

LANDAMERICA FINANCIAL GROUP INC
Form DEF 14A
April 07, 2005

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

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(AS PERMITTED BY RULE 14A-6(E)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

LandAmerica Financial Group, Inc.

(Name of Registrant as Specified In Its Charter)

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

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ANNUAL MEETING OF SHAREHOLDERS

April 7, 2005

Dear Shareholder:

You are cordially invited to attend the 2005 Annual Meeting of Shareholders of LandAmerica Financial Group, Inc., which is to be held in the Ballroom on the 1st Floor of the Commonwealth Club, located at 401 West Franklin Street, Richmond, Virginia, on Tuesday, May 17, 2005, at 9:00 a.m. At the Meeting, you will be asked to elect four directors to serve three-year terms, to elect one director to serve a one-year term, to act on a proposal to approve the LandAmerica Financial Group, Inc. 423 Employee Stock Purchase Plan, to act on a proposal to approve the LandAmerica Financial Group, Inc. Executive Officer Incentive Plan and to act on a proposal to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2005 fiscal year.

Whether or not you plan to attend the Meeting, it is important that your shares be represented and voted at the Meeting. You can vote by signing, dating and returning the enclosed proxy card or voting instruction. Also, registered shareholders and participants in plans holding shares of the Company's Common Stock may vote by telephone or over the Internet. Instructions for using these convenient services are set forth on the proxy card or voting instruction. Beneficial owners of shares held in street name should follow the enclosed instructions for voting their shares. I hope you will be able to attend the Meeting, but even if you cannot, please vote your shares as soon as you can.

Sincerely,

CHARLES H. FOSTER, JR.
Chairman

LandAmerica Financial Group, Inc.

101 Gateway Centre Parkway

Gateway One

Richmond, Virginia 23235-5153

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders (the Meeting) of LandAmerica Financial Group, Inc. (the Company) will be held in the Ballroom on the 1st Floor of the Commonwealth Club, located at 401 West Franklin Street, Richmond, Virginia, on Tuesday, May 17, 2005, at 9:00 a.m. Shareholders who desire to attend the Meeting should mark the appropriate box on the enclosed proxy. Persons who do not indicate attendance at the Meeting on the proxy will be required to present acceptable proof of stock ownership for admission to the Meeting.

The Meeting will be held for the following purposes:

- (1) To elect four directors to serve three-year terms and to elect one director to serve a one-year term;
- (2) To approve the LandAmerica Financial Group, Inc. 423 Stock Purchase Plan;
- (3) To act on a proposal to approve the LandAmerica Financial Group, Inc. Executive Officer Incentive Plan;
- (4) To act on a proposal to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2005 fiscal year; and
- (5) To act upon such other matters as may properly come before the Meeting or any adjournments thereof.

Only holders of shares of Common Stock of record at the close of business on March 31, 2005 are entitled to notice of and to vote at the Meeting and at any and all adjournments or postponements thereof.

By Order of the Board of Directors,

Michelle H. Gluck
Secretary

April 7, 2005

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors of the Company. A shareholder may revoke the proxy at any time prior to its use, but proxies properly executed and received by the Secretary prior to the Meeting, and not revoked, will be voted in accordance with the terms thereof. Registered shareholders and participants in plans holding shares of the Company's Common Stock are urged to complete, sign and date the enclosed proxy or voting instruction and return it as promptly as possible in the postage-paid envelope enclosed for that purpose. Shareholders and plan participants can also deliver proxies and voting instructions by calling a toll-free telephone number or by using the Internet. The telephone and Internet voting procedures are designed to authenticate shareholders and plan participants' identities, to allow shareholders and plan participants to give their voting instructions and to confirm that such instructions have been recorded properly. Instructions for voting by telephone or over the Internet are set forth on the enclosed proxy card or voting instruction. If your shares are held in street name with your bank or broker, please follow the instructions enclosed with this Proxy Statement.

The Company will pay all of the costs associated with this proxy solicitation. Proxies are being solicited by mail and may also be solicited in person or by telephone, telefacsimile or other means of electronic transmission by directors, officers and employees of the Company. The Company will reimburse banks, brokerage firms, and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding proxy materials to the beneficial owners of the shares of the Company's Common Stock. It is contemplated that additional solicitation of proxies will be made by Georgeson Shareholder Communications, Inc., at an anticipated cost to the Company of approximately \$9,500, plus reimbursement of out-of-pocket expenses.

This Proxy Statement will be mailed to registered holders of the Common Stock of the Company on or about April 7, 2005.

VOTING RIGHTS

The Company had 18,088,228 shares of Common Stock outstanding as of March 31, 2005, each having one vote. Only holders of the Company's Common Stock of record at the close of business on March 31, 2005, will be entitled to vote. A majority of the shares entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the Meeting. Abstentions and shares held in street name (Broker Shares) voted as to any matter at the Meeting will be included in determining the number of shares present or represented at the Meeting. Broker Shares that are not voted on any matter at the Meeting will not be included in determining the number of shares present or represented at the Meeting.

The Company is not aware of any matters that are to come before the Meeting other than those described in this Proxy Statement. However, if other matters do properly come before the Meeting, it is the intention of the persons named in the enclosed proxy card to vote such proxy in accordance with their best judgment.

PROPOSAL ONE

ELECTION OF DIRECTORS

At the Meeting, four directors are to be elected for terms of three years and one director is to be elected for a term of one year. Seven other directors have been elected to terms that end in either 2006 or 2007, as indicated below. The following pages set forth certain information concerning the nominees and the directors whose terms of office will continue after the Meeting. Except for Gale Caruso, the nominees and incumbent directors listed below were previously elected directors by the shareholders.

Proxies, unless otherwise specified, will be voted for the election of the nominees listed to serve as directors. The election of each nominee for Director requires a plurality of the votes cast in the election of directors. If, at the time of the Meeting, any nominee should be unavailable to serve as a director, it is intended that votes will be cast, pursuant to the enclosed proxy, for such substitute nominee as may be nominated by the Board of Directors, or the Board of Directors may reduce the number of directors. Each nominee has consented to being named in this Proxy Statement and to serve if elected.

Nominees for Election for Terms Expiring in 2008

ROBERT F. NORFLEET, JR., 65, is a retired Corporate Executive Vice President and Senior Credit Officer of Crestar Bank (now SunTrust Bank). From December 1999 to December 2000, he served as a consultant to SunTrust Bank. Mr. Norfleet is Chairman of the Audit Committee and a member of the Executive Committee and the Corporate Governance Committee. He has been a director since 1991.

JULIOUS P. SMITH, JR., 62, is Chairman and Chief Executive Officer and a member of the law firm of Williams Mullen, a position he has held for more than five years. Mr. Smith is a director of Hilb Rogal & Hobbs Company. He is a member of the Executive Committee, the Investment Funds Committee and the Finance Committee and has been a director since 2000. Williams Mullen acts as counsel to the Company.

THOMAS G. SNEAD, JR., 51, is President of Anthem Southeast, a subsidiary of Anthem, Inc. (a managed care and health insurance company) (formerly Trigon Healthcare, Inc. (Trigon)). From April 2000 to July 2002, he was Chairman and Chief Executive Officer of Trigon and, from April 1999 to April 2000, he was President and Chief Executive Officer of Trigon. He is a member of the Executive Compensation Committee, the Corporate Governance Committee and the Investment Funds Committee and has been a director since 2001.

EUGENE P. TRANI, 65, is President of Virginia Commonwealth University (an urban, public research university), a position he has held for more than five years. He is a director of Universal Corporation. Dr. Trani is Chairman of the Corporate Governance Committee and a member of the Audit Committee and the Executive Compensation Committee. He has been a director since 1993.

Nominee for Election for Term Expiring in 2006

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GALE K. CARUSO, 47, retired as President and Chief Executive Officer of Zurich Kemper Life, a provider of life insurance and annuity products, in October 2003. She served in those positions from June 1999 until her retirement.

The Board of Directors recommends that the shareholders vote FOR the nominees set forth above.

Incumbent Directors Whose Terms Expire in 2007

THEODORE L. CHANDLER, JR., 52, is President and Chief Executive Officer of the Company and each of Lawyers Title Insurance Corporation (Lawyers Title), Commonwealth Land Title Insurance Company (Commonwealth) and Transnation Title Insurance Company (Transnation), all of which are wholly owned subsidiaries of the Company. He was President and Chief Operating Officer from January 2004 to December 2004, Chief Operating Officer from July 2002 through December 2004 and Senior Executive Vice President from January 2000 to July 2002 of the Company and each of Lawyers Title, Commonwealth and Transnation. He is a director of Hilb Rogal & Hobbs Company. Mr. Chandler has been a director since 1991.

CHARLES H. FOSTER, JR., 62, is Chairman of the Company and each of Lawyers Title, Commonwealth and Transnation. Prior to 2005, Mr. Foster was Chairman and Chief Executive Officer of each of the Company, Lawyers Title, Commonwealth and Transnation, positions he held for more than five years. Mr. Foster is a director of Universal Corporation and Overnite Corporation. He is Chairman of the Executive Committee and has been a director since 1991.

ROBERT T. SKUNDA, 58, is President and Chief Executive Officer of the Virginia Biotechnology Research Park (a center for the development of Virginia s biotechnology and biomedical industries), positions he has held for more than five years. Mr. Skunda is a member of the Audit Committee, the Investment Funds Committee and the Corporate Governance Committee and has been a director since 2001.

MARSHALL B. WISHNACK, 58, retired as Chairman and Chief Executive Officer of Wheat First Union (now Wachovia Securities) (the securities brokerage division of Wachovia Corporation) in December 1999. He is a director of S&K Famous Brands, Inc. Mr. Wishnack is Chairman of the Executive Compensation Committee and a member of the Finance Committee and the Corporate Governance Committee. He has been a director since 1991.

Incumbent Directors Whose Terms Expire in 2006

JANET A. ALPERT, 58, retired as Vice-Chairman of the Company and each of Lawyers Title, Commonwealth and Transnation on December 17, 2004. She had held those positions since January 1, 2004. Prior to that date, Ms. Alpert was President of the Company and of each of Lawyers Title, Commonwealth and Transnation, positions she held for more than five years. Ms. Alpert has been a director since 1994.

MICHAEL DINKINS, 51, is Vice President Global Control and Reengineering for Guidant Corporation (a designer, manufacturer and developer of medical devices for the treatment of cardiac and vascular disease), a position he has held since June 2004. From September 2002 to May 2004, he was Vice President and Chief Financial Officer of Worldwide Customer Services Operation for NCR Corporation (a manufacturer and service provider for automated teller and retail point of sale machines). From August 1999 to March 2002, he was Chairman, President and Chief Executive Officer of Access Worldwide Communications, Inc. (a marketing services company). Mr. Dinkins is Chairman of the Finance Committee and a member of the Audit Committee and the Investment Funds Committee. He has been a director since 1997.

JOHN P. McCANN, 60, is the Executive Director of New Town Associates, LLC (a developer of real estate mixed use projects), a position he has held since June 2002. From January 1999 to March 2001, he was Chairman and Chief Executive Officer of United Dominion Realty Trust, Inc. (United Dominion) (an apartment real estate investment trust). Mr. McCann is a director of United Dominion. He is Chairman of the Investment Funds Committee and a member of the Executive Committee and the Finance Committee. Mr. McCann has been a director since

1997.

STOCK OWNERSHIP**Principal Shareholders**

The following table sets forth certain information with respect to the beneficial ownership of shares of the Company's Common Stock by each person or group, according to the most recent Schedule 13G filed with the Securities and Exchange Commission or otherwise known by the Company, to beneficially own more than 5% of the outstanding shares of such stock.

<u>Name of Beneficial Owner</u>	<u>Number of Shares</u> ¹	<u>Percent of Class</u> ¹
Barclays Global Investors, NA ²	1,652,111	9.20
Barclays Global Fund Advisors 45 Fremont Street San Francisco, California 94105		
Barclays Bank PLC 54 Lombard Street London, England EC3P 3AH		
Barclays Capital Securities Limited 5 The North Colonnade Canary Wharf London, England E14 4BB		
Palomino Limited Walker House Mary Street P.O. Box 908 GT George Town, Grand Cayman Cayman Islands		
Goldman Sachs Asset Management, L.P. ³ 32 Old Slip New York, New York 10005	1,362,632	7.59
Dimensional Fund Advisors Inc. ⁴ 1299 Ocean Avenue, 11 th Floor Santa Monica, California 90401	1,317,284	7.33
LandAmerica Financial Group, Inc.	1,136,541	6.33
Savings and Stock Ownership Plan ⁵ 101 Gateway Centre Parkway Gateway One Richmond, Virginia 23235-5153		
Advisory Research, Inc. ⁶ 180 North Stetson Street, Suite 5500	1,008,795	5.62

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Chicago, Illinois 60601

NFJ Investment Group L.P.⁷
2121 San Jancinto Street, Suite 1840
Dallas, Texas 75201

896,700

5.00

- ¹ The numbers of shares of Common Stock of the Company shown in the table are as of December 31, 2004, and the percentages shown in the table are based on the number of shares of Common Stock outstanding on that date.
- ² In a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2005, Barclays Global Investors, NA reported that it has sole power to vote 848,580 shares of the Company's Common Stock and to dispose of 930,447 shares of the Company's Common Stock, Barclays Global Fund Advisors reported that it has sole power to vote 458,870 shares of the Company's Common Stock and to dispose of 459,891 shares of the Company's Common Stock, Barclays Bank PLC reported that it has the sole power to vote and dispose of 255,973 shares of the Company's Common Stock, Barclays Capital Securities Limited reported that it has the sole power to vote and dispose of 3,700 shares of the Company's Common Stock, and Palomino Limited reported that it has the sole power to vote and dispose of 2,100 shares of the Company's Common Stock. The Schedule 13G states that the shares of Common Stock reported are held by the reporting persons in trust accounts for the economic benefit of the beneficiaries of those accounts.
- ³ In a Schedule 13G filed with the Securities and Exchange Commission on February 11, 2005, Goldman Sachs Asset Management, L.P. reported that, in its role as investment adviser, it has sole power to vote 804,233 shares of the Company's Common Stock and sole power to dispose of 1,362,632 shares of the Company's Common Stock.
- ⁴ In a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2005, Dimensional Fund Advisors Inc. (Dimensional) reported that, in its role as investment adviser to four investment companies registered under the Investment Company Act of 1940 and as investment manager to certain commingled group trusts and separate accounts (collectively, the Funds), it has sole power to vote and dispose of 1,317,284 shares of the Company's Common Stock. The Schedule 13G states that all of such shares are owned by the Funds, no one of which, to the knowledge of Dimensional, owns more than 5% of the shares of Common Stock outstanding.
- ⁵ Each participant in the LandAmerica Financial Group, Inc. Savings and Stock Ownership Plan (the 401(k) Plan) has the right to instruct Merrill Lynch Trust Company, trustee for the 401(k) Plan, with respect to the voting of shares allocated to his or her account. The trustee, however, will vote any shares for which it receives no instructions in the same proportion as those shares for which it has received instructions.
- ⁶ In a Schedule 13G filed with the Securities and Exchange Commission on February 15, 2005, Advisory Research, Inc. reported that, in its role as investment adviser, it has sole power to vote and dispose of 1,008,795 shares of the Company's Common Stock.
- ⁷ In a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2005, NFJ Investment Group L.P. reported that, in its role as investment adviser, it has sole power to vote 579,500 shares of the Company's Common Stock, shared power to vote 317,200 shares of the Company's Common Stock and sole power to dispose of 896,700 shares of the Company's Common Stock.

Directors and Executive Officers

The following table sets forth certain information with respect to (a) the beneficial ownership of shares of the Company's Common Stock by (i) each director and nominee, (ii) each executive officer listed in the Summary Compensation Table set forth in Executive Compensation below (the Named Executive Officers) and (iii) all directors and executive officers as a group and (b) the amount of deferred stock units held by each such person and group.

Name of Beneficial Owner	Beneficial Ownership ¹		Deferred Stock Units ³
	Number of Shares ²	Percent of Class	
Janet A. Alpert	49,399	*	0
Kenneth Astheimer	20,955	*	0
Gale K. Caruso	0	*	0
Theodore L. Chandler, Jr.	154,855	*	10,928
Michael Dinkins	13,700	*	4,604
G. William Evans	55,881	*	6,180
Charles H. Foster, Jr.	255,233	1.42	3,629
John P. McCann	18,573	*	8,334
Robert F. Norfleet, Jr.	12,823	*	3,942
Jeffrey C. Selby	14,040	*	2,670
Robert T. Skunda	4,100	*	2,680
Julious P. Smith, Jr.	9,010	*	5,424
Thomas G. Snead, Jr.	6,500	*	4,352
Eugene P. Trani	12,573	*	7,914
Marshall B. Wishnack	19,073	*	2,716
All directors and executive officers as a group (19 persons, including those named above)	662,774	3.69	70,950

* Percentage of ownership is less than 1% of the outstanding shares of Common Stock of the Company.

¹ The numbers of shares of Common Stock of the Company shown in the table are as of December 31, 2004, and the percentages shown in the table are based on the number of shares of Common Stock outstanding on that date.

² The number of shares of Common Stock shown in the table includes 34,477 shares held for certain directors and executive officers in the 401(k) Plan as of December 31, 2004, and 354,000 shares that directors and executive officers have the right to acquire through the exercise of stock options within 60 days following December 31, 2004. The number of shares also includes 5,073 shares of the Company's Common Stock held in fiduciary capacities. Such shares held in fiduciary capacities may be deemed to be beneficially owned by the rules of the Securities and Exchange Commission, but inclusion of the shares in the table does not constitute admission of beneficial ownership.

³ The amounts reported in this column are deferred stock units held as of December 31, 2004 by (i) non-employee directors under the Company's Outside Directors Deferral Plan (see Governance of the Company Directors Compensation) and (ii) executive officers under the Company's Executive Voluntary Deferral Plan. Each deferred stock unit represents a hypothetical share of the Company's Common Stock, fluctuates in value with the market price of such stock and is payable only in shares of the Company's Common Stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers and persons who own more than 10% of the Company's Common Stock to file initial reports of ownership and reports of changes in ownership of Common Stock with the Securities and Exchange Commission. Such persons are required by Commission regulation to furnish the Company with copies of all Section 16(a) forms they file.

Except as noted below, 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, the Company believes that applicable Section 16(a) filing requirements were satisfied for transactions that occurred in 2004. Each of Janet A. Alpert, Kenneth Astheimer, John R. Blanchard, Theodore L. Chandler, Jr., G. William Evans, Charles H. Foster, Jr., Michelle H. Gluck, Melissa A. Hill, Glyn J. Nelson and Jeffrey C. Selby, all executive officers of the Company, inadvertently failed to file a Form 4 covering the vesting of phantom stock in the form of cash units that occurred on December 16, 2004. Corrective filings were made on January 28, 2005. G. William Evans, an executive officer of the Company, inadvertently filed a Form 4 covering the exercise of stock options occurring on November 4, 2004 one day late on November 9, 2004.

GOVERNANCE OF THE COMPANY

The business and affairs of the Company are managed under the direction of the Board of Directors in accordance with the Virginia Stock Corporation Act and the Company's Articles of Incorporation and Bylaws. Members of the Board are kept informed of the Company's business through discussions with both the Chairman and the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. The corporate governance practices followed by the Company are summarized below.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that set forth the practices of the Board with respect to director qualifications, director responsibilities, director access to management and independent advisors, director compensation, director orientation and continuing education, management evaluation and succession, and evaluation of the Board's performance. The Guidelines are available on the Company's Corporate Governance web page at [www.landam.com/Corporate Governance](http://www.landam.com/Corporate%20Governance). A printed copy is available to any shareholder upon written request to the Secretary of the Company, 101 Gateway Centre Parkway, Gateway One, Richmond, Virginia 23235-5153.

The Board of Directors in its business judgment has determined that the following 8 of its 11 members are independent as defined by New York Stock Exchange listing standards: Michael Dinkins, John P. McCann, Robert F. Norfleet, Jr., Robert T. Skunda, Julious P. Smith, Jr., Thomas G. Snead, Jr., Eugene P. Trani and Marshall B. Wishnack. The Board has also determined that Gale K. Caruso will be independent under such standards. In reaching this conclusion, the Board considered that the Company and its subsidiaries conduct business and have other relationships with organizations of which certain members of the Board or members of their immediate families are or were directors or officers. Consistent with the New York Stock Exchange listing standards, the Company's Corporate Governance Guidelines establish categorical standards under which a director will not be considered to have a material relationship with the Company if:

during each of the current fiscal year and three most recent fiscal years, neither the director nor any immediate family member of the director received more than \$100,000 per year in direct

compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent on continued service);

during each of the current fiscal year and three most recent fiscal years, the director is not, and was not an executive officer or an employee, or whose immediate family member is not, or was not, an executive officer of another company that made payments to, or received payments from, the Company for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1,000,000 or 2% of such other company's consolidated gross revenues; or

the director serves as an executive officer of a charitable organization to which during each of the three preceding fiscal years the Company made charitable contributions that did not exceed the greater of \$1,000,000 or 2% of such charitable organization's consolidated gross revenues.

None of the Company's non-employee directors, their immediate family members, or organizations in which they are a partner, shareholder or officer, are engaged in relationships with the Company not meeting the criteria set forth above.

Codes of Ethics

The Board of Directors has approved a Code of Business Conduct and Ethics for directors, officers and employees of the Company and each of its subsidiaries and controlled affiliates and a Code of Ethics for Senior Financial Officers for the Company's Chief Executive Officer and principal financial officers. The Codes address such topics as protection and proper use of Company assets, compliance with applicable laws and regulations, accuracy and preservation of records, accounting and financial reporting, conflicts of interest and insider trading. They are available on the Company's Corporate Governance web page at [www.landam.com/Corporate Governance](http://www.landam.com/Corporate%20Governance). Printed copies of the Codes are available to any shareholder upon written request to the Secretary of the Company at the address set forth above.

Board and Committee Meeting Attendance

In 2004, there were six meetings of the Board of Directors. Each director attended 75% or more of the total aggregate number of meetings of the Board and of the committees on which he or she served.

Executive Sessions

Executive sessions where non-employee directors meet on an informal basis are scheduled either before or after each regularly scheduled Board meeting. At least once a year the Board schedules an executive session including only independent directors. Eugene P. Trani, the Chairman of the Corporate Governance Committee, serves as chairman for executive sessions.

Communications with Directors

Any director may be contacted by writing to him or her c/o the Secretary of the Company at the address set forth above. Communications to the non-management directors as a group may be sent to the Chairman of the Corporate Governance Committee c/o the Secretary of the Company at

the same address. The Company promptly forwards, without screening, all such correspondence to the indicated director(s).

Committees of the Board

The standing committees of the Board of Directors are the Executive Committee, the Audit Committee, the Executive Compensation Committee, the Corporate Governance Committee, the Investment Funds Committee and the Finance Committee.

Executive Committee

The Executive Committee has the authority to act for the Board of Directors on most matters during the intervals between Board meetings. The members of the Executive Committee are Messrs. Foster (Chairman), McCann, Norfleet and Smith. The Committee met one time in 2004.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling the Board's oversight responsibility to the shareholders relating to the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualifications, independence and performance of the Company's independent registered public accounting firm and the performance of the internal audit function. The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company. The Committee operates under a written charter last amended by the Board in October 2004. The Audit Committee Charter is set forth in Appendix C to this Proxy Statement and is available on the Company's Corporate Governance web page at [www.landam.com/Corporate Governance](http://www.landam.com/CorporateGovernance). A printed copy is available to any shareholder upon written request to the Secretary of the Company, 101 Gateway Centre Parkway, Gateway One, Richmond, Virginia 23235-5153.

The members of the Audit Committee are Messrs. Norfleet (Chairman), Dinkins, Skunda and Trani, all of whom the Board in its business judgment has determined are independent as defined by regulations of the Securities and Exchange Commission and the New York Stock Exchange listing standards. The Board of Directors also has determined that all of the Committee members are financially literate as defined by the New York Stock Exchange listing standards and that Mr. Dinkins qualifies as an audit committee financial expert as defined by regulations of the Securities and Exchange Commission.

The Audit Committee met six times in 2004. For additional information regarding the Committee, see [Audit Information](#) [Audit Committee Report](#) on page 30 of this Proxy Statement.

Executive Compensation Committee

The Executive Compensation Committee performs the responsibilities of the Board of Directors relating to compensation of the Company's executives. The Committee's responsibilities include reviewing and approving corporate goals and objectives relevant to compensation of the Company's Chief Executive Officer, evaluating the Chief Executive Officer's performance in light of those goals and objectives, and determining and approving the Chief Executive Officer's compensation level based on this evaluation; making recommendations to the Board with respect to annual and long-term incentive compensation and equity-based plans; evaluating the performance of, and determining the salaries, incentive

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compensation and executive benefits for senior management; and administering the Company's equity-based, deferral and other compensation plans. The Committee operates under a written charter last amended by the Board in October 2004. The Charter of the Executive Compensation Committee is available on the Company's Corporate Governance web page at [www.landam.com/Corporate Governance](http://www.landam.com/Corporate%20Governance). A printed copy is available to any shareholder upon written request to the Secretary of the Company at the address set forth above.

The members of the Executive Compensation Committee are Messrs. Wishnack (Chairman), Snead and Trani, all of whom the Board in its business judgment has determined are independent as defined by the New York Stock Exchange listing standards. The Committee met four times in 2004. For additional information regarding the Committee, see *Report of Executive Compensation Committee* on page 13 of this Proxy Statement.

Corporate Governance Committee

The Corporate Governance Committee develops qualifications for director candidates, recommends to the Board of Directors persons to serve as directors of the Company and monitors developments in, and makes recommendations to the Board concerning corporate governance practices. The Committee acts as the Company's nominating committee. The Committee operates under a written charter last amended by the Board in October 2004. The Charter of the Corporate Governance Committee is available on the Company's Corporate Governance web page at [www.landam.com/Corporate Governance](http://www.landam.com/Corporate%20Governance). A printed copy is available to any shareholder upon written request to the Secretary of the Company at the address set forth above.

The members of the Corporate Governance Committee are Messrs. Trani (Chairman), Norfleet, Skunda, Snead and Wishnack, all of whom the Board in its business judgment has determined are independent as defined by the New York Stock Exchange listing standards. The Committee met four times in 2004.

Shareholders entitled to vote for the election of directors may submit candidates for consideration by the Corporate Governance Committee if the Company receives timely written notice, in proper form, for each such recommended director nominee. If the notice is not timely and in proper form, the nominee will not be considered by the Committee. To be timely for the 2006 annual meeting, the notice must be received within the time frame set forth in *Proposals for 2006 Annual Meeting* on page 31 of this Proxy Statement. To be in proper form, the notice must include each nominee's written consent to be named as a nominee and to serve, if elected, and information about the shareholder making the nomination and the person nominated for election. These requirements are more fully described in Section 3.4 of the Company's Bylaws, a printed copy of which is available to any shareholder upon written request to the Secretary of the Company at the address set forth above.

The Corporate Governance Committee considers, at a minimum, the following factors in recommending to the Board potential new directors, or the continued service of existing directors:

The characteristics described in the Corporate Governance Guidelines (*i.e.*, knowledge of business and financial affairs, an understanding of the Company's business and the complexities of a large publicly-traded company in today's business environment, personal qualities of integrity and judgment, educational background and business or professional experience);

Whether the member/potential member assists in achieving a mix of Board members that represent a diversity of background and experience;

Whether the member/potential member is subject to a disqualifying factor as described in the Corporate Governance Guidelines (*e.g.*, relationships with competitors or recent previous employment with the Company);

Whether an existing member has reached retirement age;

The member's/potential member's independence;

Whether the member/potential member would be considered an audit committee financial expert or financially literate under Securities and Exchange Commission regulations and New York Stock Exchange listing standards;

The extent of the member s/potential member s business experience, technical expertise, or specialized skills or experience;

Whether the member/potential member, by virtue of particular experience relevant to the Company s current or future business, will add specific value as a Board member; and

Any factors related to the ability and willingness of a new member to serve, or an existing member to continue his or her service.

Under the process used by the Company for selecting new Board candidates, the Chairman, the Chief Executive Officer, the Corporate Governance Committee or other Board members identify the need to add a new Board member with specific qualifications or to fill a vacancy on the Board. The Chairman of the Corporate Governance Committee initiates a search, working with staff support and seeking input from Board members and senior management, hiring a search firm, if necessary, and considering any candidates recommended by shareholders. An initial slate of candidates that will satisfy criteria and otherwise qualify for membership on the Board is presented to the Corporate Governance Committee. A determination is made as to whether Corporate Governance Committee members or Board members have relationships with preferred candidates and can initiate contacts. The Chairman and at least one member of the Corporate Governance Committee interview prospective candidate(s). The Corporate Governance Committee meets to conduct further interviews of prospective candidates, if necessary or appropriate, and to consider and recommend final candidates for approval by the full Board of Directors.

Gale K. Caruso, who is standing for election for the first time at the Meeting, was recommended by the Corporate Governance Committee.

Investment Funds Committee

The Investment Funds Committee establishes the investment policy and monitors the performance of pension and portfolio investments of the Company and its subsidiaries. The members of the Investment Funds Committee are Messrs. McCann (Chairman), Dinkins, Skunda, Smith and Snead, all of whom the Board in its business judgment has determined are independent as defined by the New York Stock Exchange listing standards. The Committee met five times in 2004.

Finance Committee

The Finance Committee advises the Board of Directors with respect to financing needs, capital structure and other financial matters. The members of the Finance Committee are Messrs. Dinkins (Chairman), McCann, Smith and Wishnack, all of whom the Board in its business judgment has determined are independent as defined by the New York Stock Exchange listing standards. The Committee met four times in 2004.

Annual Meeting Attendance

The Company encourages members of the Board of Directors to attend the annual meeting of shareholders. All of the directors attended the 2004 annual meeting of shareholders.

Directors Compensation

Each director who is not an officer of the Company receives a quarterly retainer of \$6,250, a fee of \$1,500 for attendance at each Board meeting, and a fee of \$750 for attendance at each meeting of a Board committee of which he is a member. The Chairman of the Audit Committee receives an additional quarterly retainer of \$2,500, and all other Committee Chairmen receive an additional quarterly retainer of \$1,250. Each such non-employee director may elect to receive all or part of his compensation in stock. The number of shares of the Company's Common Stock issuable to a director who makes an annual irrevocable election to receive all stock in lieu of cash compensation is increased by 20%. A director who is also an officer of the Company receives no compensation for his or her services as a director.

The Outside Directors Deferral Plan, as amended and restated in 1998, 2002 and 2004 and as approved by the shareholders in 2004, permits non-employee directors to defer all or a portion of their cash compensation in deferred stock units. Each deferred stock unit represents a hypothetical share of the Company's Common Stock and fluctuates in value with the market price of such stock. A participant's deferred stock unit account is increased by dividends paid by the Company on the Common Stock. Those participants who elect to defer 100% of their total cash compensation into deferred stock units for a given year shall receive additional compensation in the form of deferred stock units equal to 20% of their total compensation. Before the 1998 amendment to the Plan, participants were able to defer amounts also into a deferred cash account. The 2002 amendment to the Plan gave certain participants the one-time opportunity to transfer all or a portion of their deferred stock unit account into a deferred cash account effective August 16, 2002 and reestablished the option to defer amounts into a deferred cash account for the remainder of the year 2002. In 2004, the Plan was amended to provide for a maximum of 100,000 shares of the Company's Common Stock to be issued under the Plan. Each deferred cash account is credited with interest annually, and the interest paid is based on the rate of return set forth in the amended and restated Plan, which is currently 9%. Under the Plan, benefits in deferred stock unit accounts are paid in Common Stock, and benefits in deferred cash accounts are paid in cash. Benefits also include survivor's benefits in the event that the participant dies before receiving all of the benefits to which the participant is entitled under the Plan. A participant may also postpone receipt of benefit payments by making a timely election. Accelerated payment of deferred benefits may occur under certain conditions, including a change of control of the Company.

Prior to 1997 pursuant to the Company's 1992 Stock Option Plan for Non-Employee Directors (the "Directors Option Plan"), and in 1997 pursuant to the Company's 1991 Stock Incentive Plan, as amended (the "1991 Stock Incentive Plan"), each non-employee director was granted an option to purchase 1,500 shares of Common Stock of the Company on the first business day following each annual meeting of shareholders. Beginning in 1998, pursuant to the 1991 Stock Incentive Plan, the annual option grant to each non-employee director was increased to 2,000 shares of the Company's Common Stock. In 2001 and 2002, annual option grants were made pursuant to the Company's 2000 Stock Incentive Plan (the "2000 Stock Incentive Plan"). The exercise price of all options granted to non-employee directors is the fair market value of the Company's Common Stock on the date of grant. All of the options are exercisable six months after the date of grant and expire ten years from the date of grant. Shorter expiration periods may apply in the event an optionee dies, becomes disabled or resigns from or does not stand for reelection to the Board. The options will be adjusted for stock dividends, stock splits and certain other corporate events that may occur in the future. In 2003, annual option grants to non-employee directors were discontinued and replaced with annual grants of 1,000 shares of restricted Common Stock to each non-employee director pursuant to the 2000 Stock Incentive Plan. The shares of restricted Common Stock vest on the earliest to occur of certain events including (i) the expiration of ten years from the date of the award; (ii) the termination of the director's service on the Board as a result of the director's (a) retirement from the Board in accordance with the Board's retirement policy then in effect, (b) not being nominated for reelection to the Board other than at the director's request, (c) failure to be reelected by the shareholders, or (d) disability rendering the director unable to perform his duties for a period of six months or longer; (iii) the director's death; or (iv) a change of control of the Company.

REPORT OF EXECUTIVE COMPENSATION COMMITTEE

Decisions on compensation of the Company's executive officers as well as those officers of its subsidiaries who are members of executive management (collectively "senior management") are made by the Executive Compensation Committee of the Board (the "Committee"). The Committee determines the salaries of the Company's Named Executive Officers and reviews and approves annual management incentive programs and executive benefits for senior management. It also administers the 1991 and 2000 Stock Incentive Plans, the Directors' Option Plan, the Executive Voluntary Deferral Plan, the Outside Directors Deferral Plan, the Senior Management Compensation Program Shared Resources for Named Executive Officers and the Executive Target Ownership Program. The Committee reviews any significant changes in the tax qualified employee benefit plans and the Regional Management Incentive Programs. All decisions by the Committee relating to the compensation of the Company's senior management are reported to the full Board.

Under rules established by the Securities and Exchange Commission, the Company is required to provide certain information with respect to the compensation provided to the Company's Chief Executive Officer and the other executive officers of the Company, including the Named Executive Officers. The report of the Committee set forth below addresses the Company's compensation policies in effect for 2004.

Executive Compensation Policies

The Committee implements compensation policies that are designed to provide competitive levels of compensation that integrate base pay with the Company's annual and long-term performance goals, recognize individual initiative and achievements, and assist the Company in attracting and retaining highly qualified executives.

The Committee annually, or more frequently, reviews the Company's executive compensation program. The Committee evaluates compensation structures and the financial performance of other publicly held companies in the real estate related services industry, of publicly held companies in certain other financial services sectors and in companies of similar size as well as the compensation of executive officers in those companies in order to establish general parameters within which it may fix competitive compensation for its executive officers. The Committee may also review data from published compensation surveys. The Committee believes that compensation comparisons are most appropriately made to executives within a designated industry and related industry peer group, with particular emphasis on comparable companies providing real estate related services. This group may change as the Company or its competitors change their focus, merge or consolidate or as new competitors emerge.

The Committee then determines the appropriate salary and management incentive using a number of factors, including the executive officer's individual duties and responsibilities in the Company, relative importance to the overall success of the Company's short-term and long-term goals and attainment of individual performance goals, if appropriate. With respect to compensation for the Company's Chief Executive Officer, the Committee specifically considers the following factors: integrity, vision, leadership, ability to meet agreed upon corporate performance objectives, succession planning, shareholder relations and CEO-Board relations, and it evaluates the overall performance of the Company, including revenues, earnings, development of the organization and return on shareholders' equity. With respect to the other executive officers, including the Named Executive Officers, the Committee reviews goals and accomplishments for the year as they pertain to the area or areas of Company operations for which the executive is personally responsible and accountable.

Combining subjective and objective policies and practices, this assessment process is undertaken annually, or more frequently, by the Committee in order to implement the Company's pay-for-performance policy, which

focuses on an executive officer's total compensation, including cash and non-cash compensation, from all sources.

Base Salaries and Annual Incentives

Base salaries should normally be targeted at, or slightly below market medians and reflect (over time) individual performance and level of responsibility. Annual cash incentives and longer term stock based incentives should be competitive and consistent with performance.

Effective January 1, 2005, the Company separated the roles of Chairman of the Board of Directors and Chief Executive Officer. In connection with this change, Mr. Foster retained the title of Chairman of the Board of Directors, and he will continue in that position through December 22, 2006 pursuant to an employment agreement. During the term of Mr. Foster's employment agreement, he will receive an annual base salary of \$575,000 and an annual bonus of \$1,125,000, payable in restricted stock and cash units in February 2006 for the 2005 calendar year and payable in a combination of cash and stock as determined by the Committee in February 2007 for the 2006 calendar year.

The executive officers of the Company, including the Named Executive Officers, were also eligible for incentive compensation for individual and corporate performance in 2004. The Committee awards such annual incentives based on that performance and in analyzing those individual and corporate results against the designated peer group mentioned elsewhere in this report. The Committee's review included a specific review of Mr. Foster's and the Named Executive Officers' achievement against annual goals in their respective areas of responsibility. Based on that documented performance review, the Committee awarded Mr. Foster an annual incentive bonus of \$901,000 for 2004.

Long-Term Incentives

The Committee administers the 1991 and 2000 Stock Incentive Plans under which it has granted to key executives stock options and shares of restricted Common Stock based upon a determination of competitive aggregate compensation levels. The primary objective of issuing stock-based incentives is to encourage significant investment in stock ownership by management and to provide long-term financial rewards linked directly to market performance of the Company's stock. The Committee believes that significant ownership of stock by senior management is the best way to align the interests of management and the shareholders, and the Company's stock incentive program is effectively designed to further this objective.

At its September 30, 2004 meeting, the Committee determined to issue restricted stock to executive officers including the Named Executive Officers to coincide with the Company's earnings release date in February 2005 and to facilitate consideration of all elements of total compensation for such executives at one time during the year.

Effective February 28, 2005, the Committee awarded Mr. Foster a combined restricted stock and phantom stock award with respect to 28,000 shares of Common Stock (each share of phantom stock payable solely in cash and referred to as a "cash unit"), consisting of 16,240 restricted shares and 11,760 cash units. The Committee also granted restricted stock/cash unit awards to various executive officers, including all Named Executive Officers, except for Janet A. Alpert, who retired from the Company on December 17, 2004.

The Committee has determined the aggregate number of shares of restricted stock to be granted to executives by using a calculation based upon the Company's issued and outstanding shares on a fully diluted basis, with a goal of granting aggregate shares in an amount equal to .75% to 1.25% of fully diluted issued and outstanding shares each year. For restricted stock grants made in February 2005, the aggregate percentage

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granted (including cash units) was 1.00%. In deciding to use such a calculation, the Committee assessed data with respect to stock and option grants to executives in the designated peer group and considered the executive

compensation structure of other companies of comparable size and performance characteristics. With respect to the shares and units granted to Mr. Foster, the Committee evaluated Mr. Foster's overall compensation package relative to that of other chief executives in the designated peer group. With respect to the allocation of shares among the Named Executive Officers and other executives, the Committee is of the view that, as a person's level of responsibility increases, greater portions of his or her total compensation should be linked to the long-term performance of the Company's Common Stock and return to its shareholders.

These restricted shares and cash units vest over a four-year period following the date of the award and may, at Committee discretion, vest earlier in the event of an executive's termination, retirement, death or disability.

Executive Target Ownership Program

In 1998, with an effective date of January 1, 1999, the Company adopted the Executive Target Ownership Program that requires members of executive management to attain certain stock ownership levels and therefore maintain a vested interest in the equity performance of the Company. Over a five-year period, the executives covered by the program are expected to reach certain ownership levels based on specific share targets per executive officer level. Stock ownership for purposes of this program includes (1) shares beneficially owned outright by the executive or by a trust for the executive's benefit, (2) vested shares held in a qualified benefit plan, (3) the unvested portion of restricted shares, (4) the unvested portion of cash units (granted in tandem with restricted shares) (5) shares retained from the exercise of options and (6) deferred stock units under the Executive Voluntary Deferral Plan. Unexercised stock options do not count for purposes of this program.

Effective March 1, 2003, the Company amended and restated the Executive Target Ownership Program to expand the group of participants to include officers of the Company ranging from the Chief Executive Officer to the Senior Vice President level and to revise the target ownership levels. The salary multiple targets under the old plan were converted to share targets based on a \$40 stock price. The recommended target ownership levels under the amended and restated program range from 65,000 shares for the Chief Executive Officer to 7,500 shares for a Senior Vice President. As of December 31, 2004, Mr. Foster and all Named Executive Officers had met these targeted ownership levels.

The tables which follow this report, and the accompanying narrative and footnotes, reflect the decisions covered by the above discussion.

Tax Considerations

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), provides certain criteria for the tax deductibility of annual compensation in excess of \$1 million paid to certain executives of public companies. The Company intends to qualify executive compensation for deductibility under Section 162(m) to the extent consistent with the best interests of the Company. Since corporate objectives may not always be consistent with the requirements of full deductibility, it is conceivable that the Company may enter into compensation arrangements in the future under which payments are not deductible under Section 162(m). Deductibility will not be the sole factor used by the Committee in ascertaining appropriate levels or modes of compensation.

To meet the criteria applicable to deductible performance-based compensation (as defined in Section 162(m)), the Company has taken appropriate action to cause grants of stock options and stock appreciation rights under the 1991 and 2000 Stock Incentive Plans to be performance-based and has submitted to its shareholders the LandAmerica Financial Group, Inc., Executive Officer Incentive Plan, a plan which would permit certain compensation earned by participants to qualify as deductible under Section 162(m).

Executive Compensation Committee
Marshall B. Wishnack, Chairman