

UNIVERSAL CORP /VA/
Form PRE 14A
June 17, 2011
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

UNIVERSAL CORPORATION

(Name of Registrant as Specified in its Charter)

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

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Date Filed:

ANNUAL MEETING OF SHAREHOLDERS

June 30, 2011

Dear Shareholder:

You are cordially invited to attend the 2011 Annual Meeting of Shareholders of Universal Corporation, which is to be held in our headquarters building located at 9201 Forest Hill Avenue, Stony Point II Building, Richmond, Virginia 23235, on Thursday, August 4, 2011, commencing at 2:00 p.m. Eastern Time. At the Annual Meeting, you will be asked to (i) elect as directors the two nominees to the Board of Directors named in the accompanying proxy statement to serve three-year terms; (ii) hold an advisory vote on executive compensation; (iii) hold an advisory vote on the frequency of such executive compensation votes; (iv) approve an amendment to our Amended and Restated Articles of Incorporation; and (v) approve an amendment to the Universal Corporation 2007 Stock Incentive Plan.

Please note that brokers may not vote your shares on the election of directors and most other proposals in the absence of your specific instructions as to how to vote. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the Annual Meeting. Registered shareholders and participants in plans holding shares of our common stock may vote by signing, dating, and returning the enclosed proxy card or voting instruction, or they may vote over the Internet or by telephone. Instructions for using these convenient services are set forth in the instructions for voting that are attached to the enclosed proxy card or voting instruction. Beneficial owners of shares of our common stock held in street name through a bank or brokerage account should follow the enclosed instructions for voting their shares. I hope you will be able to attend the Annual Meeting, but even if you cannot, please vote your shares as promptly as possible.

Sincerely,

GEORGE C. FREEMAN, III
Chairman, President, and
Chief Executive Officer

Universal Corporation
P.O. Box 25099
Richmond, Virginia 23260

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of Universal Corporation will be held in our headquarters building located at 9201 Forest Hill Avenue, Stony Point II Building, Richmond, Virginia 23235, on Thursday, August 4, 2011, at 2:00 p.m. Eastern Time, for the following purposes:

- (1) to elect as directors the two nominees to the Board of Directors named in the accompanying proxy statement to serve three-year terms;
- (2) to approve a non-binding advisory resolution approving the compensation of our named executive officers;
- (3) to hold a non-binding advisory vote on the frequency (every one, two or three years) of the advisory vote on executive compensation;
- (4) to approve an amendment to the Amended and Restated Articles of Incorporation relating to the size of the Board of Directors;
- (5) to approve an amendment to the Universal Corporation 2007 Stock Incentive Plan; and
- (6) to act upon such other matters as may properly come before the meeting or any adjournments or postponements thereof.

Only holders of record of shares of our common stock at the close of business on June 15, 2011, shall be entitled to vote at the meeting.

Please note that brokers may not vote your shares on the election of directors, the advisory votes on executive compensation and the frequency of executive compensation votes or the amendment to the Universal Corporation 2007 Stock Incentive Plan in the absence of your specific instructions as to how to vote. Whether or not you expect to attend the annual meeting in person, it is important that you vote and we urge you to complete, sign, date and return the enclosed proxy in the envelope provided.

By Order of the Board of Directors,

PRESTON D. WIGNER
Secretary

June 30, 2011

PROXY STATEMENT

FOR ANNUAL MEETING OF SHAREHOLDERS
OF UNIVERSAL CORPORATION

TO BE HELD AUGUST 4, 2011
APPROXIMATE DATE OF MAILING – JUNE 30, 2011

This Proxy Statement sets forth certain information with respect to the accompanying proxy to be used at the 2011 Annual Meeting of Shareholders of Universal Corporation, which we refer to as the Annual Meeting, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. The Board of Directors has designated our headquarters building located at 9201 Forest Hill Avenue, Stony Point II Building, Richmond, Virginia 23235, as the place of the Annual Meeting. The Annual Meeting will be called to order at 2:00 p.m., Eastern Time, on Thursday, August 4, 2011.

The Board of Directors solicits this proxy and urges you to vote immediately. Unless the context otherwise indicates, reference to “Universal,” “we,” “us,” “our,” or “the Company” means Universal Corporation.

Our Annual Report on Form 10-K for the fiscal year ended March 31, 2011, which we refer to as the fiscal year 2011 Annual Report, is being mailed concurrently with this Proxy Statement to our shareholders. Unless otherwise specifically stated, our fiscal year 2011 Annual Report is not incorporated into this Proxy Statement and shall not be considered a part of this Proxy Statement or soliciting materials.

QUESTIONS AND ANSWERS FOR ANNUAL MEETING

Q: Who is asking for my vote and why are you sending me this document?

A: The Board of Directors asks that you vote on the matters listed in the Notice of Annual Meeting of Shareholders, which are more fully described in this Proxy Statement. We are providing this Proxy Statement and related proxy card or voting instruction to our shareholders in connection with the solicitation by the Board of Directors of proxies to be voted at the Annual Meeting. A proxy, if duly executed and not revoked, will be voted and, if it contains any specific instructions, will be voted in accordance with those instructions.

Q: Who is eligible to vote?

A: You may vote if you owned shares of Universal Corporation common stock, which we refer to as Common Stock, on June 15, 2011, the record date established by the Board of Directors under Virginia law for determining shareholders entitled to notice of and to vote at the Annual Meeting. We had outstanding as of the record date 23,229,712 shares of Common Stock, each of which is entitled to one vote per share. Only shareholders of record of Common Stock at the close of business on June 15, 2011, will be entitled to vote.

We issued shares of Series B 6.75% Convertible Perpetual Preferred Stock in 2006, which we refer to as Preferred Stock. Shares of Preferred Stock have voting rights under certain circumstances. We believe that none of those circumstances exist with respect to the Annual Meeting, so shares of Preferred Stock have no voting rights with respect to matters presented in this Proxy Statement.

Q: What is a proxy?

A:

A proxy is your legal designation of another person to vote the stock you own. If you designate someone as your proxy or proxy holder in a written document, that document also is called a proxy or a proxy card. Messrs. Preston D. Wigner and David C. Moore have been designated as proxies or proxy holders for the Annual Meeting. Proxies properly executed and received by our Secretary prior to the Annual Meeting and not revoked will be voted in accordance with the terms thereof.

Q: What is a voting instruction?

A: A voting instruction is the instruction form you receive from your bank, broker, or other nominee if you hold your shares of Common Stock in street name. The instruction form instructs you how to direct your bank, broker, or other nominee, as record holder, to vote your shares of Common Stock.

Q: What am I voting on at the Annual Meeting?

A: You will be voting on the following matters:

- The election of the two nominees set forth in this Proxy Statement to the Board of Directors,
- The approval of a non-binding advisory resolution approving the compensation of our named executive officers,
- A non-binding advisory vote as to the frequency (every one, two or three years) of the non-binding shareholder vote to approve the compensation of our named executive officers,
- The approval of an amendment to our Amended and Restated Articles of Incorporation (the “Articles of Incorporation”) relating to the size of the Board of Directors,
- The approval of an amendment to the Universal Corporation 2007 Stock Incentive Plan (the “2007 Stock Incentive Plan”), and
 - Any other business properly raised at the Annual Meeting or any adjournments or postponements thereof.

We are not aware of any matters that are to come before the Annual Meeting other than those described in this Proxy Statement. If other matters do properly come before the Annual Meeting, however, it is the intention of the persons named in the enclosed proxy card to exercise the discretionary authority conferred by the proxy to vote such proxy in accordance with their best judgment.

Q: What constitutes a quorum and how many votes must be present to hold the Annual Meeting?

A: In order for the Annual Meeting to be conducted, a majority of the shares entitled to vote (i.e., a majority of the outstanding shares of Common Stock as of the record date) must be present in person or represented by proxy at the Annual Meeting for the transaction of business at the Annual Meeting. This is referred to as a quorum. Abstentions, withheld votes, and shares held of record by a bank, broker, or other nominee (“broker shares”) that are voted on any matter are included in determining the number of votes present. Broker shares that are voted on at least one matter will be counted for purposes of determining the existence of a quorum for the transaction of business at the Annual Meeting. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present. In the event that a quorum is not present at the Annual Meeting, it is expected that the Annual Meeting will be adjourned or postponed to solicit additional proxies. It is very important, therefore, that you vote your shares.

Q: What vote is needed to elect directors?

A: The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of Common Stock voted in the election of directors.

Q: What vote is needed to approve the non-binding advisory resolution approving the compensation of our named executive officers?

A: The approval of the non-binding advisory proposal regarding the compensation of our named executive officers requires that the votes cast in favor of the proposal exceed the number of votes cast against the proposal. The Board of Directors and the Compensation and Governance Committee value the opinions of shareholders. To the extent that there is any significant vote against executive compensation, the Board of Directors and the Compensation and Governance Committee will consider shareholder concerns and evaluate whether any actions are necessary to address those concerns.

Q: What vote is being requested to approve the non-binding advisory vote as to the frequency (every one, two or three years) of the non-binding shareholder vote to approve the compensation of our named executive officers?

A: Shareholders are not voting to approve or disapprove the recommendation of the Board of Directors with respect to this proposal. The non-binding advisory vote as to the frequency (every one, two or three years) of the non-binding shareholder vote regarding the approval the compensation of our named executive officers will require you to choose among a frequency of every one, two or three years or abstain from voting. The Board of Directors will take into account the outcome of the vote when considering the frequency of future advisory votes on executive compensation.

Q: What vote is needed to approve the amendment to the Articles of Incorporation relating to the size of the Board of Directors?

A: The affirmative vote of at least two-thirds of the outstanding shares of common stock is required to approve the amendment to the Articles of Incorporation.

Q: What vote is needed to approve the amendment to the 2007 Stock Incentive Plan?

A: The affirmative vote of the holders of a majority of the shares cast with respect to the proposal to amend to the 2007 Stock Incentive Plan is required to approve the proposal, provided that the total votes cast on the proposal represents over 50% of the outstanding shares of the Company.

Q: What are the voting recommendations of the Board of Directors?

A: The Board of Directors recommends that shareholders vote “FOR” all of the proposed nominees named in this Proxy Statement for director; “FOR” the approval of the non-binding resolution on executive compensation; “FOR” a one-year frequency for the non-binding shareholder vote regarding approval of the compensation of our named executive officers; “FOR” the amendment to the Articles of Incorporation; and “FOR” the amendment to the 2007 Stock Incentive Plan

Q: How do I vote?

A: Registered shareholders (shareholders who hold Common Stock in certificated form as opposed to through a bank, broker, or other nominee) may vote in person at the Annual Meeting or by proxy. Registered shareholders have the following ways to vote by proxy:

- By mail—complete, sign, date, and return the enclosed proxy card or voting instruction, or
- Over the Internet or by telephone—follow the instructions provided on the enclosed proxy card or voting instruction.

Registered shareholders and participants in plans holding shares of Common Stock are urged to deliver proxies and voting instructions by using the Internet, by calling the toll-free telephone number, or by completing and mailing the enclosed proxy card or voting instruction. The Internet and telephone voting procedures are designed to authenticate shareholders’ and plan participants’ identities, to allow shareholders and plan participants to give their proxies or voting instructions, and to confirm that such instructions have been recorded properly. Instructions for voting over the Internet or by telephone are set forth on the enclosed proxy card or voting instruction. Registered shareholders and plan participants may also send their proxies or voting instructions by completing, signing, and dating the enclosed proxy card or voting instruction and returning it as promptly as possible in the enclosed postage-paid envelope.

Shareholders who hold Common Stock through a bank, broker, or other nominee (street name shareholders) who wish to vote at the Annual Meeting should be provided voting instructions from the institution that holds their shares. If this has not occurred, please contact the institution that holds your shares. Street name shareholders may also be eligible to vote their shares electronically by following the voting instructions provided by the bank, broker, or other nominee that holds the shares, using either the Internet address or the toll-free telephone number provided on the voting instruction, or otherwise complete, date, and sign the voting instruction and return it promptly in the enclosed pre-paid envelope.

The deadline for voting electronically over the Internet or by telephone is 11:59 a.m., Eastern Time, on August 3, 2011.

Q: Can I attend the Annual Meeting?

A: The Annual Meeting is open to all holders of our Common Stock as of the close of business on the record date, June 15, 2011. You may vote by attending the Annual Meeting and voting in person. Even if you plan to attend the Annual Meeting, we encourage you to vote your shares by proxy. We will not permit cameras, recording devices, and other electronic devices at the Annual Meeting.

Q: Can I withhold my vote?

A: You may withhold your vote with respect to the election of directors.

Q: Can I change or revoke my proxy?

A: Any shareholder who gives a proxy may change or revoke his or her proxy at any time before it is voted at the Annual Meeting. A shareholder may change or revoke his or her proxy by:

- giving written notice of revocation to our Secretary, whose address is on page ___ of this Proxy Statement,
 - executing a proxy dated as of a later date, or
 - voting in person at the Annual Meeting.

If you voted over the Internet or by telephone, you can also revoke your vote by any of these methods or you can change your vote by voting again over the Internet or by telephone. If you decide to vote by completing, signing, dating, and returning the enclosed proxy card, you should retain a copy of the voter control number found on the proxy card in the event that you decide later to change or revoke your proxy over the Internet or by telephone. Your attendance at the Annual Meeting will not itself revoke a proxy.

If you are a shareholder whose stock is held in street name with a bank, broker, or other nominee, you must follow the instructions found on the voting instruction card provided by the bank, broker, or other nominee, or contact your bank, broker, or other nominee in order to change or revoke your previously given proxy.

Q: How will my shares be voted if I sign, date, and return my proxy card or voting instruction card, but do not provide complete voting instructions with respect to each proposal?

A: Shareholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, it is intended that all proxies that are signed and returned will be voted "FOR" the election of all of the nominees for director named in this Proxy Statement, "FOR" the approval of the non-binding resolution on executive compensation; "FOR" a one-year frequency for the non-binding shareholder vote regarding approval of the compensation of our named executive officers; "FOR" the amendment to the Articles of Incorporation; "FOR" the amendment to the 2007 Stock Incentive Plan; and according to the discretion of the proxy holders on any other business proposal properly raised at the Annual Meeting.

As to any other business that may properly come before the Annual Meeting, the persons named in the enclosed proxy card or voting instruction will vote the shares of Common Stock represented by the proxy in the manner as the Board of Directors may recommend, or otherwise in the proxy holders' discretion. The Board of Directors does not presently know of any other such business.

Q: Will my shares be voted if I do not provide my proxy?

A: It will depend on how your ownership of shares of Common Stock is registered. If you own your shares as a registered holder, which means that your shares of Common Stock are registered in your name with our transfer agent, your unvoted shares will not be represented at the Annual Meeting and will not count toward the quorum requirement, which is explained under "What constitutes a quorum and how many votes must be present to hold the Annual Meeting?" on page 2 of this Proxy Statement, unless you attend the Annual Meeting to vote them in person.

If you are a shareholder whose shares of Common Stock are held in street name, which means that your shares are registered with our transfer agent in the name of your bank, broker or other nominee, then your bank, broker, or other nominee may or may not vote your shares in its discretion if you have not provided voting instructions to the bank, broker, or other nominee. Whether the bank, broker or other nominee may vote your shares depends on the proposals before the Annual Meeting. Brokers have the discretionary authority under the rules of the New York Stock Exchange, which we also refer to as the NYSE, to vote shares for which their clients do not provide voting instructions on certain "routine" matters.

The rules of the NYSE, however, do not permit your bank, broker or other nominee to vote your shares on proposals that are not considered "routine." When a proposal is not a routine matter and your bank, broker or other nominee has not received your voting instructions with respect to that proposal, your bank, broker or other nominee cannot vote your shares on that proposal. Where brokers do not have discretion to vote or do not exercise such discretion, the inability or failure to vote is referred to as a "broker non-vote." Under circumstances where a broker is not permitted to, or does not, exercise its discretion, assuming proper disclosure to us of such inability to vote, broker non-votes will not be counted as voting in favor of or against the particular matter. Please note that your bank, broker or other nominee may not vote your shares with respect to (i) the election of the two nominees for director, (ii) the non-binding proposal regarding the approval of the compensation of our named executive officers, (iii) the non-binding proposal regarding the frequency of the non-binding shareholder vote regarding the approval of the compensation of our named executive officers or (iv) the proposal to approve the amendment of the 2007 Stock Incentive Plan, in the absence of your specific instructions as to how to vote with respect to these matters, because under the rules of the NYSE, these matters are not considered "routine" matters.

Based on the rules of the NYSE, we believe that the proposal to approve the amendment to the Articles of Incorporation relating to the size of the Board of Directors is a routine matter for which brokerage firms may vote on behalf of their clients if no voting instructions are provided. If you are a shareholder whose shares of Common Stock

are held in street name with a bank, broker or other nominee and you do not return your voting instruction card, your bank, broker or other nominee may vote your shares "FOR" the proposal to approve the amendment to the Articles of Incorporation. It is important, therefore, that you remember to vote your shares.

Q: How are abstentions and broker non-votes counted?

A: With respect to the election of directors, abstentions, withheld votes and broker non-votes will not be included in the vote total for the proposal to elect the nominees named in this Proxy Statement for director and will not affect the outcome of the vote for that proposal.

With respect to the advisory vote on executive compensation, abstentions and broker non-votes will have no effect on the proposal and will not count either in favor of, or against, the non-binding proposal.

The advisory vote on the frequency of the advisory vote on executive compensation will require you to choose among a frequency of every one, two or three years or abstain from voting. You are not voting to approve or disapprove our recommendation. Abstentions and broker non-votes, therefore, will have no effect on the proposal and will not count either in favor of, or against the non-binding proposal.

With respect to the amendment of the Articles of Incorporation, abstentions and broker non-votes will have the same effect as a vote "AGAINST" the proposal.

With respect to the amendment of the 2007 Stock Incentive Plan, abstentions and broker non-votes will have no effect on the proposal and will not count either in favor of, or against, the proposal, provided that the total vote cast represents over 50% of the outstanding shares of Common Stock.

Q: Where can I find the results of the Annual Meeting?

A: We will announce the preliminary voting results at the Annual Meeting and disclose the final results in a Current Report on Form 8-K filed within four business days after the Annual Meeting.

Q: Who pays for the solicitation of proxies?

A: We will pay all of the costs associated with this proxy solicitation. Proxies are being solicited by mail and may also be solicited in person or by telephone, facsimile, or other means of electronic transmission by our directors, officers, and employees. We will reimburse banks, brokerage firms, and other custodians, nominees, and fiduciaries for their reasonable expenses in forwarding proxy materials to the beneficial owners of shares of Common Stock. It is contemplated that additional solicitation of proxies will be made by D.F. King & Co., Inc., 77 Water Street, New York, New York 10005, at an anticipated cost to us of approximately \$6,000, plus reimbursement of out-of-pocket expenses for such items as mailing, copying, phone calls, faxes, and other related matters. In addition, we will indemnify D.F. King against any losses arising out of D.F. King's proxy soliciting services on our behalf.

Q: Could other matters be decided in the Annual Meeting?

A: The Board of Directors does not know of any other business that may be brought before the Annual Meeting. However, if any other matters should properly come before the Annual Meeting or at any adjournment or postponement thereof, it is the intention of the persons named in the enclosed proxy card to vote on such matters as they, in their discretion, may determine.

Q: Where can I find Universal Corporation's corporate governance materials?

A: Our Corporate Governance Guidelines, including our independence standards for members of the Board of Directors, Code of Conduct, and the charters of the Audit Committee, the Executive Compensation, Nominating and Corporate Governance Committee, which we refer to as the Compensation and Governance Committee, and all

other standing committees, are available under the “Corporate Governance” section of our Internet website at <http://investor.universalcorp.com/governance.cfm>, and are available in print to any shareholder upon request by contacting us at the following address or phone number:

Universal Corporation
P.O. Box 25099
Richmond, Virginia 23260
Attention: Investor Relations
Telephone: (804) 359-9311

Q: How do I communicate with the Board of Directors?

A: Shareholders and other interested parties may at any time direct communications to the Board of Directors as a whole, to the director who presides at the executive sessions of the non-employee directors, or to any individual member of the Board of Directors, through our Internet website or by contacting our Secretary. The “Corporate Governance – Contact the Board” section of our Internet website at <http://investor.universalcorp.com/contactboard.cfm> contains an e-mail link established for receipt of communications with directors, and communications can also be delivered by mail by sending requests to our Secretary at the following address:

Universal Corporation
P.O. Box 25099
Richmond, Virginia 23260
Attention: Secretary
Telephone: (804) 359-9311

Shareholders making such communications are encouraged to state that they are shareholders and provide the exact name in which their shares of Common Stock are held and the number of shares held. Each individual communicating with the Board of Directors will receive a written acknowledgement from or on behalf of our Secretary after receipt of the communication sent in the manner described above. After screening such communications for issues unrelated to shareholder interests, our Secretary will distribute communications to the intended recipient(s) as appropriate. The process for such screening has been approved by our non-employee directors.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON AUGUST 4, 2011.

Our Proxy Statement and fiscal year 2011 Annual Report are both available free of charge under the “Investor – Financial Information” section of our Internet website at <http://investor.universalcorp.com/financials.cfm>.

Our 2011 Annual Report to Shareholders, which includes a copy of our fiscal year 2011 Annual Report (excluding exhibits) as filed with the Securities and Exchange Commission, is being mailed to shareholders with this Proxy Statement.

We will provide additional copies of our fiscal year 2011 Annual Report, including the financial statements and financial statement schedules, without charge to any person to whom this Proxy Statement has been delivered if they so request. Requests should be directed to Investor Relations at the address or phone number provided on page 5 of this Proxy Statement.

We make available free of charge through our Internet website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, which is referred to herein as the Exchange Act, as well as reports on Forms 3, 4 and 5 filed by our directors and executive officers pursuant to Section 16 of the Exchange Act, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission. The information on our Internet website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated into any other filings we make with the Securities and Exchange Commission.

PROPOSAL ONE

ELECTION OF DIRECTORS

In accordance with our Articles of Incorporation and Bylaws, the Board of Directors is divided into three classes. The term of office of one of the three classes of directors expires each year, and each class is elected for a three-year term.

The Compensation and Governance Committee has recommended to our Board of Directors, and our Board of Directors has approved, the two directors set forth below to be elected at the Annual Meeting for terms of three years. Seven other directors have previously been elected to terms expiring in 2012 or 2013, as indicated below. The following pages set forth certain information for each nominee and each incumbent director as of March 31, 2011, except as otherwise noted. All of the nominees and all of the incumbent directors listed below are directors previously elected by the shareholders. Each nominee has consented to being named in this Proxy Statement and to serve if elected. Mr. H. R. Stallard's current term expires at the annual meeting, and he will not stand for re-election as he has reached retirement age as set forth in our Corporate Governance Guidelines. This will result in one vacancy on the Board of Directors. Proposal Four below, if approved by shareholders, would reduce the range of directors from ten to sixteen to eight to sixteen, and the Board of Directors may consider whether to add additional directors to the Board of Directors after the Annual Meeting.