

ACCENTURE LTD
Form 4
March 07, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
FLOTHER KARL HEINZ

(Last) (First) (Middle)

C/O ACCENTURE, 5221 NORTH O'CONNOR BLVD., STE. 1400

(Street)

IRVING, TX 75039

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ACCENTURE LTD [ACN]

3. Date of Earliest Transaction (Month/Day/Year)
03/05/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)
Grp Chief Exec-Tech & Delivery

6. Individual or Joint/Group Filing(Check Applicable Line)
X Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Class A common shares	03/05/2006		A		1,671 (1) \$ 32.5	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FLOTHER KARL HEINZ C/O ACCENTURE 5221 NORTH O'CONNOR BLVD., STE. 1400 IRVING, TX 75039			Grp Chief Exec-Tech & Delivery	

Signatures

/s/ Michael E. Hughes, Attorney-in-Fact for Karl-Heinz Flother 03/07/2006

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Purchase of Accenture Ltd Class A common shares from Accenture pursuant to the Accenture Senior Executive Voluntary Equity Investment Program.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Stock Exchange. Those directors are: Lloyd Bentsen, III, Paul W. Hobby, Dr. E. Douglas Hodo, Gov. John P. LaWare and Dr. W. Arthur Porter. The Board of Directors has determined that none of such directors have any material relationship with the Company or its management that would impair the independence of his judgment in carrying out his responsibilities to the Company. For this purpose, the Board of Directors considers any transaction, or series of similar transactions, or any currently proposed transaction, or series of similar transactions, between the Company or any of its subsidiaries and a director to be material if the amount involved exceeds \$60,000 in any of the Company's last three fiscal years. All directors of the Company hold office until the next annual meeting of stockholders or until their respective successors are elected and qualified. All officers of the Company hold office until the regular meeting of directors following the annual meeting of stockholders or until their respective successors are duly elected and qualified. Action by the Board of Directors requires the affirmative vote of at least six members. During 2003, the Board of Directors held six meetings and executed one consent in lieu of a meeting. Each director attended each of such meetings, except that one director did not attend one meeting. The Board of Directors has an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating and

Corporate Governance Committee. See "-- Committees of the Board of Directors" at page 6. The Board of Directors has adopted the Stewart Code of Business Conduct and Ethics and Guidelines on Corporate Governance and a Code of Ethics for Chief Executive Officers, Principal Financial Officer and Principal Accounting Officer, each of which is available on the Company's website at www.stewart.com. The Company's Guidelines on Corporate Governance and the charters of the Audit Committee, Nominating and 5 Corporate Governance Committee and Compensation Committee require an annual self-evaluation of the performance of the Board of Directors and of such committees, including the adequacy of such Guidelines and charters. The Company's Guidelines on Corporate Governance strongly encourage attendance in person by directors at the Company's annual meetings of stockholders. All of the Company's incumbent directors attended the Company's annual meeting of stockholders held in 2003.

ADVISORY DIRECTORS In addition to the directors elected by the holders of the Company's Common Stock and Class B Common Stock, the Company has four advisory directors who are appointed by the Company's Board of Directors. The Company's advisory directors receive notice of and regularly attend meetings of the Company's Board of Directors and committees on which they serve as non-voting members. They provide valuable insights and advice to the Company and participate fully in all deliberations of the Company's Board of Directors but are not included in quorum and voting determinations. Advisory directors receive the same compensation for their services as do the members of the Company's Board of Directors elected by the stockholders of the Company.

COMMITTEES OF THE BOARD OF DIRECTORS Executive Committee. The Executive Committee may exercise all of the powers of the directors, except those specifically reserved to the Board of Directors by law. Malcolm S. Morris, Stewart Morris, Jr. and Max Crisp serve as the members of the Executive Committee. During 2003, the Executive Committee held six meetings at which all members were present and executed 29 consents in lieu of meetings.

Audit Committee. It is the duty of the Audit Committee to (i) review, with the Company's independent auditors, the scope of the annual audit, (ii) review the independent auditors' management letter and (iii) meet with the Company's internal auditors. The Audit Committee operates under a written charter adopted by the Board of Directors of the Company, a copy of which is attached as Annex A and is also available on the Company's website. The Audit Committee is comprised of Dr. E. Douglas Hodo (Chair), Lloyd Bentsen, III, and Paul W. Hobby. During 2003, the Audit Committee held five meetings, at which all members were present except that one director did not attend one meeting. Each of the members of the Audit Committee is independent as defined under the listing standards of the New York Stock Exchange and the Securities Exchange Act of 1934, and the Board of Directors has determined that Dr. Hodo is an "audit committee financial expert" as defined in the rules of the Securities and Exchange Commission. No member of the Company's Audit Committee serves on the audit committees of more than three public companies. The Audit Committee has the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties. The Audit Committee has established procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Persons wishing to communicate with the Company's Audit Committee may do so by writing in care of Chairman, Audit Committee, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is comprised of Lloyd Bentsen III (Chair), Gov. John P. LaWare and Dr. W. Arthur Porter, each of whom is "independent" as defined in the listing standards of the New York Stock Exchange. It is the duty of the Nominating and Corporate Governance Committee to (i) recommend to the Board of Directors of the Company nominations of persons for election to the Board of Directors of the Company by the holders of Common Stock, (ii) create procedures for identification of nominees, (iii) consider and recommend to the Board of Directors criteria for membership and (iv) receive and consider nominations submitted by stockholders of the Company.

6 The Company's Guidelines on Corporate Governance require that a majority of the nine members of the Company's Board of Directors be "independent" as defined from time to time in the rules of the New York Stock Exchange. Those Guidelines also provide that the Nominating and Corporate Governance Committee shall be guided by the following principles: - Each Director should be an individual of the highest character and integrity and have an inquiring mind, experience at a strategy or policy-setting level, or otherwise possess a high level of specialized expertise, and the ability to work well with others. Special expertise or experience that will augment the Board's expertise is particularly desirable. - Each Director should have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a Director and, absent special circumstances, no Director should be simultaneously serving on the

boards of directors of more than three other entities, excluding non-public companies such as those related to personal or family business and charitable, educational or other non-profit entities. Directors are not qualified for service on the Board unless they are able to make a commitment to prepare for, and attend, meetings of the Board and its committees on a regular basis. - Each independent Director should be free of any significant conflict of interest that would interfere with the independence and proper performance of the responsibilities of a Director. - Directors to be nominated for election by the holders of the Company's Common Stock should not be chosen as representatives of a constituent group or organization; each should utilize his or her unique experience and background to represent and act in the best interests of all stockholders as a group. Directors should have an equity ownership in Stewart Information Services Corporation. Toward that end, each non-employee Director shall be paid a portion of his or her Director's fees in Stewart Information Services Corporation Common Stock pursuant to the Company's 1996 Directors' Stock Plan, or any successor plan, but only to the extent permitted by law and stock exchange rules. The Nominating and Corporate Governance Committee, pursuant to the Company's By-Laws, will accept and consider nominations by stockholders of persons for election by the holders of Common Stock to the Board of Directors of the Company. To be considered for nomination at the Annual Meeting of Stockholders of the Company to be held in 2005, stockholder nominations must be received by the Company no later than February 15, 2005. Persons wishing to submit the names of candidates for consideration by the Nominating and Corporate Governance Committee may write to the Nominating and Corporate Governance Committee in care of Corporate Secretary, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056, providing the candidate's name, credentials, contact information and consent to be considered as a candidate. The person proposing the candidate should include his or her contact information and a statement of his or her share ownership, including the number of shares and the period of time the shares have been held. The Nominating and Corporate Governance Committee (including its predecessor Nominating Committee) held three meetings during 2003, at which all members were present. The charter of the Company's Nominating and Corporate Governance Committee is available on the Company's website at www.stewart.com.

Compensation Committee. It is the duty of the Compensation Committee to approve the compensation of the executive officers. The Compensation Committee is comprised of Paul W. Hobby (Chair), Gov. John P. LaWare and Dr. W. Arthur Porter. During 2003, the Compensation Committee held two meetings at which both members then serving were present. Each member of the Company's Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee has been determined by the Board of Directors to be "independent" as that term is defined in the rules of the New York Stock Exchange.

7 EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS The non-management directors of the Company, all of whom are independent, meet at regularly scheduled executive sessions without management. The Chairman of the Company's Audit Committee serves as the presiding director at those executive sessions. Persons wishing to communicate with the Company's non-management directors may do so by writing in care of Chairman, Audit Committee, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056.

EXECUTIVE COMPENSATION SUMMARY OF COMPENSATION The following table summarizes compensation information concerning each of the Company's executive officers for each of the three years ended December 31, 2003.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	SALARY (\$)	BONUS (\$)	MINIMUM BONUS (\$)	VARIABLE BONUS (\$)	STOCK OPTIONS (# SHARES)	ALL OTHER COMPENSATION (\$)
Stewart Morris, Jr.	2003	150,000	250,000	559,450	25,000	9,544(1)	President and
	2002	150,000	250,000	436,575	25,000	8,669	Co-Chief Executive
Malcolm S. Morris	2003	135,000	250,000	250,660	25,000	8,157	Officer
	2002	150,000	250,000	436,575	25,000	10,922	Chairman of the Board and
Max Crisp	2003	135,000	250,000	250,660	25,000	10,369	Officer
	2002	150,000	135,000	242,431	16,500	119,625	Executive Vice President
Secretary and Treasurer	2001	144,000	126,000	239,792	16,500	123,366	Officer, Secretary and Treasurer

(1) Consists of matching contributions to the Company's 401(k) plan (\$2,640), director's fees (\$1,950) and \$4,954, representing the portion of insurance premiums paid by the Company with respect to term life insurance plus the dollar value of the benefit of the remainder of life insurance premiums paid by the Company. (2) Consists of matching contributions to the Company's 401(k) plan (\$2,640), director's fees (\$1,950) and \$7,413, representing the portion of insurance premiums paid by the Company with respect to term life insurance plus the dollar value of the benefit of the

remainder of life insurance premiums paid by the Company. (3) Includes \$110,375 paid under a deferred compensation agreement. See "-- Deferred Compensation Agreements" at page 11. Also includes matching contributions to the Company's 401(k) plan (\$2,640), director's fees (\$1,950) and \$5,056, representing the portion of insurance premiums paid by the Company with respect to term life insurance plus the dollar value of the benefit of the remainder of life insurance premiums paid by the Company. Each executive officer of the Company holds office until the regular meeting of directors following the annual meeting of stockholders or until his successor is duly elected and qualified. 8 OPTION GRANTS AND EXERCISES The following table sets forth information concerning individual grants of stock options made during the year ended December 31, 2003 to each of the Company's executive officers. All such grants were made on January 23, 2003, under the terms of the Company's 1999 Executive Stock Option Plan. The hypothetical values on the date of grant of stock options granted in 2003 shown below are presented pursuant to the rules of the Securities and Exchange Commission and are calculated under the modified Black-Scholes model (the "Model") for pricing options. This hypothetical value of options trading on the stock markets bears little relationship to the compensation cost to the Company or potential gain realized by an optionee. The actual amount, if any, realized upon the exercise of stock options will depend upon the market price of the Company's Common Stock relative to the exercise price per share of Common Stock issuable under the stock option at the time the stock options are exercised. There is no assurance that the hypothetical present values of stock options reflected in this table actually will be realized. OPTION GRANTS IN FISCAL YEAR ENDED DECEMBER 31, 2003 INDIVIDUAL GRANTS

GRANTED	GRANTED TO EXERCISE	EXPIRATION	PRESENT VALUE(1) (\$)	NAME (# SHARES)	EMPLOYEES (%)	PRICE (\$)	DATE	VALUE(\$)
27.9	21.87	1/23/13	290,500	Stewart Morris, Jr.	25,000	27.9	21.87	1/23/13
				Malcolm S. Morris	25,000	27.9	21.87	1/23/13
				Max Crisp	16,500	18.4	21.87	1/23/13

(1) The grant date present values are calculated under the Model. The Model is a mathematical formula used to value stock options and is based on assumptions regarding the stock's volatility (33.76%), dividend rate (0%), option term (10 years) and a risk-free interest rate (4.25%). The following table sets forth information concerning each exercise of stock options during the year ended December 31, 2003 by each of the Company's executive officers and the value of unexercised options at December 31, 2003. The Company has not issued any tandem or freestanding stock appreciation rights. AGGREGATED OPTION EXERCISES IN 2003 AND OPTION VALUES AT DECEMBER 31, 2003 NUMBER OF UNEXERCISED OPTIONS AT DECEMBER 31, 2003 SHARES ----- VALUE OF UNEXERCISED IN-THE-MONEY ACQUIRED ON OPTIONS AT DECEMBER 31, 2003 EXERCISE VALUE EXERCISABLE UNEXERCISABLE ----- NAME (# SHARES) REALIZED (\$) (# SHARES) (# SHARES) EXERCISABLE (\$) UNEXERCISABLE (\$) -----

Stewart Morris, Jr.	56,000	918,168	144,000	--	3,151,480	--
Malcolm S. Morris	95,422	1,567,064	104,578	--	2,421,144	--
Max Crisp	53,000	482,135	21,500	--	410,920	--

9 EQUITY COMPENSATION PLAN INFORMATION The following table provides information about our about our compensation plans under which equity securities are authorized for issuance, as of December 31, 2003. NUMBER OF SECURITIES TO BE NUMBER OF ISSUED UPON WEIGHTED AVERAGE SECURITIES EXERCISE OF PRICE OF REMAINING AVAILABLE OUTSTANDING OUTSTANDING FOR FUTURE ISSUANCE OPTIONS, WARRANTS OPTIONS, WARRANTS UNDER EQUITY PLAN CATEGORY AND RIGHTS AND RIGHTS COMPENSATION PLANS ----- Equity compensation plans approved by security holders..... 342,978 18.75 102,068 Equity compensation plans not approved by security holders..... 426,197(1) ----- Totals..... 342,978 18.75 1,454,265 =====

(1) The Company has a Service Award Program under which shares may be granted to employees who achieve specified length of service milestones. No specific number of shares have been reserved for issuance under this program. COMPENSATION OF DIRECTORS Directors of the Company, other than employees of the Company, receive fees in accordance with the following table: AUDIT AUDIT OTHER OTHER ALL COMMITTEE COMMITTEE COMMITTEE COMMITTEE TYPE OF COMPENSATION DIRECTORS CHAIRMAN MEMBERS CHAIRMEN MEMBERS -----

ANNUAL RETAINER: Cash	\$12,000	\$ 10,000(1)	\$2,000	Stock(2)	10,000
MEETING FEES: ATTENDANCE IN PERSON: Board meeting(3)	3,000	Committee meeting			
\$2,000 \$1,500 Out-of-state travel(4)	1,000	ATTENDANCE BY TELEPHONE: Board meeting	2,000		

Committee meeting..... 2,000 1,500 ----- (1) Includes \$5,000 per year for service as the presiding director of executive sessions of the non-management members of the Company's Board of Directors. (2) The annual stock award to directors is valued based on the market value per share of Common Stock on the date of the award. (3) The fee for attendance at the Company's biannual Board retreat is \$4,000. (4) Plus expenses incurred. Directors of the Company who are employees receive directors' fees of \$150 per meeting. The Company also reimburses each director for the cost of an annual medical examination. In May 2003, Mrs. Hanks was granted, in her capacity as Director of Employee Services for the Company, a 10-year option for 1,200 shares of the Company's Common Stock at an exercise price of \$26.10 per share, which was the market value of a share of Common Stock on the option grant date.

10 DEFERRED COMPENSATION AGREEMENTS On March 10, 1986, the Company entered into a Deferred Compensation Agreement with each of Malcolm S. Morris, Stewart Morris, Jr. and Max Crisp (individually, a "Beneficiary"). Pursuant to such agreements, as amended, a Beneficiary or his designee is entitled to receive, commencing upon his death or attainment of the age of 65 years, 15 annual payments in amounts that will, after payment of federal income taxes thereon, result in a net annual payment of \$66,667 to Max Crisp and \$133,333 to each of Malcolm S. Morris and Stewart Morris, Jr. For purposes of such agreements, each Beneficiary is deemed to be subject to federal income taxes at the highest marginal rate applicable to individuals. Such benefits are fully vested and are forfeited only if a Beneficiary's employment with the Company is terminated by reason of fraud, dishonesty, embezzlement or theft. Any death or income benefits provided to a Beneficiary under certain insurance policies currently maintained by the Company will reduce payments due to such Beneficiary under his Deferred Compensation Agreement. 11 PERFORMANCE GRAPH The following graph compares the yearly percentage change in the Company's cumulative total stockholder return on Common Stock with the cumulative total return of the Russell 2000 Index and the Russell 2000 Financial Services Sector Index (which includes the Company and its major publicly owned competitors) for the five years ended December 31, 2003. The graph assumes that the value of the investment in the Company's Common Stock and each index was \$100 at December 31, 1998 and that all dividends were reinvested. COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN AMONG THE COMPANY, RUSSELL 2000 AND RUSSELL 2000 FINANCIAL SERVICES SECTOR (PERFORMANCE GRAPH)

	1998	1999	2000	2001	2002	2003
Company	\$100.00	\$46.34	\$77.24	\$68.75	\$74.46	\$142.76
Russell 2000	100.00	121.26	117.59	120.52	95.83	141.15
Russell 2000 Financial Services Sector	100.00	94.13	113.94	131.76	136.33	190.65

12 COMPENSATION COMMITTEE REPORT To the Board of Directors of Stewart Information Services Corporation: Compensation Policy. The Compensation Committee of the Board of Directors (the "Committee") is responsible for the oversight and administration of the Company's executive compensation program. The Committee reviews the compensation program of the Company's operating subsidiaries during each year as it deems necessary. The objective of the Company is to provide executive officers of the Company, who are Malcolm S. Morris, Stewart Morris, Jr. and Max Crisp, with a compensation package that is fair and reasonable based on their individual levels of responsibility and performance in relation to the compensation of executive officers of other publicly held companies in the title insurance and comparable industries. In making its determinations as to the reasonableness of the Company's executive compensation, the Committee relies in part on the advice of a nationally recognized, independent compensation consulting firm. The principal elements of the Company's executive compensation program are an annual salary, an annual cash bonus and stock option grants. As a holding company, the Company has no payroll, and the annual salaries and cash bonuses of its executive officers are paid by a subsidiary of the Company. Base Salary. For 2003, the base salary level, not including the minimum bonuses described below, for each of the Co-Chief Executive Officers of the Company increased to \$150,000 from \$135,000. For 2003, the base salary level of the Company's third executive officer, Mr. Crisp, increased to \$155,000 from \$150,000. Base salary amounts do not include the minimum bonuses described below. Historically, the base salaries of the Company's Co-Chief Executive Officers have remained relatively stable from year to year. Since the Company, as a holding company, has no direct payroll, the base salaries of the Company's executive officers are paid at the subsidiary level and are set at levels deemed reasonable by the Committee based upon its subjective evaluation of the executive officer's level of responsibility. Annual Bonus. Each of the Co-Chief Executive Officers is eligible to receive an annual cash bonus based on the consolidated income before taxes of Guaranty, including a minimum bonus of \$250,000. The Committee believes that the consolidated income before taxes of Guaranty, and the effect thereof on the Company's book value per share, are important determinants over time of the value of the Company's Common

Stock. For 2003, the Committee recommended and the Company adopted the following bonus formula for each of the Co-Chief Executive Officers: INCREMENTAL PERCENT GUARANTY CONSOLIDATED INCOME BEFORE TAXES PAYABLE AS BONUS ----- Up to \$20

million..... 1.00% \$20 million to \$40 million..... 0.75% \$40 million to \$60 million..... 0.50% Over \$60 million..... 0.25%

For 2003, the Committee recommended and the Company adopted the following bonus formula for Mr. Crisp: INCREMENTAL PERCENT GUARANTY CONSOLIDATED INCOME BEFORE TAXES PAYABLE AS BONUS

----- Up to \$50 million..... 0.50% \$50 million to \$75 million..... 0.40% \$75 million to \$100 million..... 0.30% Over \$100 million..... 0.20%

Mr. Crisp's minimum bonus is \$135,000 and his bonus may not exceed 75% of the aggregate base salary and bonus earned by a Chief Executive Officer. The consolidated income before taxes of Guaranty in 2003 was \$203.8 million. Accordingly, each of the Co-Chief Executive Officers received a bonus of \$809,450 for 2003, and Mr. Crisp received a bonus of \$563,588 for 2003. 13 Stock Options. Pursuant to the Company's 1999 Stock Option Plan (the "1999 Plan"), in 2003 the Committee granted options to Malcolm S. Morris, Stewart Morris, Jr. and Max Crisp for 25,000, 25,000 and 16,500 shares, respectively. See "-- Option Grants and Exercises" elsewhere in the Proxy Statement in which this report is included. Such options were taken into account by the Committee in determining the reasonableness of the recipient officer's annual compensation package. The purpose of the 1999 Plan is to make available to the Committee an additional form of compensation that will align the interests of executive officers with those of the stockholders over a multi-year term. Each of the executive officers is eligible for grants of options at a purchase price not less than the fair market value of the shares on the date of grant. The Company's net earnings increased from \$5.30 per diluted share in 2002 to \$6.88 per diluted share in 2003. The Committee recognizes that the title insurance industry is strongly affected by nationally prevailing interest rates, and the Company's financial results from year to year will depend largely on the level of real estate activity in its primary markets. The Committee, as well as the other independent members of the Company's Board of Directors, subjectively evaluates the performance of the Company's executive officers, including the Co-Chief Executive Officers, with respect to their efforts to provide for the long-term financial well-being of the Company and to respond to continuing changes in the industry environment. In 2003, the Committee gave particular consideration to the efforts of the Co-Chief Executive Officers in further developing the Company's automation programs, entering new markets through acquisitions, increasing book value per share and pursuing opportunities in international markets. Members of the Compensation Committee Paul W. Hobby Dr. W. Arthur Porter Gov. John P. LaWare 14 SELECTION OF

INDEPENDENT AUDITORS KPMG LLP has been selected by the Company as its principal independent auditors for the Company's fiscal year ending December 31, 2004, and served in such capacity for the Company's fiscal year ended December 31, 2003. Representatives of KPMG LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so, and such representatives are expected to be available to respond to appropriate questions. AUDIT AND OTHER FEES The following table sets forth the aggregate fees billed for professional services rendered by KPMG LLP for each of the Company's last two fiscal years: YEAR ENDED DECEMBER 31, ----- 2003 2002 ----- Audit Fees(1).....

\$534,300 \$506,000 Audit-Related Fees(2)..... 174,700 111,100 Tax Fees(3)..... 99,813 88,000 All Other Fees(4)..... 1,350 --

----- (1) Fees for the audit of the Company's annual financial statements, review of financial statements included in the Company's Quarterly Reports on Form 10-Q, and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings or engagements for the fiscal years shown. Less than 50 percent of the hours expended on KPMG LLP's engagement to audit the Company's financial statements for 2003 were attributed to work performed by persons other than KPMG LLP's full-time, permanent employees. (2) Fees for assurance and related services by KPMG LLP that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not reported under "Audit Fees". Primarily represents fees for separate statutory audits of minor subsidiaries and affiliates. Also includes fees for consultation on accounting questions. (3) Fees for professional services rendered by KPMG LLP primarily for tax compliance, tax advice and tax planning. (4) Fees not included under other captions. Consists of subscription for on-line accounting references. The Audit Committee must preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor. The Audit Committee may form and delegate authority to

subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting. Since May 6, 2003, the effective date of the Securities and Exchange Commission's rules requiring preapproval of audit and non-audit services, 100% of the services identified in the preceding table were approved by the Audit Committee.

15 REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS The Audit Committee of the Board of Directors of the Company serves as the representative of the Board for the general oversight of the Company's financial accounting and reporting process, system of internal control, audit process, and process for monitoring compliance with laws and regulations and the Company's standards for Corporate Compliance. The Company's management has primary responsibility for preparing the consolidated financial statements and for the Company's financial reporting process. The Company's independent accountants, KPMG LLP, are responsible for expressing an opinion on the conformity of the Company's audited consolidated financial statements to accounting principles generally accepted in the United States of America. In this context, the Audit Committee hereby reports as follows: 1. The Audit Committee has reviewed and discussed the audited financial statements with the Company's management. 2. The Audit Committee has discussed with the independent accountants the matters required to be discussed by SAS No. 61 (Codification of Statements on Auditing Standards, AU sec.380). 3. The Audit Committee has received the written disclosures and letters from the independent accountants required by Independence Standards Board Standard No. 1 (Independent Discussions with Audit Committees) and has discussed with the independent accountants the independent accountants' independence. 4. Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee has approved that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003, for filing with the Securities and Exchange Commission. Each of the members of the Audit Committee is independent as defined under the listing standards of the New York Stock Exchange. The undersigned members of the Audit Committee have submitted this report: Dr. E. Douglas Hodo Lloyd Bentsen, III Paul W. Hobby

Dated: March 12, 2004

16 CERTAIN TRANSACTIONS Stewart Morris is the father of Stewart Morris, Jr. and Carloss Morris is the father of Malcolm S. Morris. Stewart Morris and Carloss Morris are brothers. During the year ended December 31, 2003, Stewart Morris served as a director of Title and Guaranty and as chairman of Title's executive committee, and Carloss Morris served as a director of Title and Guaranty and as chairman of Guaranty's executive committee. Aggregate salaries, bonuses and other compensation for 2003 for Stewart Morris and Carloss Morris were \$471,001 and \$443,440, respectively. During 2003, the Company and its subsidiaries paid a total of \$341,239 to the law firm of Morris, Lendais, Hollrah & Snowden, P.C., of which Carloss Morris and Malcolm S. Morris are shareholders. In connection with real estate transactions processed by Title, such firm receives legal fees from its clients who are also customers of Title, and who select such firm as their counsel. During 2003, Marietta Maxfield, a sister of Malcolm S. Morris, was a full-time attorney for Guaranty and was paid \$120,900 for services rendered in such capacity.

17 OTHER MATTERS Any proposals of holders of Common Stock or Class B Common Stock intended to be presented at the Annual Meeting of Stockholders of the Company to be held in 2005 must be received by the Company at its principal executive offices, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056, no later than November 24, 2004, in order to be included in the proxy statement and form of proxy relating to that meeting. The management of the Company knows of no other matters which may come before the meeting. However, if any matters other than those referred to above should properly come before the meeting, it is the intention of the persons named in the enclosed proxy to vote such proxy in accordance with their best judgment. Proxies for the Company's annual meeting of stockholders to be held in 2005 may confer discretionary power to vote on any matter that may come before the meeting unless, with respect to a particular matter, (i) the Company receives notice, by certified mail, return receipt requested, addressed to the Company's Secretary, not later than the 15th day of February next preceding the meeting, that the matter will be presented at the annual meeting and (ii) the Company fails to include in its proxy statement for the annual meeting advice on the nature of the matter and how the Company intends to exercise its discretion to vote on the matter. The cost of solicitation of proxies in the accompanying form will be paid by the Company. The Company has retained Innisfree M&A Incorporated, a proxy solicitation firm, to assist it in soliciting proxies for the proposals described in this proxy statement. The Company has agreed to pay Innisfree a fee for such services, which is not expected to exceed \$6,500 plus expenses. In addition to solicitation by use of the mails, certain officers or employees of the Company, and of Innisfree, may solicit the return of proxies by telephone, telegram or personal interview. By Order of the Board of

Directors, MAX CRISP Secretary March 29, 2004 18 ANNEX A STEWART INFORMATION SERVICES CORPORATION CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS I. PURPOSE The Audit Committee is appointed by the Board to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, and (4) the compliance by the Company with legal and regulatory requirements. The Audit Committee shall prepare any reports of the Audit Committee required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the Company's annual proxy statement. II. COMMITTEE MEMBERSHIP The Audit Committee shall consist of no fewer than three members. The members of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Commission. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the Commission. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies. The members of the Audit Committee shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee. Audit Committee members may be replaced by the Board. III. MEETINGS The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES The Audit Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee. The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting. A-1 The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee. The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee's own performance. The Audit Committee, to the extent it deems necessary or appropriate, shall: FINANCIAL STATEMENT AND DISCLOSURE MATTERS 1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K. 2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements. 3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies. 4. Review and discuss quarterly reports from the independent auditors on: (a) All critical accounting policies and practices to be used. (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor. (c) Other material written communications between the independent auditor and

management, such as any management letter or schedule of unadjusted differences. 5. Discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made). 6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements. 7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. 8. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management and management's response. 9. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls. A-2 OVERSIGHT OF THE COMPANY'S RELATIONSHIP WITH THE INDEPENDENT AUDITOR 10. Review and evaluate the lead partner of the independent auditor team. 11. Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (C) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board. 12. Ensure the rotation of the audit partners as required by law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis. 13. Set clear policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company. 14. Discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency. 15. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit. OVERSIGHT OF THE COMPANY'S INTERNAL AUDIT FUNCTION 16. Review the appointment and replacement of the senior internal auditing executive. 17. Review the significant reports to management prepared by the internal auditing department and management's responses. 18. Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit. COMPLIANCE OVERSIGHT RESPONSIBILITIES 19. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated. 20. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Standards and Procedures of Business Conduct and Ethics and Code of Ethics for Chief Executive Officers, Principal Financial Officer and Principal Accounting Officer. Review reports and disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Standards and Procedures of Business Conduct and Ethics and Code of Ethics for Chief Executive Officers, Principal Financial Officer and Principal Accounting Officer. 21. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. 22. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies. A-3 23. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies or engage independent counsel and other advisers, as it determines necessary to carry out its duties. V. LIMITATION OF AUDIT COMMITTEE'S ROLE While the Audit Committee has the

responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor. A-4 Please Mark Here [] for Address Change or Comments on reverse side The Board of Directors recommends a vote FOR: 1. Election of Directors - For all nominees WITHHOLD Nominees: 01 Lloyd Bentsen, III listed at right AUTHORITY 02 Nita B. Hanks, (except as to vote for 03 Dr. E. Douglas Hodo, marked to the all nominees 04 Dr. W. Arthur Porter, contrary) listed at right 05 Gov. John P. LaWare [] [] (INSTRUCTION: To withhold authority to vote for any nominee, write that nominee's name on the line below.) -----

The undersigned acknowledges receipt of the Notice of Annual Meeting of Stockholders and of the Proxy Statement. ___ | Dated: , 2004 |

----- | ----- Signature(s) ----- Signature(s) please sign exactly as your name appear. Joint owners should each sign personally. Where applicable, indicate your official position or representation capacity. ----- o

FOLD AND DETACH HERE o VOTE BY INTERNET OR TELEPHONE OR MAIL 24 HOURS A DAY, 7 DAYS A WEEK INTERNET AND TELEPHONE VOTING IS AVAILABLE THROUGH 11:59 PM EASTERN TIME THE DAY PRIOR TO ANNUAL MEETING DAY. YOUR INTERNET OR TELEPHONE VOTE AUTHORIZES THE NAMED PROXIES TO VOTE YOUR SHARES IN THE SAME MANNER IF YOU MARKED, SIGNED AND RETURNED YOUR PROXY CARD. ----- |

Internet || Telephone || Mail || http://www.eproxy.com/stc || 1-800-435-6710 || Mark, sign and || Use the Internet to vote || Use any touch-tone || date your proxy || your proxy. Have your | OR | telephone to vote your | OR | card and return it || proxy card in hand || proxy. Have your proxy || in the enclosed || when you access the || card in hand when you || post-paid envelope || web site. || call. || | -----

----- IF YOU VOTE YOUR PROXY BY INTERNET OR BY TELEPHONE, YOU DO NOT NEED TO MAIL BACK YOUR PROXY CARD. PROXY PROXY STEWART INFORMATION SERVICES CORPORATION THIS PROXY FOR HOLDERS OF COMMON STOCK IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING OF STOCKHOLDERS -- APRIL 30, 2004 The undersigned appoints Ken Anderson, Jr. and Michael B. Skalka, and each of them, as proxies with full power of substitution and revocation, to vote, as designated on the reverse side hereof, all the Common Stock of Stewart Information Services Corporation which the undersigned has power to vote, with all powers which the undersigned would possess if personally present, at the annual meeting of stockholders thereof to be held on April 30, 2004, or at any adjournment thereof. Unless otherwise marked, this proxy will be voted FOR the election of the nominees named. PLEASE VOTE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE. ----- Address Change/Comments (Mark the corresponding box on the reverse side.) -----

----- (Continued and to be signed on reverse side.) *

FOLD AND DETACH HERE *