

SIGNATURE GROUP HOLDINGS, INC.
Form DEFA14A
May 30, 2012

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,
as amended

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under ss. 240.14a-12

SIGNATURE GROUP HOLDINGS, INC.

(Name of Registrant as Specified in Its Charter)

Not Applicable

(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 transaction applies:

Dear Stockholders:

On behalf of the Board of Directors and management of Signature Group Holdings, Inc. (the Company), we are writing to provide you with important additional information regarding our Annual Meeting of Stockholders of the Company (the Annual Meeting), which will be held at the Bel-Air Bay Club, 16801 Pacific Coast Highway, Pacific Palisades, California 90272, on July 24, 2012, beginning at 10:00 a.m., Pacific Time. We are very excited about being able to hold Signature's first annual meeting in several years. Our ability to do so reflects the tremendous hard work and dedicated effort of both the Company's Board and management.

Some of you may have previously received our Notice of Annual Meeting and proxy statement and **WHITE** proxy card. If so, and you have already voted, you are not required to take any further action.

In addition to the attached Notice of Annual Meeting and proxy statement supplement, you will find a **WHITE** proxy card that sets forth our director nominees at the Annual Meeting. Your Board has nominated John Koral, Patrick E. Lamb and myself together with two new nominees, G. Christopher Colville and Philip G. Tinkler. The Company believes that this group of individuals has the right mix of management, financial and public company experience to guide our company into the future. Our director nominees were carefully chosen and have strong backgrounds, which will benefit the Company and its stockholders.

Whether you have previously received our proxy statement or are receiving it for the first time, it is important that you vote **WHITE** proxy card **FOR** each of the items of business which will be acted upon at the Annual Meeting. For the reasons set forth in our proxy statement, the Board of Directors strongly recommends that you vote **FOR** the Company's director nominees specified under Proposal 1 and **FOR** each of the other proposals to be presented at the Annual Meeting.

We urge you to read our proxy statement and proxy supplement and then sign, date and return the enclosed **WHITE** proxy card (or follow the instructions in the enclosed proxy card to vote by telephone or via the Internet), at your earliest convenience.

If you need assistance in voting, you should contact our proxy solicitor, Innisfree M&A Incorporated, by calling (888) 750-5834. Banks and brokerage firms should call Innisfree at (212) 750-5833.

On behalf of the Board of Directors, we look forward to greeting in person as many of our stockholders as possible.

Sincerely,

Craig Noell

Chief Executive Officer

May 30, 2012

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held July 24, 2012

The 2012 Annual Meeting of Stockholders of Signature Group Holdings, Inc., a Nevada corporation (**Signature** or the **Company**) will be held at the Bel-Air Bay Club, 16801 Pacific Coast Highway, Pacific Palisades, California 90272, on July 24, 2012, beginning at 10:00 a.m., Pacific Time (the **Annual Meeting**), for the following purposes:

1. To elect five (5) directors to serve until the next annual meeting of stockholders or until their successors have been elected and qualified;
 2. To approve an amendment to the Amended and Restated Articles of Incorporation to increase the authorized number of shares of common stock of the Company;
 3. To approve an amendment to the Amended and Restated Signature Group Holdings, Inc. 2006 Performance Incentive Plan that increased the authorized number of shares of common stock of the Company that may be issued under the Amended and Restated Signature Group Holdings, Inc. 2006 Performance Incentive Plan;
 4. To ratify the selection of Squar, Milner, Peterson, Miranda & Williamson, LLP (**Squar Milner**) as our independent registered public accounting firm for the fiscal year ended December 31, 2012;
 5. To adjourn the Annual Meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Annual Meeting to approve Proposals 2 and 3; and
 6. To transact such other business as may properly come before the Annual Meeting, and any adjournment or postponements thereof.
- Our board of directors recommends that you vote **FOR** the election of each of the director nominees, **FOR** approval of an amendment to the Amended and Restated Articles of Incorporation to increase the authorized common stock of the Company, **FOR** approval of an amendment of the Amended and Restated Signature Group Holdings, Inc. 2006 Performance Incentive Plan, **FOR** the ratification of the appointment of Squar Milner as our independent auditors for the fiscal year ended December 31, 2012, and **FOR** adjournment of the Annual Meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Annual Meeting to approve Proposals 2 and 3.

Only stockholders of record at the close of business on May 28, 2012 (**Record Date**) will be entitled to notice of, and to vote at, the Annual Meeting. At the close of business on the Record Date, we had 119,931,857 shares of common stock outstanding. Each share of common stock of the Company is entitled to one vote. Please vote in one of the following ways:

Vote by Telephone: You can vote your shares by telephone by calling the toll-free number indicated on your **WHITE** proxy card on a touch-tone telephone 24 hours a day. Easy-to-follow voice prompts enable you to vote your shares and confirm that your instructions have been properly recorded. If you are a beneficial owner, or you hold your shares in street name, please check your voting instruction card or contact your bank, broker or nominee to determine whether you will be able to vote by telephone.

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Vote by Internet: You can also vote via the Internet by following the instructions on your **WHITE** proxy card. The website address for Internet voting is indicated on your **WHITE** proxy card. Internet voting also is available 24 hours a day. If you are a beneficial owner, or you hold your shares in street name, please check your voting instruction card or contact your bank, broker or nominee to determine whether you will be able to vote by Internet.

Vote by Mail: If you choose to vote by mail, complete, sign, date and return your **WHITE** proxy card in the postage-paid envelope provided. Please promptly mail your proxy card to ensure that it is received prior to the Annual Meeting.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, you are urged to read the enclosed proxy statement and then vote your proxy promptly by telephone, via the Internet, or by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided. If you are the beneficial owner or you hold your shares in street name, please follow the voting instructions provided by your bank, broker, or other nominee. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy. However, in order to vote your shares in person at the Annual Meeting, you must be a stockholder of record on the Record Date or hold a legal proxy from your bank, broker or other holder of record permitting you to vote at the Annual Meeting. If you have any questions or need assistance in voting your shares of Signature common stock, please contact our proxy solicitor, Innisfree M&A Incorporated (Innisfree) by calling (888) 750-5834. Banks and brokerage firms should call Innisfree at (212) 750-5833.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING TO BE HELD ON JULY 24, 2012**

The proxy statement, the proxy card and related proxy materials for this Annual Meeting and Signature's Annual Report on Form 10-K for the year ended December 31, 2011 are available over the Internet at www.signaturegroupholdings.com.

Signature has received notices from James A. McIntyre nominating five (5) alternative director nominees and from Steven L. Gidumal nominating himself as one (1) alternative director. Our Board carefully considered each of these nominees and determined the Board's five (5) director nominees are in the best interest of our Company and our stockholders and accordingly determined not to include any of the persons nominated by Mr. McIntyre or Mr. Gidumal for inclusion in the Board's slate of director nominees. To the extent that Mr. McIntyre or Mr. Gidumal chooses to deliver a proxy statement and solicit stockholders in support of their respective nominees, your Board will oppose any of the alternative director nominees. The Board urges you **NOT** to sign or return any proxy cards sent to you by any party other than the **WHITE** proxy card sent by your Board of Directors. If you submit a proxy card other than the **WHITE** card, you may revoke it by voting your proxy **FOR** the Board's nominees by Telephone at 1-866-855-9701, via the Internet at <https://www.proxyvotewow.com/sggh> or by completing, signing, dating, and returning the enclosed **WHITE** proxy card prior to the Annual Meeting.

Only the latest validly executed proxy that you submit will be counted. To obtain directions to the Annual Meeting, contact Innisfree at (888) 750-5834.

By Order of the Board of Directors

David N. Brody

Senior Vice President, Counsel and Secretary

Sherman Oaks, California

May 30, 2012

PROXY SUPPLEMENT**SUPPLEMENTAL INFORMATION TO THE PROXY STATEMENT REGARDING PARTICIPANTS**

Signature Group Holdings, Inc. (Signature or the Company) and certain of its officers, directors, nominees and employees may be deemed participants under the Securities and Exchange Commission (the Commission) proxy rules as a result of the solicitation of proxies in connection with the Company s 2012 Annual Meeting of Stockholders (the Annual Meeting). Certain information about the persons who may be deemed participants is set forth below. The Company urges all stockholders to read this proxy statement supplement (the Supplement) together with the proxy statement for the Annual Meeting (the Annual Meeting Proxy Statement) that Signature filed with the Commission and began delivering to stockholders on May 18, 2012.

Name, Principal Occupation and Business Address

The name, principal occupation, and business address of each of the persons who may be deemed participants under the proxy rules is set forth in the table below.

| Name | Principal Occupation | Business Address |
|-------------------------|---|---|
| G. Christopher Colville | Strategic Advisor, KEG 1, LLC | 5906 Masters Dr., Houston, TX 77069 |
| Jeffrey Crusinberry | Senior Vice President and Treasurer of the Company | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Thomas Donatelli | Executive Vice President of the Company | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Steven Gidumal | President and Portfolio Manager, Virtus Capital | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Kenneth Grossman | Director and Consultant of the Company | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| John Koral | Senior Vice President, U.S. Capital Incorporated | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Patrick E. Lamb | Chief Financial Officer, Los Angeles Clippers | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |

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|-----------------------|---|---|
| Deborah Hicks Midanek | President, Solon Group | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| John Nickoll | Founder and Co-Chief Executive Officer, Foothill Group, Inc. Retired | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Craig Noell | Chief Executive Officer and Director of the Company | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Kyle Ross | Executive Vice President, Interim Chief Financial Officer and Assistant Secretary of the Company | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Robert Schwab | Private investor and former Chief Executive Officer of Schwab Sales, Inc. | Signature Group Holdings, Inc., 15303 Ventura Blvd., Suite 1600, Sherman Oaks, CA 91403 |
| Philip G. Tinkler | Chief Financial Officer, Equity Group Investments | Equity Group Investments, LLC Two North Riverside Plaza, Suite 600 Chicago, IL 60606 |

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Beneficial Ownership and Disclaimed Ownership

The number of shares beneficially owned by each of the director nominees of the Signature Board of Directors (Board), the currently serving directors who are not nominees and the executive officers who may be deemed participants, is set forth in the Annual Meeting Proxy Statement under Security Ownership of Management and Certain Beneficial Owners. The number of shares beneficially owned by certain other Company executive officers who may be deemed participants is set forth in the table below.

Beneficial ownership is determined in accordance with the rules of the Commission. Subject to community property laws where applicable, each executive officer named in the table below has or had sole voting and investment power with respect to all shares of Signature common stock shown as beneficially owned by him. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Signature common stock that will be or were subject to options, warrants or rights held by that person that were (i) exercisable as of May 28, 2012, or will become exercisable within 60 days thereafter, are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

| Name | Number of Shares Beneficially Owned | Percentage Owned |
|---------------------|--|---------------------|
| Jeffrey Crusinberry | 113,474 | * |
| Thomas Donatelli | 2,310,038 ⁽¹⁾ | 1.92% |

* Less than 1.00%.

(1) Includes (i) 1,593,750 shares of Signature common stock held by Mr. Donatelli's spouse, Erin Donatelli; (ii) 378,788 shares of restricted stock granted under the Amended and Restated Signature Group Holdings, Inc. 2006 Performance Incentive Plan (the Incentive Plan); and (iii) 337,500 shares underlying unexercised options granted under the Incentive Plan that are currently exercisable.

One of the director nominees, Mr. Tinkler, serves as an officer of the general partner of Zell Credit Opportunities Master Fund, L.P. (the Master Fund). As an officer of the Master Fund's general partner, the Master Fund may be deemed an associate (as defined in the Securities Exchange Act of 1934) of Mr. Tinkler. As of May 28, 2012, the Master Fund owns 5,431,697 shares of Signature common stock. Mr. Tinkler disclaims beneficial ownership of such shares as he does not have voting or dispositive power of any securities held by the Master Fund, including the shares of Signature common stock.

Information Regarding Arrangements with Certain Participants

Information regarding arrangements that the Company has with certain participants has already been disclosed and is set forth in the Annual Meeting Proxy Statement under Narrative to the Summary Compensation Table and Certain Relationships and Related Transactions.

Information Regarding Transactions by Participants in Securities of Signature

The following table sets forth all transactions within the past two years that may be deemed purchases and sales of securities of Signature by each of the persons that may be deemed participants. None of the purchase price or market value of those shares is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities.

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| <u>Name</u> | <u>Date</u> | <u>Number of Shares of Common Stock</u> | <u>Transaction Type</u> |
|-------------------------|-------------------|---|-----------------------------|
| G. Christopher Colville | June 11, 2010 | 250,000 | 4 |
| Jeffrey Crusinberry | May 21, 2012 | 10,000 | 2 |
| | May 18, 2012 | 1,002 | 2 |
| | May 8, 2012 | 100,000 | 3 |
| Thomas Donatelli | August 8, 2011 | 1,350,000 | 3 |
| Steven Gidumal | January 3, 2012 | 277,778 | 1 |
| | April 21, 2011 | 75,640 | 1 |
| Kenneth Grossman | August 8, 2011 | 2,930,000 | 3 |
| | August 8, 2011 | 492,224 | 1 |
| | June 11, 2010 | 475,000 | 5 |
| | June 11, 2010 | 3,100,000 | 5 |
| | June 11, 2010 | 146,974 | 6 |
| | June 11, 2010 | 612,500 | 4 |
| John Koral | January 3, 2012 | 277,778 | 1 |
| | January 3, 2011 | 102,739 | 1 |
| | October 27, 2010 | 45,181 | 1 |
| Patrick E. Lamb | January 3, 2012 | 277,778 | 1 |
| | April 21, 2011 | 75,640 | 1 |
| Deborah Hicks Midanek | January 3, 2012 | 277,778 | 1 |
| | April 21, 2011 | 75,640 | 1 |
| John Nickoll | January 3, 2012 | 277,778 | 1 |
| | January 3, 2011 | 102,739 | 1 |
| | October 27, 2010 | 45,181 | 1 |
| | June 11, 2010 | 625,000 | 4 |
| Craig Noell | August 8, 2011 | 492,224 | 1 |
| | August 8, 2011 | 2,923,000 | 3 |
| | July 2, 2010 June | 500 | 4 |
| | 11, 2010 June 11, | 1,250,000 | 4 |
| | 2010 | 5,500,000 | 5 |
| Kyle Ross | August 8, 2011 | 416,667 | 1 |
| | August 8, 2011 | 1,620,000 | 3 |
| | June 11, 2010 | 3,300,000 | 5 |
| Robert Schwab | May 18, 2012 | 83,000 | 2 |
| | May 16, 2012 | 488,564 | 2 |
| | May 11, 2012 | 200,000 | 2 |
| | May 9, 2012 | 857,500 | 2 |
| | January 3, 2012 | 277,778 | 1 |
| | January 3, 2011 | 102,739 | 1 |
| | October 27, 2010 | 45,181 | 1 |
| | June 11, 2010 | 1,250,000 | 4 |

1 = Grant of shares of restricted common stock by Signature.

2 = Open market purchase of Signature common stock.

3 = Grant of employee stock options by Signature. The table presents the number of shares of Signature common stock for which the stock option is exercisable, subject to vesting.

4 = Private placement of Signature common stock to certain investors in connection with Signature's emergence from bankruptcy proceedings on June 11, 2010.

5 = Private placement of warrants to certain investors in connection with Signature's emergence from bankruptcy proceedings on June 11, 2010. The table presents the number of shares of Signature common stock for which the warrant is exercisable, subject to vesting.

6 = Shares of Signature common stock received in exchange for the cancellation of trust preferred securities previously issued by a statutory business trust of Fremont General Corporation.

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Miscellaneous Information Concerning Participants

Except as described in this Supplement or otherwise disclosed in the Annual Meeting Proxy Statement, to the Company's knowledge:

No associate of any participant beneficially owns, directly or indirectly, any securities of the Company.

No participant beneficially owns, directly or indirectly, any securities of the Company.

No participant owns any securities of the Company of record that such participant does not own beneficially.

Since the beginning of the Company's last fiscal year, no participant or any of his or her associates or immediate family members was a party to any transaction, or is to be a party to any currently proposed transaction, in which (a) the Company was or is to be a participant, (b) the amount involved exceeded or exceeds \$120,000 and (c) any such participant, associate or immediate family member had or will have a direct or indirect material interest.

No participant or any of his or her associates has any arrangements or understanding with any person with respect to any future employment by the Company or its affiliates, or with respect to any future transactions to which the Company or any of its affiliates will or may be a party.

No participant is, or was within the past year, a party to any contract, arrangement or understanding with any person with respect to any securities of the Company, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits, or giving or withholdings of proxies.

No participant has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the Meeting other than, with respect to each director nominee, such nominee's interest in election to the Board.

Except as otherwise disclosed in the Annual Meeting Proxy Statement, (a) no occupation carried on by any director or director nominee during the past five years was carried on with any corporation or organization that is a parent, subsidiary or other affiliate of the Company, (b) there are no family relationships among any of the directors, any of the director nominees and any executive officers of the Company, nor is there any arrangement or understanding between any director, director nominee, executive officer and any other person pursuant to which that director, director nominee or executive officer was selected as a director, director nominee or executive officer of the Company, as the case may be, and (c) there are no material proceedings in which any director, director nominee or executive officer of the Company is a party adverse to the Company or any of its subsidiaries, or has a material interest adverse to the Company or any of its subsidiaries.

