

WORLD ACCEPTANCE CORP
Form DEF 14A
June 29, 2010

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

World Acceptance Corporation
(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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(3) Per unit price or other underlying value of the 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 the transaction:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

June 29, 2010

To the Shareholders of
World Acceptance Corporation:

In connection with the Annual Meeting of Shareholders of your Company to be held on August 4, 2010, we enclose a Notice of the Meeting, this Proxy Statement containing information about the matters to be considered at the Meeting, and a form of proxy relating to those matters.

In addition, we enclose our 2010 Annual Report, which provides information relating to the Company's activities and operating performance during the most recent fiscal year.

You are cordially invited to attend the Annual Meeting of Shareholders. We would appreciate your signing and returning the form of proxy so that your shares can be voted in the event that you are unable to attend the Meeting. A postage-paid return envelope for that purpose is provided for your convenience. Your proxy will, of course, be returned to you if you are present at the Meeting and elect to vote in person. It may also be revoked in the manner set forth in the Proxy Statement. We look forward to seeing you at the Annual Meeting.

Sincerely yours,

A.A. McLean
Chairman of the Board and
Chief Executive Officer

WORLD ACCEPTANCE CORPORATION
108 Frederick Street
Greenville, South Carolina 29607

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Our Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of World Acceptance Corporation will be held at the Company's main office at 108 Frederick Street, Greenville, South Carolina, on Wednesday, August 4, 2010, at 11:00 a.m., local time, for the following purposes:

1. To elect seven (7) directors to hold office until the next annual meeting of shareholders or until their successors have been duly elected and qualified; and
2. To consider and act upon a proposal to ratify the action of the Audit Committee in selecting KPMG LLP as the independent registered public accounting firm to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year ending March 31, 2011; and
3. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on June 18, 2010 as the record date for determination of shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment or adjournments thereof.

The Board of Directors of the Company would appreciate your signing and returning the accompanying form of proxy promptly so that, if you are unable to attend, your shares can nevertheless be voted at the Annual Meeting.

YOUR VOTE AND PROMPT RESPONSE IS IMPORTANT. TO ASSURE YOUR REPRESENTATION AT THE MEETING, PLEASE SIGN AND MAIL YOUR PROXY PROMPTLY.

A.A. McLean
Chairman of the Board and
Chief Executive Officer

June 29, 2010

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL SHAREHOLDER MEETING TO BE HELD ON AUGUST 4, 2010**

The Company's proxy statement, form of proxy card and 2010 Annual Report to Shareholders are also available for review on the Internet at <http://www.irinfo.com/wrld/WRLD2010.html>.

WORLD ACCEPTANCE CORPORATION
108 Frederick Street
Greenville, South Carolina 29607

PROXY STATEMENT

The following statement, first mailed on or about June 29, 2010, is furnished in connection with the solicitation by the Board of Directors (the "Board") of World Acceptance Corporation (the "Company") of proxies to be used at the Annual Meeting of Shareholders of the Company (the "Meeting") to be held on August 4, 2010, at 11:00 a.m., local time, at the Company's main office at 108 Frederick Street, Greenville, South Carolina, and at any adjournment or adjournments thereof.

A copy of the Company's 2010 Annual Report is provided with this proxy statement. These documents are also available for review on the Internet at <http://www.irinfo.com/wrld/WRLD2010.html>.

The accompanying form of proxy is for use at the Meeting if a shareholder is unable to attend in person or plans to attend but prefers to vote by proxy. The proxy may be revoked by the shareholder at any time before it is exercised by submitting to the Secretary of the Company written notice of revocation, or a properly executed proxy of a later date, or by attending the Meeting and electing to vote in person. All shares represented by valid proxies received pursuant to this solicitation, and not revoked before they are exercised, will be voted in the manner specified therein. If no specification is made, the proxies will be voted in favor of:

1. The election to the Board of the seven (7) nominees named in this Proxy Statement; and
2. The ratification of the Audit Committee's selection of KPMG LLP as the independent registered public accounting firm to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year ending March 31, 2011.

The entire cost of soliciting these proxies will be borne by the Company. In addition to the solicitation of the proxies by mail, the Company will request banks, brokers, and other record holders to send proxies and proxy materials to the beneficial owners of the Company's common stock, no par value (the "Common Stock"), and secure the beneficial owners' voting instructions, if necessary. The Company will reimburse them for their reasonable expenses in so doing. If necessary, the Company may use several of its regular employees, who will not be specially compensated, to solicit proxies from shareholders, either personally or by other forms of communication.

Pursuant to the provisions of the South Carolina Business Corporation Act, the Board of Directors has fixed June 18, 2010 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and, accordingly, only holders of record of outstanding shares (the "Shares") of the Common Stock at the close of business on that date will be entitled to notice of and to vote at the Meeting.

The number of outstanding Shares entitled to vote as of the record date was 15,664,082. Each Share is entitled to one vote. In accordance with South Carolina law and the Company's bylaws, a majority of the outstanding shares entitled to vote, represented in person or by proxy, will constitute a quorum for the election of directors and the ratification of the selection of auditors. Abstentions and broker non-votes (if any) will be counted for purposes of determining the presence or absence of a quorum.

With regard to the election of directors, votes may either be cast in favor of or withheld, and directors will be elected by a plurality of the votes cast. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the election of directors. Selection of the independent registered public accounting firm will be ratified if more votes are cast in favor of such proposal than are cast against it. Accordingly, abstentions will have no effect on the outcome of the vote on these proposals. Broker non-votes (if any), will not be counted as votes cast and will have no effect on the outcome of the vote on any proposals. Cumulative voting is not permitted under the Company's articles of incorporation.

On June 18, 2010, the only class of voting securities the Company had issued and outstanding was its Common Stock. The following table sets forth the names and addresses of, and the numbers and percentages of Shares beneficially owned by, persons known to the Company to beneficially own five percent or more of the outstanding Shares as of June 18, 2010. Except as noted otherwise, each shareholder listed below possesses sole voting and investment (dispositive) power with respect to the Shares listed opposite the shareholder's name.

Ownership of Shares by Certain Beneficial Owners

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Thomas W. Smith (1) Scott J. Vassalluzzo Idoya Partners Prescott Associates L.P. 323 Railroad Avenue Greenwich, Connecticut 06830	2,936,064	18.7%
Columbia Wanger Asset Management L.P. (2) Columbia Acorn Trust 227 West Monroe Street, Suite 3000 Chicago, Illinois 60606	2,311,200	14.8%
BlackRock, Inc. (3) 40 East 52nd Street New York, New York 10022	1,238,436	7.9%
Integrity Asset Management, LLC (4) 6000 Lombardo Center, Suite 450 Independence, Ohio 44131	888,937	5.7%
Vanguard Group (5) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	844,955	5.4%

(1) Based on an amended Schedule 13G filed February 17, 2009 as supplemented by information provided by Mr. Smith. Mr. Thomas W. Smith reported sole voting power and sole dispositive power over 639,550 shares. Mr.

Scott J. Vassalluzzo reported sole voting power and sole dispositive power over 67,788 shares. Mr. Steven M. Fischer reported sole power voting and dispositive power over no shares. Messrs. Smith, Vassalluzzo and Fischer reported shared voting and dispositive power over 2,868,276, 2,296,514 and 2,128,726 shares, respectively. Idoya Partners reported sole voting and dispositive power over no shares and shared voting and dispositive power over 740,790 shares. Prescott Associates reported sole voting and dispositive power over no shares and shared voting and dispositive power over 1,487,936 shares. Voting and investment authority over investment accounts established for the benefit of certain family members and friends of Messrs. Smith and Vassalluzzo is subject to each beneficiary's right, if so provided, to terminate or otherwise direct the disposition of the investment account.

- (2) Based on an amended Schedule 13G filed February 10, 2010. Columbia Wanger Asset Management, L.P. reported sole voting power over 2,193,700 shares and sole dispositive power over 2,311,200 shares.
- (3) Based on a Schedule 13G filed January 29, 2010. BlackRock, Inc. reported sole voting power and sole dispositive power over 1,238,436 shares.
- (4) Based on a Schedule 13G filed March 25, 2010. Integrity Asset Management, LLC reported sole voting power over 687,971 shares and sole dispositive power over 888,937 shares.
- (5) Based on a Schedule 13G filed February 8, 2010. Vanguard Group reported sole voting power over 22,851 shares, sole dispositive power over 822,104 shares, shared dispositive power over 22,851 shares.

ELECTION OF DIRECTORS

The Company's bylaws provide for seven directors. The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated the following director candidates for whom individual biographies are presented below. It is intended that the persons named in the accompanying proxy will vote only for the seven nominees for director named on the following pages, except to the extent authority to so vote is withheld with respect to one or more nominees. Each director will be elected to serve until the next annual meeting of shareholders or until a successor is elected and qualified. Directors will be elected by a plurality of the votes cast.

Although the Board does not expect that any of the nominees named will be unavailable for election, in the event of a vacancy in the slate of nominees occasioned by death or any other unexpected occurrence, it is intended that Shares represented by proxies in the accompanying form will be voted for the election of a substitute nominee selected by the Nominating and Corporate Governance Committee.

During the most recent fiscal year, the Board of Directors held four regularly scheduled meetings and took a number of actions by written consent. Each director attended all meetings of the Board of Directors and all meetings of each committee on which he served. The Board typically schedules a meeting in conjunction with the Company's annual meeting of shareholders and expects that all directors will attend the annual meeting absent a schedule conflict or other valid reason. All of our directors attended the Company's fiscal 2009 Annual Meeting.

Director Qualifications and Experience

Below we identify and describe the key experience, qualifications, and skills we believe our directors bring to the Board that are important to the Company's structure. The individual directors' experiences, qualifications and skills (including one or more of the key attributes described below) that the Board considered in their re-nomination are included in their individual biographies.

- Leadership experience. We believe that directors with experience in significant leadership positions over an extended period, especially CEO or other C-level positions, provide the Company with special insights. These people generally possess strong leadership qualities and the ability to identify and develop those qualities in others. They also demonstrate practical understanding of organizations, processes, strategy, risk management and the methods to drive change and growth.
- Finance experience. We believe that an understanding of finance and financial reporting processes is important for our directors. The Company measures its operating and strategic performances primarily by reference to financial targets. In addition, accurate financial reporting and robust auditing are critical to the Company's success. We seek to have a number of directors who qualify as audit committee financial experts, and we expect all of our Board members to be financially literate.
- Risk management experience. We believe that risk management is critical to the Board's role in overseeing the risks facing the Company.

- Corporate governance experience. We believe that directors with corporate governance experience support our goals of a strong Board and management accountability, transparency and promotion of our shareholders interests.
- Legal experience. We believe that legal experience is valuable to the Board's oversight of the Company's legal and regulatory compliance.
- General business experience. We believe that general business experience, as well as practical experience, is valuable to ensure the well roundedness of the Board.

Below is a list of nominees for election to the Board of Directors. Each nominee's name, age, current principal occupation (which has continued for at least ten years unless otherwise indicated) and the name and principal business of the organization in which that occupation is carried on, the year each incumbent was first elected to the Board, all positions and offices presently held with the Company, and directorships held in other public companies and other organizations within the past five years are set forth below. Each of the nominees served on the Board of Directors during the Company's last fiscal year. None of the following nominees or current directors is related (as first cousin or closer) by blood, marriage, or adoption to any other nominee, director, or person who may be deemed to be an executive officer of the Company.

The Board unanimously recommends a vote FOR the election of these nominees for Director.

A. Alexander McLean, III (59), Chairman of the Board of Directors and Chief Executive Officer, World Acceptance. Director since June 1989.

Mr. McLean has served as Chairman of the Board since August 2007 and as Chief Executive Officer since March 2006, as executive vice president from August 1996 to March 2006, as senior vice president from 1992 to August 1996, as vice president from 1989 to 1992, and as chief financial officer from June 1989 to March 2006.

Education – Bachelor of Science – Economics, Davidson College

Masters in Accounting, University of South Carolina

Director Qualifications

- Leadership experience – current Chief Executive Officer of World Acceptance Corporation
- Finance experience – former chief financial officer of World Acceptance Corporation, former chief financial officer of a community federal savings bank, and former controller of a community federal savings bank.

Directorships within past five years

- Independence National Bank, since May 2008
- Board of Trustees, United Way of Greenville County, since February 2009
- YMCA Endowment, since February 2006
- Cancer Society of Greenville County, since January 2009
- American Financial Service Association, since March 2006 (Chairman since Oct. 2009)
- National Installment Lenders Association, since December 2008

James R. Gilreath (68), Attorney, The Gilreath Law Firm, P.A. Director since April 1989.

Mr. Gilreath has practiced law in Greenville, South Carolina since 1968.

Education – Bachelor of Science – Accounting, University of South Carolina

Juris Doctor in Law, University of South Carolina

Masters of Law in Taxation, New York University School of Law

Director Qualifications

- Legal experience – practicing attorney in Greenville, South Carolina for over 40 years. During this time has been involved in numerous complex business cases regarding matters facing a diverse range of companies.

Directorships within past five years

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None

William S. Hummers, III (64), Retired, Director since April 1989.

Mr. Hummers served as Vice Chairman and Executive Vice President of The South Financial Group, Inc., formerly Carolina First Corporation, from 1988 until December 2006. Mr. Hummers currently serves as a director of The South Financial Group, Inc.

Education – Bachelor of Science – Business, University of South Carolina

Director Qualifications

- Leadership experience – former chief financial officer for The South Financial Group, Inc. and Southern Bank.
- Finance experience – former chief financial officer of a publicly traded financial institution, The South Financial Group, Inc.
- Risk management experience – former risk manager for The South Financial Group, Inc. from 2003 to 2006. From 2007 until the present, he is also a member of the Risk Committee of The South Financial Group, Inc.

Directorships within past five years

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The South Financial Group, Inc., since 1990
Goodwill, since 1992 (Chairman from 2000 to 2006)
The Children’s Museum of the Upstate, since January 2010
Carolina First Foundation, since 2001

Charles D. Way (57), Private Investor, Director since September 1991.

From 1989 until 2006, Mr. Way served as chief executive officer of Ryan’s Restaurant Group, Inc., a publicly traded company. From 1988 to 2004, Mr. Way served as president of Ryan’s Family Steak House, Inc.

Education – Bachelor of Science – Accounting, Clemson University

Director Qualifications

- Leadership experience – former president and chief executive officer of Ryan’s Restaurant Group, Inc.
- Finance experience – former vice president - finance of Ryan’s Restaurant Group, Inc.

Directorships within past five years

- Ryan’s Restaurant Group, Inc. from 1981 to 2006 (Chairman from 1992 to 2006)

Ken R. Bramlett, Jr. (50), Private Investor, Director since October 1993.

Mr. Bramlett served as senior vice president and general counsel for COMSYS IT Partners, Inc. a public information technology services company from January 1, 2006 until it was sold in April 2010. From 2005 to 2006, Mr. Bramlett was a partner with Kennedy Covington Lobdell & Hickman, LLP, a Charlotte, North Carolina law firm. From 1996 to 2004, Mr. Bramlett served as senior vice president and general counsel of Venturi Partners, Inc., (formerly known as Personnel Group of America, Inc.), an information technology and personnel staffing service company. Mr. Bramlett also served as chief financial officer of Venturi from October 1999 to January 2001, and as a director of that company from August 1997 to January 2001. Prior to October 1996, Mr. Bramlett was an attorney with Robinson, Bradshaw & Hinson, P.A., a Charlotte, North Carolina law firm for 12 years.

Education – Bachelor of Arts – Philosophy, Wake Forest University

Juris Doctor in Law, University of North Carolina – Chapel Hill

Director Qualifications

- Leadership experience – served in various executive management positions for public companies in the staffing services and information technology consulting industries, including chief financial officer, chief corporate development officer, general counsel, chief human resources officer and chief investor relations officer.
- Finance experience – two stints as chief financial officer for Venturi Partners, first in late 1996 and early 1997 and again in late 1999 and 2000.
- Legal experience – diverse legal experience both in private practice and as in-house counsel, including general corporate, securities and corporate finance, mergers and acquisitions and litigation management.
 - Risk management experience – former risk manager for Venturi Partners and COMSYS IT Partners.
- Corporate governance experience – experienced in working with public company boards as an officer and serving as a public company board member with both the Company and Raptor Networks Technology, Inc.; also has extensive executive compensation experience.

Directorships held in the past five years

Current -

- Raptor Networks Technology, Inc. (2005 – present) – Chairman of Compensation Committee and Governance Committee

- Charlotte Wine & Food Weekend, Inc. (Chairman in 2005 and 2006)

Former -

- Bluegrass Ltd, a Charlotte, North Carolina promotional marketing firm
- Carmel Country Club, Inc., a Charlotte, North Carolina country club

Mark C. Roland (53), President and Chief Operating Officer, World Acceptance Corporation, Director since August 2007.

Mr. Roland has served as President since March 2006 and Chief Operating Officer since April 2005. Mr. Roland served as Executive Vice President from April 2002 to March 2006, and Senior Vice President from January 1996 to April 2002. Mr. Roland served as senior vice president of operations support of Fleet Finance in Atlanta, Georgia, from January 1993 to January 1996.

Education - Bachelor of Arts – Philosophy, Ball State University

Director Qualifications

- Leadership experience – currently President and Chief Operating Officer of the Company and has held other senior management roles, prior to joining the Company.

- Finance experience – over 30 years of direct consumer finance management experience including officer level positions with Security Pacific, Bank of America and Fleet Bank.

Directorships held in the past five years

- American Financial Service Association – Independents Section, since March 2007 (Chairman, March 2010 to present)
 - National Institute of Consumer Credit Management (NICCM) Marquette University, since April 2009

Darrell E. Whitaker (52), President and Chief Operating Officer of IMI Resort Holdings, Inc., Director since May 2008.

Before joining IMI Resort Holdings, Inc. in January of 2004, Mr. Whitaker served as the Chief Operating Officer and Vice President of Finance and Corporate Secretary of The Cliffs Communities, Inc., a developer of high end resort communities. He joined the Cliffs Communities, Inc. in July 1998 as Chief Financial Officer, a position he held until becoming Chief Operating Officer in August 2001. In addition, he has held executive management positions with other publicly traded companies such as Ryan's Family Steak House, Inc., Baby Superstores, Inc., and Food Lion, Inc. Mr. Whitaker is also a CPA licensed in the State of South Carolina.

Education - Bachelor of Science – Business Administration, University of South Carolina

Director Qualifications

- Leadership experience – currently President and Chief Operating Officer of IMI Resort Holdings, Inc.
- Finance experience – former chief financial officer and vice president of finance for The Cliffs Communities, Inc. Mr. Whitaker also served as director of internal audit for Ryan's Family Steak House from 1987 to 1995 and director of internal audit for Baby Superstores, Inc. from 1995 to 1997.

Directorships held in the past five years

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None

Board Leadership

The Board of Directors is committed to the highest standards of corporate governance. Our Board of Directors has determined that it is in the best interest of the Company and our shareholders for both the positions of Chairman and Chief Executive Officer to be held by A. Alexander McLean at this time. If circumstances change in the future, the Board may determine that these positions should be separate. The governance policy allows the Board to evaluate regularly whether the Company is best served at any particular time by having the Chief Executive Officer or another director hold the position of Chairman. The Board of Directors believes that Mr. McLean is best situated to serve as the Chairman because he has been with the Company for over 20 years and served as the Chief Financial Officer and most recently as the Chief Executive officer. In addition he has presided over the Company during several years of strong growth and profitability.

Director Independence

The Board of Directors has determined that a majority of its members, specifically, Mr. James R. Gilreath, Mr. William S. Hummers, III, Mr. Charles D. Way, Mr. Ken R. Bramlett, Jr. and Mr. Darrell E. Whitaker, are independent within the meaning of the independence requirements of NASDAQ. In considering its independence determination with respect to Mr. Hummers, the Board considered Mr. Hummers' position as a director of the parent corporation of one of the lenders that, as of March 31, 2010, had committed to fund up to \$25.9 million under the Company's senior revolving credit facility that permits borrowings of up to \$238.3 million. The Board determined that this relationship did not impair Mr. Hummers' independence. Mr. A. Alexander McLean, Chairman and Chief Executive Officer, and Mr. Mark C. Roland, President and Chief Operating Officer, do not meet the independence requirements of NASDAQ.

Executive Sessions of Independent Directors

Independent Directors meet without management present at regularly scheduled executive sessions, which are held after each regularly scheduled board of directors meeting. Our independent directors elect a lead director. Mr. Bramlett was elected by the independent directors as the lead independent director and he presides over executive sessions of the independent directors.

Compensation and Stock Option Committee

The Board also maintains a Compensation and Stock Option Committee on which Messrs. Bramlett (Chairman), Hummers and Way serve. This Committee establishes and reviews the compensation criteria and policies of the Company, reviews the performance of selected officers of the Company and recommends appropriate compensation levels to the Board of Directors. Additionally, this Committee administers the Company's 1994, 2002, 2005 and 2008 Stock Option Plans. The Board has determined, in accordance with NASDAQ independence requirements, that each member of the Compensation and Stock Option Committee is an independent director. The Compensation and Stock Option Committee met five times during the most recent fiscal year and four times thus far in fiscal 2011 prior to the filing of this Proxy Statement. Additional information regarding the Compensation and Stock Option Committee is set forth below under "Executive Compensation – Compensation Discussion and Analysis."

Nominating and Corporate Governance Committee

The Board also maintains a Nominating and Corporate Governance Committee on which Messrs. Gilreath (Chairman), Hummers and Whitaker serve. This committee makes recommendations to the Board regarding composition and organization of the Board, nominations for director and senior executive candidates, and membership of Board Committees and reviews issues with respect to the structure of Board meetings. This Committee meets at the discretion of the Board or at the call of any two directors. The Board has determined, in accordance with NASDAQ independence requirements, that each member of the Nominating and Corporate Governance Committee is an independent director. This Committee met once in fiscal 2010 and once thus far in fiscal 2011 prior to the filing of this Proxy Statement. For additional information regarding the Nominating and Corporate Governance Committee, see "Corporate Governance Matters – Director Nominations."

Audit Committee

The Board of Directors maintains an Audit Committee on which Messrs. Way (Chairman), Bramlett, and Whitaker serve. The Audit Committee reviews the results and scope of each audit, the service provided by the Company's independent registered public accounting firm and all related-party transactions. The Board has determined, in accordance with NASDAQ independence requirements, that each member of the Audit Committee is an independent director. In addition, the Board has determined that each member of the Audit Committee meets the heightened standards of independence for audit committee members under the Securities Exchange Act of 1934. The Audit Committee met four times during fiscal 2010 and twice thus far in fiscal 2011 prior to the filing of this Proxy Statement. This included quarterly conference call meetings with management and the Company's independent auditors to review interim financial information prior to its public release. Additional information regarding the Audit Committee is set forth below under "Appointment of Independent Registered Public Accountants."

The Company's Audit Committee, consistent with its established practice, reviews and considers any "related person" transactions, within the meaning of Item 404(a) of Regulation S-K under the Securities Act of 1933, as well as any matters regarding the Company's outside directors, that the Committee believes may present a conflict of interest or potentially impair the independence of one or more of the Company's outside directors. The Committee typically conducts this review in conjunction with the preparation of materials for the Company's annual meeting of shareholders, or on any such other occasion when such transactions are brought to the attention of the Committee, and applies its own judgment, in conjunction with Securities and Exchange Commission ("SEC") disclosure and NASDAQ independence rules, in assessing such transactions and determining the impact of such transactions on the independence of an outside director.

Board Risk Oversight

The Board of Directors is responsible for overseeing the Company's risk profile and management's processes for assessing and managing risk. The Board oversees risks both as a full Board and through its committees. Certain important categories of risk are assigned to designated Board committees (which are comprised solely of independent directors) which report back to the full Board. In general,

- the full Board oversees risks involving the capital structure of the enterprise, including borrowing, liquidity, allocation of capital and major capital transactions and expenditures, and the strength of the finance function;
- the Audit Committee oversees risks related to financial controls and internal audit, legal, regulatory and compliance risks, and the overall risk management governance structure and risk management function; and
- the Compensation Committee oversees the compensation programs so that they do not incentivize excessive risk-taking.

In performing their oversight responsibilities, the Board and its committees review policies and guidelines that senior management uses to manage the Company's exposure to material categories of risk. In addition, the Board and its committees review the performance and functioning of the Company's overall risk function and senior management's establishment of appropriate systems for managing legislative and regulatory risk, credit/counterparty risk, market risk, interest rate and asset/liability matching risk, insurance risk, liquidity risk, operational risk and reputational risk.

During fiscal 2010, the full Board received communications on the most important strategic issues and risks facing the Company. In addition, the Board and its committees receive regular reports from the Company's Chief Executive Officer or other senior managers regarding compliance with applicable risk related policies, procedures and limits. The Board believes that our leadership structure appropriately supports the risk oversight function. As indicated above, certain important categories of risk are assigned to committees that review, evaluate and receive management reports on risk.

The Compensation Committee monitors the risks associated with our executive compensation program, as well as the components of our program and individual compensation decisions, on an ongoing basis. As part of its assessment, the Compensation Committee discusses the following:

- Whether the current compensation program is achieving the short-term and long-term objectives that the Compensation Committee intended to achieve.
 - Whether there were unintended consequences of the current compensation program.
 - Whether the components of the compensation program encourage or mitigate excessive risk-taking.
- Whether the Company's general risk management controls serve to preclude decision-makers from taking excessive risk in order to achieve incentives.
- Whether the balance between short-term and long-term incentives is appropriate to retain highly qualified individuals.

OWNERSHIP OF COMMON STOCK OF MANAGEMENT

The following table sets forth the sole (unless otherwise indicated) beneficial ownership, as defined by Rule 13d-3 promulgated under the Securities Exchange Act of 1934, of Shares as of June 18, 2010, for each director, nominee, or executive officer identified in the Summary Compensation Table and all directors and executive officers as a group.

Name of Individual or Number in Group	Shares Beneficially Owned	
	Amount (1)	Percent of Class
A. Alexander McLean, III	193,096(2)	1.2%
James R. Gilreath	72,500(3)	*
Ken R. Bramlett, Jr.	47,280	*
Mark C. Roland	85,727	*
Charles D. Way	40,000	*
William S. Hummers, III	22,780	*
Kelly M. Malson	43,586	*
James Daniel Walters	12,000(4)	*
Francisco J. Sauza	8,734	*
Darrell E. Whitaker	3,000	*
Directors and all executive officers as a group (12 persons)	537,103	3.4%

*Less than 1%.

- (1) Includes the following Shares subject to options exercisable within 60 days of June 18, 2010: Mr. McLean – 74,500; Mr. Gilreath – 30,000; Mr. Bramlett – 30,000; Mr. Roland – 40,000; Mr. Way – 24,000; Mr. Hummers – 13,500; Ms. Malson – 12,200; Mr. Walters – 10,000; Mr. Sauza – 3,200. Directors and Executive Officers as a group – 251,800.
- (2) Includes 51,000 Shares in a self-directed retirement account maintained for the benefit of Mr. McLean. Also includes 20,000 Shares which are pledged as security.
- (3) Includes 7,500 Shares held in a profit-sharing trust for which Mr. Gilreath serves as trustee. Also includes 33,000 Shares in a limited partnership in which Mr. Gilreath is a partner.
- (4) Includes 900 Shares held by Mr. Walters' spouse. Mr. Walters disclaims beneficial ownership of these Shares.

CORPORATE GOVERNANCE MATTERS

Corporate Governance Policy and Committee Charters

In furtherance of its goal of providing effective governance of the Company's business and affairs for the benefit of shareholders, the Board of Directors of the Company has adopted a corporate governance policy. Copies of the governance policy and the committee charters for the Company's Audit Committee, Compensation and Stock Option Committee and Nominating and Corporate Governance Committee are available on the Company's website, at www.worldacceptance.com as well as by mail to any shareholder who requests a copy by writing to the Company's Corporate Secretary at P.O. Box 6429, Greenville, SC 29606.

Shareholder Communications with Directors

Any shareholder who wishes to communicate with the Board of Directors, or one or more individual directors, may do so by writing to this address:

World Acceptance Corporation
Board Administration
c/o Corporate Secretary
P. O. Box 6429
Greenville, South Carolina 29606

Your letter should indicate that you are a shareholder. Depending on the subject matter, management will:

- Forward the communication to the director or directors to whom it is addressed;
- Attempt to address the communication directly, for example, where it is a request for information about the Company or a stock-related matter; or
- Not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

At each meeting of the Board, a member of management will present a summary of all communications received since the last meeting that were not forwarded. Those communications are available to the directors on request.

Director Nominations

The Board of Directors is responsible for nominating members of the Board and for filling vacancies on the Board that may exist between annual meetings of shareholders, except to the extent that the Company's bylaws or applicable South Carolina law require otherwise. The Board of Directors has delegated the screening process for director nominees to the Nominating and Corporate Governance Committee (the "Governance Committee"). The Company's Governance Committee consists of three "independent" directors, as determined by the Board in accordance with applicable NASDAQ standards.

The Company's corporate governance policy outlines certain general criteria for Board membership. These criteria reflect the Board's belief that all directors should have the highest personal and professional integrity and, as a general rule, should be persons who have demonstrated exceptional ability, diligence and judgment. In addition, the policy requires that at least a majority of the Board consist of independent directors. The Governance Committee, in fulfilling its responsibility to the Board, has determined that, in addition to having expertise that may be useful to the Company, directors, as a group, should meet the following specific criteria: leadership experience, finance experience, risk management experience, corporate governance experience, legal experience and general business experience. Directors should also be willing and able to devote the required amount of time to Company business.

The Governance Committee's process for recommending nominees begins with a preliminary assessment of each candidate based on the individual's resume and biographical information, willingness to serve and other background information. This information is evaluated against the criteria stated above and the specific needs of the Company at that time. After these preliminary assessments, the candidates who appear best suited to meet the Company's needs may be invited to participate in a series of interviews to continue the evaluative process. Incumbent directors, however, generally are not required to interview again. On the basis of the information learned during this process, the Governance Committee determines which nominees to recommend to the Board for nomination.

When seeking new director candidates, the Governance Committee may solicit suggestions from incumbent directors, management or others. Consistent with the Company's corporate governance policy, the Governance Committee will also consider candidates recommended by shareholders, provided that such nominations are made in writing and are received by the Company at its executive offices not later than, in the case of nominees to be considered for election at the 2011 Annual Meeting of Shareholders, February 28, 2011 (which is the business day closest to, but not less than, 120 days prior to the anniversary of this Proxy Statement). Any nomination should be sent to the attention of the Company Secretary and must include, concerning the director nominee, the following information: full name, age, date of birth, educational background and business experience, including positions held for at least the preceding five years. The nomination must also include the nominee's home and business addresses and telephone numbers and include a signed representation by the nominee to timely provide all information requested by the Company as part of its disclosure in regard to the solicitation of proxies for the election of directors. The name of each such candidate for director must be placed in nomination at the Annual Meeting by a shareholder present in person. The nominee must also be present in person at the meeting. A vote for a person who has not been duly nominated pursuant to these requirements is void.

When considering candidates for director, the Nominating and Corporate Governance Committee takes into account a number of factors in addition to those factors discussed above that the Company considers important qualifications for Board service. These other factors include whether the candidate is independent from management and the Company, whether the candidate has relevant business experience, the composition of the existing Board, matters of diversity (with emphasis on diversity in professional experience and industry background) and the candidate's existing commitments to other businesses.

The Company's Governance Committee does not currently use the services of any third party search firm to assist in identifying or evaluating board candidates. However, the Committee may engage a third party to provide these services in the future, as it deems appropriate at the time.

Code of Business Conduct and Ethics

The Company has adopted a written Code of Business Conduct and Ethics (the "Code of Ethics") that applies to all directors, employees and officers of the Company (including the Company's Chief Executive Officer (principal executive officer) and Senior Vice President and Chief Financial Officer (principal financial and accounting officer)). The Code of Ethics has been incorporated by reference as an exhibit to the Company's Annual Report on Form 10-K for the year ended March 31, 2010. A copy of the Code of Ethics is also available on the Company's website at www.worldacceptance.com, and to any shareholder who requests a copy by writing to the Company's Corporate Secretary at P.O. Box 6429, Greenville, South Carolina 29606.

Executive Officer Changes

There were no changes to the Company's executive officers during fiscal 2010.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Executive officers, directors, and greater-than-10-percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, all of the Company's executive officers, directors, and greater-than-10-percent beneficial owners have complied with such reporting requirements during the fiscal year ended March 31, 2010, except that the following Form 4 reports were filed late: two reports with respect to two transactions for Mr. Darrell E. Whitaker; two reports with respect to two transactions for Francisco J. Sauza, and one report with respect to one transaction for each of Mr. A. Alexander McLean, Mr. Mark C. Roland, Ms. Kelly M. Malson and Mr. James D. Walters.

Executive Compensation - Compensation Discussion and Analysis

Process Overview

The Compensation and Stock Option Committee (sometimes referred to below as the Compensation Committee) is appointed by the Board to discharge the Board's responsibilities relating (1) to compensation of the Company's directors and officers and (2) to the granting of stock options and restricted stock under the Company's stock option plans or other equity compensation plans. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, compensation policies and programs of the Company and for formulating, revising and administering the Company's stock option plans or other equity compensation plans.

During fiscal 2010 the Compensation Committee reviewed and approved the annual compensation for the five executive officers of the Company identified below in the Summary Compensation Table, who are also sometimes referred to in this Proxy Statement as the Company's Named Executive Officers, ("NEOs"): Chief Executive Officer ("CEO"); President and Chief Operating Officer ("COO"); Senior Vice President and Chief Financial Officer ("CFO"); Senior Vice President – Mexico; and Senior Vice President – Southern Division. In addition the Compensation Committee reviewed and approved the annual compensation for the 2 executive officers who are not NEOs, the non-executive officers who report directly to the CEO, and the Vice President of Internal Audit. All grants of stock options and restricted stock were approved by the Compensation Committee.

Role of Executives in Establishing Compensation

The Company's CEO plays a role in the assessment and recommendation of compensation award decisions for his direct reports, including the assessment and recommendation of compensation for the Company's CFO. He provides information to the Compensation Committee regarding compensation matters and, in such instances, helps set the agenda for compensation discussions. He does not play a role in recommendations regarding his own compensation or the compensation of the Company's directors.

Compensation Committee Activity

The Compensation Committee meets as often as it determines necessary to carry out its duties and responsibilities. This includes regularly scheduled meetings and, if necessary, special meetings. The regular meeting schedule is established in consultation with management. The Compensation Committee members review and approve the minutes of each meeting. Any special meetings of the Compensation Committee are initiated by the Committee Chairman or at management's request. Generally, the agenda for each meeting includes regular administrative items to be considered by the Compensation Committee and any specific topics the Chairman or any other Compensation Committee member may want to discuss. The Compensation Committee from time to time seeks input from the CEO in setting the agenda. Members of management provide information to the Compensation Committee that management believes will be helpful to the Compensation Committee in discussing agenda topics. Management also provides materials that the Compensation Committee specifically requests.

The Company's CEO is typically invited to attend general sessions of the Compensation Committee, and, depending upon the topic to be discussed, may be invited to attend executive sessions of the Compensation Committee. The Compensation Committee believes that the CEO's insight into particular compensation matters is an important factor when discussing and making such decisions regarding such matters. The Company's CEO is not present during Compensation Committee discussions concerning his own compensation. Other members of management attend meetings and executive sessions upon invitation by the Compensation Committee if and when the Compensation Committee believes their advice and input regarding specific matters before the Compensation Committee would be useful and appropriate.

The Compensation Committee met five times in fiscal 2010 and four times in fiscal 2011 prior to the filing of this Proxy Statement. The authority and responsibilities of the Compensation Committee are set forth in more detail in the Compensation Committee's charter, which is available on the Company's website, at www.worldacceptance.com.

Objectives of the Compensation Program

The primary objectives of the Company's compensation program, including the executive compensation program, are (i) to attract and retain highly capable and well-qualified executives and other employees, (ii) to focus executives on driving to the achievement of performance objectives that contribute to the Company's success and (iii) focus executives' efforts on increasing shareholder value. A further objective of the compensation program is to provide short- and long-term incentives and rewards to executives and other employees for their contribution to the Company. In addition, the Company strives to promote an ownership mentality among executives, other employees and the Board of Directors and to structure compensation programs and make compensation decisions that are based on performance.

What the Company's Compensation Program is Designed to Reward

The Company's compensation program is designed to create a collegial atmosphere that encourages executives to cooperate toward the achievement of short-term and long-term goals that benefit the Company and shareholders as a whole, while at the same time rewarding each executive's and other employee's individual contribution to the Company. The Committee has established a compensation package consisting of base salary, short-term incentive compensation in the form of an annual cash bonus (the "Executive Incentive Plan"), and long-term incentive compensation (the "Long-term Incentive Plan") in the form of equity grants.

The Compensation Committee believes that a meaningful portion of the NEOs' total compensation should be in the form of a long-term incentive. It uses equity grants under the Long-term Incentive Plan for this purpose and supplements the base salary and Executive Incentive Plan elements with stock options awards, which vest over a five-year period, and restricted stock awards, which historically have vested over a three-year period of time. The Compensation Committee also believes that these equity grants serve the useful purposes of fostering an ownership mentality in executives and fairly linking the value of a significant component of executive compensation to the value realized by the Company's shareholders. The same key components and compensation philosophy, at differing amounts, are applied to other selected key employees at differing levels within the Company.

The Compensation Committee believes it is appropriate that an executive officer's overall targeted compensation package be at or around the median of the market for a comparable position. This results in the package remaining competitive enough to attract and retain top talent while not over rewarding average performance. Compensation opportunities for exceptional business performance are higher, as the Company is willing to pay above the industry median to motivate, reward and retain performers who significantly exceed the Company and individual goals.

Stock price performance has not been, and is not, a factor in determining annual compensation because the price of the Company's stock is subject to a variety of factors outside of management's control such as historically low float and trading volumes.

Stock Ownership/Retention Guidelines

Currently, the Company does not maintain stock ownership guidelines and does not have a stock retention policy applicable to its executive officers, and is not considering any such guidelines or policy at this time.

Compensation Benchmarking

The Compensation Committee has the sole authority to hire and dismiss outside compensation consultants. Over the course of the past few years, the Compensation Committee has hired Semler Brossy Consulting Group, LLC (“Semler Brossy”) to prepare various reports regarding executive compensation. The following discuss the benchmarking utilized for the various positions.

Chief Executive Officer, Chief Financial Officer, Chief Operating Officer

Following the departure in 2006 of our previous CEO and the resultant promotions of certain of our executive officers into their current roles, the Committee engaged Semler Brossy in June 2007 and October 2007 to prepare a compensation survey and to provide assistance in the development of long-term incentive guidelines, respectively, for the CEO, CFO, and COO positions. Semler Brossy compared the compensation and long-term incentive program for these three executives with the compensation programs of a 12 company peer group selected by Semler Brossy and consisting of publicly traded, consumer finance businesses, and other non-banking companies ranging from one-third to three times the Company’s market capitalization as of March 31, 2006. The peer group companies were: Advance America Cash Advance Centers; Cash America International Inc.; CompuCredit Corp; Credit Acceptance Corp; EZCORP Inc; First Cash Financial Services Inc.; Infinity Property and Casualty Corp; National Interstate Corp; QC Holdings Inc.; RLI Corp; Safety Insurance Group Inc.; and United PanAm Financial Corp. This peer group was selected in an effort to ensure that our total compensation programs for these three executive officers are competitive in attracting and retaining exceptional executive talent. As of the survey date these 12 companies’ market capitalization ranged from \$227 million to \$2.0 billion, and the Company’s market capitalization ranked seventh among this group. The Compensation Committee considered Semler Brossy’s recommendations when developing the elements of executive’s compensation, which are discussed in detail below under the Heading “Elements of Company’s Compensation Program.”

Senior Vice President

The Compensation Committee reengaged Semler Brossy in June 2009 to prepare a survey for the Senior Vice Presidents. Because Semler Brossy was unable to obtain comparable compensation information for a specific peer group at a senior vice president level for operational positions, it utilized surveys data from other general human resource and executive compensation sources.

Elements of Company’s Compensation Program

The Company’s Compensation Program is comprised of the following: base salary, Executive Incentive Plan, Long-Term Incentive Plan, post-employment compensation, and other prerequisites.

Base Salary

Compensation Committee’s Philosophy

The Compensation Committee’s philosophy is as follows:

- (1) the combination of the NEO’s base salary, together with targeted executive incentive plan (annual bonus) and long-term incentive should be at or near the median of the Company’s peer group;

- (2) a significant portion of total compensation should be variable and is performance based; and
- (3) the NEO should have an opportunity to earn above the median for exceptional performance.

The Compensation Committee assesses base salaries for each position, based on the value of the individual’s experience, performance and/or specific skill set, in the ordinary course of business, but generally not less than once each year at or around the time that our annual budget is approved.

Use of Outside Consultant and Survey Data

The following table shows the 2007 peer data summary for the 25th percentile and the median base salaries at that time for the executives listed. After reviewing the 2007 survey data, the Compensation Committee decided to make market adjustments to the CEO, CFO and COO’s base salaries to the salaries as shown in the “Recommended Salary for fiscal 2008” column below, but in two equal installments over a two-year period (fiscal 2008 and fiscal 2009). The Compensation Committee has not updated the salary survey for these officers since 2007 and in fiscal 2010, their base salaries were increased by 5-6% based on the Committee’s favorable assessment of management’s performance and other subjective factors, discussed below.

	Outside Consultant’s Summary			Actual Salary			
	25th percentile	Median	Recommended salary for fiscal 2008 (1)	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010
CEO	\$ 467,789	\$ 566,900	\$ 400,000	\$ 268,180	\$ 335,000	\$ 400,000	\$ 420,000
CFO	\$ 235,000	\$ 267,900	\$ 175,000	\$ 135,000	\$ 155,000	\$ 175,000	\$ 185,500
COO	\$ 262,343	\$ 294,231	\$ 300,000	\$ 233,000	\$ 270,000	\$ 300,000	\$ 315,000

(1) Represents the fiscal 2008 proposed salary by Semler Brossy.

The following table quantifies the survey data provided by Semler Brossy for the senior vice presidents as provided in the June 2009 report.

	Outside Consultant's Summary			Actual Salary
	25th percentile	50th percentile	Recommended salary for 2010 (1)	Fiscal 2010
Senior Vice President – Southern Division	\$ 177,000	\$ 200,000	\$ 170,000	\$ 149,841
Senior Vice President –Mexico Division	\$ 234,000	\$ 252,000	N/A(2)	\$ 194,450

(1) Represents the June 2009 proposed salary by Semler Brossy.

(2) Semler Brossy did not provide a proposed salary recommendation for the SVP-Mexico Division

How the Fiscal 2010 Annual Increases were Determined

When determining the annual base salary increases for fiscal 2010, the Compensation Committee's primary consideration for the CEO, COO and CFO was the strong performance of the Company in difficult, economic conditions. The Compensation Committee also considers subjective factors when determining the annual base salary increases. The subjective portion of the analysis includes an assessment of individual's experience and performance and/or specific skill set. The individual performance factors for fiscal 2010 included, but are not limited to, the following:

- A.A. McLean, Chairman and Chief Executive Officer: implementation of strategic plan; overall leadership of the Company; interaction with business and investor community; and Board interaction
- Mark C. Roland, Chief Operating Officer and Director: implementation of strategic plan; leadership of the Company Operations; interaction with business and investor community; and Board interaction
- Kelly M. Malson, Senior Vice President and Chief Financial Officer: implementation of strategic plan; overall management of financial affairs; management of financial reporting; interaction with business and investor community; and tax compliance

After reviewing the June 2009 survey for the Senior Vice President level positions, the Compensation Committee decided the following:

- James D. Walters, Senior Vice President – Southern Division: His total compensation was appropriate, but base salary was too low and his annual targeted bonus was too high. Therefore, the Committee made a market adjustment of \$40,000 to his base salary in two equal \$20,000 installments over a two-year period (fiscal 2010 and fiscal 2011) and simultaneously reduced his target annual bonus opportunity.

- Francisco Javier Sauza, Senior Vice President – Mexico Division: The Committee concluded that no market adjustments to his salary were appropriate. Therefore his base salary increase was based on his implementation of strategic plan and his leadership of the Company’s Mexico Division’s Operations

Executive Incentive Plan

Compensation Committee’s Philosophy

The Compensation Committee designs the Executive Incentive Plan (annual cash bonus) to be directly consistent with the Company’s annual financial performance. This plan allows for a potentially significant annual cash bonus based on the Company’s achievement of pre-established annual goals related to (1) increases in earnings per share, (2) growth in loan receivables, (3) expense control, and (4) charge-off control. The Compensation Committee selected these goals to motivate and reward the maximization of shareholder value based on its belief that earnings per share is the most direct measure of shareholder value and that growth in loans receivable combined with expense control and charge-off control are the three most significant determinants of earnings per share. For the other Senior Vice Presidents the Executive Incentive Plan is split between Company performance and their respective division’s performance.

Use of Outside Consultant and Survey Data

In June 2007, Semler Brossy recommended no changes to the Executive Incentive Plan for the CEO, CFO, and COO.

The following table quantifies the survey data provided by Semler Brossy for the senior vice presidents as provided in the June 2009 report.

	Executive Incentive Plan (Annual Cash Bonus)					
	25th	50th	Proposed-annual		Proposed-annual bonus award	
	Percentile (% of base salary)	Percentile (% of base salary)	Target	Maximum	Target	Maximum
SVP – Southern Division	29%	38%	\$ 102,000	\$ 170,000	60%	100%
SVP – Mexico Division	35%	38%	N/A(2)	N/A(2)	N/A(2)	N/A(2)

(1)The proposed annual bonus award is based on the Company achieving the Target goals; the actual award may be higher if the Maximum goals are achieved or lower if Target goals are not achieved. See “How the Company Chose Amounts or Formulas for determine the fiscal 2010 Executive Incentive Plan” for specific details regarding the Executive Incentive Plan for fiscal 2010.

(2) Semler Brossy did not provide a proposed bonus award for the SVP-Mexico Division

How the Company Chose Amounts and/or Formulas Used to Determine the Fiscal 2010 Executive Incentive Plan

It is the Compensation Committee's objective to have a substantial portion of each officer's compensation contingent on the Company's performance as well as upon his or her own level of performance and contribution towards the Company's performance. Executive officers, as well as non-executive officers and other employees, receive bonus compensation in the event certain specified corporate performance measures are achieved.

The Executive Incentive Plan represents the annual cash bonus which is a formula based on a percentage of base salary, particular goals, and particular targets. The particular goals are tied to earnings per share, loan growth, general and administrative expenses as a percent of revenue, and net charge-offs as a percentage of average loans. The Compensation Committee selected the threshold, target, and maximum award percentages based on past historical performance and the fiscal 2010 budget. As an officer's level of responsibility increases, it is the Compensation Committee's intent to have a greater portion of the officer's total compensation be dependent upon the Company's performance rather than on base salary. Therefore, Mr. McLean, Ms. Malson, and Mr. Roland's Executive Incentive Plan are tied 100% to the Company's performance measures. Mr. Walters and Mr. Souza's Executive Incentive Plan are split between Company and divisional performance measures. Approximately 70.7% of the aggregate amount of annual bonuses, which include the Executive Incentive Plan bonuses, earned by Company employees in fiscal 2010 was awarded to employees who are not NEOs.

The following table reflects the minimum and maximum Executive Incentive Plan awards for each of the NEOs:

	Minimum (1)	% of Salary - Threshold	% of Salary - Target	% of Salary - Maximum
A.A McLean III	25.0%	50.0%	100.0%	150.0% (2)
Kelly M. Malson	20.8%	41.7%	83.3%	125.0% (3)
Mark C. Roland	22.5%	45.0%	90.0%	135.0% (4)
James D. Walters	6.7%	33.3%	66.7%	100.0% (5)
Francisco J. Souza	8.3%	41.7%	83.3%	125.0% (6)

(1) The minimum formula amount calculated assumes the Company meets none of its goals. The Compensation Committee has the discretion to approve or disapprove the amount.

(2) Mr. McLean is eligible to earn a maximum of 150% of his base salary upon the achievement of the Company performance measures.

(3) Ms. Malson is eligible to earn a maximum of 125% of her base salary upon the achievement of the Company performance.

(4) Mr. Roland is eligible to earn a maximum of 135% of his base salary upon the achievement of the Company performance measures.

(5) Mr. Walters is eligible to earn a maximum of 40% of his base salary upon the achievement of the Company performance measures and 60% of his base salary upon the achievement of his divisional performance measures.

(6) Mr. Souza is eligible to earn a maximum of 50% of his base salary upon the achievement of the Company performance measures and 75% of his base salary upon the achievement of his divisional performance measures.

The following table reflects the particular Company level performance measures for fiscal 2010:

	Threshold	Target	Maximum	Target weight as a % of total bonus (CEO, CFO, COO)	Target weight as a % of total bonus (SVP Southern Division)	Target weight as a % of total bonus (SVP Mexico Division)
EPS	\$ 3.87	\$ 3.94	\$ 4.01	40%	16%	20%
Loan Growth	12.0%	13.5%	15.0%	30%	12%	15%
G&A expenses as a percentage of revenue	52.6%	51.8%	51.0%	20%	12%	10%
Net charge-offs	16.5%	16.0%	15.5%	10%	NA (1)	5%
Total EIP – Based on Company Performance Measures as a percent of base salary				100%	40%	50%
Total EIP – Based on Divisional Performance Measures as a percent of base salary				0%	60%	75%

(1) Mr. Walters' divisional net charge-offs are included in his specific divisional performance measures. Therefore, the Company net charge-offs are excluded.

For the operations piece of Mr. Walters' Executive Incentive Plan, he is awarded points based on the division's performance for profit, charge-offs, delinquency, and loan balance growth. Points are awarded based on the performance of the specific states that make up the Southern Division (South Carolina, Georgia, Alabama and Louisiana) based on branch profitability, receivable growth, loan losses and delinquency.

Southern Divisional Performance Measures

Total points earned	Incentive as a percentage of base salary
0-4	0%
5-15	6
16-23	12
24-31	18
32-39	24
40-47	30
48-57	36
58-67	42
68-77	48
78-87	54
88+	60

Mr. Souza's division performance measures are as follows:

Divisional Targets						
	Threshold	Target 1	Target 2	Maximum	Target weight as a % of total bonus	
Profit	\$0 to \$15 million pesos	\$15 to \$20 million pesos	\$20 to \$25 million pesos	\$25 million pesos and over	25%	
Loan balance growth		Threshold \$400 million pesos	Target \$450 million pesos	Maximum \$506 million pesos and over	25%	
Branch Openings			13	15	17	25%

Long-Term Incentive Plan (Stock Option and Restricted Stock Grants)

Compensation Committee's Philosophy

The Compensation Committee intends to use the Long-Term Incentive Plan as a further means of attracting and retaining qualified and highly talented executive officers with a market competitive compensation program that supplements the base salary and Executive Incentive Plan elements with longer-term incentives of stock options and restricted stock. The Compensation Committee also believes that these equity-based awards serve the useful purpose of fostering an ownership mentality in executives and fairly linking the value of a significant component of executive compensation to the value realized by the Company's shareholders. The same key components and compensation philosophy, at differing amounts, are applied to key employees at all levels within the Company.

The Compensation Committee believes that through the Company's Long-Term Incentive Plan (equity award plans), the economic interest of employees, including executives, is more closely aligned to those of the Company's shareholders. Although the overall determination of the number of shares are awarded at the discretion of the Compensation Committee and is not required to be formula based; the Compensation Committee did consider the ranges suggested by Semler Brossy in determining the number of equity awards given to each the CEO, COO and CFO, but did not use a consultant when determining the other NEO's equity grants in fiscal 2010 (see discussion below under "Use of Outside Consultant").

Option and restricted stock awards under the Long-Term Incentive Plan are made at regularly scheduled Compensation Committee meetings or, as may be needed in the case of new hires, promotions, or inadvertent omissions of employees from the regularly scheduled annual grants, at properly noticed special meetings. Each of the Company's executive officers typically receives annual stock option grants or restricted stock under the Company's stock option plans. All of the Company's full time employees are eligible for stock option grants through the Company's stock option plans. Approximately 89% and 7% of the stock options and restricted stock, respectively, granted under the plan in fiscal 2010 were granted to employees who are not executive officers. Approximately 88% and 6% of the stock options and restricted stock, respectively, granted under the plan in fiscal 2009 were granted to employees who are not executive officers.

The Company grants all equity based awards on the fair market value as of the date of grant. The value of restricted stock grants and the exercise price for stock option grants are determined by reference to the last quoted price per share on the NASDAQ at the close of business on the date of grant.

Use of Outside Consultant

In the October 2009 survey, Semler Brossy also suggested that the Compensation Committee consider a transition towards a more structured annual equity grant approach in which long-term incentive awards are made annually to the CEO, COO and CFO in amounts equal to a percentage of each executive's base salary. In the Semler Brossy studies, ranges of annual equity awards were suggested to the Compensation Committee. In addition it was suggested that the equity awards be split between time-based shares and performance-based shares. Although the overall determination of the number of stock options and restricted shares are awarded at the discretion of the Compensation Committee, and not required to be formula based, the Compensation Committee did consider the following ranges suggested by Semler Brossy Consulting Group in determining the number of options or restricted shares awarded. A consultant was not used for the Senior Vice Presidents' long-term incentives.

Executive	Long-Term Incentive			
	Percent of Salary		Percent of Shares Awarded	
	Target	Maximum	Time Based	Performance Based
A.A. McLean III	125%	175%	67%	33%
Kelly M. Malson	75%	125%	67%	33%
Mark C. Roland	90%	140%	67%	33%

How the Company Chose Amounts and/or Formulas to Determine the Fiscal 2010 Long-Term Incentive (Stock Option and Restricted Stock Grants)

Although the Compensation Committee considered the ranges suggested by Semler Brossy, it ultimately exercised its own discretion in determining the number of restricted shares awarded to the CEO, COO and CFO. The Senior Vice President's awards were also at the discretion of the Compensation Committee and were based on the recommendations of the CEO and COO.

	Restricted stock grant		Stock options		As a percent of salary at the time of the grant
	#	\$	#	\$	
	A.A McLean III	14,822	688,939	-	
Kelly M. Malson	5,819	270,454	-	-	146%(1)
Mark C. Roland	10,705	497,525	-	-	158%(1)
James D. Walters	-	-	11,000	168,520	112%(1)
Francisco J. Sauza	3,000	61,230	-	-	33%(2)
Francisco J. Sauza	5,000	133,650	-	-	69%(1)

(1) Annual long-term incentive award.

(2) Based upon his accomplishment in fiscal 2009, Mr. Sauza was given a discretionary grant of 3,000 shares, which vested immediately.

The Compensation Committee also determined that the equity award of restricted shares would be two-thirds time based and one-third performance based for Mr. McLean, Ms. Malson, and Mr. Roland. Mr. Walters' stock option grants and Mr. Souza's restricted stock grants are time based only.

Post-Employment Compensation

The Company has instituted a Supplemental Executive Retirement Plan ("SERP"), which is a non-qualified executive benefit plan in which the Company agrees to pay the participating executive additional benefits in the future, usually at retirement, in return for continued employment by the executive. Based on Company recommendations, the Compensation Committee approves the key executives who participate in the SERP. The SERP is an unfunded plan, which means there are no specific assets set aside by the Company to fund its obligations under the plan. The executive has no rights under the plan beyond those of a general creditor of the Company. There are currently 14 participants in the SERP, including all 7 executive officers, 3 senior level officers, and 4 retired participants. The SERP contracts provide for a retirement benefit of 45% of the participant's final base salary, multiplied by a "Days of Service Fraction" should the participant elect early retirement, for a period of 15 years. No participant will be granted early retirement until the participant has reached age 57, has been a participant of the plan for at least 8 years and obtains permission from the Board of Directors. More information regarding the SERP is set forth below under "Executive Compensation – Supplemental Executive Retirement Plan."

In May, 2009, the Company instituted a second SERP to meet particular needs to provide one senior level officer the same type of benefits as the original SERP but for which he would not have been able to meet the requirements due to age. This SERP is also an unfunded plan with no specific assets set aside by the Company in connection with the plan.

Employee Benefits and Perquisites:

In order to attract and retain top caliber executives and to pay them market levels of compensation, the Company provides NEOs and certain other employees the following benefits and perquisites:

- Medical Insurance. The Company makes available to each NEO and the NEO's spouse and dependents such health and dental insurance coverage as the Company may from time to time make available to its other employees, officers and executives. The Company pays the same portion of the premiums for these insurances for its NEOs as it does for all of its employees.
- Life and Disability Insurance. The Company provides each NEO the same long-term disability and life insurance as the Company in its sole discretion may from time to time provide to its other officers and employees.
- Deferred Compensation. The Company maintains for its senior and executive officers a Non-Qualified Deferred Compensation Plan. No executive officers currently participate in this plan and the plan is unfunded.

- Defined Contribution Plan. The Company offers to all of its employees, including its NEO, the Section 401(k) Retirement Plan (the “401(k) Plan”), a tax qualified retirement plan, to its eligible employees. The 401(k) Plan permits eligible employees to defer up to 15% of their annual eligible compensation, subject to certain limitations imposed by the Internal Revenue Code. The employees’ elective deferrals are immediately vested and non-forfeitable in the 401(k) Plan. The Company makes a matching contribution equal to 50% of the employees’ contributions for the first 6% of annual eligible deferred compensation, which vests over a 6 year period
- Company Car. The Company provides each NEO and each of its other officer level employees the unrestricted use of a Company car at no expense to the officer employee.
 - Company Aircraft. The Company allows the NEOs and their spouses or family members to fly on the Company aircraft when used concurrently with an official Company function. No other personal use of the Company aircraft is allowed.
 - Other. The Company makes available certain perquisites or fringe benefits to executive officers and other employees, such as professional society dues, food, and recreational fees incidental to official Company functions.

Timing of Compensation Decisions

All elements of executive officer and non-executive officer compensation are typically reviewed early in each fiscal year after a review of the financial statements, operating objectives and personal objectives for the prior fiscal year has been completed and as the budget for the coming fiscal year is being finalized.

The Compensation Committee may, however, review salaries or grant stock options or restricted stock at other times as a result of new appointments, promotions or for other reasons during the year. The following table summarizes the approximate timing of the more significant compensation events:

Event	Timing
Set Board and Committee meeting dates	At least 1 year prior to meeting dates. Board meetings have historically been held in February, May, August and November.
	Regularly scheduled Compensation Committee meeting dates historically have been in May and November.
Establish executive and non-executive officer financial and personal objectives	May or June of each fiscal year for the current year.
Review and approve base salary for executive and non-executive officers	May of each fiscal year for the current year.
Determine stock option grants and restricted stock grants for executive officers, non-executive officers, and other employees	November of each fiscal year for the current year.

Summary Compensation Table

The following table includes information concerning compensation for each of the three full fiscal years ended March 31, 2010, 2009 and 2008 to the five NEOs, including the CEO, CFO and three other most highly compensated executive officers of the Company who were serving as such as of March 31, 2010.

Name and Principal Position	Year	Salary (\$) (1)	Bonus (\$)	Stock Awards (\$) (2)	Option Awards (\$) (2)	Non- Equity Incentive Plan Compen- -sation (\$) (3)	Change in	All Other Compensation (\$) (5)	Total (\$)
							Non- Pension Value and Non- qualified Deferred Compensation Earnings (\$) (4)		
A.A. Mclean, III Chief Executive Officer	2010	\$ 415,833	-	\$ 591,348	\$ -	\$ 567,000	\$ 124,872	\$ 48,576	\$ 1,747,629
	2009	389,167	-	553,523	-	420,000	245,061	43,243	1,650,994
	2008	323,863	-	488,079	-	485,750	229,599	29,546	1,556,837
Kelly Malson (6) Senior Vice President and Chief Financial Officer	2010	183,313	-	232,150	-	208,686	31,613	27,446	683,208
	2009	171,667	-	213,153	-	153,127	31,332	32,057	601,336
	2008	151,667	-	228,183	-	179,800	45,162	24,406	629,218
Mark C. Roland President and Chief Operating Officer	2010	311,875	-	427,066	-	382,725	83,208	35,274	1,240,148
	2009	295,000	-	397,660	-	283,500	105,901	33,560	1,115,621
	2008	263,867	-	396,032	-	352,350	107,246	24,991	1,144,486
James D. Walters Senior Vice President – 404,901 Southern Division	2010	141,508	-	-	168,520	134,857	52,606	18,103	515,594
	2009	128,520	-	-	102,120	69,250	20,402	11,877	332,169
	2008	121,910	-	-	-	142,100	103,392	24,113	13,386
Francisco J. Sauza (7) Senior Vice President – Mexico	2010	190,206	-	194,880	-	164,464	97,749	10,765	658,064
	2009	181,164	-	171,590	-	128,864	35,488	13,479	530,585
	2008	161,035	-	112,760	-	161,035	93,389	10,283	538,502

- (1) Base salary for the named executive officers is based upon experience, overall qualifications, and information about compensation offered to executive officers of similar qualifications and experience at similar companies as discussed further above in “Executive Compensation – Compensation Discussion and Analysis.”
- (2) The amounts in these columns reflect the grant date fair value determined in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in footnote 16 to our audited financial statements for the fiscal year ended March 31, 2010, included in our Annual Report on Form 10-K for the year ended March 31, 2010 filed with the SEC.

- (3) This compensation is earned under the Company's Executive Incentive Plan as described further above under "Executive Compensation – Compensation Discussion and Analysis" and is based on the Company's achievement of pre-established annual goals related to increases in earnings per share, growth in receivables, expense control and charge-off control.
- (4) These amounts consist of the increase in the present value of the accumulated benefit at retirement of the NEO's benefit under the Company's SERP.
- (5) Components of All Other Compensation are included in a separate table below.
- (6) Ms. Malson was promoted to Senior Vice President and Chief Financial Officer on May 11, 2009. Prior to that she was Vice President and Chief Financial Officer.
- (7) Mr. Souza was designated an executive officer as of May 19, 2008.

Components of All Other Compensation

Benefits and Perquisites	McLean	Malson	Roland	Walters	Sauza
Company car	\$ 30,072	\$ 18,695	\$ 23,873	\$ 11,424	\$ 4,798
Company contributions to 401(k) Plan	11,147	8,486	11,110	6,479	5,787
Term life insurance premiums	291	265	291	200	180
Personal use of corporate plane	5,638	-	-	-	-
Club dues	1,428	-	-	-	-
Total	\$ 48,576	\$ 27,446	\$ 35,274	\$ 18,103	\$ 10,765

Supplemental Executive Retirement Plan

As discussed above under “Executive Compensation - Compensation Discussion and Analysis - Elements of the Company’s Compensation Program – Post-Employment Compensation,” the Company has a SERP, in which all NEO’s participate.

The expected benefits associated with the retirement of any of the five NEOs at March 31, 2010 assuming retirement at projected base salary at the number of years of credited service, are indicated in the table below.

In the event of a participant’s death, the SERP is payable to the participant’s beneficiary or estate as if the participant had retired at 65 years of age.

Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit at Retirement (\$)(1)	Present Value of Accumulated Benefit at Death (\$)(2)	Payments During Last Fiscal Year (\$)
A. A. McLean	21	\$ 1,311,154	\$ 1,835,615	-
K. M. Malson	5	84,441	810,730	-
M. C. Roland	14	688,356	1,376,711	-
J. D. Walters	15	241,272	654,882	-
F. J. Sauza	5	226,626	849,846	-

(1)Based on the assumptions disclosed in footnote 16 of the March 31, 2010 Form 10-K filed June 8, 2010 and based on the assumption the NEO retires at age 65.

(2)Present value of SERP benefits payable at death was calculated as 45% of the executive’s base salary for 15 years assuming a 6% interest rate.

The Role of Employment Agreements

The Company maintains employment agreements with Mr. McLean, Mr. Roland, Ms. Malson and Mr. Sauza, which are described below in more detail under “Employment Agreements.” The Committee believes that the employment contracts are necessary to secure the services of those individuals on the terms and conditions stated in the agreements, and to provide management stability should there occur a significant corporate change in control event. The employment agreements with these executives run for three-year terms expiring on May 20, 2010, May 20, 2010, August 26, 2010 and May 31, 2011, respectively. These agreements generally provide for the payment of

severance benefits above and beyond compensation accrued through the date of separation in cases in which the executive is terminated without cause or is constructively discharged. In cases of a change in control of the Company (as generally defined under the agreements in accordance with Section 409A of the Internal Revenue Code), the severance benefits are triggered only in the event there is both a change in control and the executive is terminated without cause or constructively discharged within two years following the change in control, except in the case of Mr. Sauza, whose benefits are triggered within one year following a change in control. The Committee believes that the change in control severance triggers in these agreements strike an appropriate balance between Company and shareholder concerns about executive retention in the event of a change in control versus the executives' legitimate concerns regarding termination or diminution of duties in such an event.

Employment Agreements

Effective May 21, 2007, the Company entered into employment agreements with Mr. A. Alexander McLean, III, its Chief Executive Officer, and Mr. Mark C. Roland, its President and Chief Operating Officer. Effective August 28, 2007, the Company entered into an employment agreement with Ms. Kelly M. Malson, its then Vice President (now Senior Vice President) and Chief Financial Officer. Effective June 1, 2008, the Company entered into an employment agreement with Mr. Francisco J. Souza, its Senior Vice President of Mexico. These agreements run for an initial three-year term with original expiration dates of May 20, 2010, May 20, 2010, August 27, 2010 and May 31, 2011 respectively, but are subject to automatic extension for successive one-year periods thereafter unless either the Company or the executive gives notice of termination not less than 90 days prior to the date on which the agreement would otherwise be automatically extended. The agreements provide for annual base salaries as specified for Mr. McLean, Mr. Roland, Ms. Malson and Mr. Souza, subject in each case to annual adjustment as determined by the Compensation Committee. In conjunction with the Company's annual performance review performed in May 2010, the fiscal 2011 base salary for Mr. Roland was increased to \$327,600 from \$315,000, Ms. Malson was increased to \$194,775 from \$185,500, and Mr. Souza was increased to \$206,117 from \$194,450. These increases were effective June 1, 2010. Mr. McLean's salary remained the same at \$420,000.

The agreements further provide for payment, at the Company's discretion, of annual cash incentive payments and equity or cash based long-term incentive compensation awards in accordance with criteria established by the Board or the Committee, including participation in the Company's Executive Incentive Plan, as described above under "—Compensation Discussion and Analysis." Each executive is also entitled to the use of a Company automobile (including maintenance and insurance) of a value commensurate with the executive's position in accordance with the Company's car policy and to participate in all other compensation benefits and programs and to receive such other benefits and perquisites as provided under any existing or future program for salaried employees. These benefits include the right to participate in the Company's SERP in accordance with that plan, as described above.

McLean, Roland and Malson

Under the agreements with Mr. McLean, Mr. Roland and Ms. Malson, the Company has agreed to provide these executives with long-term disability insurance benefits equal to 60% of the executive's base salary at the time of disability. These agreements also provide for severance payments and the continuation of certain benefits if the executive is terminated without cause or constructively discharged (as defined in the agreement). In the event of such termination without cause or constructive discharge, including any such termination or discharge that occurs within two years after a change of control of the Company, the executive is generally entitled to receive (i) a lump sum cash payment of accrued salary, unused vacation pay and any unpaid bonus earned for the year prior to the fiscal year in which termination occurs, (ii) a prorated bonus for the portion of the fiscal year in which the termination occurs, calculated based on the average of the executive's bonus payments for the preceding three years, (iii) severance pay equal to two years' base salary and two years' bonus (calculated as the average of the bonus paid to the executive over the three years prior to termination), payable over 24 months and (iv) the continuation of all other welfare and fringe benefits until the earlier of 24 months from the date of termination or such time as the executive becomes employed and eligible for similar benefits from another company. In the event the executive is terminated without cause or is constructively discharged following a change in control, the severance payments described in item (iii) of the preceding sentence shall be payable in a lump sum, unless the termination occurs between the first and second anniversary of the change in control. In the event the executive's employment is terminated for reasons other than a without cause termination or constructive discharge, the Company is generally obligated to pay to the employee or his estate the amount of accrued and unpaid compensation due the employee through the date of termination.

Under these agreements, Messrs. McLean and Roland and Ms. Malson have agreed to observe certain confidentiality and non-compete obligations during the term of employment and for 24 months thereafter.

Sauza

Under the agreement with Mr. Sauza, the Company has agreed to provide Mr. Sauza with long-term disability insurance benefits equal to 60% of the executive's base salary at the time of disability. This agreement also provides for severance payments and the continuation of certain benefits if the executive is terminated without cause or constructively discharged (as defined in the agreement). In the event of such termination without cause or constructive discharge, including any such termination or discharge that occurs within one year after a change of control of the Company, the executive is generally entitled to receive (i) a lump sum cash payment of accrued salary, unused vacation pay and any unpaid bonus earned for the year prior to the fiscal year in which termination occurs, (ii) a prorated bonus for the portion of the fiscal year in which the termination occurs, calculated based on the average of the executive's bonus payments for the preceding three years, (iii) severance pay equal to one year's base salary and one year's bonus (calculated as the average of the bonus paid to the executive over the three years prior to termination), payable over 12 months and (iv) the continuation of all other welfare and fringe benefits until the earlier of 12 months from the date of termination or such time as the executive becomes employed and eligible for similar benefits from another company. In the event the executive is terminated without cause or is constructively discharged following a change in control, the severance payments described in item (iii) of the preceding sentence shall be payable in a lump sum, unless the termination occurs between the first and second anniversary of the change in control. In the event the executive's employment is terminated for reasons other than a without cause termination or constructive discharge, the Company is generally obligated to pay to the employee or his estate the amount of accrued and unpaid compensation due the employee through the date of termination. Under this agreement, Mr. Sauza has agreed to observe certain confidentiality and non-compete obligations during the term of employment and for 12 months thereafter.

The following table provides estimates of the amounts payable to Messrs. McLean Roland, Sauza and Ms. Malson under their employment agreements, assuming each was terminated without cause or constructively discharged on March 31, 2010. Note that the table excludes unpaid salary accrued through the termination date and reimbursement of any unpaid business expenses.

Name	Salary Continuation (\$)	Bonus Continuation (\$)	Benefits Continuation (\$)	Benefits from Accelerated Equity Vesting (\$)	Total (\$)
	(1)	(2)	(1)	(2)	(1)
A. A. McLean III	\$ 840,000	\$ 981,833	\$ 15,288	\$ 1,795,784	\$ 3,632,905
Kelly M. Malson	371,000	361,075	13,608	743,510	1,489,193
Mark C. Roland	630,000	679,050	13,392	1,341,678	2,664,120
Francisco J. Sauza	194,450	151,454	8,160	184,828	538,892

- (1) The benefits continuation payment represent 24 months of health and dental insurance for all NEOs other than Mr. Sauza, and 12 months of such insurance for Mr. Sauza, based on the executive's current insurance cost.
- (2) Benefits from accelerated equity vesting represent the difference between the Company's March 31, 2010 closing stock price and the option exercise price for any unvested shares plus the March 31, 2010 closing stock price for any unvested restricted stock shares.

These executives are also entitled to benefits discussed in the sections entitled "-Supplemental Executive Retirement Plan," "-Death Benefits," and "-Disability Benefits."

Death Benefits

The Company also provides death benefits to the NEOs, which are payable to each participant's designated beneficiary or estate. The participant's designated beneficiary will be entitled to receive the proceeds of any life or other insurance or other death benefit programs. In addition, the beneficiaries will be eligible for SERP benefits according to the terms and conditions of that plan as if the executive had retired at age 65. Had any of the NEOs become deceased on March 31, 2010, the Company would have paid the following:

Name	Life insurance proceeds (\$)	Present Value of SERP benefits (\$)	Benefits from Accelerated Equity Vesting (\$)	Total (\$)
	(1)	(2)	(3)	(1)
A. A. McLean III	\$ 500,000	\$ 1,835,615	\$ 1,795,784	\$ 4,131,399
Kelly Malson	371,000	810,730	743,510	1,925,240
Mark C. Roland	500,000	1,376,711	1,341,678	3,218,389
James D. Walters	299,682	654,882	350,378	1,304,942
Francisco J. Sauza	388,900	849,846	184,828	1,423,574

- (1) Life insurance proceeds represent two times the participant's base pay not to exceed \$500,000.
- (2) Present value of SERP benefits payable at death was calculated as 45% of the executive's base salary for 15 years assuming a 6% interest rate.
- (3) Benefits from accelerated equity vesting represent the difference between the Company's March 31, 2010 closing stock price and the option exercise price for any unvested shares plus the March 31, 2010 closing stock price for any unvested restricted stock shares.

Disability Benefits

In the event of disability, the Company will continue to pay the NEO his or her salary for a period of 90 days. After the 90 days, the Company may terminate his or her employment, at which time the Company will provide long-term disability payments of 60% of the base salary at the time of disability until the NEO reaches age 65. At age 65 or at such time as the long-term disability payments cease, the NEO will begin to receive payments under the SERP plan. Had any of the NEOs become disabled on March 31, 2010 his or her benefits would have been as follows:

Name	90 day continuation pay (\$) (1)	Long-term disability pay (\$) (2)	Present value of SERP benefits (\$) (3)	Total (\$)
A. A. McLean III	\$ 105,000	\$ 1,406,760	\$ 871,992	\$ 2,383,752
Kelly M. Malson	46,375	1,422,788	25,186	1,494,349
Mark C. Roland	78,750	1,584,547	342,092	2,005,389
James D. Walters	37,460	1,106,130	63,165	1,206,755
Francisco J. Sauza	48,613	858,701	126,547	1,033,861

(1) Represents 3 months of the NEO's current base salary.

(2) Long-term disability pay was calculated as the present value of 60% of the executive's base pay from March 31, 2010 until the executive reaches age 65. The present value calculation assumed a 6% interest rate.

(3) SERP benefits in the event of an NEO's disability were calculated as the present value of 45% of the executive's base pay, at the time the executive was disabled, for 15 years beginning when the executive reaches age 65. The present value calculation assumes an interest rate of 6%.

Stock Options and Restricted Stock (Long-Term Incentive Plan)

The Company currently has a 1994 Stock Option Plan, a 2002 Stock Option Plan, a 2005 Stock Option Plan and a 2008 Stock Option Plan for the benefit of certain officers and employees. Under these plans 4,850,000 shares of authorized Common Stock have been reserved for issuance pursuant to grants of options, or in some cases, restricted stock, approved by the Compensation Committee of the Board of Directors. The authorized options have a maximum duration of 10 years, may be subject to certain vesting requirements, and are priced at the market value of the Company's Common Stock on the date of the grant of the option.

Options to purchase 1,393,350 shares remained outstanding under the plans as of March 31, 2010, and 516,895 shares of Common Stock remained available under the plans for future grants. Of this remaining capacity, the entire amount may be granted as options or restricted stock.

Grants of Plan-Based Awards Table

The following table sets forth certain information with respect to the restricted stock and options granted during or for the fiscal year ended March 31, 2010 to each of the NEOs.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Underlying Securities Options (#)	Exercise Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold	Target (%)	Maximum (%)	Threshold (#)	Target (#)	Maximum (#)				
A. A. McLean	11/09/09	50.0	100.00	150.0	3,652	7,300	10,852(5)	14,822(5)	-	\$ -	\$ 688,939(2)
K. M. Malson	11/09/09	41.7	83.3	125.0	1,433	2,866	4,299(5)	5,819(5)	-	-	270,454(2)
M. C. Roland	11/09/09	45.0	90.0	135.0	2,636	5,272	7,908(5)	10,705(5)	-	-	497,525(2)
J. D. Walters	11/09/09	33.3	66.7	100.0	-	-	-	-	11,000(5)	26.73	168,520(3)
F. J. Sauza	05/11/09	41.7	83.3	125.0	-	-	-	3,000(5)	-	-	61,230(4)
F. J. Sauza	11/09/09	-	-	-	-	-	-	5,000(5)	-	-	133,650(2)

(1) Represent total potential future payouts of the 2011-2013 performance awards. Payout of performance share awards at the end of the 2011-2013 plan periods will be dictated by the Company's performance against pre-determined measures of EPS growth. The shares will vest on April 30, 2013 based on the Company's compounded EPS growth according to the following:

Vesting Percentage	Compounded Annual EPS Growth
100% - maximum	15% or higher
67% - (Target 2)	12% to 14.99%
33% - (Target 1)	10% to 11.99%
0%	less than 10%

(2) Based on the grant date fair value of \$26.73 and assumes the maximum estimated future payout.

(3) Based on the Black Scholes model, options granted on November 9, 2009 had a fair value of \$15.32.

(4) Based on the grant date fair value of \$20.14.

(5) Shares issued pursuant to the terms of the 2008 Stock Option Plan.

Outstanding Equity Awards at Fiscal Year-End Table

The following table includes certain information with respect to the value at March 31, 2010 of all unexercised options and restricted shares previously awarded to the NEOs. The number of options held at March 31, 2010 includes options granted under the stock option plans discussed above.

Name	Option Awards					Stock Awards			
	Number of Underlying Securities Unexercised Options (#) Exercisable	Number of Underlying Securities Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Underlying Securities Unexercised Options (#)	Equity Incentive Plan Awards: Exercise Price (\$)	Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
A . A . McLean	20,000	-	-	8.39	10/17/11	-	-	-	-
A . A . McLean	7,500	-	-	8.29	10/24/12	-	-	-	-
A . A . McLean	10,000	-	-	16.55	10/24/13	-	-	-	-
A . A . McLean	5,000	-	-	23.53	10/28/14	-	-	-	-
A . A . McLean	12,000	3,000(3)	-	28.29	11/09/15	-	-	-	-
A . A . McLean	20,000	5,000(4)	-	25.05	03/23/16	-	-	-	-
A . A . McLean	-	-	-	-	-	-	-	6,675(5)	240,834
A . A . McLean	-	-	-	-	-	6,237(6)	225,031	13,950(11)	503,316
A . A . McLean	-	-	-	-	-	9,782(13)	352,935	10,952(14)	395,148
K . M . Malson	3,200	800(3)	-	28.29	11/09/15	-	-	-	-
K . M . Malson	9,000	5,000(4)	-	25.05	03/23/16	-	-	-	-
K . M . Malson	-	-	-	-	-	-	-	3,075(5)	110,946
K . M . Malson	-	-	-	-	-	2,442	88,107	5,250(11)	189,420
K . M . Malson	-	-	-	-	-	3,840(13)	138,547	4,299(14)	155,108
M . C . Roland	4,000	-	-	23.53	10/28/14	-	-	-	-

M . C .									
Roland	16,000	4,000(3)	-	28.29	11/09/15	-	-	-	-
M . C .									
Roland	20,000	5,000(4)	-	25.05	03/23/16	-	-	-	-
M . C .									
Roland	-	-	-	-	-	-	-	5,400(5)	194,832
M . C .									
Roland	-	-	-	-	-	4,521(6)	163,118	9,900(11)	357,192
M . C .									
Roland	-	-	-	-	-	7,065(13)	254,905	7,908(14)	285,321
J . D .									
Walters	-	2,000(3)	-	28.29	11/09/15	-	-	-	-
J . D .									
Walters	6,000	4,000(7)	-	46.21	11/24/16	-	-	-	-
J . D .									
Walters	4,000	6,000(8)	-	28.19	11/12/17	-	-	-	-
J . D .									
Walters	-	9,600(9)	-	16.85	11/10/18	-	-	-	-
J . D .									
Walters	-	11,000(10)	-	26.73	11/09/19	-	-	-	-
F. Sauza	3,200	800(3)	-	28.29	11/09/15	-	-	-	-
F. Sauza	-	-	-	-	-	1,650(6)	59,532	-	-
F. Sauza	-	-	-	-	-	3,300(12)	119,064	-	-

(1) These amounts are based on the market value of the Company's Stock at the close of business on March 31, 2010, which was \$36.08.

(2)

Not used.

(3) Stock options vest at a rate of 20% per year, with vesting dates of 11/09/06, 11/09/07, 11/09/08, 11/09/09 and 11/09/10.

(4) Stock options vest at a rate of 20% per year, with vesting dates of 3/23/07, 3/23/08, 3/23/09, 3/23/10 and 3/23/11.

(5) Represent total potential future payouts of the 2009-2011 performance awards. Pay out of performance share awards at the end of the 2009-2011 plan period will be dictated by the Company's performance against pre-determined measures of EPS growth. The shares will vest in 3 years based on the Company's compounded EPS growth according to the following:

Vesting Percentage	Compounded Annual EPS Growth
100%	15% or higher
67%	12% to 14.99%
33%	10% to 11.99%
0%	less than 10%

(6) Restricted shares vest at a rate of 34% immediately and 33% per year with vesting dates of 11/10/08, 11/10/09 and 11/10/10.

(7) Stock options vest at a rate of 20% per year with vesting dates of 11/24/07, 11/24/08, 11/24/09, 11/24/10 and 11/24/11.

(8) Stock options vest at a rate of 20% per year with vesting dates of 11/12/08, 11/12/09, 11/12/10, 11/12/11 and 11/12/12.

(9) Stock options vest at a rate of 20% per year with vesting dates of 11/10/09, 11/10/10, 11/10/11, 11/10/12 and 11/10/13.

(10) Stock option vest at a rate of 20% per year with vesting dates of 11/09/10, 11/09/11, 11/09/12, 11/09/13 and 11/09/14.

(11) Represent total potential future payouts of the 2011-2013 performance awards. Pay out of performance share awards at the end of the 2009-2011 plan period will be dictated by the Company's performance against pre-determined measures of EPS growth. The shares will vest in 3 years based on the Company's compounded

EPS growth according to the following:

Vesting Percentage	Compounded Annual EPS Growth
100%	15% or higher
67%	12% to 14.99%
33%	10% to 11.99%
0%	less than 10%

(12) Restricted shares vest at a rate of 34% immediately and 33% per year with vesting dates of 11/09/09, 11/09/10 and 11/09/11.

(13) Restricted shares vest at a rate of 34% immediately and 33% per year with vesting dates of 11/10/08, 11/10/09 and 11/10/10.

(14) Represent total potential future payouts of the 2010-2012 performance awards. Pay out of performance share awards at the end of the 2009-2011 plan period will be dictated by the Company's performance against pre-determined measures of EPS growth. The shares will vest in 3 years based on the Company's compounded EPS growth according to the following:

Vesting Percentage	Compounded Annual EPS Growth
100%	15% or higher
67%	12% to 14.99%
33%	10% to 11.99%
0%	less than 10%

Option Exercises and Stock Vested Table

The following table includes certain information with respect to the options exercised by the NEOs during the fiscal year ended March 31, 2010.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
A. A. McLean	-	\$ -	14,280	\$ 391,785
Kelly M. Malson	10,000	151,206	5,840	160,690
Mark C. Roland	8,000	210,153	10,603	291,423
James D. Walters	12,200	182,882	-	-
Francisco J. Sauza	-	-	8,670	204,918

Director Compensation for Fiscal 2010

The following table summarizes the compensation the Company paid to members of the Board of Directors for the fiscal year ended March 31, 2010:

Name	Fees Earned or Cash Paid	Stock Awards (\$) (1)	Option Awards (\$) (1)	Non-Equity Incentive Compensation (\$) (1)	Changes in Pension and Non-qualified Deferred Compensation Earnings (\$) (2)	Other Compensation (\$) (1)	Total (\$)
K. R. Bramlett	\$ 31,500	\$ 89,040	-	-	\$ 180,355	-	\$ 300,895
J. R. Gilreath	23,000	89,040	-	-	-	-	112,040
W. S. Hummers	26,000	89,040	-	-	-	-	115,040
C. D. Way	29,500	89,040	-	-	-	-	118,540
D. Whitaker	24,000	89,040	-	-	-	-	113,040

(1) The amounts in these columns reflect the grant date fair value determined in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in footnote 16 to our audited financial statements for the fiscal year ended March 31, 2010, included in our Annual Report on Form 10-K for the year ended March 31, 2010 filed with the SEC.

(2) The actual change in the fair value of the stock units held in the Deferred Fee Plan as of March 31, 2010 for Mr. Bramlett was \$180,355. As of March 31, 2010 no other director participated in the Non-Qualified Deferred Compensation Plan.

Each director who is not an employee of the Company currently is paid a \$4,500 quarterly retainer, plus \$1,000 for each meeting of the Board of Directors attended and \$500 for attendance at each meeting of a committee on which he serves. The Chairman of each committee receives an additional \$500 for each committee meeting attended. The Company offers a deferred fee plan for its non-employee directors under which participating directors may defer any or all of their retainer and meeting fees for specified time periods. The deferred fee plan is non-qualified for tax purposes. Deferred fees under the plan earn interest at the prime rate or, at each participating director's option, a return based on the Company's stock price performance over time. During fiscal 2010, none of the directors elected to defer any fees under this plan. All directors are reimbursed for ordinary and necessary out-of-pocket expenses incurred in attending meetings of the Board of Directors and its committees. On April 30, 2010 (fiscal 2011 grant), each outside

director received 2,000 shares of restricted stock which vested immediately upon issuance. The fair value of the restricted shares granted was \$35.28 per share. At the time of grant, the total fair value of the fiscal 2011, fiscal 2010, and fiscal 2009 grants to each director was \$70,560, \$89,040 and \$87,340, respectively. The April 30, 2009 (fiscal 2010) and April 30, 2010 (fiscal 2011) shares were issued pursuant to the terms of the 2008 Stock Option Plan and the May 19, 2008 (fiscal 2009) shares were issued pursuant to the terms of the 2005 Stock Option Plan.

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The table below sets forth information with respect to the value at March 31, 2010 of all unexercised options and shares of restricted stock held by non-employee directors.

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Units, or Other Rights That Have Not Vested (\$)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
K . R . Bramlett	6,000	-	-	6.75	4/30/11	-	-	-	-	
K . R . Bramlett	1,500	-	-	9.00	5/14/12	-	-	-	-	
K . R . Bramlett	10,500	-	-	11.44	5/16/13	-	-	-	-	
K . R . Bramlett	6,000	-	-	15.42	4/30/14	-	-	-	-	
K . R . Bramlett	6,000	-	-	25.20	5/2/15	-	-	-	-	
J . R . Gilreath	6,000	-	-	6.75	4/30/11	-	-	-	-	
J . R . Gilreath	1,500	-	-	9.00	5/14/12	-	-	-	-	
J . R . Gilreath	10,500	-	-	11.44	5/16/13	-	-	-	-	
J . R . Gilreath	6,000	-	-	15.42	4/30/14	-	-	-	-	
J . R . Gilreath	6,000	-	-	25.20	5/2/15	-	-	-	-	
W . S . Hummers	1,500	-	-	9.00	5/14/12	-	-	-	-	
W . S . Hummers	6,000	-	-	15.42	4/30/14	-	-	-	-	
W . S . Hummers	6,000	-	-	25.20	5/2/15	-	-	-	-	
C. D. Way	1,500	-	-	9.00	5/14/12	-	-	-	-	
C. D. Way	10,500	-	-	11.44	5/16/13	-	-	-	-	
C. D. Way	6,000	-	-	15.42	4/30/14	-	-	-	-	
C. D. Way	6,000	-	-	25.20	5/2/15	-	-	-	-	

Equity Plan Compensation Information

The following table sets forth certain information as of March 31, 2010 regarding the Company's four existing equity compensation plans, which are the 1994 Stock Option Plan, the 2002 Stock Option Plan, the 2005 Stock Option Plan and the 2008 Stock Option Plan.

Plan Category	Number of Securities to be issued upon Exercise of Outstanding Options (#)	Weighted Average Exercise Price of Outstanding Options (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (#) (1)
Equity Compensation Plans Approved by Security Holders			
1994 Stock Option Plan	85,450	7.71	-
2002 Stock Option Plan	264,350	22.10	900
2005 Stock Option Plan	651,650	31.84	11,000
2008 Stock Option Plan	391,900	23.71	504,995
Equity Compensation Plans Not Approved by Security Holders	-	-	-
Total	1,393,350	\$ 26.23	516,895

(1) Of this remaining capacity, shares can be granted as options or up to 242,990 shares can be issued as restricted stock.

Report of the Compensation and Stock Option Committee

We have reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the Compensation Discussion and Analysis referred to above be included in this Proxy Statement.

Compensation Committee
Ken R. Bramlett, Jr., Chairman
William S. Hummers, III
Charles D. Way

APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee has approved the selection of the firm KPMG LLP as the independent registered public accounting firm to audit the consolidated financial statements and the effectiveness of internal control over financial reporting of the Company and its subsidiaries for the 2010 fiscal year, and to perform such other appropriate accounting services as may be required by the Board.

The Company has been advised by KPMG LLP that the firm did not have any direct financial interest or any material indirect financial interest in the Company and its subsidiaries during the Company's most recent fiscal year.

Representatives of KPMG LLP are expected to be present at the Meeting with the opportunity to make a statement if they so desire, and they are expected to be available to respond to appropriate questions.

Approval of the proposal requires the affirmative vote of a majority of the Shares voted on the proposal. Should the shareholders vote negatively, the Board of Directors will consider a change in accountants for the next year.

The Board unanimously recommends a vote FOR ratifying the selection of KPMG LLP as the independent registered public accounting firm to audit the consolidated financial statements and the effectiveness of internal control over financial reporting of the Company and its subsidiaries for the 2011 fiscal year.

Report of the Audit Committee of the Board of Directors

The Audit Committee for the Company's fiscal year ended March 31, 2010 was composed of three directors, each of whom is independent within the meaning of applicable NASDAQ rules and all of whom have accounting or related financial management expertise. The Audit Committee operates under a written charter approved by the Board of Directors.

Management is responsible for the Company's financial reporting process, including its system of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The Company's independent registered public accounting firm is responsible for auditing those financial statements. It is not our duty or our responsibility to conduct auditing or accounting reviews or procedures. Our responsibility, as members of the Audit Committee, is to assist the Board of Directors in fulfilling its oversight responsibilities by monitoring these processes.

Our oversight of these processes and considerations and discussions with management and with our independent registered public accounting firm do not assure that the Company's financial statements are presented in accordance with generally accepted accounting principles or that the audit of our Company's financial statements has been carried out in accordance with generally accepted auditing standards.

In this context, the Audit Committee met with management and our independent registered public accounting firm to review and discuss the Company's audited consolidated financial statements as of and for the fiscal years ended March 31, 2010. The Audit Committee also discussed with our independent registered public accounting firm the matters required by Statement on Auditing Standards No. 61 as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee also received written disclosures and a letter from our independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding our independent registered public accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee discussed with our independent registered public accounting firm that firm's independence. In particular, the Audit Committee considered whether the provision of non-audit services described in the following section is compatible with maintaining the independence of the accountants.

Based upon the Audit Committee's discussions with management and our independent registered public accounting firm, and the Audit Committee's review of the representations of management and our independent registered public accounting firm, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended March 31, 2010, for filing with the Securities and Exchange Commission.

Audit Committee

Charles D. Way, Chairman

Ken R. Bramlett, Jr.

Darrell E. Whitaker

Audit Committee Pre-Approval of Services Provided by the Independent Registered Public Accounting Firm

As mandated by SEC regulations, the Audit Committee pre-approves all audit and permitted non-audit services provided to the Company by its independent registered public accounting firm. The Audit Committee's practice in this regard is to have the Company's independent registered public accounting firm, in conjunction with their proposed engagement to provide annual audit services, provide for the Audit Committee's review and approval the terms of additional proposed engagements regarding matters such as tax compliance and employee benefit plan audits. To the extent that any other services not detailed on these engagements are proposed throughout the year, these services may be undertaken only after review with, and approval by, the Audit Committee Chairman, who reports on such services to the full Audit Committee at its regularly scheduled meetings.

Audit Fees

KPMG LLP billed the Company the following amounts in aggregate fees for fiscal years 2010 and 2009 audit services, the review of the financial statements included in quarterly reports on Form 10-Q during those years and the services that are normally provided by them in connection with statutory and regulatory filings:

2010 — \$525,000

2009 — \$561,000

Audit-Related Fees

KPMG LLP billed the Company the following amounts in aggregate fees for fiscal years 2010 and 2009 for assurance and related services, other than those described above under “-Audit Fees,” that are reasonably related to the performance of the audit or review of the Company’s financial statements:

2010 — \$25,000

2009 — \$25,000

In 2010 and 2009, these fees were billed for the audit of the Company’s Retirement Savings Plan.

Tax Fees

For fiscal 2010 and 2009, KPMG LLP billed the Company the following amounts in aggregate fees for tax compliance, tax advice and tax planning services:

2010 — \$-0-

2009 — \$-0-

All Other Fees

There were no other fees billed for other services rendered by KPMG LLP for fiscal years 2010 and 2009.

Of all the fees reported above, none were approved pursuant to the de minimis exception to the audit committee pre-approval requirements specified in Rule 2-01(c)(7)(i)(C) of Regulation S-X.

PROPOSALS FOR 2011 ANNUAL MEETING OF SHAREHOLDERS

Shareholders who intend to present proposals for consideration at next year's annual meeting are advised that any such proposal must be received by the Secretary of the Company by no later than the close of business on February 28, 2011, if such proposal is to be considered for inclusion in the proxy statement and proxy appointment form relating to that meeting. Only persons who have held beneficially or of record the lesser of at least \$2,000 in market value, or 1% of the outstanding Common Stock, for at least one year on the date the proposal is submitted and who continue in such capacity through the meeting date are eligible to submit proposals to be considered for inclusion in the Company's proxy statement. In addition, under current SEC rules, the persons designated with voting authority in proxies solicited by the Board of Directors may exercise their discretionary voting authority to vote against any shareholder proposal raised at next year's annual meeting if notice of such proposal is received by the Secretary of the Company later than the close of business on May 16, 2011. These deadlines and related procedural requirements (as well as those described for shareholder nomination of director candidates under "Corporate Governance Matters – Director Nominations") are based on current SEC rules and are subject to change if and to the extent contrary to the requirements of any applicable SEC rules that may be in effect for the Company's 2011 proxy statement and annual meeting. In such an event, the Company will notify its shareholders, through applicable SEC filings or otherwise, of changes to such deadlines and procedures.

OTHER MATTERS

The Board and the Company's officers are not aware of any other matters that may be presented for action at the Meeting, but if other matters do properly come before the Meeting, it is intended that Shares represented by proxies in the accompanying form will be voted by the persons named in the proxy in accordance with their best judgment.

You are cordially invited to attend this year's Meeting. However, whether you plan to attend the Meeting or not, you are respectfully urged to sign and return the enclosed proxy, which will, of course, be returned to you at the Meeting if you are present and so request.

A.A. McLean
Chairman of the Board and
Chief Executive Officer

June 29, 2010

Notice of Annual Meeting

and

Proxy Statement

Annual Meeting
of Shareholders
to be held on
August 4, 2010

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