Lufkin & Jenrette. Mr. Bobbitt was formerly Vice President of Security Sales in the Dallas office of Goldman, Sachs & Company from 1969 until 1987. He also serves on the Board of Directors of First Acceptance Corporation, including the Nominating and Corporate Governance, Investment, and Audit Committees of that company.
Tracy A. Bolt Age 49	Mr. Bolt has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from September 2009 to November 2012. In 1994, Mr. Bolt co-founded Hartman Leito & Bolt, LLP, an accounting and consulting firm based in Fort Worth, Texas, where he serves as a partner and is a member of the firm s executive and compensation committees. Mr. Bolt holds a Bachelor of Science and Master of Science from the University of North Texas, and he is a certified public accountant. He currently serves as a business advisor to numerous management teams, public and private company boards, not for profit organizations and trusts.
W. Joris Brinkerhoff Age 61	Mr. Brinkerhoff has served as a director of Hilltop since June 2005. Mr. Brinkerhoff founded a Native American-owned joint venture, Doyon Drilling Inc. J.V., in 1981 and served as its operations Chief Executive Officer and Chief Financial Officer until selling his venture interests in 1992. Doyon Drilling Inc. J.V. designed, built, leased and operated state of the art mobile drilling rigs for ARCO and British Petroleum in conjunction with their development of the North Slope Alaska petroleum fields. Mr. Brinkerhoff currently manages, on a full-time basis, family interests, including oil

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	and gas production, a securities portfolio and various other business interests. He actively participates in numerous philanthropic organizations.
Charles R. Cummings Age 76	Mr. Cummings has served as a director of Hilltop since October 2005. Mr. Cummings currently serves as the Co-Manager of Acoustical Control LLC, a provider of noise abatement primarily for the oil and gas industry; DQB Solutions, LLC, a service provider to the waste industry; and Argyle Equipment, LLC, a lessor of equipment to the waste industry. In addition, Mr. Cummings is the President and Chief Executive Officer of CB Resources LLC, an investor in the oil and natural gas industry, and Container Investments, LLC, a lessor of equipment to the waste industry, each of which positions he has held since 1999 and 1991, respectively. He also currently serves as Chairman of Aaren Scientific, Inc., a manufacturer of intraocular lenses used in cataract surgery. From 1998 through 2008, he was the Chairman and Chief Executive Officer of Aaren Scientific, Inc. and its predecessors. In 1994, Mr. Cummings co-founded I.E.S.I. Corporation, a regional, non-hazardous waste management company, and serving as a director until its sale in 2005. Prior to that, he served as a Managing Director of AEA Investors, Inc., a private investment firm. Prior to 1979, he was a partner with Arthur Young & Company.
Hill A. Feinberg Age 66	Mr. Feinberg has served as Chairman and Chief Executive Officer of First Southwest since 1991. He has also served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from December 31, 2008 (in conjunction with PlainsCapital s acquisition of First Southwest) to November 2012. Prior to joining First Southwest, Mr. Feinberg was a senior managing director at Bear Stearns & Co. Mr. Feinberg is a past chairman of the Municipal Securities Rulemaking Board, the self-regulatory organization with responsibility for authoring the rules that govern the municipal securities activities of registered brokers. Mr. Feinberg also is a member of the board of directors of Energy XXI (Bermuda) Limited, a public company, and serves as an advisory director of Hall Phoenix Energy, LLC and as the non-executive chairman of the board of directors of General Cryogenics, Inc.
Gerald J. Ford Age 68	Mr. Ford has served as Chairman of the Board of Hilltop since August 2007, and has served as a director of Hilltop since June 2005. Mr. Ford served as interim Chief Executive Officer of Hilltop from January 1, 2010 until March 11, 2010. Mr. Ford is a banking and financial institutions entrepreneur who has been involved in numerous mergers and acquisitions of private and public sector financial institutions, primarily in the Southwestern United States, over the past 35 years. In that capacity, he acquired and consolidated 30 commercial banks from 1975 to 1993, forming First United Bank Group, Inc., a multi-bank holding company for which he functioned as Chairman of the Board and Chief Executive Officer until its sale in 1994. During this period, he also led investment consortiums that acquired numerous financial institutions, forming in succession, First Gibraltar Bank, FSB, First Madison Bank, FSB and First Nationwide Bank. Mr. Ford also served as Chairman of the Board of Directors and Chief Executive Officer of Golden State Bancorp Inc. and its subsidiary, California Federal Bank, FSB, from 1998 to 2002. He currently participates on the boards of directors of McMoRan Exploration Co., Freeport McMoRan Copper and Gold Inc., SWS Group, Inc. and Scientific Games Corporation. Mr. Ford previously served as Chairman of Pacific Capital Bancorp and a director of First Acceptance Corporation and Triad Financial Corporation. Mr. Ford also currently serves on the Board of Trustees of Southern Methodist University, is the Co-Managing Partner of Ford Financial Fund II, L.P., a private equity fund. Hilltop s President and Chief Executive Officer, Jeremy B. Ford, is the son of Mr. Ford, and Hilltop s General Counsel and Secretary, Corey G. Prestidge, is the son-in-law of Mr. Ford.

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Jeremy B. Ford
Age 38

Mr. Jeremy B. Ford has served as President, Chief Executive Officer and a director of Hilltop since March 2010. Mr. Jeremy B. Ford worked in the financial services industry for over twelve years, primarily focused on investments in, and acquisitions of, depository institutions and insurance and finance companies. He also is one of the individuals who provided services to Hilltop under the prior Management Services Agreement with Diamond A Administration Company, LLC. Accordingly, he has been actively involved in numerous potential acquisitions for Hilltop, the acquisition of NLASCO, Inc. in 2007 and PlainsCapital in 2012, and the divestiture of the mobile home communities business in 2007. Mr. Jeremy B. Ford also is currently Chairman of the Board of First Acceptance Corporation. Prior to becoming President and Chief Executive Officer of Hilltop, he was a principal of Ford Financial Fund, L.P., a private equity fund. From 2004 to 2008, he worked for Diamond A-Ford Corporation, where he was involved in various investments made by a family limited partnership. Prior to that, he worked at Liberté Investors Inc. (now First Acceptance Corporation), California Federal Bank, FSB (now Citigroup Inc.), and Salomon Smith Barney (now Citigroup Inc.). Jeremy Ford is the son of Gerald J. Ford, Hilltop s Chairman of the Board, and the brother-in-law of Corey G. Prestidge, Hilltop s general counsel and secretary.

J. Markham Green
Age 69

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

Jess T. Hay
Age 82

Mr. Hay has served as a director of Hilltop since March 2009. Mr. Hay is the retired Chairman and Chief Executive Officer of Lomas Financial Corporation, formerly a diversified financial services company engaged principally in mortgage banking, retail banking, commercial leasing and real estate lending, and of Lomas Mortgage USA, a mortgage banking institution, from which he retired in December 1994. Since 1987, Mr. Hay has been Chairman of the Texas Foundation for Higher Education, a non-profit organization dedicated to promoting higher education in the State of Texas. As Chairman and Chief Executive Officer of Lomas Financial Corporation, which included during his tenure, a total of five different corporations listed on the New York Stock Exchange, Mr. Hay has had extensive experience with all of the major functions within the operations of a public company. He is retiring as a director of Viad Corp. at its annual meeting in 2013, and previously served as a director of Trinity Industries, Inc. from 1965 to 2011, Exxon Mobil from 1982 to 2001, SBC Communications (now AT&T) from 1985 to 2004 and MoneyGram International, Inc. from 2004 to 2010.

William T. Hill, Jr.
Age 70

Mr. Hill has served as a director of Hilltop since April 2008. He currently has his own law firm. Prior to 2012, Mr. Hill was of counsel at Fitzpatrick Hagood Smith & Uhl, a criminal defense firm. Prior to that, Mr. Hill served as the Dallas District Attorney and the Chief Prosecuting Attorney of the Dallas District Attorney s office. During his tenure at the District Attorney s office, Mr. Hill restructured the office of 250 lawyers and 150 support personnel, including the computerization of the office in 1999. For more than four decades, Mr. Hill has been a strong community leader serving on a number of charitable boards and receiving numerous civic awards, including President of the SMU Mustang Board of Directors and Chairman of the

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	Doak Walker Running Back Award for its first year. Mr. Hill currently serves on the board of directors of Oncor Electric Delivery Company LLC, Oncor Electric Delivery Holdings Company LLC and Baylor Hospital Foundation, and is actively involved in the Mercy Street Mission. Mercy Street is a Christian-based organization serving West Dallas children by placing mentors with the children.
James R. Huffines Age 62	Mr. Huffines is the President and Chief Operating Officer of PlainsCapital, a position he has held since November 2010. He has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from May 2011 to November 2012. Prior to that, Mr. Huffines served as the Chairman of the Central and South Texas region of PlainsCapital Bank, a position he held since joining PlainsCapital in 2001. Mr. Huffines holds a Bachelor of Business Administration in Finance from the University of Texas. He serves on the board of privately held Energy Future Holdings (formerly TXU Corp.), and is the chairman of its audit committee. In addition, Mr. Huffines previously served as Chairman of the University of Texas System Board of Regents for over four years. Mr. Huffines also participates in many community and business organizations, including serving as a member of the advisory board of Texas Lyceum; the Board of Trustees of the Bob Bullock Texas State History Museum Foundation; the Executive Committee of the Chancellor s Council at the University of Texas System; and a member of the Texas Philosophical Society.
Lee Lewis Age 61	Mr. Lewis has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from 1989 to November 2012. He founded in 1976, and currently serves as the chief executive officer of, Lee Lewis Construction, Inc., a construction firm based in Lubbock, Texas. Mr. Lewis graduated from Texas Tech University and is a member of the American General Contractors Association, West Texas Chapter, the Chancellors Council for the Texas Tech University System, and the Red Raider Club.
Andrew J. Littlefair Age 52	Mr. Littlefair has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from September 2009 to November 2012. He is a co-founder of Clean Energy Fuels Corp., a provider of compressed and liquefied natural gas in the United States and Canada that is publicly traded on the NASDAQ Global Select Market, and has served as that company s President, Chief Executive Officer and a director since 2001. From 1996 to 2001, Mr. Littlefair served as President of Pickens Fuel Corp., and from 1987 to 1996, he served in various management positions at Mesa, Inc., an energy company. From 1983 to 1987, Mr. Littlefair served in the Reagan Administration as a Staff Assistant to the President. He is currently Chairman of NGV America, the leading U.S. advocacy group for natural gas vehicles. He earned a Bachelor of Arts in Political Science from the University of Southern California.
W. Robert Nichols, III Age 68	Mr. Nichols has served as a director of Hilltop since April 2008. Mr. Nichols has been a leader in the construction machinery business since 1966. He was the president of Conley Lott Nichols, a dealer for several manufacturers of construction machinery, until its sale in 2012. He has served on numerous bank and bank holding company boards, including United Mexico Bancorp and Ford Bank Group. Mr. Nichols is active in civic and charitable activities, serving as an active director at M.D. Anderson Hospital, The Nature Conservancy of Texas, Mercy Street and Baylor Hospital Emergency Center capital campaign.

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C. Clifton Robinson
Age 75

Mr. Robinson has served as a director of Hilltop since March 2007. From 2000 until its acquisition by a subsidiary of Hilltop in January 2007, Mr. Robinson was Chairman of the Board and Chief Executive Officer of NLASCO, Inc., an insurance holding company domiciled in Texas. Until December 2012, Mr. Robinson served as Chairman of the Board of NLASCO, Inc. In 2000, Mr. Robinson formed NLASCO, Inc. in conjunction with the acquisition of American Summit Insurance Company and the reacquisition of National Lloyds Insurance Company, which he had initially acquired in 1964 and later sold. In 1979, he organized National Group Corporation for the purpose of purchasing insurance companies and related businesses. In 1964, he became the President and Chief Executive Officer of National Lloyds Insurance Company in Waco, Texas, one of the two current insurance subsidiaries of NLASCO, Inc. From 1964 to the present, Mr. Robinson has participated in the formation, acquisition and management of numerous insurance business enterprises. Mr. Robinson established the Robinson-Lanham Insurance Agency in 1961. He previously has held positions with various insurance industry associations, including Vice-Chairman of the Board of Texas Life and Health Guaranty Association, President of the Independent Insurance Agents of Waco-McLennan County and member of the board of directors of the Texas Life Insurance Association and the Texas Medical Liability Insurance Underwriting Association. Mr. Robinson currently serves on the Board of Trustees of the Scottish Rite Hospital for Children in Dallas, Texas.

Kenneth D. Russell
Age 64

Mr. Russell has served as a director of Hilltop since August 2010. Mr. Russell is a former member of the managing board of directors for KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft (KPMG DTG). While a member of KPMG DTG, Mr. Russell served in leadership of Audit Financial Services. Subsequent to his service as a member of the German firm leadership, he functioned as a freelance strategic advisory to KPMG DTG s managing board of directors, working directly with members of its executive committee. Most recently he has participated in the integration of the UK and German KPMG firms in the formation of KPMG Europe and headed a partner development program, which focuses on assisting partners in becoming better businessmen, as well as technicians. Prior to joining KPMG DTG, Mr. Russell was the lead financial services partner in the US KPMG LLP s Department of Professional Practice in New York. His responsibilities in the Department of Profession Practice included leading the financial instruments, structured financing and securitization topic teams, and he was one of KPMG s leading consultants on financial instruments, hedging and securitization accounting issues. Prior to joining the Department of Professional Practice at KPMG in 1993, Mr. Russell spent 20 years in KPMG s Dallas office and had engagement responsibilities for several significant regional banking, thrift and other financial services clients. He currently serves as a Financial Advisor with Diamond A Administration Company, LLC, an affiliate of Gerald J. Ford.

A. Haag Sherman
Age 47

Mr. Sherman has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from September 2009 to November 2012.
Mr. Sherman co-founded and is a partner and non-executive vice chairman of Salient Partners, L.P., a $16 billion investment firm based in Houston, Texas. Mr. Sherman has served in various executive capacities with Salient Partners since 2002, including Chief Executive Officer and Chief Investment Officer. Mr. Sherman serves on the board of directors of The Endowment Fund complex, Salient Absolute Return Fund complex, Salient MLP & Energy Infrastructure Fund (NYSE: SMF) and Blue Dolphin Energy Company (Nasdaq: BDCO). Mr. Sherman is an honors graduate of the University of Texas School of Law and a cum laude graduate of Baylor University. He is a certified public accountant and a member of the State Bar of Texas.

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Robert C. Taylor, Jr.
Age 65

Mr. Taylor has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from 1997 to November 2012. He has been engaged in the wholesale distribution business in Lubbock, Texas since 1971. In February 2009, Mr. Taylor was appointed to serve as Chief Executive Officer for United Supermarkets, LLC, a retail grocery business in Texas since 1915. Prior to that appointment, Mr. Taylor served as the Vice President of Manufacturing and Supply Chain for United Supermarkets since 2007. From 2002 to 2007, Mr. Taylor was the President of R.C. Taylor Distributing, Inc., a business engaged in the business of general merchandise, candy and tobacco to retail outlets in West Texas and Eastern New Mexico. Mr. Taylor is a 1971 graduate of Texas Tech University. He is chairman of the Lubbock Downtown Tax Increment Finance Redevelopment Committee and serves on the Texas Tech Chancellors Advisory Board.

Carl B. Webb
Age 63

Mr. Webb has served as a director of Hilltop since June 2005. From August 2010 until December 2012, Mr. Webb served as the Chief Executive Officer of Pacific Capital Bancorp and as Chairman of the Board and Chief Executive Officer of Santa Barbara Bank & Trust, N.A. He was a Senior Principal of Ford Financial Fund, L.P., a private equity fund that was the parent company of SB Acquisition Company LLC, the majority stockholder of Pacific Capital Bancorp prior to its sale to UnionBanCal Corporation. Mr. Webb also is the Co-Managing Partner of Ford Financial Fund II, L.P., a private equity fund. In addition, Mr. Webb has served as a consultant to Hunter s Glen/Ford, Ltd., a private investment partnership, since November 2002. He served as the Co-Chairman of Triad Financial Corporation, a privately held financial services company, from July 2007 to October 2009, as was the interim President and Chief Executive Officer from August 2005 to June 2007. Previously, Mr. Webb was the President and Chief Operating Officer and a Director of Golden State Bancorp Inc. and its subsidiary, California Federal Bank, FSB, from September 1994 to November 2002. Prior to his affiliation with California Federal Bank, FSB, Mr. Webb was the President and Chief Executive Officer of First Madison Bank, FSB (1993 to 1994) and First Gibraltar Bank, FSB (1988 to 1993), as well as President and a Director of First National Bank at Lubbock (1983 to 1988). Mr. Webb also is a director of Prologis, Inc. He is a former director of Pacific Capital Bancorp, M&F Worldwide Corp., Plum Creek Timber Company and Triad Financial Corporation.

Alan B. White
Age 64

Mr. White is one of PlainsCapital s founders. He has served as Chairman and Chief Executive Officer of PlainsCapital since 1987. He has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012 and is the Vice-Chairman of the Board of Directors and the Chairman of Hilltop s Executive Committee. Mr. White received his Bachelors of Business Administration in Finance at Texas Tech University. Mr. White s current charitable and civic service includes serving as a member of the Cotton Bowl Athletic Association Board of Directors, the MD Anderson Cancer Center Living Legend Committee and the Dallas Citizens Council. He was also the founding chairman of the Texas Tech School of Business Chief Executive s Roundtable; the former Chairman of the Texas Tech Board of Regents, the Covenant Health System Board of Trustees, and the Methodist Hospital System Board of Trustees; and a member of the Texas Tech University President s Council and the Texas Hospital Association Board.

Vote Necessary to Elect Directors

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

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does not possess the authority to vote for the director nominees in the absence of instructions from the beneficial owner of the relevant shares. Stockholders may not cumulate votes in the election of directors.

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

Director Compensation

General

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

- $40,000 annual retainer; and

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

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

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

- Nominating and Corporate Governance Committee $10,000 annual fee for the chairperson of the committee;

- Compensation Committee $10,000 annual fee for the chairperson of the committee;

- Investment Committee $25,000 annual fee for the chairperson of the committee;

- Merger and Acquisition Committee $10,000 annual fee for the chairperson of the committee; and

- $1,000 fee for participation in each meeting of a board committee.

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

- entirely in the form of cash;

- entirely in the form of common stock; or

- one-half in cash and one-half in common stock.

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

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

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Political Action Committee Matching Program

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

2012 Director Compensation

Director Compensation Table for 2012(a)

Name	Fees earned or paid in cash ($)	Stock awards ($)	Total ($)
Charlotte Jones Anderson	3,333		3,333(b)
Rhodes Bobbit	101,000		101,000
Tracy A. Bolt	3,333		3,333(b)
W. Joris Brinkerhoff	54,000		54,000
Charles R. Cummings	127,000		127,000
Hill A. Feinberg			
Gerald J. Ford	54,000		54,000
Jeremy B. Ford			
J. Markham Green	58,000		58,000
Jess T. Hay	68,000		68,000
William T. Hill, Jr.	62,000		62,000
James Huffines			
Lee Lewis	3,333		3,333(b)
Andrew J. Littlefair	3,333		3,333(b)
W. Robert Nichols, III	68,000		68,000
C. Clifton Robinson	50,000		50,000
Kenneth D. Russell	50,000		50,000
A. Haag Sherman	3,333		3,333(b)
Robert C. Taylor, Jr.	3,333		3,333(b)
Carl B. Webb		50,000	50,000
Alan B. White			

(a) Fees earned for services performed in 2012 include annual retainers, meeting fees and chairperson remuneration. Aggregate fees paid to non-employee directors for annual retainers and committee chairmanships were paid quarterly in arrears. Cash was paid in lieu of the issuance of fractional shares. Service for any partial quarter is calculated and paid on the basis of time served during the applicable calendar quarter. Non-employee directors are solely responsible for the payment of taxes payable on remuneration paid by the Company. The value of stock awarded was determined based upon the average closing price per share of our common stock for the last ten consecutive trading days of the calendar quarter during which the stock was earned; however, the amount reported in the table for each stock award was determined in accordance with FASB ASC Topic 718.

(b) Represents service as a director since November 30, 2012.

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As described above, the 2012 stock awards were issued to each non-employee director who elected to receive all or part of his director compensation in the form of our common stock, generally within 15 days following each applicable calendar quarter-end. All of our personnel, as well as non-employee directors, are subject to trading restrictions with regard to our common stock, and trading may only occur during a trading window. Provided that any such party does not possess material, non-public information about us, this trading period commences on the second business day after the public release of quarterly or annual financial information and ends one month after the public release of that information.

The following numbers of shares of our common stock were issued to our directors for services performed during 2012: Carl B. Webb 3,765 shares.

Each of the above directors had outstanding the following aggregate numbers of shares of our common stock awarded for services performed on behalf of us from election or appointment through the end of fiscal 2012: Rhodes Bobbitt 1,562 shares; W. Joris Brinkerhoff 9,943 shares; Charles R. Cummings 5,379 shares; Gerald J. Ford 2,893 shares; J. Markham Green 3,872 shares; and Carl B. Webb 32,172 shares. For further information about the stockholdings of these directors and our management, see Stock Ownership Security Ownership of Management commencing on page 23 of this Proxy Statement.

Board Committees

General

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

The standing committees of the Board of Directors currently consist of the Audit Committee, the Compensation Committee, the Executive Committee, the Merger and Acquisition Committee, the Nominating and Corporate Governance Committee and the Investment Committee. Current copies of the charters for the Audit Committee, the Compensation Committee, the Merger and Acquisition Committee, the Nominating and Corporate Governance Committee and the Investment Committee, as well as our Corporate Governance Guidelines, Code of Business Conduct and Ethics and Code of Ethics for Chief Executive and Senior Financial Officers, may be found on our website at www.hilltop-holdings.com, under the heading Corporate Information Governance Documents. Printed versions also are available to any stockholder who requests them by writing to our corporate Secretary at the address listed under Questions on page 54. A more detailed description of these committees is set forth below. Our Board of Directors may, from time to time, establish certain other committees to facilitate our management.

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Committee Membership

The following table shows the current membership of, and the 2012 fiscal meeting information for, each of the committees of the Board of Directors.

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Investment Committee	Merger and Acquisition Committee	Executive Committee (a)
Charlotte Jones Anderson						
Rhodes Bobbit				Chairman		
Tracy A. Bolt						
W. Joris Brinkerhoff						
Charles R. Cummings	Chairman					
Hill A. Feinberg						
Gerald J. Ford						
Jeremy B. Ford						
J. Markham Green						
Jess T. Hay					Chairman	
William T. Hill, Jr.						
James Huffines						
Lee Lewis						
Andrew J. Littlefair						
W. Robert Nichols, III			Chairman			
C. Clifton Robinson						
Kenneth D. Russell						
A. Haag Sherman		Chairman				
Robert C. Taylor, Jr.						
Carl B. Webb						
Alan B. White						Chairman
Meetings in Fiscal 2012	4	4	4	4	4	

(a) The Executive Committee was formed in 2013.

Audit Committee

We have a standing Audit Committee established within the meaning of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee helps our Board of Directors ensure the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm and the performance of our internal audit function and independent registered public accounting firm. In furtherance of those matters, the Audit Committee assists in the establishment and maintenance of our internal audit controls, selects, meets with and assists the independent registered public accounting firm, oversees each annual audit and quarterly review and prepares the report that federal securities laws require be included in our annual proxy statement, which appears on page 51. Mr. Cummings has been designated as Chairman, and Messrs. Green and Bolt are members, of the Audit Committee. Until January 9, 2013, Mr. Bobbitt also served as a member of the Audit Committee. Our Board of Directors has reviewed the education, experience and other qualifications of each member of the Audit

Committee. Based upon that review, our Board of Directors has determined that each of Mr. Cummings and Mr. Bolt qualify as an audit committee financial expert, as defined by the rules of the Securities and Exchange Commission, and each member is independent for purposes of audit committee members, as set forth in the New York Stock Exchange s listing standards. Currently, none of our Audit Committee members serve on the audit committees of three or more public companies.

Compensation Committee

The Compensation Committee reviews and approves the compensation and benefits of our executive officers, administers our approved annual incentive plan and our 2003 and 2012 equity incentive plans and produces the annual report on executive compensation for inclusion in our annual proxy statement, which appears on page 36. Each member is independent in accordance with the listing standards of the New York Stock Exchange.

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Nominating and Corporate Governance Committee

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

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

- Advise our Board of Directors with respect to the composition, procedures and committees of the Board of Directors;

- Advise our Board of Directors with respect to the corporate governance principles applicable to the Company; and

- Oversee the evaluation of the Board of Directors and our management.

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

Investment Committee

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

Merger and Acquisition Committee

The purpose of the Merger and Acquisition Committee is to review potential mergers, acquisitions or dispositions of material assets or a material portion of any business proposed by management and to report its findings and conclusions to the Board of Directors. Each member is independent in accordance with the listing standards of the New York Stock Exchange.

Executive Committee

The Executive Committee, with certain exceptions, has the power and authority of the Board of Directors to manage the affairs of the Company between meetings of the Board of Directors.

Corporate Governance

General

We are committed to good corporate governance practices and, as such, we have adopted formal corporate governance guidelines to enhance our effectiveness. The guidelines govern, among other things, board member qualifications, responsibilities, education, management succession and executive sessions. A copy of the corporate governance guidelines may be found at our corporate website at www.hilltop-holdings.com under the heading Corporate Information Governance Documents. A copy also may be obtained upon request from our corporate Secretary at the address listed under Questions on page 54.

Board Leadership Structure

Except for a brief period in 2010 where Mr. Gerald J. Ford served as interim Chief Executive Officer, historically, we have separated the offices of Chief Executive Officer and Chairman of the Board as a means of separating management of the Company from our Board of Director s oversight of management. Separating these roles also enabled an orderly leadership transition when Mr. Larry Willard retired at the conclusion of 2009. We believe, at this time, that this structure provides desirable oversight of our management and affairs. We have in the past appointed, and will continue to appoint, lead independent directors as circumstances require.

Risk Oversight

Our Board of Directors oversees an enterprise-wide approach to risk management, intended to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. Our Board of Directors is actively involved in establishing and

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refining our business strategy, including assessing management s appetite for risk and determining the appropriate level of overall risk for the Company. We may conduct assessments in the future as circumstances warrant.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board of Directors also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and, from time to time, discusses and evaluates matters of risk, risk assessment and risk management with our management team. The Compensation Committee is responsible for overseeing the management of risk associated with our compensation policies and arrangements. The Nominating and Corporate Governance Committee ensures that the internal rule processes by which we are governed are consistent with prevailing best governance practices and applicable laws and regulations. Finally, the Investment Committee ensures that our funds are invested in accordance with policies and limits approved by it. Our Senior Officer Code of Ethics, Code of Business Conduct and Ethics, Committee Charters and other governance documents are reviewed by the appropriate committees annually to confirm continued compliance, ensure that the totality of our risk management processes and procedures is appropriately comprehensive and effective and that those processes and procedures reflect established best practices.

Board Performance

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

Director Qualifications for Service

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

Charlotte Jones Anderson	Ms. Anderson has significant managerial and executive officer experience with large entrepreneurial businesses and provides the Board of Directors the perspective of one of PlainsCapital s significant customers.
Rhodes Bobbitt	Mr. Bobbitt has an extensive investment background. This is particularly important given our available cash on hand and the investment portfolios at our subsidiaries.
Tracy A. Bolt	Mr. Bolt has significant experience concerning accounting matters that is essential to our Audit Committee s and Board of Directors oversight responsibilities.
W. Joris Brinkerhoff	Mr. Brinkerhoff has participated, and continues to participate, in a number of business interests. Accordingly, he brings knowledge and additional perspectives to our Board of Directors from experiences

	with those interests.
Charles R. Cummings	Mr. Cummings has an extensive operational and accounting background. His expertise in these matters brings considerable strength to our Audit Committee and Board of Directors in these areas.

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Hill A. Feinberg	Mr. Feinberg has extensive knowledge and experience concerning PlainsCapital s financial advisory segment and the industry in which it operates through his extended period of service to First Southwest.
Gerald J. Ford	Mr. Ford has been a financial institutions entrepreneur and private investor involved in numerous mergers and acquisitions of private and public sector financial institutions over the past 35 years. His extensive banking industry experience and educational background provide him with significant knowledge in dealing with financial, accounting and regulatory matters, making him a valuable member of our Board of Directors. In addition, his service on the boards of directors and audit and corporate governance committees of a variety of public companies gives him a deep understanding of the role of the Board of Directors.
Jeremy B. Ford	Mr. Jeremy B. Ford s career has focused on mergers and acquisitions in the financial services industry. Accordingly, he has been actively involved in numerous acquisitions, including our acquisition of NLASCO, Inc. and our acquisition of PlainsCapital Corporation. His extensive knowledge of our operations makes him a valuable member of our Board of Directors.
J. Markham Green	Mr. Green has an extensive background in financial services, as well as board service. His investment banking background also provides our Board of Directors with expertise surrounding acquisitions and investments.
Jess T. Hay	Mr. Hay has broad experience in managing and leading significant enterprises in the financial services industry. His service on the boards of other significant companies provides the Board of Directors with additional perspective on the Company s operations. His prior active involvement with the Democratic National Committee also provides him with broad exposure to the political processes on the national, state and local levels.
William T. Hill, Jr.	Mr. Hill s 43 years of experience with legal and compliance matters, along with his management of a large group of highly skilled professionals, have given him considerable knowledge concerning many matters that come before our Board of Directors. Mr. Hill has also served on several civic and charitable boards over the past 35 years, which has given him invaluable experience in corporate governance matters.
James R. Huffines	Mr. Huffines significant banking and managerial experience and service as a director of a publicly traded company in a non-banking industry provide unique insights and experience to our Board of Directors.
Lee Lewis	Through his prior service on PlainsCapital s Board of Directors, Mr. Lewis has many years of knowledge of PlainsCapital and the challenges and opportunities that it is presented. The background of Mr. Lewis as a manager of a Texas-based company also provides unique insight to the Board of Directors.
Andrew J. Littlefair	Mr. Littlefair has significant experience serving as a chief executive officer and as a director of publicly traded companies and provides the Board of Directors with the perspective of one of PlainsCapital s significant customers.
W. Robert Nichols III	Mr. Nichols has broad experience in managing and leading enterprises. This significant experience provides our Board of Directors with additional perspectives on our operations.

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C. Clifton Robinson	Mr. Robinson possesses particular knowledge and experience in the insurance industry, as we purchased NLASCO, Inc. from him in 2007. This provides our Board of Directors with expertise in regards to our insurance operations.
Kenneth D. Russell	Mr. Russell s extensive background in accounting and operating entities provides valuable insight to our Board of Directors, including merger and acquisition activities.
A. Haag Sherman	Mr. Sherman has significant experience concerning accounting matters that is essential to our Board of Director s oversight responsibilities.
Carl B. Webb	Mr. Webb possesses particular knowledge and experience in strategic planning and the financial industry, as well as expertise in finance, that strengthen the Board of Directors collective qualifications, skills and experience.
Alan B. White	Mr. White possesses knowledge of our business and industry through his lengthy tenure as PlainsCapital s Chief Executive Officer that aids him in efficiently and effectively identifying and executing our strategic priorities.

Executive Board Sessions

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

Communications with Directors

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

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

Code of Business Conduct and Ethics

We have adopted a Senior Officer Code of Ethics applicable to our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. We also have adopted a Code of Business Conduct and Ethics applicable to all officers, directors and employees. Both codes are available on our website at www.hilltop-holdings.com under the heading Corporate Information Governance Documents. Copies also may be obtained upon request by writing our Corporate Secretary at the address listed under Questions on page 54. Amendments to, and waivers from, our Senior Officer Code of Ethics and our Code of Business Conduct and Ethics will be disclosed at the same website address provided above and in such filings as may be required pursuant to applicable law or listing standards.

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Director Nomination Procedures

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

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

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

In addition to formally nominating individuals for election as directors in accordance with our Second Amended and Restated Bylaws, as summarized below on page 53 under Stockholder Proposals for 2014, stockholders may send written recommendations of potential director candidates to the Nominating and Corporate Governance Committee for its consideration. Such recommendations should be submitted to the Nominating and Corporate Governance Committee c/o Secretary at Hilltop Holdings Inc., 200 Crescent Court, Suite 1330, Dallas, Texas 75201. Director recommendations submitted by stockholders should include the following information regarding the stockholder making the recommendation and the individual(s) recommended for nomination:

- name, age, business address and residence address;

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

- the date(s) that shares of Hilltop stock or other securities of Hilltop or any affiliate of Hilltop were acquired and the investment intent of such acquisition;

- any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any securities of Hilltop or any affiliate of Hilltop;

- whether and the extent to which such person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the prior six months has engaged in any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (a) manage risk or benefit of changes in the price of Hilltop securities or any security of any entity listed in the peer group in the stock performance graph included in the materials distributed with this Proxy Statement or (b) increase or decrease the voting power of such person in Hilltop disproportionately to such person s economic interest in Hilltop securities (or, as

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applicable, any security of any entity listed in the peer group in the stock performance graph included in the materials distributed with this Proxy Statement);

- any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with us), by security holdings or otherwise of such person in us or in any of our affiliates, other than an interest arising from the ownership of securities where such person receives no extra or special benefit not shared on a pro rata basis by all other holders of the same class or series;

- the investment strategy or objective, if any, of the stockholder making the recommendation and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors, or potential investors, in such stockholder (if not an individual);

- to the extent known by the stockholder making the recommendation, the name and address of any other stockholder supporting the nominee for election or reelection as a director;

- a certificate executed by the proposed nominee that certifies that the proposed nominee is not, and will not, become a party to, any agreement, arrangement or understanding with any person or entity other than us in connection with service or action as a director that has not been disclosed to us and that the proposed nominee consents to being named in a proxy statement and will serve as a director if elected;

- completed proposed nominee questionnaire (which will be provided upon request by writing or telephoning our Corporate Secretary at the address or phone number listed under Questions on page 54); and

- all other information that would be required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 and the rules promulgated thereunder.

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

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

Pursuant to an action of the Board of Directors at a meeting held March 8, 2012, the mandatory retirement age for directors was waived with regard to the service of Messrs. Cummings, Hay and Robinson.

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

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

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STOCK OWNERSHIP

Principal Stockholders

The following table sets forth information regarding our common stock beneficially owned on April 9, 2013 by any person or group, as that term is used in Section 13(d)(3) of Securities Exchange Act of 1934, known to us to beneficially own more than five percent of the outstanding shares of our common stock.

Name and Addresss of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (a)
Gerald J. Ford (b) 200 Crescent Court, Suite 1350 Dallas, Texas 75201	15,048,102	18.0%
Burgundy Asset Management Ltd. (c) 181 Bay Street, Suite 4510 Toronto, Ontario M5J 2T3	4,708,996	5.6%

(a) Based on 83,487,340 shares of common stock outstanding on April 9, 2013. Shares issuable under instruments to purchase our common stock that are exercisable within 60 days of April 9, 2013 are treated as if outstanding for computing the percentage ownership of the person holding these instruments, but are not treated as outstanding for purposes of computing the percentage ownership of any other person.

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

(c) Based upon Schedule 13G/A (Amendment No. 1) filed on February 11, 2013. Burgundy Asset Management Ltd. has sole voting and dispositive power of these shares. Clients for whom Burgundy Asset Management Ltd. acts as investment adviser may withdraw dividends or proceeds from the sale securities from the accounts managed by Burgundy Asset Management Ltd. No one client of Burgundy Asset Management Ltd. has an interest in the common stock of Hilltop in excess of five percent of the total outstanding shares.

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Security Ownership of Management

The following table sets forth information regarding the number of shares of our common stock beneficially owned on April 9, 2013, by:

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

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

	Common Stock		
Name of Beneficial Owner	**Amount and Nature of Beneficial Ownership**		**Percent of Class (a)**
Charlotte Jones Anderson	2,782		*
Rhodes Bobbitt	126,059(b)		*
Tracy A. Bolt	2,782		*
W. Joris Brinkerhoff	35,228		*
Charles R. Cummings	37,476		*
Hill A. Feinberg	1,398,052(c)		1.7%
Gerald J. Ford 200Crescent Court, Suite 1350 Dallas, Texas 75201	15,048,102	(d)	18.0%
Jeremy B. Ford	200,000(e)		*
J. Markham Green	119,152		*
Jess T. Hay			*
William T. Hill, Jr.	53,250(f)		*
James R. Huffines	281,080(g)		*
Lee Lewis	656,199(h)		*
Andrew J. Littlefair	11,282		*
W. Robert Nichols, III	41,000(i)		*
Darren Parmenter	361		*
C. Clifton Robinson	1,218,880		1.5%
Kenneth D. Russell			*
Todd L. Salmans	63,546(j)		*
A. Haag Sherman	14,422		*

Robert C. Taylor, Jr.	28,295	*
Carl B. Webb	94,865	*
Alan B. White	2,282,635(k)	2.7%
All Directors and Executive Officers, as a group (26 persons)	22,021,261(l)	26.3%

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

(a) Based on 83,487,340 shares of common stock outstanding on April 9, 2013. Shares issuable under instruments to purchase our common stock that are exercisable within 60 days of April 9, 2013, are treated as if outstanding for computing the percentage ownership of the person holding these instruments, but are not treated as outstanding for purposes of computing the percentage ownership of any other person.

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

(c) Includes 25,776 shares of common stock held directly by Mr. Feinberg s wife. Also includes 776 shares of common stock held by the Max McDermott Trust for the benefit of Mr. Feinberg s stepson. Mr. Feinberg s wife is the trustee of the trust.

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

(e) Jeremy Ford is a beneficiary of a trust that owns a 49% limited partnership interest in Diamond A Financial, LP (see footnote (d)). Includes 200,000 shares of common stock acquirable pursuant to the exercise of a stock option. Excludes 300,000 shares of common stock acquirable pursuant to the exercise of a stock option that will not vest within 60 days of April 9, 2013.

(f) Includes 10,000 shares of common stock held in a SEP IRA account for the benefit of Mr. Hill and 15,750 shares of common stock held by the William T. Hill P.C. retirement account for the benefit of Mr. Hill.

(g) Includes 7,078 shares of common stock allocated to an account pursuant to the Plains Capital Corporation Employee Stock Ownership Plan (the ESOP) for the benefit of Mr. Huffines. Each ESOP participant has the right to direct the ESOP trustees how to vote the shares allocated to his account and may therefore be deemed to beneficially own such shares. Also includes 47,000 shares of common stock held by the James Huffines 1994 Trust for the benefit of Mr. Huffines.

(h) Includes 603,417 shares of common stock held by Lee Lewis Construction. Mr. Lewis is the sole owner of Lee Lewis Construction and may be deemed to have voting and/or investment power with respect to the shares owned by Lee Lewis Construction.

(i) Includes 11,000 shares of common stock held in an IRA account for the benefit of Mr. Nichols.

(j) Includes 1,699 shares of common stock allocated to an account pursuant to the ESOP for the benefit of Mr. Salmans. Each ESOP participant has the right to direct the ESOP trustees how to vote the shares allocated to his account and may therefore be deemed to beneficially own such shares.

(k) Includes 9,787 shares of common stock held directly by Mr. White s wife; 23,806 shares of common stock held by Double E Investments (Double E); 12,883 shares of common stock held by EAW White Family Partnership, Ltd. (EAW); 8,045 shares of common stock held by Maedgen, White and Maedgen (MW&M); 1,853,958 shares of common stock held by Maedgen & White, Ltd.; and 36,300 shares of common stock allocated to an account pursuant to the ESOP for the benefit of Mr. White. Each ESOP participant has the right to direct the ESOP trustees how to vote the shares allocated to his account and may therefore be deemed to beneficially own such shares. As the manager of Double E, the managing partner of MW&M and the sole member of the general partner of EAW, Mr. White has exclusive authority to vote and/or dispose of the securities held by Double E, MW&M and EAW, respectively, and may, therefore, be deemed to have sole voting and dispositive power over the shares of common stock held by Double E, MW&M and EAW. Mr. White is the sole general partner of Maedgen & White, Ltd. and may be deemed to beneficially own the shares held by Maedgen & White, Ltd. As the sole general partner of Maedgen & White, Ltd., Mr. White has the power to vote the shares held by Maedgen & White, Ltd. The Agreement of Limited Partnership of Maedgen & White, Ltd. requires the approval of 80% of the limited partnership interests in Maedgen & White, Ltd. before its general partner may dispose of the shares held by Maedgen & White, Ltd. Mr. White, directly and indirectly, controls approximately 77% of the limited partnership interests of Maedgen & White, Ltd. and therefore may be deemed to share dispositive power over the shares held by Maedgen & White, Ltd.

(l) Represents 26 persons and includes 240,000 shares of common stock acquirable pursuant to the exercise of stock options. Excludes 360,000 shares of common stock acquirable by our executive officers pursuant to the exercise of stock options that will not vest within 60 days of April 9, 2013.

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MANAGEMENT

Executive Officers

General

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

	Age	Position	Officer Since
Hill A. Feinberg	66	Chief Executive Officer of First Southwest	2012
Jeremy B. Ford	38	President, Chief Executive Officer and Director	2010
James Huffines	62	President and Chief Operating Officer of PlainsCapital	2012
John A. Martin	65	Executive Vice President, Chief Financial Officer of PlainsCapital	2012
Darren Parmenter	50	Senior Vice President Finance Chief Operating Officer of NLASCO, Inc.	2007
Corey G. Prestidge	39	General Counsel and Secretary	2008
Todd L. Salmans	64	President and Chief Executive Officer of PrimeLending	2012
Jerry L. Schaffner	55	President and Chief Executive Officer of PlainsCapital Bank	2012
Alan B. White	64	Chief Executive Officer of PlainsCapital	2012

Business Experience of Executive Officers

Information concerning the business experience of Messrs. Hill A. Feinberg, Jeremy B. Ford, James R. Huffines and Mr. Alan B. White is set forth above under Proposal One Election of Directors Nominees for Election as Directors on page 6.

John A. Martin. Mr. Martin has served as the Executive Vice President and Chief Financial Officer of PlainsCapital since November 2010 and has continued in that position since our acquisition of PlainsCapital in November 2012. Mr. Martin also serves on the board of directors of the Bank, PrimeLending, First Southwest and various other subsidiaries of PlainsCapital. Prior to joining PlainsCapital, Mr. Martin most recently served as executive vice president and chief financial officer of Family Bancorp, Inc. and its subsidiary, San Antonio National Bank, from April 2010 until October 2010. Before joining Family Bancorp, from 2009 to 2010, Mr. Martin served as a consultant to community banks, providing strategic planning services. Beginning in 2005, Mr. Martin served as chief financial officer of Texas Regional Bancshares, Inc. and later served as director of financial planning and analysis for BBVA Compass after its acquisition of Texas Regional Bancshares in 2006.

Darren Parmenter. Mr. Parmenter has served as Senior Vice President of Finance of Hilltop since June 2007. In March 2012, Mr. Parmenter also was appointed Chief Operating Officer of NLASCO, Inc. From January 2000 to June 2007, Mr. Parmenter was with Hilltop s predecessor, Affordable Residential Communities Inc., and served as the Controller of Operations from April 2002 to June 2007. Prior to 2000, Mr. Parmenter was employed by Albertsons Inc., as an Assistant Controller.

Corey G. Prestidge. Mr. Prestidge has served as General Counsel and Secretary of Hilltop since January 2008. From November 2005 to January 2008, Mr. Prestidge was the Assistant General Counsel of Mark Cuban Companies. Prior to that, Mr. Prestidge was an associate in the corporate and securities practice group at Jenkens & Gilchrist, a Professional Corporation, which is a former national law firm. Mr. Prestidge is the son-in-law of our Chairman of the Board, Gerald J. Ford, and the brother-in-law of our President and Chief Executive Officer, Jeremy B. Ford.

Todd L. Salmans. Mr. Salmans has served as President and Chief Executive Officer of PrimeLending since January 2011 and has continued in that position since our acquisition of PlainsCapital in November 2012. As President and Chief Executive Officer, Mr. Salmans is responsible for the strategic direction and day-to-day management of PrimeLending, including financial performance, compliance, business development, board and strategic partner communications and team development. He also serves as a member of PrimeLending s Board of

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Directors. Mr. Salmans joined PrimeLending in 2006 as Executive Vice President and Chief Operating Officer, with responsibility over daily operations, loan processing and sales. He was promoted to President in April 2007. Mr. Salmans has over 30 year of experience in the mortgage banking industry. Prior to joining PrimeLending, he served as regional executive vice president of CTX/Centex, regional senior vice president of Chase Manhattan/Chase Home Mortgage Corp., and regional senior vice president of First Union National Bank/First Union Mortgage Corp. Mr. Salmans is currently a board member of the Texas Mortgage Bankers Association.

Jerry L. Schaffner. Mr. Schaffner has served as the President and Chief Executive Officer of the Bank since November 2010 and has continued in that position since our acquisition of PlainsCapital in November 2012. He currently serves as a director of the Bank, PrimeLending, First Southwest and various other subsidiaries, and previously served as a director of PlainsCapital from 1993 until March 2009. Mr. Schaffner has over 25 years of banking experience and joined PlainsCapital in 1988 as part of its original management group. He received his Bachelor of Business Administration in finance from Texas Tech University. Mr. Schaffner is a licensed Texas real estate broker.

Terms of Office and Relationships

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

Except as disclosed elsewhere in this Proxy Statement, there are no familial relationships among any of our current directors or executive officers. Except as described under Proposal One Election of Directors Nominees for Election as Directors commencing on page 6, none of our director nominees hold directorships in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or pursuant to Section 15(d) of the Securities Exchange Act of 1934 or any company registered as an investment company under the Investment Company Act of 1940.

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

Compensation Discussion and Analysis

Introduction and Executive Summary

For 2012 and prior years, the compensation program at Hilltop consisted of base salary and a discretionary cash bonus awarded by the Compensation Committee following the review of the achievements and audited financial statements for that fiscal year. Executive officers also were granted long-term incentive compensation in the form of stock options from time to time by the Compensation Committee. NLASCO, Inc., Hilltop s insurance holding company subsidiary, however, utilized pre-determined performance criteria for compensation in addition to base salary.

On May 9, 2012, Hilltop announced the entry into a definitive agreement to acquire PlainsCapital Corporation. That acquisition was consummated on November 30, 2012, and the primary lines of business of Hilltop going forward will be materially different. As described in our proxy statements in previous years, the Compensation Committee envisioned adopting a more comprehensive compensation program upon a substantial acquisition. The Compensation Committee, accordingly, has determined to implement a compensation program for fiscal 2013 that is consistent with a corporation with material operations and furthers our pay-for-performance philosophy.

Given the significant changes in the compensation program going forward, in the paragraphs that follow, in addition to discussing the compensation of our named executive officers during 2012, we will discuss the overall objectives of our compensation program for fiscal 2013 and how it is designed to reward participants over the life of the program. We also will address each element of compensation and explain the reasons for the compensation decisions we have made regarding the following individuals, whom we refer to as our named executive officers :

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- Jeremy B. Ford President and Chief Executive Officer and a director;

- Darren Parmenter Senior Vice President of Finance (principal financial officer);

- Alan B. White Chief Executive Officer of PlainsCapital Corporation and Vice-Chairman of the Board of Directors;

- Todd Salmans President and Chief Executive Officer of PrimeLending; and

- Hill A. Feinberg Chief Executive Officer of First Southwest and a director.

Following this discussion, we provide specific information about compensation earned or awarded to our named executive officers for 2012.

We made the following key compensation decisions with respect to our named executive officers, which build upon our compensation governance framework and our overall pay-for-performance philosophy:

- Base Salary. In March 2013, the Compensation Committee determined to increase the salaries of Mr. Ford by 20% and Mr. Parmenter by 3% in light of their increased responsibilities following the acquisition of PlainsCapital. The Compensation Committee determined to keep the base salaries of our other named executive officers consistent with the salaries they received from PlainsCapital before the acquisition.

- Adoption of the Hilltop Holdings Inc. 2012 Equity Incentive Plan. The Board of Directors adopted, and the stockholders approved, the Hilltop Holdings Inc. 2012 Equity Incentive Plan, or the 2012 Equity Incentive Plan. We believe the 2012 Equity Incentive Plan will help focus directors, officers and other employees and consultants on business performance that creates stockholder value, encourage innovative approaches to our business, encourage ownership of our common stock by directors, officers and other employees and consultants and continue to attract and retain employees in a competitive labor market, which is essential to our long-term growth and success.

- Long-Term Incentive Compensation. The Compensation Committee has under consideration the grant of long-term incentive awards under the 2012 Equity Incentive Plan in the form of restricted stock to named executive officers and other key employees. These awards will be designed to align the interests of our named executive officers and key employees with those of our stockholders.

- Adoption of the Hilltop Holdings Inc. 2012 Annual Incentive Plan. The Board of Directors adopted, and the stockholders approved, the Hilltop Holdings Inc. 2012 Annual Incentive Plan, or the Annual Incentive Plan. The purposes of the Annual Incentive Plan are to reward executives whose performance during the fiscal year enabled us to achieve favorable business results and to assist us in attracting and retaining executives. The Annual Incentive Plan is designed to allow the Compensation Committee to grant awards that focus the executive s efforts on the achievement of specific goals in support of the Company s business strategy.

- Bonus Opportunity. Following a performance review of Messrs. Ford and Parmenter, including their leadership through the completion of the acquisition of PlainsCapital, the Compensation Committee awarded them discretionary cash bonuses in the amounts of $300,000 and $100,000, respectively. The Compensation Committee also awarded bonuses to our named executive officers that are employed by PlainsCapital and its subsidiaries based upon PlainsCapital, PlainsCapital Bank and PrimeLending producing their highest recorded earnings in any given year and exceeding their budgets in 2012. In March 2013, the Compensation Committee set target bonus opportunities for each of our named executive officers under the Annual Incentive Plan, which are designed to motivate and reward performance.

- Engagement of a Compensation Consultant. In January 2013, the Compensation Committee engaged an independent compensation consultant that does not provide any services to management and that has no prior relationship with management prior to the engagement.

- Incentive Award Claw-back Program. The Compensation Committee implemented a claw-back program in April 2013 for any annual incentive awards for improper risk and significant compliance issues.

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The following discussion summarizes in more detail our executive compensation program, objectives and philosophy, the processes and sources of input that are considered in determining compensation for our named executive officers and an analysis of the compensation earned by our named executive officers in 2012.

Philosophy and Objectives of Our Executive Compensation Program for 2013

Our compensation program for 2013 includes the following components: base salary, annual and long-term incentive awards that are linked to performance and the creation of stockholder value and perquisites. The named executive officers who are employed by PlainsCapital or its subsidiaries currently have certain contractual post-termination benefits; however, other than Mr. White, those benefits will expire two years from November 30, 2012. The 2013 program also includes a claw-back from any annual cash incentive award for improper risk and significant compliance issues. In structuring our compensation programs for 2013, the Compensation Committee selected the particular components and the weight given to those components, based upon our strategic objectives. We believe that it is critical to structure the compensation program in such a manner to retain those with the talent, skill and experience necessary for us to realize our strategic objectives.

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

- *Compensation opportunities should be competitive with market practices.* In order to attract and retain executives with the experience and skills necessary to lead our company and motivate them to deliver strong performance to our stockholders, we are committed to providing total annual compensation opportunities that are competitive.

- *A significant portion of compensation should be performance-based.* Our executive compensation program emphasizes pay for performance. This means that compensation based on corporate performance, as assessed under the criteria established pursuant to the Annual Incentive Plan, has the possibility to represent a significant portion of the named executive officer s total compensation. An additional component, which has the ability to reduce annual incentive compensation, is based upon improper risk taking and non-compliance with applicable laws and regulations.

- *Management s interests should be aligned with those of our stockholders.* Our long-term incentive compensation is being delivered in the form of restricted stock, the value of which is ultimately dependent upon the performance of our stock price. Although we have no mandatory requirement of stock ownership by our employees, including our named executive officers, stock ownership is encouraged.

- *Compensation should be perceived as fair and equitable.* We strive to create a compensation program that will be perceived as fair and equitable, both internally and externally.

How We Determine and Assess Executive Compensation Generally

PlainsCapital Acquisition

We completed the acquisition of PlainsCapital on November 30, 2012, and the compensation of our named executive officers who were employed by PlainsCapital is therefore largely based upon the compensation they were paid by PlainsCapital prior to the acquisition. Three of our named executive officers, Messrs. White, Salmans and Feinberg, were employed by PlainsCapital prior to the acquisition and each had an employment agreement with PlainsCapital. Although we entered into a retention agreement with Mr. White, which replaced his employment agreement, and amendments to the employment agreements with Messrs. Salmans and Feinberg, which, among other things, removed the guaranteed minimum bonus for Mr. Feinberg, each of these persons is entitled to the same base salary as he was paid prior to the acquisition. Mr. White s retention agreement further entitles him to a guaranteed minimum bonus. Mr. White s retention agreement has an initial term expiring on November 30, 2015 and renews automatically for an additional year on each anniversary beginning with the second anniversary of acquisition, and each of Messrs. Salmans and Feinberg s employment agreements expires on November 30, 2014 and does not automatically renew.

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Role of the Compensation Committee

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

- Review and approval of corporate incentive goals and objectives relevant to compensation;

- Evaluation of individual performance results in light of these goals and objectives;

- Evaluation of the competitiveness of the total compensation package; and

- Approval of any changes to the total compensation package, including, but not limited to, base salary, annual and long-term incentive award opportunities and payouts and retention programs.

The Compensation Committee is responsible for determining all aspects of compensation of the Chief Executive Officers of Hilltop and PlainsCapital, as well as assessing their individual performance.

In setting the compensation of our named executive officers, the Compensation Committee, in its discretion, considers (i) the transferability of managerial skills, (ii) the relevance of each named executive officer s experience to other potential employees, and (iii) the readiness of the named executive officer to assume a different or more significant role, either within our organization or with another organization. When making pay-related decisions, the Compensation Committee also has considered our specific circumstances and the associated difficulties with attraction, retention and motivation of talent and the importance of compensation in supporting achievement of our strategic objectives.

Information about the Compensation Committee and its composition, responsibilities and operations can be found under Board Committees beginning on page 14 of this Proxy Statement and in the Corporate Information-Committee Charting section of our website.

Role of the Chief Executive Officers in Compensation Decisions

The Chief Executive Officers of Hilltop and PlainsCapital recommend to the Compensation Committee any compensation changes affecting the other named executive officers. Within the framework of the compensation programs approved by the Compensation Committee and based on

management s review of market competitive positions, each year the Chief Executive Officers will recommend the level of base salary increase, if any, review and recommend the specific individual performance objectives, and whether the officer has achieved performance objectives, in the annual incentive program and recommend the long-term incentive grant value, if any, for the other named executive officers. Their recommendations will be based upon their assessment of the individual officer s performance, performance of the officer s respective business or function and employee retention considerations. The Compensation Committee reviews and considers the Chief Executive Officers recommendations when determining any compensation changes affecting our officers or executives. Each Chief Executive Officer does not play any role with respect to any matter impacting his own compensation.

Role of Stockholder Say-on-Pay Votes

The Company provides its stockholders with the opportunity to cast an annual advisory vote on executive compensation. At the Company s annual meeting of stockholders held in June 2012, 94% of the votes cast (excluding abstentions and broker non-votes) on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Compensation Committee believes this affirms stockholders support of the Company s approach to executive compensation, and did not change its approach in 2012. The compensation program for fiscal 2013 is included this Compensation, Discussion & Analysis in order to assist stockholders in evaluating the material changes to the program going forward. Accordingly, the Compensation Committee will continue to consider the outcome of the Company s say-on-pay votes when making future compensation decisions for the named executive officers. A vote on the frequency of advisory votes on executive compensation will be submitted to stockholders at the 2014 annual meeting of stockholders.

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Role of Compensation Consultant

Pursuant to its charter, the Compensation Committee is authorized to retain and terminate any consultant, as well as to approve the consultant s fees and other terms of the engagement. The Compensation Committee also has the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. In January 2013, the Compensation Committee engaged Pearl Meyer & Partners, or Pearl Meyer, as its compensation consultant. The Compensation Committee has not engaged any other advisors and did not engage a compensation consultant for any of the previous five years.

Pearl Meyer provides research, data analyses, survey information and design expertise in developing compensation programs for executives and incentive programs for eligible employees. In addition, Pearl Meyer keeps the Compensation Committee apprised of regulatory developments and market trends related to executive compensation practices. Pearl Meyer does not determine or recommend the exact amount or form of executive compensation for any of the named executive officers. A representative of Pearl Meyer generally attends meetings of the Compensation Committee, is available to participate in executive sessions and communicates directly with the Compensation Committee.

Prior to the retention of a compensation consultant or any other external advisor, and from time to time as the Compensation Committee deems appropriate, the Compensation Committee assesses the independence of such advisor from management, taking into consideration all factors relevant to such advisor s independence, including the factors specified in the NYSE listing standards.

Pursuant to the Compensation Committee s charter, if the Compensation Committee chooses to use a compensation consultant, the consultant must be independent. The Compensation Committee assessed Pearl Meyer s independence, taking into account the following factors:

- compliance with the NYSE listing standards;
- the policies and procedures the consultant has in place to prevent conflicts of interest;
- any business or personal relationships between the consultant and the members of the Compensation Committee;
- any ownership of Company stock by the individuals at Pearl Meyer performing consulting services for the Compensation Committee; and
- any business or personal relationship of Pearl Meyer with an executive officer of the Company.

Pearl Meyer has provided the Compensation Committee with appropriate assurances and confirmation of its independent status pursuant to the charter and other factors. The Compensation Committee believes that Pearl Meyer has been independent throughout its service for the Committee and there is no conflict of interest between Pearl Meyer and the Compensation Committee.

Other Factors

The Compensation Committee makes executive compensation decisions following a review and discussion of both the financial and operational performance of our businesses and the annual performance reviews of the named executive officers and other members of the management team.

Elements of our Executive Compensation Program

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

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

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Compensation Component	Purpose
Base Salary	Fixed component of pay intended to compensate the individual fairly for the responsibility level of the position held.
Annual Incentive Awards	Variable component of pay intended to motivate and reward the individual s contribution to achieving our short-term/annual objectives.
Long-term Incentive Awards	Variable component of pay intended to motivate and reward the individual s contribution to achieving our long-term objectives.
Perquisites	Fixed component of pay intended to provide an economic benefit to us in attracting and retaining executive talent.

Base Salary

We provide base salaries for each named executive officer, commensurate with the services each provides to us, because we believe a portion of total direct compensation should be provided in a form that is fixed and liquid. In determining the salary of Messrs. Ford and Parmenter, the Compensation Committee evaluated the salaries of other named executive officers of the Company and the level of responsibility assumed, among other items. As a result of that analysis, the Compensation Committee determined to increase the annual salaries of Messrs. Ford and Parmenter in March 2013. With respect to the other named executive officers of the Company for 2013, the Compensation Committee determined to maintain the current salary at the level they received as employees of PlainsCapital prior to the acquisition. The following are the base salaries for the named executive officers in 2012 and 2013:

	Base Salary		
Name	2012	2013	$ Change
Jeremy B. Ford	$ 400,000	$ 500,000	$ 100,000
Darren Parmenter	$ 290,000	$ 300,000	$ 10,000
Alan B. White	$ 1,350,000	$ 1,350,000(a)	$
Todd Salmans	$ 750,000	$ 750,000(b)	$
Hill A. Feinberg	$ 240,000	$ 240,000(b)	$

(a) Mr. White s salary is the base salary set forth in his retention agreement, which became effective upon the closing of the acquisition of PlainsCapital.

(b) Messrs. Salmans and Feinberg s salaries are the same as those in effect prior to the acquisition of PlainsCapital.

Annual Incentive Awards

Our named executive officers and other employees are eligible to receive annual cash incentive awards based upon our financial performance and other factors, including individual performance. The Compensation Committee believes that this element of compensation is important to focus management efforts on, and provide rewards for, annual financial and strategic results that are aligned with creating value for our stockholders. During 2012, we had a management incentive plan in effect for employees of NLASCO. Annual cash incentive awards also are

subject to claw back for improper risk management and non-compliance with applicable laws and regulations. This component of the compensation program is pre-determined at the outset of the year and based upon measurable criteria.

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The Compensation Committee, in its sole discretion, determines the amount of each participant s award based on attainment of the applicable performance goals and assessments of individual performance. For 2013, the applicable performance goals are among the following:

- Consolidated financial results for Hilltop for named executive officers employed directly by Hilltop Holdings Inc.;

- Consolidated financial results of PlainsCapital, after removing purchase accounting adjustments, for employees of PlainsCapital and its subsidiaries;

- Financial results of lines of business for business heads after removing any purchase accounting adjustments; and/or

- Pre-determined individual objectives.

An amount of up to 15% of any available annual cash incentive award remains subject to the discretion of the Compensation Committee. Additionally, as previously mentioned, a claw back of 15% of any available annual cash incentive award will occur in the event that any improper risk management or non-compliance with applicable laws or regulations is identified.

The elements of the annual cash incentive award do not become available until net income equals 60% of the budgeted earnings for 2013 for the entity at which that named executive officer is employed. In order to be eligible to receive the target cash annual incentive award, actual earnings must meet budgeted amounts. Further, in the event actual earnings exceed budgeted amounts, up to 150% of the target amount of the annual incentive award becomes available. Between the threshold and target amounts, a range of the potential annual cash incentive award is available; however, such amount becomes larger the closer actual earnings are to the budgeted earnings. Proportionate increases in the available annual cash incentive award are made to the extent actual earnings exceed budgeted earnings, up to a maximum of 150% of the target annual cash incentive award. We have chosen not to disclose the specific budgeted amount targets for 2013 because we believe such disclosure would result in serious competitive harm and would be detrimental to our operating performance. Our 2013 goals are intended to be realistic and reasonable but challenging in order to drive performance. The Compensation Committee and management believe that by using these metrics we are encouraging profitable top line growth and cash generation for stockholders. For 2013, the Compensation Committee set annual cash incentive compensation targets are at 333% of base salary for Mr. Feinberg and 120% of base salary for Mr. Salmans. The Compensation Committee has not yet set the annual cash incentive compensation targets for Messrs. Ford or Parmenter. See Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table Annual Incentive Plan for more information on possible future payments to the named executive officers.

Long-Term Incentive Awards

As described above, we believe that a portion of each named executive officer s compensation should be tied to the performance of our company s stock price, aligning the officer s interest with that of our stockholders. In this regard, our long-term incentive compensation is delivered in the form of restricted stock, the value of which is ultimately dependent upon the performance of our stock price. Further discussion

of the 2012 Equity Incentive Plan pursuant to which such shares of restricted stock are awarded is found after the Grants of Plan-Based Awards section below.

Although Mr. Ford has an award outstanding under the Hilltop Holdings Inc. 2003 Equity Incentive Plan, or the 2003 Equity Incentive Plan, with the adoption of the 2012 Equity Incentive Plan, all equity-based awards made to eligible employees, including the named executive officers, have since been made pursuant to the 2012 Equity Incentive Plan. All equity-based awards made to the named executive officers are made by the Compensation Committee and not pursuant to delegated authority.

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Perquisites and Other Benefits

We provide a limited number of perquisites and other benefits to our named executive officers at Hilltop. The only perquisite currently offered to the named executive officers employed directly by Hilltop is $150 per month to be applied to a gym membership to promote wellness. With respect to named executive officers employed by PlainsCapital and its subsidiaries, those entities provide them with a monthly car allowance and reimbursement for country club membership dues. In addition, Mr. White is provided access to company aircraft and bank-owned life insurance. Otherwise, generally, our named executive officers receive only medical benefits, life insurance and long-term disability coverage, as well as supplemental contributions to the Company s 401(k) program, on the same terms and conditions as available to all employees of that entity.

Severance and Other Post-Termination Compensation

Other than change in control provisions in our 2012 Equity Incentive Plan, we do not currently maintain any severance or change in control programs for named executive officers employed directly by Hilltop. We, however, have historically paid severance, the amount of which is generally determined both by length of tenure and level of compensation, when termination occurs other than for cause and pursuant to which certain benefits may be provided to the named executive officers. Absent the negotiation of specific agreements with the named executive officers, severance benefits would be provided on the same basis as provided to other employees of the Company.

In connection with acquisition of PlainsCapital, we entered into a retention agreement with Mr. White. Pursuant to that agreement, he is entitled to following:

(1) $6,430,890, including interest thereon from November 30, 2012, in full satisfaction of Mr. White s rights under Section 6 (Termination Upon Change in Control) of his previous employment agreement with PlainsCapital, dated January 1, 2009, payable in a cash lump-sum upon any termination of his employment;

(2) upon termination of his employment by us other than for cause or death or disability, or after non-renewal, cash severance of (i) the sum of Mr. White s annual base salary and the average of the annual bonus amounts paid to him for the three most recently completed fiscal years ending immediately prior to the date of termination, multiplied by (ii) the greater of (A) two, and (B) the number of full and partial years from the date of termination through the end of the applicable employment period under the retention agreement. Such severance is payable over the severance period, which is the greater of two years from the date of termination and the number of full and partial years from the date of termination through the end of the applicable employment period under the retention agreement.

The foregoing cash amounts in subparagraph (1) represent modified single trigger benefits, payable assuming the termination of employment for any reason, and the foregoing cash amounts in subparagraph (2) represent double trigger benefits, payable assuming a qualifying termination of employment. With respect to the amounts described in subparagraph (1) that are paid in full satisfaction of Section 6 of Mr. White s previous employment agreement with PlainsCapital, such amounts are payable upon any termination of employment at any time, subject to any delay required by Section 409A of the Internal Revenue Code and the execution of a release of claims. The cash severance amounts described in subparagraph (2) are payable upon a termination of employment other than for cause, death or disability or a termination due to non-renewal by Hilltop, subject to any delay required by Section 409A of the Internal Revenue Code and the execution of a release of claims.

Pursuant to the employment agreements of Messrs. Salmans and Feinberg with PlainsCapital, each executive is entitled to cash severance based on three times the sum of (i) annual base salary, and (ii) the higher of the bonus paid for the most recently completed calendar year and the average bonus paid with respect to the three most recently completed calendar years ending immediately prior to the date of termination. The foregoing cash amounts represent double trigger benefits, which are payable upon a termination of the applicable executive s employment by us without cause or by the executive for good reason during the six (6) months prior to, or the twenty-four (24) months following, the effective time of the acquisition of PlainsCapital, which constituted a change in control, subject to the execution of a release of claims.

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Further discussion of the employment agreements with Messrs. White, Salmans and Feinberg and payments made pursuant thereto may be found under the headings Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table and Potential Payments Upon Termination or Change-in-Control below.

The 2012 Equity Incentive Plan, pursuant to which we anticipate granting awards to the named executive officers, contains specific termination and change in control provisions. We determined to include a change in control provision in the plan to be competitive with what we believe to be the standards for the treatment of equity upon a change in control for similar companies and so that employees who remain after a change in control would be treated the same with regard to equity as the general stockholders who could sell or otherwise transfer their equity upon a change in control. Under the terms of the plan, if a change in control (as defined below in the discussion of the plan) were to occur, all awards then outstanding would become vested and/or exercisable and any applicable performance goals with respect thereto would be deemed to be fully achieved. Further discussion of the change in control payments made pursuant to the 2012 Equity Incentive Plan may be found in the Potential Payments Upon Termination or Change-in-Control section below.

The Annual Incentive Plan, pursuant to which annual incentive bonuses are awarded, does not contain specific change in control provisions. Accordingly, the Compensation Committee, in its discretion, may determine what constitutes a change in control and what effects such an event may have any awards made pursuant to such plan.

2012 Hilltop Performance

Significant achievements in 2012 include the following, which are discussed in more detail in our Annual Report on Form 10-K for the year ended December 31, 2012:

- Total assets grew to $7.3 billion at December 31, 2012, compared to $0.9 billion at December 31, 2011;
- Total stockholders equity increased 75% in 2012 to $1.1 billion at December 31, 2012;
- Closing stock price increased from $7.96 on May 8, 2012, the day prior to the announcement to acquire PlainsCapital, to $13.54 at December 31, 2012;
- Hilltop was well capitalized at December 31, 2012, with a Tier 1 Leverage Ratio(a) of 13.08% and Total Capital Ratio of 17.81%; and
- Hilltop maintains over $200 million of freely usable cash.

2012 Bonus Awards

The Compensation Committee conducted a performance review of each named executive officer employed directly by Hilltop. During 2012, the named executive officers of Hilltop completed the acquisition of PlainsCapital. In addition to those activities, the Compensation Committee also evaluated the contributions by the named executive officers of Hilltop to other areas of the Company. Based upon those evaluations, together with operations of the Company, it determined the discretionary bonuses for 2012 as follows for Hilltop named executive officers.

Name		Amount of Discretionary Cash Bonus	Percent of 2012 Base Salary
Jeremy B. Ford	$	300,000	75.0%
Darren Parmenter	$	100,000	34.5%

The Compensation Committee also conducted a performance review of each named executive officer employed by PlainsCapital and its subsidiaries. The financial results of PlainsCapital, PlainsCapital Bank and PrimeLending

(a) Based on the end of period Tier 1 capital divided by total average assets for the month of December 2012 excluding goodwill and intangible assets.

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produced their highest recorded earnings in any given year and well exceeded budget. In addition to those activities, the Compensation Committee also evaluated the contributions by the named executive officers to other areas. Based upon those evaluations, together with financial results of PlainsCapital and its subsidiaries, it approved bonuses in the following amounts to the named executive officers employed by PlainsCapital and its subsidiaries:

Name		Amount of Cash Bonus	Percent of 2012 Base Salary
Alan B. White	$	1,350,000(a)	100.0%
Todd Salmans	$	900,000	120.0%
Hill A. Feinberg	$	850,000	354.2%

(a) Determined pursuant to Mr. White s retention agreement for the achievement of earnings threshold.

Risk Considerations in Our Compensation Program

We do not believe that our compensation policies and practices for 2012 give rise to risks that are reasonably likely to have a material adverse effect on our Company. In reaching this conclusion for 2012, we considered the following factors:

- Base salary is fixed and the only compensation components that are variable are the annual bonuses and restricted stock awards to named executive officers, which, other than the annual bonus with respect to Mr. White, were awarded in the complete discretion of the Compensation Committee. Mr. White s annual bonus was based upon attainment of a pre-determined level of earnings.

- Annual bonuses were determined or approved following the completion, or substantial completion, of the audit of the Company s financial statements by the Company s independent registered public accounting firm. Thus, the Compensation Committee had ample knowledge of the financial condition and results of the Company, as well as reports of other committees of the Board of Directors, upon which to base any decisions.

- Because the annual bonus to named executive officers of Hilltop is purely discretionary and not linked to any performance criteria, the employee has no basis on which to take risks to meet certain pre-determined performance criteria.

- The Annual Incentive Plan awards are subject to claw-back for improper risk and significant compliance issues.

Trading Controls and Hedging, Short Sale and Pledging Policies

Executive officers, including the named executive officers, are required to receive the permission of the General Counsel prior to entering into any transactions in our securities, including gifts, grants and those involving derivatives. Generally, trading is permitted only during announced trading periods. Employees who are subject to trading restrictions, including the named executive officers, may enter into a trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934. These trading plans may be entered into only during an open trading period and must be approved by the General Counsel. We require trading plans to include a waiting period and the trading plans may not be amended during their term. The named executive officer bears full responsibility if he or she violates our policy by permitting shares to be bought or sold without pre-approval or when trading is restricted.

Executive officers are prohibited from entering into hedging and short sale transactions and are subject to restrictions on pledging our securities.

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Compensation Committee Report

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

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

Haag Sherman (Chairman)	Rhodes Bobbitt	W. Joris Brinkerhoff
William T. Hill, Jr.		Andrew Littlefair

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Executive Compensation

The following tables set forth information concerning the compensation earned for services performed during 2012, 2011 and 2010 by the named executive officers, who were either serving in such capacities on December 31, 2012, or during 2012, or are reportable pursuant to applicable SEC regulations.

Summary Compensation Table

Fiscal Years 2012, 2011 and 2010

Name and principal position	Year	Salary ($)	Bonus (a) ($)	Option awards ($)	Change in pension value and nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Jeremy B. Ford	2012	400,000	300,000				700,000
President and Chief	2011	400,000	230,000	782,602(c)			1,412,602
Executive Officer	2010	303,077(b)	230,000				533,077
Darren Parmenter	2012	290,000(d)	100,000				390,000
Senior Vice President - Finance	2011	275,000	75,000				350,000
	2010	275,000	75,000				350,000
Alan B. White	2012	112,500(e)	1,350,000		6,431,982	1,716(f)	7,896,198
Chief Executive Officer of PlainsCapital Corporation							
Hill A. Feinberg	2012	20,000(e)	850,000			826(g)	870,826
Chief Executive Officer of First Southwest Company							
Todd L. Salmans	2012	62,500(e)	900,000			429(g)	962,929
President and Chief Executive Officer of PrimeLending							

(a) Represents bonuses paid for services during 2012, 2011 and 2010, as applicable.

(b) Represents annual salary of $400,000 prorated for service from April 1, 2010 to December 31, 2010.

(c) Represents the FASB ASC Topic 718 expense recognized for stock options granted in fiscal 2011. For more information regarding outstanding stock options held by named executives officers, refer to section *Outstanding Equity Awards at Fiscal Year-End* below.

(d) Reflects increase in annual salary to $290,000 per year on April 1, 2012.

(e) Represents annual salaries (Mr. White - $1,350,000; Mr. Feinberg - $240,000; Mr. Salmans - $750,000) prorated for service from December 1, 2012 to December 31, 2012.

(f) Includes gross-up for the payment of taxes on personal airplane usage and group life insurance premiums paid during December 2012.

(g) Includes group life insurance premiums paid during December 2012.

Grants of Plan-Based Awards

None of our named executive officers were granted plan-based awards in 2012.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Contracts and Incentive Plans

Set forth below is a summary of our retention agreement with Mr. White and our employment agreements with Messrs. Feinberg and Salmans. Our employment agreement with Mr. Parmenter expired in 2010, and we do not have an employment agreement with Mr. Jeremy Ford. Also set forth below is a description of our incentive plans, pursuant to which the awards included in the Outstanding Equity Awards at Fiscal Year-End 2012 below were made to our named executive officers. The Compensation Committee believes that the arrangements described below serve our interests and the interests of our stockholders because they help secure the continued employment and dedication of our senior officers prior to or following a change in control, without concern for their own continued employment.

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Employment Contracts

Mr. White

On November 30, 2012, in connection with our acquisition of PlainsCapital, we entered into a retention agreement with Mr. White. The term of the retention agreement is three years, with automatic one-year renewals at the end of the second year of the agreement and each anniversary thereof unless notice has been given otherwise. Pursuant to the agreement, Mr. White s annual base salary is $1,350,000. He is also entitled to an annual bonus that varies based upon the performance of PlainsCapital. If PlainsCapital s annual net income is less than or equal to $70,000,000 but greater than $15,000,000, Mr. White is entitled to a bonus equal to the average of his annual bonus in the prior three calendar years. If PlainsCapital s annual net income exceeds $70,000,000, he will be entitled to a bonus equal to 100% of his annual base salary. Additionally, in accordance with the agreement, Mr. White is entitled to participate in all of the Company s employee benefit plans and programs. Further, the agreement provides that the Company will provide Mr. White with the use of corporate aircraft and an automobile allowance, each at the same level that such benefits were available to Mr. White immediately prior to our acquisition of PlainsCapital. He continues to have bank-owned life insurance and access to the country club that was available to him through PlainsCapital s membership prior to our acquisition of PlainsCapital. For a description of compensation and benefits to which Mr. White is entitled in the event of his termination or a change in control, see Potential Payments Upon Termination or Change-in-Control below.

Mr. Feinberg

PlainsCapital previously entered into an employment agreement with Mr. Feinberg. In connection with our acquisition of PlainsCapital, we entered into an amendment to the employment agreement with Mr. Feinberg, which became effective upon the closing of the acquisition on November 30, 2012 and, among other things, removed his minimum guaranteed bonus. The term of the employment agreement is two years. The annual base salary under the agreement is $240,000. Mr. Feinberg is entitled to an annual bonus to be determined by our Compensation Committee. For a description of compensation and benefits to which Mr. Feinberg is entitled in the event of his termination or a change in control, see Potential Payments Upon Termination or Change-in-Control below.

Mr. Salmans

PlainsCapital previously entered into an employment agreement with Mr. Salmans. In connection with our acquisition of PlainsCapital, we entered into an amendment to the employment agreement with Mr. Salmans, which became effective upon the closing of the acquisition on November 30, 2012. The term of the employment agreement is two years. The annual base salary under the agreement is $750,000. Mr. Salmans is entitled to an annual bonus to be determined by our Compensation Committee. For a description of compensation and benefits to which Mr. Salmans is entitled in the event of his termination or a change in control, see Potential Payments Upon Termination or Change-in-Control below.

Equity Incentive Plans

On December 23, 2003, we adopted the 2003 Equity Incentive Plan, which provides for the grant of equity-based awards, including restricted shares of our common stock, stock options, grants of shares and other equity-based incentives, to our directors, officers and other employees and certain of our subsidiaries selected by our Compensation Committee. At inception, 1,992,387 shares were authorized for issuance pursuant to this plan. All shares granted and outstanding pursuant to the plan, whether vested or unvested, are entitled to receive dividends and to vote, unless forfeited. No participant in our 2003 Equity Incentive Plan may be granted awards in any fiscal year representing more than 500,000 shares of our common stock.

On September 20, 2012, our stockholders approved the 2012 Equity Incentive Plan, and as a result, we may no longer grant awards pursuant to the 2003 Equity Incentive Plan. However, all awards that were previously granted and outstanding under the 2003 Equity Incentive Plan will remain in full force and effect according to their respective terms and dividend equivalents may continue to be issued in respect of awards that were outstanding thereunder as of September 20, 2012.

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The 2012 Equity Incentive Plan provides for the grant of equity-based awards, including restricted shares of our common stock, stock options, grants of shares, stock appreciation rights (SARs) and other equity-based incentives, to our directors, officers and other employees and those of our subsidiaries selected by our Compensation Committee. At inception, 4,000,000 shares were authorized for issuance pursuant to this plan. All shares granted and outstanding pursuant to this plan, whether vested or unvested, are entitled to receive dividends and to vote, unless forfeited. No participant in our 2012 Equity Incentive Plan may be granted performance-based equity awards in any fiscal year representing more than 500,000 shares of our common stock or stock options SARs representing in excess of 750,000 shares of our common stock. The maximum number of shares underlying incentive stock options granted under this plan may not exceed 2,000,000.

The 2003 Equity Incentive Plan and the 2012 Equity Incentive Plan are administered by our Compensation Committee, which has the discretion to, among other things, determine the persons to whom awards will be granted, the number of shares of our common stock to be subject to awards and the other terms and conditions of the awards. The Compensation Committee also has authority to establish performance goals for purposes of determining cash bonuses to be paid under the incentive plans. Such performance goals may be applied to our Company as a whole, any of our subsidiaries or affiliates, and/or any of our divisions or strategic business units, and may be used to evaluate performance relative to a market index or a group of other companies. Further, the Compensation Committee has the authority to adjust the performance goals in recognition of unusual or non-recurring events. The 2003 Equity Incentive Plan and the 2012 Equity Incentive Plan each provide that in no event will the Compensation Committee be authorized to reprice stock options, or to lower the base or exercise price of any other award granted under such plan, without obtaining the approval of our stockholders.

Stock options granted under the 2003 Equity Incentive Plan and the 2012 Equity Incentive Plan may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code, or nonqualified stock options. Generally, holders of restricted stock will be entitled to vote and receive dividends on their restricted shares, but our Compensation Committee may determine, in its discretion, whether dividends paid while the shares are subject to restrictions may be reinvested in additional shares of restricted stock. Except as otherwise permitted by our Compensation Committee, awards granted under the 2003 Equity Incentive Plan and the 2012 Equity Incentive Plan will be transferable only by will or through the laws of descent and distribution, and each stock option will be exercisable during the participant s lifetime only by the participant or, upon the participant s death, by his or her estate. Director compensation paid in the form of our common stock, whether at our or the director s election, is issued through the 2012 Equity Incentive Plan.

Annual Incentive Plan

On September 20, 2012, our stockholders approved the 2012 Annual Incentive Plan, which provides for a cash bonus to key employees of Hilltop and our subsidiaries who are selected by the Compensation Committee for participation in the plan. The Annual Incentive Plan is intended to permit the payment of amounts that constitute performance-based compensation under Section 162(m) of the Internal Revenue Code and is designed to reward executives whose performance during the fiscal year enabled Hilltop to achieve favorable business results and to assist Hilltop in attracting and retaining executives. A participant may receive a cash bonus under the Annual Incentive Plan based on the attainment, during each performance period, of performance objectives in support of our business strategy that are established by our Compensation Committee. These performance objectives may be based on one or more of the following criteria:

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- stock price
- earnings (including earnings before interest, taxes, depreciation and amortization)
- earnings per share (whether on pre-tax, after-tax, operations or other basis)
- operating earnings
- total return to shareholders
- ratio of debt to debt plus equity
- net borrowing
- credit quality or debt ratings
- return on assets or operating assets
- asset quality
- net interest margin
- loan portfolio growth
- efficiency ratio
- deposit portfolio growth
- liquidity
- market share
- objective customer service measures or indices
- shareholder value added
- embedded value added
- loss ratio
- expense ratio
- combined ratio
- expense or expense levels
- economic value added
- cash flow per share (before or after dividends)
- free cash flow
- gross margin
- risk-based capital
- revenues
- revenue growth
- sales growth
- return on capital (including return on total capital or return on invested capital)
- capital expenditures
- cash flow return on investment
- cost
- cost control
- gross profit
- operating profit
- economic profit
- profit before tax
- net profit
- cash generation
- unit volume
- sales
- net asset value per share

- premiums
- premium growth
- investment income
- pre- or after-tax income
- net income
- cash flow (before or after dividends)
- asset quality
- cost saving levels
- market-spending efficiency
- core non-interest income
- change in working capital

The performance objectives may be applied with respect to Hilltop or any one or more of our subsidiaries, divisions, business units or business segments and may be applied to performance relative to a market index or a group of other companies. The Compensation Committee may adjust the performance goals applicable to any awards to reflect any unusual or non-recurring events.

Participation in the Annual Incentive Plan does not guarantee the payment of an award. All awards payable pursuant to the Annual Incentive Plan are discretionary and subject to approval by our Compensation Committee. After the performance period ends, the Compensation Committee will determine the payment amount of individual awards based on the achievement of the performance objectives. No participant in the Annual Incentive Plan may receive an award that exceeds $10,000,000 per year. Except as otherwise provided in a participant s employment or other individual agreement, the payment of a cash bonus to a participant for a performance period will be conditioned upon the participant s active employment on the date that the final awards are approved by the Compensation Committee. We may amend or terminate the Annual Incentive Plan at any time.

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Outstanding Equity Awards at Fiscal Year End

The following tables presents information pertaining to all outstanding equity awards held by the named executive officers as of December 31, 2012.

Outstanding Equity Awards at Fiscal Year End Table

Fiscal Year 2012

	Option Awards			
Name	**Number of securities underlying unexercised options (#) exercisable**	**Number of securities underlying unexercised options (#) unexercisable**	**Option exercise price (b) ($)**	**Option expiration date**
Jeremy B. Ford President & Chief Executive Officer	200,000(a)	300,000(a)	$ 7.70	November 2, 2016

(a) These stock options vest in five equal installments on each of November 2, 2011, 2012, 2013, 2014 and 2015.

(b) Represents the exercise price of stock options held by the named executive officer, which is the average of the high and low sales prices of Hilltop common stock on the date of grant of the stock option.

Option Exercises and Stock Vested in 2012

During the fiscal year ended December 31, 2012, none of our named executive officers exercised any options to purchase shares of common stock or held any outstanding awards of restricted stock, restricted stock units or similar instruments.

Non-Qualified Deferred Compensation

The following table shows the non-qualified deferred compensation activity for our named executive officers during the fiscal year ended December 31, 2012.

Name	Executive contributions in last fiscal year ($)	Registrant contributions in last fiscal year ($) (1)	Aggregate earnings in last fiscal year ($) (1)	Aggregate withdrawals/ distributions ($)	Aggregate balance at last fiscal year end ($)
Alan B. White		$ 6,430,890	$ 1,092		$ 6,431,892

(1) All amounts reported as registrant contributions in last fiscal year and aggregate earnings in last fiscal year are reported as compensation in the last completed fiscal year in the Summary Compensation Table.

In connection with acquisition of PlainsCapital, we entered into a retention agreement with Mr. White. Pursuant to that agreement, we agreed to contribute an amount in cash equal to $6,430,890 as deferred compensation to Mr. White in satisfaction of his rights under Section 6 (Termination Upon Change of Control) of his previous employment agreement with PlainsCapital. Such amount accrues interest at the prevailing money market rate and is payable to Mr. White on the 55th day following termination of his employment.

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Potential Payments Upon Termination or Change-in-Control

Employment Contracts

With respect to each of Messrs. Feinberg, Salmans and White, if his employment contract is terminated by us for cause, by the executive or due to the executive s death or disability (as such terms are defined below), he or his estate, as applicable, is entitled to:

(i) his annual base salary through the date of termination, to the extent not already paid and not deferred;

(ii) any annual bonus earned by the executive for a prior award period, to the extent not already paid and not deferred;

(iii) any business expenses he incurred that are not yet reimbursed as of the date of termination; and

(iv) any other amounts or benefits, including all unpaid and/or vested, nonforfeitable amounts owing or accrued to him, required to be paid or provided or which he is eligible to receive under any plan, program, policy or practice or contract or agreement, to the extent not already paid and not deferred, through the date of termination.

In addition, Mr. White or his estate, as applicable, is entitled to a lump-sum cash payment equal to $6,430,890, which represents the amount Mr. White would have been entitled to receive under his prior employment agreement with PlainsCapital if his employment there was terminated. Such amounts described in the preceding paragraph are referred to as the Accrued Amounts.

For each of Messrs. Feinberg and Salmans, if his employment is terminated by us without cause (as such term is defined below), he is entitled to the Accrued Amounts, as well as a cash amount equal to the sum of:

(i) his annual base salary rate; and

(ii) the average of the bonuses he received for each of the three calendar years immediately preceding the year of termination of his employment.

Such amount is payable in a lump-sum within 60 days of the effective date of the termination of the executive s employment.

If Mr. White s employment is terminated by us other than for cause (as such term is defined below) or his death or disability, or if his employment terminates due to non-renewal by us, he is entitled to the Accrued Amounts, including the lump-sum cash payment equal to $6,430,890 and interest thereon from November 30, 2012, as well as payments generally equal to the sum of the average of Mr. White s prior annual bonuses over the preceding three years plus his annual base salary, multiplied by the greater of (i) the number of full and partial years remaining until the end of the term of his retention agreement and (ii) two. Mr. White will retain the right to be grossed-up for any excise tax relating to excess parachute payments (as defined in Section 280G of the Internal Revenue Code), which is set forth in his prior employment agreement, provided that the gross-up will only relate to any excise taxes arising in connection with our acquisition of PlainsCapital. These severance amounts are payable subject to Mr. White s execution of a release of claims.

For each of Messrs. Feinberg and Salmans, in the event that his employment is terminated (a) by us without cause within the 24 months immediately following, or the six months immediately preceding, a change in control (as such term is defined below), or (b) by the executive for good reason (as such term is defined below) within the 24 months immediately following, or the six months immediately preceding, a change in control, he is entitled to the Accrued Amounts, as well as a cash amount equal to three times the sum of:

(i) his annual base salary rate; and

(ii) the greater of (A) the annual bonus paid or payable with respect to the calendar year prior to the calendar year in which the effective date of such termination of employment occurs and (B) the average of the bonuses he received for each of the three calendar years immediately preceding the year of termination of his employment.

Such amount is payable in a lump-sum within 60 days of the effective date of the termination of the executive s employment, subject to the execution of a release of claims. In addition, Messrs. Feinberg and Salmans are entitled to continued participation in our benefit plans for a period of two years following their respective dates of

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termination, and full vesting of all outstanding stock options then held, with the option to receive a cash payment equal to the then difference between the option price and the current fair market value of the stock as of the effective date of such termination of employment in lieu of the right to exercise such options. In the event that any of the benefits payable upon a termination of employment in connection with a change in control would constitute excess parachute payments, such benefits would be reduced to the level necessary such that no excise tax will be due. Mr. White s retention agreement does not provide for such payments upon a change in control.

Pursuant to their respective employment agreements, each of Messrs. Feinberg and Salmans will not, during the term of his employment agreement and for a period of one year following the earlier of his termination or the termination of the agreement, compete with any business that provides services similar to us anywhere within the State of Texas. Pursuant to his retention agreement, Mr. White will not, during the period of his employment and for three years following his termination: (i) solicit any person who is employed by us or any of our affiliates; (ii) interfere with our relationships with our customers, suppliers or other business contacts; nor (iii) compete with any business that provides services similar to us anywhere within the State of Texas. Mr. White has also agreed that all confidential records, material and information concerning us or our affiliates shall remain our exclusive property and Mr. White shall not divulge such information to any person.

For the purposes of each employment contract described above:

- cause means: (i) an intentional act of fraud, embezzlement or theft in connection with the executive s duties or in the course of his employment with the Company or our affiliates; (ii) intentional wrongful damage to property of the Company or our affiliates; (iii) intentional wrongful disclosure of trade secrets or confidential information of the Company or our affiliates; (iv) intentional violation of any law, rule or regulation (other than traffic violations or similar offenses) or a final Cease and Desist Order; (v) intentional breach of fiduciary duty involving personal profit; or (vi) intentional action or inaction that causes material economic harm to the Company or our affiliates.

For the purposes of Mr. White s retention agreement:

- disability means Mr. White shall have been absent from full-time performance of his duties for 180 consecutive days as a result of incapacity due to physical or mental illness that is determined to be total and permanent by a physician.

For the purposes of the employment agreements with each of Messrs. Feinberg and Salmans:

- the acquisition of PlainsCapital constituted a change in control ;

- disability is defined in accordance with our disability policy in effect at the time of the disability; and

- good reason means (i) without his express written consent, the assignment to the executive of any duties materially inconsistent with his positions, duties, responsibilities and status as then in effect or a significant material diminishment in his titles or offices as then in effect, or any removal of the executive from or any failures to re-elect executive to any of such positions, in any case, subject to certain exceptions; (ii) a significant and material adverse diminishment in the nature or scope of the authorities, powers, functions or duties attached to the position with which the executive had immediately prior to a change in control or a reduction in the executive s aggregate base salary without his prior written consent; (iii) the Company relocates its principal executive offices or requires the executive to have as his principal location of work any location which is in excess of fifty (50) miles from the location thereof immediately prior to a change in control; or (iv) any substantial and material breach of his employment agreement by the Company.

Set forth below are the amounts that Messrs. Ford, White, Feinberg and Salmans would have received if the specified events had occurred on December 31, 2012.

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Jeremy B. Ford	Termination for cause	Termination due to death or disability	Termination without cause or non-renewal of employment agreement	Termination upon change in control(1)
Accrued Amounts				
Cash Payment				
Cash Severance				
Stock Options(2)				$ 1,752,000
Tax Gross-Up				
Welfare Benefits				
Total				$ 1,752,000

(1) Pursuant to the provisions of the 2003 equity incentive plan under which issuances of stock option awards are made, if a change in control event, as defined under the plan, were to occur, all awards then outstanding would become vested and, if applicable, exercisable and any applicable performance goals with respect thereto would be deemed to be fully achieved. The Company has the discretion to require payment by the option holder of any amount it deems necessary to satisfy its liability to withhold income or any other taxes incurred by reason of exercise of options. Further, pursuant to the terms of the non-qualified stock option agreements that govern the issuance of options, upon the death of the option holder all options become fully vested and exercisable.

(2) Represents the value of unvested stock option grants that would vest upon a change in control, assuming a change in control event on the last business day of 2012. The value realized assumes the exercise of all stock options that became vested as a result of the event and is calculated as the difference between the option exercise price per share and the closing market price of $13.54 on December 31, 2012.

Alan B. White	Termination for cause	Termination due to death or disability	Termination without cause or non-renewal of employment agreement
Accrued Amounts(1)	$ 1,350,000	$ 1,350,000	$ 1,350,000
Cash Payment(2)	$ 6,431,982	$ 6,431,982	$ 6,431,982
Cash Severance(3)			$ 5,491,616
Stock Options			
Tax Gross-Up			
Welfare Benefits			
Total	$ 7,781,982	$ 7,781,982	$ 13,273,598

(1) Accrued Amounts calculation based upon the sum of: (i) Mr. White s annual base salary through December 31, 2012, to the extent not already paid and not deferred; (ii) any annual bonus earned, to the extent not already paid and not deferred; (iii) any business expenses incurred that have not yet been reimbursed as of the date of termination; and (iv) any other amounts or benefits, including all unpaid and/or vested, nonforfeitable amounts owing or accrued to Mr. White.

(2) Cash Payments refers to a lump-sum cash payment that represents the amount, including interest thereon, Mr. White would have been entitled to receive under his prior employment agreement with PlainsCapital if his employment had been terminated.

(3) Cash Severance calculation based upon the sum of the average of Mr. White s prior annual bonuses for each of the preceding three years plus his annual base salary, multiplied by the greater of: (i) the number of full and partial years remaining until the end of the term of his employment agreement and (ii) two.

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Hill A. Feinberg	Termination for cause	Termination due to death or disability	Termination without cause or non-renewal of employment agreement	Termination upon change in control
Accrued Amounts(1)				
Cash Payment				
Cash Severance(2)			$ 1,186,778	$ 3,560,333
Stock Options				
Tax Gross-Up				
Welfare Benefits(3)				$ 46,247
Total	$	$	$ 1,186,778	$ 3,606,580

(1) Accrued Amounts calculation based upon the sum of: (i) Mr. Feinberg s annual base salary through December 31, 2012, to the extent not already paid and not deferred; (ii) any annual bonus earned, to the extent not already paid and not deferred; (iii) any business expenses incurred that have not yet been reimbursed as of the date of termination; and (iv) any other amounts or benefits, including all unpaid and/or vested, nonforfeitable amounts owing or accrued to Mr. Feinberg.

(2) Cash severance calculation if Mr. Feinberg is terminated without cause is based upon the sum of: (i) Mr. Feinberg s annual base salary rate and (ii) the average of the bonuses he received for each of the last three calendar years immediately preceding the year of termination of his employment. If his employment is terminated upon a change in control, the cash severance calculation is based upon three times the sum of: (i) Mr. Feinberg s annual base salary rate and (ii) the greater of (A) the annual bonus paid or payable with respect to the calendar year prior to the calendar year in which termination occurs and (B) the averages of the bonuses he received for each of the last three calendar years immediately preceding the year of termination of his employment.

(3) Welfare Benefits calculation based on the cost of continuing coverage under the medical, dental, vision, group life and long-term disability plans for two years.

Todd L. Salmans	Termination for cause	Termination due to death or disability	Termination without cause or non-renewal of employment agreement	Termination upon change in control
Accrued Amounts(1)				
Cash Payment				
Cash Severance(2)			$ 1,225,000	$ 4,950,000
Stock Options				
Tax Gross-Up				
Welfare Benefits(3)				$ 28,502
Total	$	$	$ 1,225,000	$ 4,978,502

(1) Accrued Amounts calculation based upon the sum of: (i) Mr. Salmans annual base salary through December 31, 2012, to the extent not already paid and not deferred; (ii) any annual bonus earned, to the extent not already paid and not deferred; (iii) any business expenses incurred that have not yet been reimbursed as of the date of termination; and (iv) any other amounts or benefits, including all unpaid and/or vested, nonforfeitable amounts owing or accrued to Mr. Salmans.

(2) Cash severance calculation if Mr. Salmans is terminated without cause is based upon the sum of: (i) Mr. Salmans annual base salary rate and (ii) the average of the bonuses he received for each of the last three calendar years immediately preceding the year of termination of his employment. If his employment is terminated upon a change in control, the cash severance calculation is based upon three times the sum of: (i) Mr. Salmans annual base salary rate and (ii) the greater of (A) the annual bonus paid or payable with respect to the calendar year prior to the calendar year in which termination occurs and (B) the averages of the bonuses he received for each of the last three calendar years immediately preceding the year of termination of his employment.

(3) Welfare Benefits calculation based on the cost of continuing coverage under the medical, dental, vision, group life and long-term disability plans for two years.

Incentive Plans

Each of the incentive plans has a complex definition of change in control . Generally speaking, under the 2003 Equity Incentive Plan, a change in control occurs if: (i) with certain exceptions, any person becomes the owner of 50% or more of the combined voting power of our outstanding stock and other voting securities; (ii) a majority of the directors serving on our Board of Directors are replaced other than by new directors approved by at least two-

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thirds of the members of our Board of Directors; (iii) we are not the surviving company after a merger or consolidation; or (iv) with certain exceptions, our stockholders approve a plan of complete liquidation or dissolution or an agreement for the sale or disposition of all or substantially all of our assets is consummated. Under the 2012 Equity Incentive Plan, a change in control occurs if: (i) with certain exceptions, any person becomes the owner of 33% or more of the outstanding shares of our common stock or the combined voting power of our outstanding stock and other voting securities; (ii) a majority of the directors serving on our Board of Directors are replaced other than by new directors approved by at least two-thirds of the members of our Board of Directors; (iii) we are not the surviving company after a merger or consolidation or sale of all or substantially all of our assets; or (iv) with certain exceptions, our stockholders approve a plan of complete liquidation or dissolution.

Both our 2003 Equity Incentive Plan and our 2012 Equity Incentive Plan are single trigger plans, meaning that stock option acceleration occurs upon a change in control even if the option holder remains with us after the change in control, regardless of whether options are assumed or substituted by the surviving company. We believe a single trigger change in control provision was appropriate because it allows management to pursue all alternatives for us without undue concern for their own financial security.

In the event of a change in control, all awards then outstanding under the 2003 Equity Incentive Plan will become vested and, if applicable, exercisable, and any performance goals imposed with respect to then-outstanding awards will be deemed to be fully achieved. With respect to awards granted pursuant to the 2012 Equity Incentive Plan, in the event of a change in control: (i) all outstanding stock options and SARs will become fully vested and exercisable; (ii) all restrictions on any restricted stock, restricted stock units or other stock-based awards that are not subject to performance goals will become fully vested; and (iii) all restrictions on any restricted stock, restricted stock units, performance units or other stock-based awards that are subject to performance goals will be deemed to be fully achieved.

In addition to acceleration of benefits upon a change in control event, the non-qualified stock option agreements pursuant to which all option awards are granted provide for acceleration of vesting upon the death of the option holder. No other rights of acceleration are provided for under the terms of the Company s benefit plans.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2012, directors Rhodes Bobbitt, W. Joris Brinkerhoff and William T. Hill, Jr. served on the Compensation Committee. During fiscal year 2012:

- none of the members of our Compensation Committee is, or has ever been, one of our officers or employees;

- none of the members of our Compensation Committee had any relationships with the Company requiring disclosure under Certain Relationships and Related Party Transactions ;

- none of our executive officers served as a member of the compensation committee of another entity, one of whose executive officers served on our compensation committee;

- none of our executive officers served as a director of another entity, one of whose executive officers served on our compensation committee; and

- none of our executive officers served as a member of the compensation committee of another entity, one of whose executive officers served as one of our directors.

Mr. White, PlainsCapital s Chief Executive Officer, Mr. Martin, PlainsCapital s Executive Vice President and Chief Financial Officer, Mr. Huffines, PlainsCapital s President and Chief Operating Officer, and Mr. Schaffner, President and Chief Executive Officer of PlainsCapital Bank, each serve as a director of First Southwest, a wholly owned subsidiary of PlainsCapital. Hill A. Feinberg serves as the Chief Executive Officer of First Southwest and on the Board of Directors of Hilltop. Hilltop s Compensation Committee is comprised of independent directors, reviews and sets the compensation of each of Messrs. White, Martin, Feinberg, Huffines and Schaffner and does not believe that these interlocks pose any risks that are likely to have a material adverse effect on us.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires officers and directors, and persons who beneficially own more than ten percent of our stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the copies furnished to us and representations from our officers and directors, we believe that all Section 16(a) filing requirements for the year ended December 31, 2012, applicable to our officers, directors and greater than ten percent beneficial owners were timely satisfied.

Based on written representations from our officers and directors, we believe that all Forms 5 for directors, officers and greater than ten percent beneficial owners that have been filed with the SEC are the only Forms 5 required to be filed for the period ended December 31, 2012.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

General

Transactions with related persons are governed by our Code of Business Conduct and Ethics, which applies to all officers, directors and employees. This code covers a wide range of potential activities, including, among others, conflicts of interest, self-dealing and related party transactions. Waiver of the policies set forth in this code will only be permitted when circumstances warrant. Such waivers for directors and executive officers, or that provide a benefit to a director or executive officer, may be made only by the Board of Directors, as a whole, or the Audit Committee of the Board of Directors and must be promptly disclosed as required by applicable law or regulation. Absent such a review and approval process in conformity with the applicable guidelines relating to the particular transaction under consideration, such arrangements are not permitted.

Management Services Agreement

Prior to December 2012, Diamond A Administration Company, LLC, or Diamond A, an affiliate of Gerald J. Ford, the current Chairman of the Board of Hilltop and the beneficial owner of 18.0% of Hilltop common stock as of April 9, 2013, provided certain management services to Hilltop and its subsidiaries, including, among others, financial and acquisition evaluation, and office space to Hilltop, pursuant to a Management Services Agreement. The services and office space were provided at a cost of $91,500 per month, plus reasonable out-of-pocket expenses. The services provided under this agreement included those of several of Hilltop s directors, including Gerald J. Ford, Kenneth Russell and Carl B. Webb. Prior to Jeremy B. Ford assuming the role of Chief Executive Officer of Hilltop, he provided services to Hilltop under the Management Services Agreement. The Management Services Agreement was terminated upon our acquisition of PlainsCapital. Hilltop also agreed to indemnify and hold harmless Diamond A for its performance or provision of these services, except for gross negligence and willful misconduct. Further, Diamond A s maximum aggregate liability for damages under this agreement is limited to the amounts paid to Diamond A under this agreement during twelve months prior to that cause of action.

Jeremy B. Ford, a director and the Chief Executive Officer of Hilltop, is the beneficiary of a trust that owns a 49% limited partnership interest in Diamond A Financial, L.P. Diamond A Financial, L.P. owns 18.0% of the outstanding Hilltop common stock at April 9, 2013. He also is a director and the Secretary of Diamond A, which provided management services to Hilltop under the Management Services Agreement described in the preceding paragraph. Diamond A is owned by Hunter s Glen/Ford, Ltd., a limited partnership in which a trust for the benefit of Jeremy B. Ford is a 46% limited partner. The spouse of Corey G. Prestidge is the beneficiary of a trust that also owns a 46% limited partnership interest in Hunter s Glen/Ford, Ltd. and a trust that owns a 49% limited partnership interest in Diamond A Financial, L.P.

Jeremy B. Ford is the son of Gerald J. Ford. Corey G. Prestidge, Hilltop s General Counsel and Secretary, is the son-in-law of Gerald J. Ford. Accordingly, Messrs. Jeremy B. Ford and Corey G. Prestidge are brothers-in-law.

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Hilltop Sublease

In connection with our acquisition of PlainsCapital, we terminated the Management Services Agreement described above. Hilltop, however, desired to continue to occupy the office space provided pursuant to the Management Services Agreement. Accordingly, Hilltop entered into a sublease with Hunter s Glen/Ford, Ltd., an affiliate of Mr. Gerald J. Ford and the tenant of the office space (*See* - Management Service Agreement above for a further discussion regarding Hunter s Glen/Ford, Ltd.). The Sublease is subject to the base Lease and on the same terms as the base Lease. Pursuant to the Sublease, Hilltop leases 5,491 square feet for $219,640 annually, plus additional rent due under the base Lease. The Sublease is coterminous with the base Lease, which terminates on June 30, 2015.

The NLASCO Acquisition

ARC Insurance Holdings Inc., or Holdings, a subsidiary of us, on the one hand, and C. Clifton Robinson, C.C. Robinson Property Company, Ltd. and The Robinson Charitable Remainder Unitrust, on the other hand, entered into a stock purchase agreement, dated as of October 6, 2006, or the NLASCO Agreement. Pursuant to the NLASCO Agreement, on January 31, 2007, Holdings acquired all of the outstanding shares of capital stock of NLASCO, Inc., or NLASCO, a privately held property and casualty insurance holding company domiciled in the state of Texas. In exchange for the stock, NLASCO s shareholders, consisting of C. Clifton Robinson and affiliates, as specified above, received $105.75 million in cash and 1,218,880 shares of our common stock issued to Mr. Robinson, for a total consideration of $122.0 million. The NLASCO Agreement included customary representations, warranties and covenants, as well as indemnification provisions. The purchase price was subject to specified post-closing adjustments that resulted in the following additional aggregate consideration paid to Mr. Robinson and his affiliates: $2,852,879 on March 16, 2010 and $252,997 on March 25, 2011. As a result of these payments, no further post-closing adjustments are required under the stock purchase agreement. The parties also entered into several ancillary agreements, including a non-competition agreement, a registration rights agreement, a release, employment agreements and a share lock-up agreement.

C. Clifton Robinson Relationship with the Company

In furtherance of the terms of the NLASCO Agreement, C. Clifton Robinson, Chairman of NLASCO and a member of our Board of Directors, entered into certain ancillary agreements with us or NLASCO, including, among others, an employment agreement, a non-competition agreement, a lock-up agreement and a registration rights agreement.

In conjunction with the closing of the NLASCO acquisition, NLASCO entered into an employment agreement with C. Clifton Robinson that provides that he was to serve as chairman of NLASCO and will be paid $100,000 a year. In addition, NLASCO entered into an employment agreement with Mr. Robinson s son, Gordon B. Robinson, the former vice chairman and deputy chief executive officer of NLASCO, pursuant to which he was to serve in an advisory capacity to NLASCO and for which he will be paid $100,000 per year. Each employment agreement was for a one-year term with automatic one-year extensions by agreement of the parties. Both of these agreements were terminated on January 1, 2011. The employment agreements also included non-competition and non-solicitation provisions similar to that in the non-competition agreement discussed below, but with terms until two years after the termination of employment. Further, each of the Robinsons entered into a non-competition agreement pursuant to which he has agreed not to, directly or indirectly, engage or invest in, own, manage, operate, finance, control, or participate in the ownership, management, operation, financing, or control of, be employed by, lend credit to, or render services to, any business whose products, services or activities compete with those of NLASCO or any of its subsidiaries within certain states. Each non-competition agreement includes customary non-solicitation provisions. The term of the non-competition agreements is five years. Finally, C. Clifton Robinson executed a share lock-up agreement pursuant to which he has agreed not to offer, sell, contract to sell, hypothecate, pledge, sell or grant any option, right or warrant to purchase, or otherwise dispose of, or contract to dispose of, our common stock until 20 months after

the closing date of the NLASCO acquisition. Upon the closing of the NLASCO acquisition in January 2007, NLASCO became our wholly-owned subsidiary.

Mr. Robinson was elected to our board of directors in March 2007 pursuant to the terms of the NLASCO Agreement.

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Assumption of NLASCO, Inc. Subsidiary Office Leases

With the acquisition of all of the capital stock of NLASCO, we also assumed all assets and liabilities of its wholly-owned subsidiaries. Prior to Mr. Robinson s disposition of his office building on August 24, 2011, NLASCO and its affiliates in Waco, Texas leased office space from affiliates of Mr. Robinson. There were three separate leases. The first lease was a month-to-month lease for office space at a rate of $900 per month. The second lease was a month-to-month lease at a monthly rental rate of $3,500 per month. The first and second leases were terminated in August 2010. The third lease, as amended, currently requires payments of $40,408 per month and expires on December 31, 2014, but does have renewal options at the discretion of the lessee. Aggregate office space under lease with regard to the foregoing is approximately 28,863 square feet.

The PlainsCapital Acquisition

Hilltop and PlainsCapital entered into an Agreement and Plan of Merger, dated as of May 8, 2012, pursuant to which we acquired PlainsCapital on November 30, 2012. Pursuant to the Agreement and Plan of Merger, PlainsCapital s shareholders, which included Ms. Anderson and Messrs. Bolt, Feinberg, Huffines, Lewis, Littlefair, Martin, Salmans, Schaffner, Sherman, Taylor and White, received 0.776 shares of Hilltop common stock and $9.00 in cash for each share of PlainsCapital s outstanding common stock they held. Based on Hilltop s closing stock price on November 30, 2012, the total purchase price in the PlainsCapital acquisition was $813.5 million, consisting of $311.8 million in cash and the issuance of 27.1 million shares of common stock and 114,068 shares of Non-Cumulative Perpetual Preferred Stock, Series B. In addition, Mrs. Anderson and Messrs. Bolt, Feinberg, Huffines, Lewis, Littlefair, Sherman, Taylor and White were appointed to serve as members of our Board of Directors. The Agreement and Plan of Merger contained customary representations, warranties and covenants, as well as indemnification provisions.

Consultant

We are currently paying Richard P. Hodge $80,000 per year for tax services. Mr. Hodge also provides tax services Mr. Gerald Ford and his affiliates.

Employment of Certain Family Members

During 2012, Corey Prestidge, the brother-in-law of Jeremy B. Ford, our President and Chief Executive Officer, and the son-in-law of Gerald J. Ford, the Chairman of our Board, served as Hilltop s General Counsel and Secretary; Lee Ann White, the wife of Alan B. White, PlainsCapital s Chairman and Chief Executive Officer, served as our Senior Vice President, Director of Public Relations; and Kale Salmans, the son of Todd Salmans, President and Chief Executive Officer of PrimeLending, served as a Regional Manager of PrimeLending. Pursuant to our employment arrangements with these individuals, we paid Corey Prestidge $500,000, Lee Ann White $136,725 and Kale Salmans $276,440 as compensation for their services as employees during 2012.

Cowboys Stadium Suite

In 2007, PlainsCapital Bank contracted with Cowboys Stadium, L.P., a company affiliated with the employer of Ms. Anderson and that is beneficially owned by Ms. Anderson and certain of her immediate family members, for the 20-year lease of a suite at Cowboys Stadium beginning in 2009. Pursuant to the lease agreement, PlainsCapital Bank has agreed to pay Cowboys Stadium, L.P. annual payments of $500,000, subject to possible annual escalations, not to exceed 3% per year, beginning with the tenth year of the lease.

Indebtedness

The Bank has had, and may be expected to have in the future, lending relationships in the ordinary course of business with our directors and executive officers, members of their immediate families and affiliated companies in which they are employed or in which they are principal equity holders. In our management s opinion, the lending relationships with these persons were made in the ordinary course of business and on substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at the time for comparable transactions with persons not related to us and do not involve more than normal collection risk or present other unfavorable features.

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PROPOSAL TWO ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Pursuant to Section 14A(a)(1) of the Securities Exchange Act of 1934, we are asking stockholders to cast an advisory vote on the compensation of our named executive officers disclosed in the Management section of this Proxy Statement. While this vote is a non-binding advisory vote, we value the opinions of stockholders and will consider the outcome of the vote when making future compensation decisions.

We believe that our executive compensation programs effectively aligned the interests of our named executive officers with those of our stockholders by tying compensation of those at NLASCO and PlainsCapital to performance and leaving compensation of those at Hilltop to the discretion of the Compensation Committee after its evaluation of the named executive officer s performance for the applicable period.

This annual vote on this matter is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the policies and practices described in this Proxy Statement. The vote is advisory and, therefore, not binding on the Company, the Board of Directors or the Compensation Committee of the Board of Directors.

We are asking our stockholders to indicate their support for this Proposal Two and the compensation paid to our named executive officers as disclosed commencing on page 26 of this Proxy Statement by voting **FOR**, on an advisory basis, the following resolution:

NOW, THEREFORE, BE IT RESOLVED, that the stockholders approve, on an advisory basis, the compensation paid to the named executive officers of the Company, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion & Analysis, the compensation tables and the narrative discussion related thereto.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

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PROPOSAL THREE - RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP, or PwC, served as our independent registered public accounting firm during 2012 and has been selected to serve in that capacity for the fiscal quarter ended March 31, 2013. Given the acquisition of material operations in connection with the transaction with PlainsCapital, the Audit Committee of the Board of Directors requested proposals from two independent registered public accounting firms, including PwC. The Audit Committee is responsible for the selection and ongoing oversight of the auditors and has the authority to replace auditors, if it deems appropriate to do so. Any change prior to or after the Annual Meeting will not be submitted to stockholders for ratification.

A representative of PwC is expected to be at our Annual Meeting to respond to appropriate questions and, if PwC desires, to make a statement.

Vote Necessary to Ratify the Appointment

The appointment of PwC as our independent registered public accounting firm for the fiscal quarter ended March 31, 2013 will be ratified if this proposal receives the affirmative vote of a majority of the votes cast on the matter. With respect to this proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. Under applicable rules, a broker will have the authority to vote for this proposal in the absence of instructions from the beneficial owner of the relevant shares.

Report of the Audit Committee

The Audit Committee of the Board of Directors of Hilltop Holdings Inc. currently consists of three directors and operates under a written charter adopted by the Board of Directors. Hilltop considers all members to be independent as defined by the applicable NYSE listing standards and SEC regulations. Management is responsible for Hilltop s internal controls and the financial reporting process. PricewaterhouseCoopers LLP, or PwC, Hilltop s independent registered public accounting firm, is responsible for performing an independent audit of Hilltop s consolidated financial statements in accordance with generally accepted auditing standards. The Audit Committee s responsibility is to monitor and oversee the financial reporting process.

In this context, the Audit Committee reviewed and discussed with management and PwC the audited financial statements for the year ended December 31, 2012, management s assessment of the effectiveness of the Company s internal control over financial reporting and PwC s evaluation of the Company s internal control over financial reporting. The Audit Committee has discussed with PwC the matters that are required to be discussed by Statement on Auditing Standards Nos. 61, 89 and 90 (Codification of Statements on Auditing Standards, AU §380).

The Audit Committee received from PwC the written disclosures and the letter required by the Public Company Accounting Oversight Board in Rule 3526, and has discussed with PwC the issue of its independence from the Company. The Audit Committee also concluded that PwC s provision of audit and non-audit services to the Company and its affiliates is compatible with PwC s independence.

Based upon the Audit Committee s review of the audited consolidated financial statements and its discussion with management and PwC noted above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2012.

This report has been furnished by the members of the Audit Committee.

Charles R. Cummings (Chairman) Tracy A. Bolt J. Markham Green

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Independent Auditor s Fees

For the fiscal years ended December 31, 2012 and 2011, the total fees paid to our independent registered public accounting firm, PwC, were as follows:

	Fiscal Year Ended	
	2012	**2011**
Audit Fees	$ 2,265,500	$ 876,000
Audit-Related Fees	256,000	
Tax Fees		
All Other Fees	1,800	60,046
Total	$ 2,523,300	$ 936,046

Audit Fees

Represents fees billed for the audit of the Company s consolidated financial statements for the years ended December 31, 2012 and 2011 and for the reviews of the consolidated financial statements included in the Company s Quarterly Reports on Form 10-Q. The increase in fees from 2011 to 2012 is primarily attributable to the acquisition of Plains Capital on November 30, 2012.

Audit-Related Fees

Represents fees billed for services related to SEC registration statements and other SEC filings for the Company in connection with the PlainsCapital transaction. No audit-related fees were incurred during 2011.

Tax Fees

No tax fees were incurred during 2012 and 2011.

All Other Fees

In 2012, these fees related to subscription fees. In 2011, these fees related to consulting work performed with respect to our information technology system at NLASCO and subscriptions for accounting references and financial statement disclosure checklists.

Audit Committee Pre-Approval Policy

In accordance with applicable laws and regulations, the Audit Committee reviews and pre-approves any non-audit services to be performed by PricewaterhouseCoopers LLP to ensure that the work does not compromise its independence in performing its audit services. The Audit Committee also reviews and pre-approves all audit services. In some cases, pre-approval is provided by the full committee for up to a year, and relates to a particular category or group of services and is subject to a specific budget. In other cases, the Chairman of the Audit Committee has the delegated authority from the committee to pre-approve additional services, and such pre-approvals are then communicated to the full Audit Committee. The Audit Committee pre-approved all fees noted above for 2012 and 2011.

The policy contains a de minimis provision that operates to provide retroactive approval for permissible non-audit services under certain circumstances. No services were provided by PricewaterhouseCoopers LLP during either 2012 or 2011 that fell under this provision.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL QUARTER ENDED MARCH 31, 2013.

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STOCKHOLDER PROPOSALS FOR 2014

Stockholder proposals intended to be presented at our 2014 annual meeting of stockholders pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 must be received by us at our principal executive offices no later than 5:00 p.m., Dallas, Texas time, on December 31, 2013 and must otherwise comply with the requirements of Rule 14a-8 in order to be considered for inclusion in the 2014 proxy statement and proxy.

In order for director nominations and proposals of stockholders made outside the processes of Rule 14a-8 under the Securities Exchange Act of 1934 to be considered timely for purposes of Rule 14a-4(c) under the Securities Exchange Act of 1934 and pursuant to our current bylaws, the nomination or proposal must be received by us at our principal executive offices not before December 31, 2013, and not later than 5:00 p.m. Dallas, Texas time, on January 30, 2014; *provided, however*, that in the event that the date of the 2014 annual meeting is not within 30 days before or after June 12, 2014, notice by the stockholder in order to be timely must be received not earlier than the 120th day prior to the date of the 2014 annual meeting and not later than 5:00 p.m. Dallas, Texas time, on the 90th day prior to the date of the 2014 annual meeting or the tenth day following the day on which public announcement of the date of the 2014 annual meeting is first made, whichever is later. Stockholders are advised to review our charter and bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations, copies of which are available without charge upon request to our corporate Secretary at the address listed under Questions below.

OTHER MATTERS

Our Board of Directors knows of no other matters that have been submitted for consideration at this Annual Meeting. If any other matters properly come before our stockholders at this Annual Meeting, the persons named on the enclosed proxy card intend to vote the shares they represent in their discretion.

MULTIPLE STOCKHOLDERS SHARING ONE ADDRESS

In accordance with Rule 14a-3(e)(1) under the Exchange Act, one set of proxy materials will be delivered to two or more stockholders who share an address, unless the Company has received contrary instructions from one or more of the stockholders. The Company will deliver promptly upon written or oral request a separate copy of the proxy materials to a stockholder at a shared address to which a single copy of the Proxy Statement was delivered. Requests for additional copies of the proxy materials, and requests that in the future separate proxy materials be sent to stockholders who share an address, should be directed by writing to Investor Relations, Hilltop Holdings Inc., 200 Crescent Court, Suite 1330, Dallas, Texas 75201, or by calling (214) 855-2177. In addition, stockholders who share a single address but receive multiple copies of the proxy materials may request that in the future they receive a single copy by contacting the Company at the address and phone number set forth in the prior sentence.

ANNUAL REPORT

A COPY OF OUR ANNUAL REPORT IS INCLUDED WITH THIS PROXY STATEMENT BUT SHALL NOT BE DEEMED TO BE SOLICITATION MATERIAL. A COPY OF THIS PROXY STATEMENT AND OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012 ALSO IS AVAILABLE WITHOUT CHARGE FROM OUR COMPANY WEBSITE AT WWW.HILLTOP-HOLDINGS.COM OR UPON WRITTEN REQUEST TO: INVESTOR RELATIONS, HILLTOP HOLDINGS INC., 200 CRESCENT COURT, SUITE 1330, DALLAS, TEXAS 75201.

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QUESTIONS

If you have questions or need more information about the annual meeting, you may write to:

Corporate Secretary
Hilltop Holdings Inc.
200 Crescent Court, Suite 1330
Dallas, Texas 75201

You may also call us at (214) 855-2177. We also invite you to visit our website at www.hilltop-holdings.com.

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200 Crescent Court, Suite 1330

Dallas, Texas 75201

Telephone: (214) 855-2177

Facsimile: (214) 855-2173