

## **CATEGORICAL STANDARDS OF DIRECTOR INDEPENDENCE**

**Adopted August 17, 2009**

**(The following Categorical Standards of Director Independence would be effective if and when PlainsCapital Corporation lists its common stock on the New York Stock Exchange.)**

In accordance with New York Stock Exchange (“NYSE”) listing standards, a majority of the members of the Board of Directors of Plains Capital Corporation (the “Corporation”) must be “independent”. In assessing and disclosing director independence, the Corporation uses the concepts of independence embodied in the NYSE listing standards. The Corporation’s Board of Directors (“Board”) bears the ultimate responsibility for determining whether each member of the Board is independent. For a Director to be deemed independent, the Board must determine that the Director has no direct or indirect material relationship with the Corporation apart from his or her service as a Director.

The Board has established categorical standards to assist it in making the determination whether a Director is independent and in assessing the materiality of the Director’s relationships with the Corporation. These standards will be periodically reviewed and may be amended from time to time. The current categorical standards are set forth below. For purposes of the categorical standards, and with respect to the look-back aspects of the standards, “Corporation” refers to Plains Capital Corporation and its direct and indirect subsidiaries.

### **Group 1 – Relationships that Preclude a Director’s Independence**

Section 303A.02 (b) of the NYSE Listed Company Manual specifies circumstances that, if existing with respect to a Director, preclude that Director’s independence. These independence standards are as follows:

- The Director is, or has been within the last three (3) years, an employee of the Corporation, or an immediate family member<sup>1</sup> is, or has been within the last three (3) years, an executive officer, of the Corporation.
- The Director has received, or has an immediate family member who has received, during any twelve-month period within the last three (3) years, more than \$120,000 in direct compensation from the Corporation, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

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<sup>1</sup> In accordance with the commentary to Section 303A.02(b) of the NYSE Listing Standards, the term “immediate family member” shall include a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home.

- The Director is a current partner or employee of a firm that is the Corporation's internal or external auditor; or the Director has an immediate family member who is a current partner of such a firm; or the Director has an immediate family member who is a current employee of such a firm and personally works on the Corporation's audit; or the Director or an immediate family member was within the last three (3) years a partner or employee of such a firm and personally worked on the Corporation's audit within that time.
- The Director or an immediate family member is, or has been within the last three (3) years, employed as an executive officer of another company where any of the Corporation's present executive officers at the same time serves or served on that company's compensation committee.
- The Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Plains for property or services in an amount which, in any of the last three fiscal (3) years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.

***If any of the foregoing circumstances exists with respect to a Director, the Director is not independent.*** The foregoing criteria will be interpreted and applied in accordance with existing and any future commentary and guidance provided by NYSE in connection with section 303A of the Listed Company Manual.

### **Group 2 – Relationships Deemed Not Material for Purposes of Director Independence**

The relationships described below are considered not to be material so as to impair a Director's independence:

- The relationship is that of a customer of the Corporation in the ordinary course of business, on terms and conditions not more favorable than those afforded to other similarly situated customers. If such customer relationship is that of borrower from PlainsCapital Bank, the loan must comply with Regulation O promulgated by the Federal Reserve Board; that is, the loan must be made by PlainsCapital Bank on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and must not involve more than the normal risk of collectability or present other unfavorable features.
- The relationship is that of doing business with the Corporation and the annual payments to or from the Corporation in any year do not exceed the greater of \$500,000 or 1% of the annual revenue of the other company for its most recently completed fiscal year. Payments of principal and interest on any loan that is subject to and complied with Regulation O, and payments made to a public utility at rates or charges fixed in conformity with law or governmental authority are not considered to create a material relationship and will not be included in calculating such materiality threshold.

- The relationship is that of partner, member, or executive officer of a services firm that provides accounting, consulting, legal, investment banking, or financial advisory services to the Corporation and the annual payments to such firm from the Corporation do not exceed the greater of \$500,000 or 1% of the annual revenue of the firm for its most recently completed fiscal year.
- The relationship is that of executive officer, director, or trustee of a tax-exempt organization and the Corporation's charitable contributions to the organization, if any, did not exceed the greater of \$1 million or 2% of the organization's consolidated gross revenues in any of the preceding three (3) fiscal years. Contributions made to any such organization pursuant to a matching gift program maintained by the Corporation are not considered to be a material relationship and will not be included in calculating such materiality threshold.

***A Director whose independence is not precluded by the Group 1 standards is deemed to be "independent" if any and every relationship of the Director with the Corporation satisfies the above criteria in Group 2.*** In addition, any relationship that involves the Corporation and a member of the Director's immediate family, or any entity with which the director is affiliated, and that satisfies the above Group 2 criteria is deemed not to be material so as to impair the Director's independence.

### **Other relationships**

The Board will separately consider the materiality of any direct or indirect relationship of a Director with the Corporation that is not within the categories described in Group 1 and Group 2. A Director that has such a relationship will be considered "independent" only if the Board affirmatively determines, on the basis of the particular facts and circumstances, that the relationship will not impair the Director's exercise of independent judgment or compromise the oversight role that an independent Director of the Corporation is expected to perform.