STEWART INFORMATION SERVICES CORP
Form DEF 14A
April 23, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

Stewart Information Services Corporation

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)
Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

(3)
Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)
Proposed maximum aggregate value of transaction:

(5)
Total fee paid:

Fee paid previously with preliminary materials.

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

(1)
Amount Previously Paid:

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

(3)
Filing Party:

(4)
Date Filed:

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STEWART INFORMATION SERVICES CORPORATION
1980 Post Oak Boulevard, Suite 800
Houston, Texas 77056

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 22, 2018

Notice is hereby given that Stewart Information Services Corporation, a Delaware corporation, will hold its 2018 Annual Meeting on May 22, 2018, at 8:30 a.m., CDT, in the First Floor Conference Room of Three Post Oak Central, 1990 Post Oak Boulevard, Houston, Texas 77056, for the following purposes:

(1) To elect Stewart Information Services Corporation's directors;

(2) To approve an advisory resolution regarding the compensation of Stewart Information Services Corporation's named executive officers;

(3) To ratify the appointment of KPMG LLP as Stewart Information Services Corporation's independent auditors for 2018;

(4) To approve the Stewart Information Services Corporation 2018 Incentive Plan; and,

(5) To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE:

- FOR the nine nominees for director,
- FOR the approval of the advisory resolution regarding the compensation of Stewart Information Services Corporation's named executive officers,
- FOR the ratification of KPMG LLP as Stewart Information Services Corporation's independent auditors for 2018, and
- FOR the approval of the Stewart Information Services Corporation 2018 Incentive Plan.

The holders of record of Stewart's Common Stock at the close of business on April 4, 2018 will be entitled to vote at the 2018 Annual Meeting.

By Order of the Board of Directors,

David Hisey
Secretary

April 23, 2018

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS' MEETING TO BE HELD MAY 22, 2018

Our proxy statement for the 2018 Annual Meeting and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available at www.stewart.com/2018-annual-meeting.

IMPORTANT

You are cordially invited to attend the 2018 Annual Meeting in person. Even if you plan to be present, you are urged to sign, date and mail the enclosed proxy promptly. If you attend the 2018 Annual Meeting you can vote either in person or by your proxy.

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STEWART INFORMATION SERVICES CORPORATION
1980 Post Oak Boulevard, Suite 800
Houston, Texas 77056
(713) 625-8100

PROXY STATEMENT FOR THE ANNUAL
MEETING OF STOCKHOLDERS
To Be Held May 22, 2018

Except as otherwise specifically noted, the ‘‘Company,’’ ‘‘SISCO,’’ ‘‘Stewart,’’ ‘‘we,’’ ‘‘our,’’ ‘‘us,’’ and similar words in thi statement refer to Stewart Information Services Corporation.

Stewart Information Services Corporation is furnishing this proxy statement to our stockholders in connection with the solicitation by our board of directors (the ‘‘Board’’ or the ‘‘Board of Directors’’) of proxies for the annual meeting of stockholders we are holding Tuesday, May 22, 2018, at 8:30 a.m., CDT, in the First Floor Conference Room of Three Post Oak Central, 1990 Post Oak Boulevard, Houston, Texas, 77056 (the ‘‘2018 Annual Meeting’’), or for any adjournment(s) of that meeting. For directions to the 2018 Annual Meeting, please contact Nat Otis in Investor Relations at (713) 625-8360.

Proxies in the form enclosed, properly executed by stockholders and received in time for the 2018 Annual Meeting, will be voted as specified therein. Unless you specify otherwise, the shares represented by your proxy will be voted (i) for the Board of Directors’ nominees listed therein, (ii) for the approval of the advisory resolution regarding the compensation of Stewart Information Services Corporation’s named executive officers, (iii) for the ratification of KPMG LLP as Stewart Information Services Corporation’s independent auditors for 2018, and (iv) for the approval of the Stewart Information Services Corporation 2018 Incentive Plan. If after sending in your proxy you wish to vote in person or change your proxy instructions, you may, before your proxy is voted, deliver (i) a written notice revoking your proxy or (ii) a timely, later-dated proxy. Such notice or later-dated proxy shall be delivered either (i) in care of our Secretary, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056, or (ii) in person at the 2018 Annual Meeting. Please note that stockholders who hold their shares in our 401(k) plan must provide their voting instructions no later than 11:59 a.m., EDT, two days prior to the 2018 Annual Meeting.

We are mailing this proxy statement on or about April 23, 2018, to stockholders of record at the close of business on April 4, 2018.

At the close of business on April 4, 2018, 23,879,417 shares of our Common Stock were outstanding and entitled to vote, and only the holders of record on such date may vote at the 2018 Annual Meeting. A quorum will exist if a majority of the holders of Common Stock issued and outstanding and entitled to vote, are present in person or represented by proxy. We will count the shares held by each stockholder who is present in person or represented by proxy at the meeting to determine the presence of a quorum at the meeting.

Each holder of our Common Stock will be entitled to cast one vote per share for or against each of the director nominees.

Unless there are director nominees other than those nominated by the Board of Directors, a director nominee will be elected as a director if the votes cast for his or her election exceed votes cast against his or her election. In this case, any director nominee who does not receive a majority of votes cast ‘‘for’’ his or her election would be required to tender his or her resignation following the failure to receive the required vote. Pursuant to the Company’s By-Laws, if the Secretary of the Company determines that the number of director nominees exceeds the number of directors to be elected as of the date seven days prior to the scheduled mailing date of the proxy statement, a plurality voting standard will apply and a director nominee receiving a plurality of votes cast will be elected as a director. For the purpose of electing directors, broker non-votes and abstentions are not treated as a vote cast affirmatively or negatively, and therefore will not affect the outcome of the election of directors. Both abstentions and broker non-votes are counted for purposes of determining the presence of a quorum.

Our stockholders will vote on the approval of the advisory resolution regarding the compensation of our named executive officers. Approval of this proposal requires the affirmative vote of the majority of the shares voted at the 2018 Annual Meeting. Brokers do not have discretionary authority to vote

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shares on this proposal without direction from the beneficial owner. Broker non-votes will not be counted. Abstentions, which will be counted as shares present for purposes of determining a quorum, will not be considered in determining the results of the voting for this proposal. Your shares will be voted as you specify on your proxy. If your properly executed proxy does not specify how you want your shares voted, the shares represented by your proxy will be voted ‘‘FOR’’ the approval of this proposal.

Our stockholders will vote on the ratification of the appointment of KPMG LLP as our independent auditors for 2018. The ratification of this proposal requires the affirmative vote of the majority of the shares voted at the 2018 Annual Meeting. Under New York Stock Exchange (‘‘NYSE’’) rules, the approval of our independent auditors is considered a routine matter, which means that brokerage firms may vote in their discretion on this proposal if the beneficial owners do not provide the brokerage firms with voting instructions. Abstentions, which will be counted as shares present for purposes of determining a quorum, will not be considered in determining the results of the voting for this proposal. Your shares will be voted as you specify on your proxy. If your properly executed proxy does not specify how you want your shares voted, the shares represented by your proxy will be voted ‘‘FOR’’ the approval of this proposal.

Our stockholders will vote with respect to the approval of the Stewart Information Services Corporation 2018 Incentive Plan. Approval of this proposal requires the affirmative vote of the majority of the votes cast on the proposal, provided that the total votes cast on the proposal represent a majority of the shares entitled to vote on the proposal. An abstention will have the same effect as a vote “against” such proposal. Brokers do not have discretionary authority to vote shares on the proposal without direction from the beneficial owner. Broker non-votes will not be counted and could impair our ability to satisfy the requirement that the total votes cast on the proposal represent a majority of the shares entitled to vote on the proposal. Your shares will be voted as you specify on your proxy. If your properly executed proxy does not specify how you want your shares voted, we will vote them “FOR” the approval of this proposal.

Whether or not you plan to attend the 2018 Annual Meeting, and whatever the number of shares you own, please complete, sign, date and promptly return the enclosed proxy card. Please use the accompanying envelope, which requires no postage if mailed in the United States. You may also vote your shares by telephone or internet by following the instructions on the enclosed proxy card. Please note, however, that if you wish to vote in person at the 2018 Annual Meeting and your shares are held of record by a broker, bank or other nominee, you must obtain a ‘‘legal’’ proxy issued in your name from that record holder.

On March 18, 2018, Stewart entered into a definitive merger agreement with Fidelity National Financial, Inc. (“FNF”), A Holdco Corp. (“Merger Sub I”) and S Holdco LLC (“Merger Sub II”) pursuant to which Merger Sub I will merge with and into Stewart, and Stewart will subsequently merge with and into Merger Sub II, with Merger Sub II surviving the mergers as a direct wholly-owned subsidiary of FNF (the “FNF Merger”). The FNF Merger will be voted on by our stockholders at a separate special stockholder meeting to be held on a future date which has not been determined at this time.

Revocation of Proxies

You may revoke your proxy at any time prior to its exercise at the 2018 Annual Meeting and change your vote by signing and dating a new proxy card with a later date and returning it in the postage-paid envelope provided or by voting via the Internet or by telephone by following the instructions on the enclosed proxy card. You may also deliver a written notice revoking your proxy (i) in care of our Secretary, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056 or (ii) in person at the 2018 Annual Meeting.

Cost of Solicitation

We will bear the cost of the solicitation of our proxies. In addition to mail and e-mail, proxies may be solicited personally, via the Internet or by telephone or facsimile, or by a few of our regular employees and officers without additional compensation and by certain officers or employees of Innisfree M&A Incorporated (‘‘Innisfree’’). We have hired Innisfree, 501 Madison Avenue, 20th Floor, New York, NY 10022 to assist us in the solicitation of proxies for a fee of $8,000.00 plus out-of-pocket expenses.

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Questions

If you have any questions or need assistance in voting your shares, please call Innisfree, the firm assisting us in the solicitation, at 888-750-5834.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of April 4, 2018 with respect to persons we believe to be the beneficial owners of more than 5% of our voting shares:

Name	Title of Class	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc 55 East 52nd Street New York, New York 10055	Common Stock	2,920,560(1)	12.23
Dimensional Fund Advisors LP. Palisades West, Building One 6300 Bee Cave Road Austin, Texas 78746	Common Stock	1,908,972(2)	7.99
Magnetar Financial LLC and affiliates 1603 Orrington Ave. Evanston, Illinois 60201	Common Stock	1,321,345(3)	5.53
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	Common Stock	1,264,454(4)	5.30

(1)
BlackRock, Inc. reported sole voting power with respect to 2,871,335 of such shares and sole dispositive power with respect to 2,920,560 shares in its report on Schedule 13G filed January 19, 2018.

(2)
Dimensional Fund Advisors LP reported sole voting power with respect to 1,908,972 of such shares and sole dispositive power with respect to 1,999,295 shares in its report on Schedule 13G filed February 9, 2018. Dimensional Fund Advisors LP is an investment adviser registered under Section 203 of the Investment Advisors Act of 1940 and disclaims beneficial ownership of all securities reported in such Schedule 13G.

(3)
Magnetar Financial LLC, Magnetar Capital Partners LP, Supernova Management LLC and Alec N. Litowitz and certain of its affiliates reported shared voting power and shared dispositive power with respect to all of such shares on its Schedule 13D filed April 9, 2018. In addition, the Schedule 13D discloses that Magnetar Financial LLC is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and the identification and classification of the affiliated investment funds and the subsidiaries which acquired the shares being reported on therein are set forth therein.

(4)
The Vanguard Group reported sole voting power with respect to 24,679 of such shares, sole dispositive power with respect to 1,237,400 and shared dispositive power with respect to 27,054 shares in its report on Schedule 13G filed February 9, 2018.

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The following table sets forth information as of April 4, 2018 with respect to each class of our capital stock beneficially owned by our named executive officers, directors and nominees for director, and by all our executive officers, directors and nominees for director as a group:

Name	Title of Class	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Matthew W. Morris	Common Stock	325,164(2)	*
David C. Hisey	Common Stock	19,400(3)	*
John L. Killea	Common Stock	11,570(4)	*
David A. Fauth	Common Stock	10,397(5)	*
Patrick H. Beall	Common Stock	6,883(6)	*
Arnaud Ajdler	Common Stock	6,576	*
Thomas G. Apel	Common Stock	29,778	*
C. Allen Bradley, Jr.	Common Stock	1,700	*
James Chadwick	Common Stock	33,598(7)	*
Frederick H. Eppinger	Common Stock	2,669	*
Glenn C. Christenson	Common Stock	44,576(8)	*
Robert L. Clarke	Common Stock	50,712	*
Clifford Press	Common Stock	2,929	*
All executive officers, directors and nominees for director as a group (12 persons)	Common Stock	545,952	2.29

The mailing address of each director and executive officer shown in the table above is in care of Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056.

*
Less than 1%.

(1)
Unless otherwise indicated, the beneficial owner has sole voting and dispositive power with respect to all shares indicated.

(2)

Includes 9,352 shares of restricted stock. The amount shown does not include 52,876 shares underlying performance based awards and 27,693 unvested restricted stock units as set out in the Outstanding Equity Awards table on page 41.

(3)
All shares of stock are restricted. The amount shown does not include 5,542 shares underlying performance based awards and 20,769 unvested restricted stock units as set out in the Outstanding Equity Awards table on page 41.

(4)
Includes 2,628 shares of restricted stock. The amount shown does not include 10,726 shares underlying performance based awards and 30,052 unvested restricted stock units as set out in the Outstanding Equity Awards table on page 41.

(5)
Includes 2,019 shares of restricted stock. The amount shown does not include 7,930 shares underlying performance based awards and 6,351 unvested restricted stock units as set out in the Outstanding Equity Awards table on page 41.

(6)
Includes 1,733 shares of restricted stock. The amount shown does not include 6,804 shares underlying performance based awards and 5,451 unvested restricted stock units as set out in the Outstanding Equity Awards table on page 41.

(7)
Mr. Chadwick is a portfolio manager of Merlin Partners LP and Ancora Catalyst Fund, LP, which own 40,000 and 45,000 shares, respectively, of the Company’s Common Stock. Mr. Chadwick disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(8)
Mr. Christenson indirectly owns the reported shares through the Christenson Family Trust.

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Section 16(a) Beneficial Ownership Reporting Compliance

Each of our directors and certain officers are required to report to the U.S. Securities and Exchange Commission (the ‘‘SEC’’), by a specified date, his or her transactions related to our Common Stock. Based solely on a review of the copies of reports furnished to us or written representations that no other reports were required, we believe that all filing requirements applicable to our executive officers, directors and greater-than 10% beneficial owners were met during 2017, except as follows: Mr. Morris failed to timely file one report covering one transaction related to his 401(k) holdings.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

At our 2018 Annual Meeting, our stockholders will elect nine directors, constituting the entire Board of Directors. The Chairman of the Board is elected by the Board following the annual meeting of stockholders.

Director Nominees

The following persons have been nominated by the Board of Directors for election as directors by our Stockholders. The persons named in your proxy intend to vote the proxy for the election of each of these nominees, unless you specify otherwise. Although we do not believe that any of these nominees will become unavailable, if one or more should become unavailable before the 2018 Annual Meeting, your proxy will be voted for another nominee, or other nominees, selected by our Board of Directors.

Nominee, Age and Position with Stewart	Director Since
Thomas G. Apel, 57, Director and Chairman	2009
Arnaud Ajdler, 43, Director	2014
Glenn C. Christenson, 68, Director	2014
James Chadwick, 44, Director	2015
Robert L. Clarke, 75, Director	2004
Matthew W. Morris, 46, Director and Chief Executive Officer	2016
Clifford Press, 64, Director	2016
C. Allen Bradley, Jr., 66, Director	2016
Frederick H. Eppinger, Jr., 59, Director	2016

Each of the nine nominees was elected as a director at our 2017 annual meeting of stockholders.

Mr. Arnaud Ajdler has served as the managing partner of Engine Capital L.P., a value-oriented investment firm focused on companies going through changes, since February 2013. Mr. Ajdler has served as a director of Destination Maternity Corporation (NASDAQ: DEST), the world’s largest designer and retailer of maternity apparel, since March 2008, and as Non-Executive Chairman of its board of directors since February 2011. He has also served as a board member of Startek, Inc. since May 2015. He was previously a partner at Crescendo Partners, a value-oriented activist investment firm, from 2005 to 2013. Mr. Ajdler is also an adjunct professor of Value Investing at the Columbia Business School. Previously, Mr. Ajdler served as a director of Charming Shoppes, Inc. from 2008 until June 2012; O’Charley’s Inc. from March 2012 until April 2012; The Topps Company from August 2006 until October 2007; and Imvescor from July 2013 to March 2016.

Mr. Ajdler received a Bachelor of Science in mechanical engineering from the Free University of Brussels, Belgium, a Master of Science in Aeronautics from the Massachusetts Institute of Technology (MIT) and a Master of Business Administration from Harvard Business School.

Qualifications: Mr. Ajdler’s significant experience in value-oriented investing offers focused knowledge of businesses and their fundamentals, providing insight on elements that will strengthen the intrinsic value of the Company’s stock. His participation on boards in the retail, restaurant, and consumer-goods industries provides further expertise in management and consumer-facing activities.

Mr. Thomas G. Apel is the Chairman of the Board of Directors. He is Chief Executive Officer of VLN, Inc., a non-conforming mortgage lending operation in Edmond, Oklahoma. He is also a research affiliate with the Massachusetts Institute of Technology (MIT), currently focused on business model taxonomy and IT portfolio strategies. From 2006 until January 1, 2013, Mr. Apel was President of Intrepid Ideas Inc., a product development, technology evaluation, and business strategy-consulting firm for financial services and real estate finance companies. Additionally, from 2006 to September 2009, Mr. Apel served as Chairman of Adfitech, Inc., which filed for bankruptcy along with its parent company Thornburg Mortgage, Inc. in May 2009, and emerged from bankruptcy in 2010.

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Prior to 2006, he served as President and Chief Executive Officer of Centex Title and Ancillary Services, and was responsible for management, strategy development and implementation of a highly profitable business unit containing national title, escrow, title insurance and property and casualty insurance operations. His background also includes extensive experience in mortgage lending and related real estate lending operations.

Qualifications: Mr. Apel has significant knowledge and experience in the mortgage, title, insurance and technology industries, as well as in corporate management, strategy, finance and start-up businesses. His familiarity with mortgage and other real estate lending provides a useful perspective on one of the Company's essential customer segments.

Mr. C. Allen Bradley, Jr. served as executive chairman of Amerisafe, Inc. from 2005 to 2016. He served at Amerisafe as Chief Executive Officer from 2003 to 2015, president from 2002 to 2008, and Executive Vice President from 2000 to 2002. Mr. Bradley was Amerisafe's Executive Vice President and General Counsel from 1996 to 2000. As Executive Vice President-Operations from 1994 to 1996, he managed operations for Mor-Tem Systems, Inc.

Mr. Bradley practiced law in Louisiana from 1984 to 1992 and was elected to the Louisiana House of Representatives, where he served as a state representative from 1984 to 1992. He also served on the board of the National Council on Compensation Insurance, Inc. from 2012 to 2016, and is a past board member of Amerisafe, Inc. He earned his Bachelor of Arts at Southeastern Louisiana University. He was awarded his Juris Doctor degree from Louisiana State University.

Qualifications: Having served for over 24 years in corporate leadership positions, Mr. Bradley has extensive financial, legal, and operational expertise. Given his comprehensive knowledge of the insurance industry and appreciation of the title space, his contributions and insights bring substantial value to the Company.

Mr. James Chadwick began working with Ancora Advisors LLC in 2014. His primary responsibilities are portfolio management and research for the firm's Alternative Investments. Prior to joining Ancora Advisors LLC, Mr. Chadwick was the Managing Director of the private equity firm Harlingwood Equity Partners, LLC from 2009 through 2013. He previously founded and managed two special situations-focused hedge funds, PCI Partners LLC and Monarch Activist Partners LP. He began his investment career in 1999 working for the pioneering engagement investment fund Relational Investors LLC. At Relational Investors LLC, Mr. Chadwick participated in the fund's investments in, among others, Aetna, Inc., Prudential, National Semiconductor, Mattel, Dial, and Sovereign Bancorp. Mr. Chadwick received a Bachelor of Arts with honors from the University of California, Los Angeles.

Qualifications: Mr. Chadwick's over 18 years of investment experience with a focus on micro and small cap companies will enable him to provide valued expertise to the Company. The Company benefits not only from his experience in investment activities, which include operating companies, banks and closed-end funds in a wide array of industries, but also from his experience serving as a director of six public companies.

Mr. Glenn C. Christenson has been Managing Director of Velstand Investments, LLC, a private investment management company, since 2004. Between 1989 and 2007, Mr. Christenson held various positions, including Director, Chief Financial Officer, Chief Administrative Officer, and Executive Vice President as well as other management roles at Station Casinos, Inc. (now Red Rock Resorts, Inc.), a gaming entertainment company. Prior to that, Mr. Christenson was a partner of Deloitte Haskins & Sells (now Deloitte & Touche LLP) from 1983 until 1989, with duties including partner-in-charge of Audit Services for the Nevada Practice and National Audit Partner for the Hospitality Industry.

He served as a director of NV Energy from 2007 until 2013, where he served as Chairman of the Audit Committee and as a member of the Compensation and other committees. Mr. Christenson was a director of First American Financial Corporation from 2008 until 2011, where he served as Chairman of the Audit Committee. He served as director of Tropicana Entertainment, Inc. during 2010. Mr. Christenson is a Certified Public Accountant (''CPA'') and holds an undergraduate degree in Business Administration from Wittenberg University and Master of Business Administration in Finance from The Ohio State University.

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Qualifications: Mr. Christenson's distinguished career as a CPA and range of roles in financial management provide in-depth understanding of practices and procedures regarding the Company's financial and risk management interests. His significant experience and honors in the gaming, hospitality, and energy industries offer a unique business perspective to advancing the Company.

Mr. Robert L. Clarke serves as Chair of the Audit Committee. He is Of Counsel to Bracewell LLP, where he founded the law firm's national and international financial services practice. Mr. Clarke was appointed as U.S. Comptroller of the Currency by President Ronald Reagan in 1985, and served until 1992 under Presidents Reagan and George H. W. Bush. He has extensive experience in bank ownership and operations, and expert knowledge of banking laws, regulations, and supervision, both in the U.S. and internationally.

Mr. Clarke has served as a consultant to the World Bank, and senior advisor to the President of the National Bank of Poland and Director of the Dubai Financial Services Authority. He also serves as an Advisory Director of Mutual of Omaha Bank. Mr. Clarke has previously served as a director and member of the Audit and Nominating and Corporate Governance Committees of the board of directors of Eagle Materials Inc., a NYSE-listed manufacturer of building materials (1994 – 2016), and as Chair of the Risk Committee and member of the Audit Committee of Mutual of Omaha Insurance Company (2006 – 2016). Mr. Clarke is a Trustee Emeritus of Rice University from which he received its Distinguished Alumnus and Gold Medal awards, and continues to serve as a member of its Audit and Public Affairs Committees. Additionally, Mr. Clarke is a Trustee of the Santa Fe Chamber Music Festival and its supporting Foundation, an Advisory Trustee of the Museum of New Mexico Foundation, and a Trustee of the Financial Services Volunteer Corps. He received a Bachelor of Arts in economics from Rice University, and an LL.B. from Harvard Law School.

Qualifications: Mr. Clarke is a veteran attorney and banking professional with extensive experience in legal, regulatory, and corporate governance matters. His tenure in the U.S. government, along with his in-depth knowledge of banking and finance, provide valued expertise to the Company.

Mr. Frederick H. Eppinger served as President, Chief Executive Officer, and Executive Director for The Hanover Insurance Group from 2003 until his retirement in 2016. Mr. Eppinger was Executive Vice President of Property & Casualty Field and Service Operations for The Hartford Financial Services Group, Inc. from 2001 to 2003. From 2000 to 2001, he served as Executive Vice President of industry services, marketing, and service operations of ChannelPoint, Inc. He also served as a senior partner in the financial institutions group at McKinsey & Company.

Mr. Eppinger served on the board of directors for Hanover Insurance Group from 2003 to 2016. He currently sits on the board of Centene Corporation, a Fortune 500 healthcare company that provides services to government healthcare programs, commercial organizations and other healthcare providers. Mr. Eppinger earned his Bachelor of Arts from the College of the Holy Cross and a Master of Business Administration from Dartmouth.

Qualifications: Mr. Eppinger has more than 30 years of experience in the insurance industry. As CEO of Hanover Insurance, Mr. Eppinger led the company's growth from its regional status to a global property/casualty carrier. During his tenure, the company grew its total capital, book value, and earnings power and more than doubled in size.

Mr. Matthew W. Morris was elected Chief Executive Officer ("CEO") of the Company in November of 2011. Having served for the prior five years as Senior Executive Vice President of the Company, Stewart Title Company, and Stewart Title Guaranty Company, in addition to serving as President of the Shared Services Division, Mr. Morris has an intimate knowledge of the Company and the industry. He provides strategic leadership for the future of the Company, focusing on the people strategy, operational alignment, smart growth and maximizing stockholder value. In 2004, Mr. Morris joined the Company's executive management team as Senior Vice President, Planning & Development. Additionally, Mr. Morris has served as a director for Cornerstone Strategic Value Fund, Inc., and Cornerstone Total Return Fund, Inc. since November 10, 2017, and is a member of the Audit Committee and Nominating and Corporate Governance Committee for both companies. Previously, he was the Director of a strategic litigation-consulting firm, offering trial and settlement sciences and crisis management.

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Mr. Morris received a Bachelor of Business Administration in organizational behavior and business policy from Southern Methodist University, and a Master in Business Administration with a concentration in finance from The University of Texas.

Qualifications: As a member of the Company's founding family, with more than 13 years of management tenure, Mr. Morris has intimate knowledge of the Company's associates, operations, legal and regulatory matters and history. The Company benefits from his business experience, his highly respected leadership and his extensive knowledge of the title industry.

Mr. Clifford Press has been a Managing Member at Oliver Press Partners, LLC, since 2005. He currently serves as a director of Drive Shack, Inc and Quantum Corporation. Mr. Press has recently served as a director of GM Network, Ltd., a private holding company providing internet-based digital currency services and SeaBright Holdings, Inc., a specialty underwriter of multi-jurisdictional workers' compensation insurance. He co-founded Hyde Park Holdings, Inc., a private investment firm where he served as general partner from 1986 to 2003 and which engaged principally in the ownership and operation of a broad range of industrial manufacturing companies. Mr. Press received his undergraduate degree from Oxford University and earned a Master of Business Administration from Harvard Business School.

Qualifications: Mr. Press has extensive investment banking and transaction-oriented experience in executing investment strategies. He has more than 25 years of experience investing in a broad range of public and private companies and is an experienced governance-oriented investor.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NINE NOMINEES FOR DIRECTOR.

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CORPORATE GOVERNANCE

Board of Directors

We are managed by a Board of Directors comprised of nine members, and the majority of the members of the Board of Directors are ''independent'' within the meaning of the listing standards of the NYSE. Assuming the election of the 2018 director slate set described above, these independent directors are: Thomas G. Apel, Glenn C. Christenson, Arnaud Ajdler, Robert L. Clarke, James Chadwick, Clifford Press, C. Allen Bradley, Jr. and Frederick H. Eppinger. The Board of Directors has determined that none of these directors has any material relationship with us or our management that would impair the independence of their judgment in carrying out their responsibilities to us. In making this determination, the Board of Directors considers any transaction, or series of similar transactions, or any currently proposed transaction, or series of similar transactions, between us or any of our subsidiaries and a director to be material if the amount involved exceeds $120,000, exclusive of directors' fees, in any of our last three fiscal years. The roles of Chairman of the Board of Directors and CEO are separate and each role is held by a different individual. The Chairman of the Board of Directors is elected by the Board following the annual meeting of stockholders. As discussed below, the Chairman presides over the regular and any special meetings of our non-management directors. Our non-management directors meet prior to each regularly scheduled Board meeting.

All of our directors shall be elected at the 2018 Annual Meeting and hold office until the next annual election of directors or until his or her successor shall be chosen and shall be qualified, or until his or her death or the effective date of his or her resignation or removal for cause. Currently, the act of a majority of a quorum of the directors shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Certificate of Incorporation, or the By-Laws.

The Company has a majority voting standard such that votes cast for any director must exceed the votes cast against such director in an uncontested election. The Company also requires a director who fails to receive a majority vote in an uncontested election to tender his or her resignation. Under the Company's By-Laws, in a contested election (i.e., where the Secretary of the Company determines that the number of nominees exceeds the number of directors to be elected as of the date seven days prior to the scheduled mailing date of the proxy statement for such annual meeting of stockholders), the plurality voting standard would apply and a director nominee receiving a plurality of votes cast will be elected as a director. During 2017, the Board of Directors held 4 regular meetings, 16 special meetings, one retreat, and executed 10 consents in lieu of meetings. All directors attended all of such meetings, except that two directors each missed one meeting. For 2018, the Board of Directors will have an Audit Committee, a Nominating and Corporate Governance Committee, a Compensation Committee, a Strategic Alternatives Committee and a Transaction Committee. See ''Committees of the Board of Directors'' below.

The Board has adopted the Stewart Code of Business Conduct and Ethics, Guidelines on Corporate Governance and Code of Ethics for Chief Executive Officers, Principal Financial Officers, and Principal Accounting Officer, each of which is available on our website at http://stewart.com/ corporate-governance and in print to any stockholder who requests it. We intend to disclose any amendment to or waiver under our Code of Ethics for Chief Executive Officers, Principal Financial Officers, and Principal Accounting Officer by posting such information on our website. Our Guidelines on Corporate Governance and the charters of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee are available on our website at http:// stewart.com/corporate-governance and in print to any stockholder who requests them. Our Guidelines on Corporate Governance strongly encourage attendance in person by our directors at our annual meetings of stockholders. All of our then elected directors attended our 2017 annual meeting of stockholders.

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Director Qualifications

Each of our directors is an individual of high character and integrity, with an inquiring mind, and works well with others. Each director nominee brings a unique background and set of skills to the Board, giving the Board of Directors, as a whole, competence and experience in a wide variety of areas, including insurance, real estate, technology, strategic planning, corporate governance, executive management, accounting, finance, government and international business. For information regarding the qualifications, backgrounds, and experience of our director nominees, please see each nominee's biographical information set forth in ''Proposal 1'' above.

Risk Oversight

The Board of Directors has ultimate responsibility for protecting stockholder value. Among other things, the Board of Directors is responsible for understanding the risks to which we are exposed, approving management's strategy to manage these risks, and monitoring and measuring management's performance in implementing the strategy. The Board of Directors works with its committees and management to effectively implement its risk oversight role.

The Audit Committee, with the assistance of management, oversees the risks associated with the integrity of our financial statements, our compliance with legal and regulatory requirements, our liquidity requirements, cybersecurity protections and procedures, and other exposures to financial risk, and the Company's enterprise risk management program. The Audit Committee reviews with management, independent accountants, and internal auditors (which internal audit function has been outsourced to Deloitte & Touche LLP) the accounting policies, the systems of internal controls and the quality and appropriateness of disclosure and content in the financial statements or other external financial communications. The Audit Committee, with the assistance of our legal and human resources departments, also performs oversight of our various conduct and ethics programs and policies, including the Stewart Code of Business Conduct and Ethics, reviews these programs and policies to assure compliance with applicable laws and regulations, and monitors the results of our compliance efforts. To the extent the Audit Committee identifies any material risks or related issues, the risks or issues are addressed with the full Board of Directors.

The Nominating and Corporate Governance Committee, with the assistance of management, oversees risks associated with administering our Guidelines on Corporate Governance and is responsible for reviewing and making recommendations for selection of nominees for election as directors by the Common Stockholders. To the extent the Nominating and Corporate Governance Committee identifies any material risks or related issues, the risks or issues are addressed with the full Board of Directors.

The Compensation Committee, with the assistance of management, oversees risks associated with our compensation programs and policies. To the extent the Compensation Committee identifies any material risks or related issues, the risks or issues are addressed with the full Board of Directors.

Committees of the Board of Directors

For 2018, the Board of Directors will have the following committees (the ''Committees''): an Audit Committee, a Nominating and Corporate Governance Committee, a Compensation Committee, a Strategic Alternatives Committee and a Transaction Committee.

Audit Committee. The Audit Committee's duty is to assist the Board of Directors in fulfilling its oversight responsibility of (i) the integrity of the financial statements of the Company, (ii) the independent registered accountants' qualifications, independence, and performance, (iii) the Company's system of controls over financial reporting, performance of its internal audit function and the independent registered accountants, and compliance with ethical standards adopted by the Company, and (iv) the compliance by the Company with legal and regulatory requirements. The Audit Committee has sole authority to appoint or replace our independent registered accountants. The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties. The Audit Committee operates under a written charter adopted by our Board of Directors, a copy of which is available on our website at http://stewart.com/

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corporate-governance. The Audit Committee currently consists of Robert L. Clarke (Chair), Glenn C. Christenson, and Frederick H. Eppinger. During 2017, the Audit Committee held 7 regular meetings, at which all members were present, and executed one consent in lieu of meeting. Each of the members of the Audit Committee is ‘‘independent’’ as defined under the listing standards of the NYSE and the Exchange Act of 1934, as amended (the ‘‘Exchange Act’’), and the Board of Directors has determined that Messrs. Clarke, Christenson and Eppinger are ‘‘audit committee financial experts’’ as defined in the rules of the SEC. No member of our Audit Committee serves on the audit committees of more than three public companies.

The Audit Committee has established procedures for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls and auditing matters, and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

Persons wishing to communicate with the Audit Committee may do so by writing in care of the Chair, Audit Committee, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056.

Nominating and Corporate Governance Committee. It is the Nominating and Corporate Governance Committee’s duty to (i) identify individuals who may become Board members or advisory directors, (ii) select or recommend director nominees for the next annual meeting of stockholders, (iii) develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company, (iv) provide oversight of the Company’s corporate governance, and (v) oversee the evaluation of the Board of Directors, its Committees and management. The Nominating and Corporate Governance Committee currently consists of Clifford Press (Chair), Thomas G. Apel, James Chadwick and C. Allen Bradley, Jr., each of whom is ‘‘independent’’ as that term is defined in the listing standards of the NYSE. The Nominating and Corporate Governance Committee held 15 meetings during 2017, at which all members were present, except that one member missed one meeting, and executed one consent in lieu of meeting. Our Nominating and Corporate Governance Committee’s charter is available on our website at http://stewart.com/ corporate-governance.

Our Guidelines on Corporate Governance require that a majority of our Board of Directors be ‘‘independent’’ as that term is defined in the rules of the NYSE. As described above, a majority of our current Board of Directors is ‘‘independent’’ under the listing standards of the NYSE. In considering candidates for election as independent directors, our Guidelines on Corporate Governance 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 strategic or policy-setting level, or otherwise possess a high level of specialized expertise, and the ability to work well with others. Specialized knowledge and experience that will augment Board effectiveness and support the growth of the Company is also considered.

- Each director should have sufficient time available to devote to our affairs to carry out the responsibilities of a director and, absent special circumstances approved by the Board; no director should simultaneously serve on the board of directors of more than three public companies. Directors are qualified for service on the Board of Directors only if they are able to make a commitment to prepare for and attend on a regular basis meetings of the Board of Directors and its Committees.

- 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 our Common Stockholders should not be chosen as representatives of a constituent group or organization; rather each should utilize his or her unique experience and background to represent and act in the best interests of all stockholders as a group.

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- Directors should have equity ownership in the Company.

The Board of Directors does not have a formal policy with respect to Board nominee diversity. In recommending proposed nominees to the full Board, the Nominating and Corporate Governance Committee is charged with building and maintaining a Board that has an ideal mix of talent and experience to achieve our business objectives in the current environment. In particular, the Nominating and Corporate Governance Committee is focused on relevant subject matter expertise, depth of knowledge in key areas that are important to us, and diversity of thought, background, perspective, and experience so as to facilitate robust debate and broad thinking on strategies and tactics pursued by us. There are no minimum requirements for nomination.

Each director is required to own an amount of Common Stock equal to a multiple of five times the director's annual retainer, beginning in 2017. Each director has five years, from the later of their initial election and January 2017, to acquire the required amount of Common Stock. Stock ownership requirements have been designed in such a way that the ability of the Board of Directors to recruit diverse Board candidates will not be impaired, yet Board members will have a strong alignment with stockholders' interests. Currently, five of the nine directors hold shares in excess of the shares required to meet the ownership guideline.

Pursuant to our By-Laws, the Nominating and Corporate Governance Committee will accept and consider nominations by stockholders of persons for election by our Common Stockholders to our Board of Directors. To be considered for nomination at our 2019 annual meeting of stockholders, stockholder nominations must be received by us no later than February 21, 2019 and no earlier than January 22, 2019. Persons wishing to submit the names of candidates for consideration by the Nominating and Corporate Governance Committee may submit such nominations in writing addressed to the Nominating and Corporate Governance Committee in care of the Secretary, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056. Any such submission should include the candidate's name, credentials, contact information and consent to be considered as a candidate.

Compensation Committee. It is the duty of the Compensation Committee to assist the Board of Directors in discharging its responsibilities relating to the Company's compensation policies, the compensation of the Company's officers and senior managers, and to produce the required report on executive compensation for inclusion in the Company's annual proxy statement. The Compensation Committee currently consists of Glenn Christenson (Chair), Arnaud Ajdler, C. Allen Bradley, Jr. and James Chadwick. During 2017, the Compensation Committee held 11 meetings, at which all members were present, and executed 14 consents in lieu of meetings. Our Board of Directors has determined that each member of our Compensation Committee is ''independent'' as that term is defined under the listing standards of the NYSE.

The Compensation Committee functions pursuant to its charter, which is available on our website at http://stewart.com/corporate-governance. The Compensation Committee's specific duties and responsibilities include, but are not limited to, the following:

- Establishing and monitoring the basic philosophy and policies governing the compensation of executive officers, and employees or officers of the Company who are also serving as members of the Board of Directors.

- Reviewing recommendations submitted by the CEO, then approving and submitting to the Board for formal ratification any decisions with respect to the compensation for executive officers and officers of the Company who also are serving as members of the Board of Directors. These recommendations may include base pay, incentive compensation plans, perquisites, equity-based plans and relevant metrics and target award levels.

- Approving and submitting to the Board for formal ratification compensation decisions with respect to the compensation plan of the CEO.

-

Recommending a pay-for-performance based CEO compensation plan to the Board of Directors and overseeing administration of the plan, including evaluating the CEO's performance in light of the goals under the plan.

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- Reviewing and approving employment agreements, severance agreements and change in control agreements with the executive officers and any employees or officers of the Company who are also serving as members of the Board of Directors.

- Reviewing the overall compensation structure and programs for all employees (including a review of any risks to the Company that may arise from such structure or programs).

- Approving the equity-based compensation plans of the Company.

- Reviewing and discussing with management the disclosures in this proxy statement's Compensation Discussion and Analysis (the ''CD&A''), making a recommendation to the Board of Directors regarding the inclusion of the CD&A in this proxy statement, and producing a Compensation Committee Report for inclusion in the Company's proxy statement, each in accordance with the requirements of the SEC.

The Compensation Committee has the sole authority to retain and terminate any independent compensation consultant. The Compensation Committee is responsible for determining the independence of its advisors by taking into consideration all factors relevant to advisor independence, including the factors set forth in the NYSE Listed Company Manual. The Compensation Committee has authority to direct the work of the compensation consultants and establish the consultants' fees. It may also obtain advice and assistance from other advisors it determines necessary for effective completion of its duties. The Company is required to fund (i) the Compensation Committee's approved expenses for any independent advisors employed by the Compensation Committee and (ii) any other reasonable expenses incurred by the Compensation Committee.

Strategic Alternatives Committee. The duty of the Strategic Alternatives Committee is to investigate a broad range of viable transactional opportunities, to engage advisors, and to discuss and negotiate possible strategic transactions. The Strategic Alternatives Committee consists of James Chadwick (Chair), Arnaud Ajdler, and Frederick H. Eppinger.

Transaction Committee. The duty of the Transaction Committee is to oversee (i) actions taken by the Company and its subsidiaries in connection with obtaining the antitrust and insurance filings and approvals required in connection with the FNF Merger, (ii) the administration of the retention plan contemplated by the FNF merger agreement, (iii) the performance of the Company's obligations under the merger agreement and (iv) all other actions taken by the Company and its subsidiaries in furtherance of completing the mergers. The Transaction Committee consists of Clifford Press, Glenn Christenson and Fred H. Eppinger.

Compensation Committee Interlocks and Insider Participation

None of the current or former members of the Compensation Committee is a former or current officer or employee of the Company or any of its subsidiaries, is involved in a relationship requiring disclosure as an interlocking executive officer/director, or had any relationship requiring disclosure under Item 404 of Regulation S-K.

Sessions of Independent Directors

Our independent directors meet at regularly scheduled sessions without management. The Chairman of the Board presides at those sessions. Persons wishing to communicate with our non-management directors may do so by writing in care of the Chair, Audit Committee, Stewart Information Services Corporation, 1980 Post Oak Boulevard, Suite 800, Houston, Texas 77056. Persons wishing to communicate with our other directors may do so by writing in care of the Secretary, Stewart Information Services Corporation, at the same address.

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EXECUTIVE OFFICERS

The following table sets forth the names and positions of our executive officers as of April 4, 2018:

Matthew W. Morris	Chief Executive Officer
David C. Hisey	Chief Financial Officer, Secretary and Treasurer
John L. Killea	President, Chief Legal Officer and Chief Compliance Officer
Patrick H. Beall	Group President
David A. Fauth	Group President
Ann M. Manal	Chief Human Resource Officer
John A. Magness	Chief Corporate Development Officer
Brad A. Rable	Chief Information Officer

Below is biographical information for our executive officers:

Matthew W. Morris. Matthew W. Morris, 46 years old, was elected CEO of the Company in November of 2011. Having served for the prior five years as Senior Executive Vice President of the Company, Stewart Title Company, and Stewart Title Guaranty Company, in addition to serving as President of the Shared Services Division, Mr. Morris has an intimate knowledge of the Company and the industry. He provides strategic leadership for the future of the Company, focusing on the people strategy, operational alignment, smart growth, and maximizing stockholder value. In 2004, Mr. Morris joined the Company's executive management team as Senior Vice President, Planning & Development. Additionally, Mr. Morris has served as a director for Cornerstone Strategic Value Fund, Inc., and Cornerstone Total Return Fund, Inc. since November 10, 2017, and is a member of the Audit Committee and Nominating and Corporate Governance Committee for both companies. Previously, he was the Director of a strategic litigation-consulting firm, offering trial and settlement sciences and crisis management. Mr. Morris received a Bachelor of Business Administration in organizational behavior and business policy from Southern Methodist University, and a Master in Business Administration with a concentration in finance from The University of Texas.

David C. Hisey. David C. Hisey, 57 years old, serves as Chief Financial Officer ("CFO"), Secretary and Treasurer of the Company. He leads Stewart's financial organization and strategy, overseeing financial planning and analysis, accounting, treasury and audit functions, as well as investor relations and property management. As CFO, Mr. Hisey partners with each area of the business to help with their financial and commercial success, focusing on top-line growth and bottom-line margin enhancement. Mr. Hisey has more than 30 years of financial leadership experience and holds a Bachelor of Business Administration magna cum laude in Accounting from James Madison University and is a Certified Public Accountant in the Commonwealth of Virginia.

John L. Killea. John L. Killea, 62 years old, is the President, Chief Legal Officer and Chief Compliance Officer of the Company. Mr. Killea is responsible for the underwriting, claims, litigation, compliance, corporate governance and regulatory areas for SISCO and its affiliated companies. With more than 36 years of legal experience, Mr. Killea joined the Company in 2000 as Counsel in the claims and agency underwriting areas for Stewart Title Insurance Company (''STIC''), the Company's New York underwriter. He has served as Chief Claims Counsel and General Counsel for STIC, and continues to serve as General Counsel for Stewart Title Guaranty Company since his appointment in 2008. He is a member of the executive committee of Stewart Title Guaranty Company and Stewart Title Insurance Company. Killea is also a member of the board of directors of Stewart Title Guaranty Company, Stewart Title Company, Stewart Title Insurance Company and Stewart Title Limited, Stewart's international underwriter. Mr. Killea received a Bachelor of Arts cum laude from Lafayette College and a Juris Doctorate from Fordham University School of Law. He is a member of the New York State Bar Association and has been admitted to practice in the State of New York and the United States District Court for both the Eastern and Southern Districts of New York.

Patrick H. Beall. Patrick H. Beall, 62 years old, has been with the Company for more than 30 years. Mr. Beall currently serves as Group President, and is responsible for the Company's independent title agency network across the United States. In addition, he oversees Mortgage and Title

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Services, and technology sales for our independent agency network. Mr. Beall served as Executive Vice President, Senior Director of Agency Operations from January 2014 through December 2014. From December 2008 until December 2013, Mr. Beall was the South Central States District Manager for Agency Operations, with direct and indirect responsibility for the Company's independent agency network in 22 states. Mr. Beall has served as President of two affiliated entities, Professional Real Estate Tax Service and Baca Landata, since joining the Company in 1986. He is currently a member of the American Land Title Association's Board of Governors, and serves on the association's Best Practices Executive Committee and the Underwriter Section Executive Committee. Additionally, he is a member of the Texas Land Title Association (TLTA) and serves on the association's finance committee; he is also a former member of the Oklahoma Land Title Association's board of directors. He attended the University of Oklahoma in Norman.

David A. Fauth.   David A. Fauth. David A. Fauth, 56 years old, serves as Group President, responsible for direct operations in the Western Region. In this role, Mr. Fauth is responsible for leading our efforts to improve revenue and market share, facilitate regulatory compliance, and offer greater adaptability to meet changing customer needs. Mr. Fauth's more than 30 years of title industry experience include sales, escrow, and production. A Stewart associate since 1985, he was previously Group Senior Vice President, overseeing direct operations in the Midwest, Mid-Atlantic, and Northeast; Group Vice President — Midwest states; Minnesota state manager; Minnesota Division President; and Oregon Division President. Mr. Fauth received a Bachelor of Arts in Business Administration with a minor in economics from Bethel University.

Ann M. Manal.   Ann M. Manal, 51 years old, is the Chief Human Resource Officer (''CHRO'') of the Company. Ms. Manal is responsible for the people side of the business focusing on driving business results through talent solutions. With more than 25 years of experience, Ms. Manal joined the Company in 2016 after a career in human resource consulting focusing on financial services, consumer products and energy industries. Ms. Manal received her Bachelor of Business Administration from Golden Gate University in San Francisco.

John A. Magness.   John A. Magness, 58 years old, serves as the Chief Corporate Development Officer, and drives revenue growth, organizational expansion, strategic recruitment and acquisitions for Stewart, as well as provides strategic oversight to Stewart's U.S. Direct Operations. Prior to joining Stewart, Mr. Magness most recently served as President of Old Republic Title where he led all revenue-producing efforts for direct and agency operations, commercial operations, technical service operations and entities in the title group. Mr. Magness is well-respected in the industry, with deep knowledge and a strong track record from nearly 35 years in title insurance and real estate. His extensive leadership experience allows for rapid expansion, effective management of potential acquisitions and continued growth opportunities. Mr. Magness works across all business lines to increase market share, maximize profitability and support Stewart's 2020 Game Plan. His specific concentration on enhancing Stewart's branch offices strengthens the support and resources delivered to Direct Operations associates and customers. Mr. Magness holds a Bachelor of Business Administration in Marketing from the University of Houston and is a member of the American Land Title Association.

Brad A. Rable.   Brad Rable, 51 years old, serves as Chief Information Officer ("CIO") for the Company. A veteran IT leader and executive with significant experience in developing major initiatives, Mr. Rable is responsible for all areas of digital business enablement, enterprise technology solutions, enterprise title fulfillment shared services, and related strategies. Prior to joining Stewart, Mr. Rable was an executive partner with Gartner Executive Programs. He previously served as Executive Vice President, CIO, and Chief Strategy Officer for AIG/United Guaranty, leading the technology and product development divisions, as well as the innovation team that launched the AIG Mortgage Advisory Company. Mr. Rable received a Master of Arts in computer information resource management from Webster University, Missouri, and a Bachelor of Science in management information systems from Bowling Green State University, Ohio.

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The following Compensation Discussion and Analysis (''CD&A'') describes the Company's executive compensation program in 2017. The program's objective is to maintain a strong pay-for-performance culture in order to attract, retain and motivate the key leaders who serve our Company and our stockholders. The following pages explain the process, objectives and structure of the executive compensation decisions undertaken by our Compensation Committee and our Board of Directors for 2017. This CD&A is intended to be read in conjunction with the tables beginning on page 37 below, which provide detailed historical compensation information for our Named Executive Officers (''NEOs''). For 2017, our NEOs were:

Named Executive Officer (NEO)	Title
Matthew W. Morris	Chief Executive Officer
J. Allen Berryman	Chief Financial Officer, Secretary and Treasurer
David C. Hisey	Chief Financial Officer, Secretary and Treasurer
John L. Killea	President, Chief Legal Officer and Chief Compliance Officer
Patrick H. Beall	Group President
David A. Fauth	Group President

NOTE: Mr. Hisey was hired on September 1, 2017 and Mr. Berryman retired on October 31, 2017.

Executive Summary

We are committed to providing value to our stockholders. While we acknowledge the strong support for our compensation programs expressed in our 2017 Say on Pay Vote, we continue to dedicate significant efforts to ensure our executive compensation programs evolve with our long-term business strategy, feedback from our stockholders, and market best practices. We are confident that the discussion below makes it clear that we maintain an executive compensation program that aligns the interests of our executives with those of our stockholders.

2017 Business Highlights and Performance

We remain focused on growing our core retail title operations and increasing our commercial market share. To support these goals, we made several executive appointments during 2017 to strengthen our management team. We hired John A. Magness as Chief Corporate Development Officer to provide strategic oversight to our direct operations and to expand our business in target markets. Mr. Magness brings over 35 years of title-industry knowledge to Stewart. In addition, we hired David C. Hisey, a real-estate industry veteran, as Chief Financial Officer, Secretary and Treasurer to replace Allen Berryman who announced his retirement in early 2017. We also expanded the role of John L. Killea, President, Chief Legal Officer and Chief Compliance Officer, to include that of President of Stewart. These executive leadership changes will enhance our existing management team and enable Stewart to leverage the operational foundation that we have been working to improve. Additionally, we made several acquisitions during the year and hired revenue tied employees to increase our revenue base as we headed into 2018. Finally, our Board of Directors formed a Strategic Alternatives Committee to consider business combinations, acquisitions and other potential strategic alternatives involving the Company as part of our ongoing efforts to strengthen our overall business and enhance value for our stockholders. This strategic alternatives review process culminated in March 2018 with our agreement to enter into the FNF Merger.

During 2018, we expect to make significant progress in production system technology improvements that will result in meaningful cost efficiencies in the coming years. We successfully replaced revenue-producing staff that departed in the second quarter of 2017, with seasoned industry associates. Combined with our core title acquisitions in 2017 and 2018, we expect to have replaced

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revenue lost due to the employee departures. We also focused on managing employee and other operating costs in 2017 and will continue to do so in 2018. Title losses and cash claims payments remained low throughout 2017 and we expect to lower loss provisioning rates into 2018.

Other matters of note for the year include:

- 2017 total revenues declined approximately 2.5 percent to $1.96 billion as a result of declines in revenues from our Direct Operations segment due to revenue attached departures previously discussed during our earnings calls, as well as lower ancillary services revenues due to exiting our loan file review, quality control services and government services units in 2016.
- 2017 EBITDA, adjusting for non-operating and non-recurring charges and credits (as detailed in our fourth quarter 2017 earnings release), declined 9 percent to $112.8 million while total operating revenues declined 2.7 percent.
- Our title segment's full year 2017 pretax earnings were $103.4 million compared to $139.1 million in 2016.
- Our ancillary services and corporate segment pretax loss improved to $28.3 million from a loss of $51.1 million in 2016. The December 2016 sale of the government services and loan file review and audit operations, along with lower corporate expenses in 2017 improved segment results.
- Our total 2017 commercial revenues improved 9.3 percent from the prior year, driven by domestic strength across multiple geographies and an increased contribution from our international operations.
- We generated $108.1 million of operating cash flow in 2017, a decline of 12.1 percent from 2016, due to lower net income and an increase in receivables, partially offset by lower cash claims payments.
- We closed 2017 on a positive note, reporting fourth quarter pretax earnings (as detailed in our fourth quarter earnings release) of $17.5 million, representing a pretax margin on the incremental revenues of 60 percent.

We paid a total of $1.20 per share in cash dividends to common stockholders during 2017 and 2016.

We continue to generate significant growth in stockholder value, with a five-year total return to stockholders of 76%, which is at the 50th percentile of our comparator group.

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CEO Pay At-A-Glance

The majority of CEO pay is variable and linked to drivers of financial performance or growth in stockholder value. The chart below shows the elements of CEO total direct compensation (base salary, annual bonus, and grant date or target value of annual equity grants) for the past three years.

As shown, for each year in the chart below, CEO total direct compensation has a significant variable compensation component equal to 70% to 80% during the three year period from 2015 to 2017. Our annual short-term incentive plan (''STI'') is tied to annual operational and financial performance, while our long-term incentive plan (''LTI'') is tied to long-term financial and stock price performance.

Response to 2017 ''Say on Pay'' Vote and Program Changes

Similar to 2016, an overwhelming majority of the votes on our 2017 Say on Pay proposal were cast in favor of the proposal. Specifically, 98.1% of shares were voted in favor of our Say on Pay proposal. The Compensation Committee interprets this strong level of support as affirmation of the overall structure of our program and our approach to making compensation decisions. As our business continues to evolve, we are committed to the continuous improvement of our program to ensure alignment with our business priorities, leadership strategy and stockholder interests.

In addition, 79.7% of our shareholders indicated a preference to retain our practice of annual advisory Say on Pay balloting as opposed to less frequent balloting.

Our Executive Compensation Practices

Below we highlight our key executive compensation practices, both the practices we have implemented to drive performance, and the practices we have not implemented because we do not believe they would serve our stockholders' interests.

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What We Do	What We Don't Do
Performance-based short-term and long-term compensation	No share recycling under our long-term incentive plan
Heavy emphasis on variable pay	No excise tax gross-ups upon change in control
Double-trigger vesting of cash severance payments upon change in control	No repricing of underwater stock options
Clawback policy	No hedging transactions or short sales by executive officers or directors permitted
Equity ownership guidelines	No significant perquisites
Independent compensation consultant	
Regular review of share utilization	

What Guides Our Program

Compensation Philosophy and Objectives

Stewart's executive compensation structure follows a ''pay-for-performance'' philosophy designed to create stockholder value by rewarding the achievement of our long-term goals and short-term goals that drive long-term results. Each executive's pay-for-performance compensation package represents a fair and competitive compensation arrangement to promote a meaningful work experience including personal fulfillment, competitive pay and job security.

Our executive compensation program rewards enhanced financial performance of the Company and maximizes stockholder value by aligning short-term and long-term interests of our executive officers with those of our stockholders. The program is designed to better serve our stockholders by rewarding strategic performance, including growing revenue, reducing costs, enhancing service and responding to regulatory requirements.

Our Company's programs are intended to:

- Attract, retain, and motivate individuals of outstanding ability in key executive positions;
- Create superior stockholder value by rewarding strong business performance aligned with Company strategies;
- Ensure performance-based compensation does not encourage excessive risk taking; and
- Focus executives on both the short- and long-term Company performance goals.

Our executive compensation also is intended to be market competitive. For 2017, the Compensation Committee approved ''total direct compensation'' for each executive officer consisting of base salary, target short-term incentive compensation and target long-term incentive compensation. The intent is for total direct compensation to be competitive among the comparator group, specifically targeting the comparator group median. The Compensation Committee also considers historical and individual circumstances, including tenure, experience, individual performance, retention factors and the availability of comparable data for each position.

The Compensation Committee believes the majority of executive officer compensation should be ''at-risk,'' with the realized value heavily dependent upon the Company's financial, operational and stockholder return performance. We believe executive officers should be rewarded appropriately for their efforts when financial performance meets or exceeds established objectives. Likewise, incentive compensation may be reduced or eliminated if performance does not meet established goals.

Incentive compensation is designed to appropriately balance annual results and the Company's sustained, multi-year success. Short-term awards primarily are payable in cash, while long-term awards are equity-based.

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Implementing the Philosophy

To provide NEOs with compensation that is competitive, and also reasonable from a stockholder perspective, target pay levels generally fall within the median range for the comparator group. Our NEOs then have the opportunity to earn realized compensation in excess of the median in return for exceeding performance goals.

- Base salary for an NEO is established after considering external market rates, executive officer performance, Company performance, experience and internal equity.

- Short-term incentives (STI) are designed to motivate NEOs to achieve key annual objective measures of financial performance, operating performance and key individual and Company-wide strategic goals. Consistent with our philosophy, short-term incentive awards are linked to specific annual improvement and operational excellence metrics.

- Long-term incentive (LTI) plan grants further incent NEOs to enhance stockholder value. Our long-term incentive program's equity-based awards, multi-year vesting and pre-established performance conditions align NEO interests with those of our stockholders. Alignment is also reinforced through share ownership guidelines.

Our NEOs and executive officers are eligible for additional benefits and limited perquisites in line with market practice, as well as the same health and welfare benefits available to our general employee population.

Pay Mix

The core principle of our executive officer compensation philosophy is to pay-for-performance. Accordingly, our executive officer compensation program is heavily weighted toward ''at-risk'' performance-based compensation. We have three elements of target total direct compensation: base salary, short-term incentive target opportunity and long-term incentive target opportunity. As illustrated in the chart below, in 2017, 75% of target total direct compensation to our CEO was variable and at risk, while 58% of other NEO (1) compensation was variable and at-risk.

2017 Target Total Direct Compensation

(1)
For this comparison chart, the Other NEOs consist of only the NEOs who were employed a full year: Messrs. Killea, Beall, and Fauth. Mr. Killea's retention long-term incentive grant is included in this calculation.

The Decision Making Process

The Compensation Committee, management and the Committee-retained independent compensation consultant collaborate in designing the executive officer compensation plan with the shared goal of developing and implementing a plan which will assist the Company in the accomplishment of its strategic objectives, fairly reward executive officers, and be stockholder friendly — as discussed below.

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The Role of the Compensation Committee

The Compensation Committee oversees the executive officer compensation program and is comprised solely of independent, non-employee members of the Board of Directors. Details of the Committee's authority and responsibilities are specified in its Charter and is available at http://www.stewart.com/en/investor-relations/corporate-governance.

The Compensation Committee determines the components and amount of compensation for our NEOs and other executive officers and provides overall guidance for employee compensation policies and programs. The Committee retains an independent compensation consultant who provides relevant information and best practice advice. The Compensation Committee reviews and sets the compensation of the CEO, evaluates CEO performance and compensation in executive session without management present, and consults with the CEO for compensation recommendations for other executive officers. The CEO's recommendations are based upon the achievement of targeted metrics, the performance of the individual's respective business or function and employee retention considerations. The Compensation Committee reviews current compensation best practices with its independent compensation consultant, considers our CEO's recommendations and approves in its sole discretion any compensation changes affecting our executive officers.

The Role of Management

Members of management assist the Compensation Committee by providing individual and aggregate pay recommendations that management believes recognize individual contribution and provide market-competitive compensation for executive officers consistent with the Company's compensation philosophy. As part of this process, management collaborates with the Compensation Committee regarding the information provided on market trends, potential compensation plan designs, and industry trends, before making recommendations to the Compensation Committee. In support of 2017 compensation plans, management:

- Recommended base salaries and incentive target levels for executive officers other than the CEO; and,
- Proposed incentive metrics and targeted performance levels for the short- and long-term incentive plans.

At the end of the 2017 performance year, management reviewed metric-based performance relative to expectations in 2017 of each executive officer, and the CEO presented recommendations regarding short-term incentive and long-term incentive award payouts for each of the executive officers besides himself.

The Compensation Committee reviews and discusses management's recommendations in executive session in conjunction with its independent compensation consultant, when making compensation decisions or recommendations to the full Board.

The Role of the Compensation Consultant

For the 2017 plan year, the Compensation Committee engaged Board Advisory, LLC to assist in providing a comprehensive assessment of its executive officer compensation programs. The Compensation Committee retained the sole authority to select, retain, terminate, and approve fees and other retention terms of the relationship with Board Advisory.

The Committee's compensation consultant provides various executive officer compensation services to the Compensation Committee. Generally, these services include advising the Compensation Committee on the principles of our executive officer compensation program and providing market information and analysis regarding the competitiveness of our program design and award values in relation to performance. In addition, the consultants attended meetings of the Compensation Committee, as requested by the Compensation Committee Chair.

The NYSE has adopted guidelines for compensation committees to consider when identifying compensation Committee advisor independence. The Compensation Committee reviewed these guidelines and determined that Board Advisory is an independent consultant under these guidelines.

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Board Advisory performs no services for the Company other than those specific to Board Committee assignments regarding executive officer and non-employee director compensation.

Our management communicated with the consultant, and provided data to the consultant regarding our executive officers, but did not direct the consultants' activities.

Benchmarking and Pay Comparison

When considering our compensation practices and levels, the Compensation Committee reviews the compensation practices and pay levels of a comparator group companies to determine market levels. Since there are only four publicly held title insurance companies, and two of those are substantially larger than Stewart, a comparator group was established by the Committee that reflects companies of comparable size who share a comparable labor market. The Compensation Committee periodically reviews the composition of this group to ensure that the companies in the group are relevant for comparative purposes and that the companies in the group have executive officer positions with responsibilities and scope similar to ours. In order to identify an appropriate comparison group, the Compensation Committee and their independent compensation consultant reviewed data for potential comparators relating to revenue, including the role of agency revenue, market capitalization, and sector within the insurance industry. The Compensation Committee also considered business focus (such as title companies, property/casualty insurance companies, reinsurance companies, and similar companies within the insurance sector) and the relevance of the company as a comparator based on a ''comparator of comparators'' comparison (including comparator companies of the other publicly-held title companies).

During 2016 the Committee established the following comparator group for purposes of pay comparison (adjusted in 2017 for comparator companies no longer publicly traded).

Company	Market Capitalization ($M)	Revenue ($M)
Ambac Financial Group, Inc.	$ 668.4	$ 506.1
Argo Group Int'l Hldgs, Ltd.	$ 1,745.2	$ 1,554.6
Aspen Insurance Hldgs Ltd	$ 2,182.7	$ 2,645.1
Donegal Group Inc.	$ 437.9	$ 688.4
EMC Insurance Group Inc.	$ 573.7	$ 658.8
Employers Holdings, Inc.	$ 1,316.7	$ 779.8
Horace Mann Educators Corp	$ 1,667.4	$ 1,171.5
Infinity Property & Casualty	$ 1,060.4	$ 1,538.7