

RENAISSANCERE HOLDINGS LTD
Form DEF 14A
July 29, 2004

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

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 (as permitted by Rule 14a-6(e)(2))**
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to ss. §240.14a-11 or ss. 240.14a-12

RENAISSANCERE HOLDINGS LTD.

(Name of Registrant as Specified in Its Charter)

N/A

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

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(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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

RENAISSANCERE HOLDINGS LTD.

Renaissance House

8-12 East Broadway

Pembroke HM 19 Bermuda

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

to be Held on August 31, 2004

To the Shareholders of RenaissanceRe Holdings Ltd.:

Notice is hereby given that a Special General Meeting of Shareholders (the "Special Meeting") will be held at the Bermuda Underwater Exploration Institute, 40 Crow Lane, Pembroke, Bermuda on August 31, 2004 at 10:00 a.m., Atlantic daylight savings time.

At the Special Meeting, shareholders will be asked to consider and, if thought fit, approve the RenaissanceRe Holdings Ltd. 2004 Stock Option Incentive Plan (the "2004 Plan") under which 6,000,000 common shares would be reserved for issuance upon the exercise of options granted under the 2004 Plan. In addition, shareholders may also be asked to consider and take action with respect to such other matters as may properly come before the Special Meeting.

All shareholders are cordially invited to attend the meeting in person. However, to ensure that your shares are represented at the Special Meeting, you are urged to complete, sign, date and return the accompanying proxy card promptly in the enclosed postage paid envelope. Please sign the accompanying proxy card exactly as your name appears on your share certificate(s). You may revoke your proxy at any time before it is voted at the Special Meeting. If you attend the Special Meeting, you may vote your shares in person even if you have returned a proxy.

By order of the Board of Directors,

/s/ James N. Stanard

James N. Stanard

Chairman of the Board

July 28, 2004

RENAISSANCERE HOLDINGS LTD.

Renaissance House

8-12 East Broadway

Pembroke HM 19 Bermuda

SPECIAL GENERAL MEETING OF SHAREHOLDERS

August 31, 2004

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of RenaissanceRe Holdings Ltd. ("RenaissanceRe") to be voted at a Special General Meeting of Shareholders to be held at the Bermuda Underwater Exploration Institute, 40 Crow Lane, Pembroke, Bermuda on August 31, 2004 at 10:00 a.m., Atlantic daylight savings time, or any postponement or adjournment thereof (the "Special Meeting"). This Proxy Statement, the Notice of Special General Meeting and the accompanying form of proxy are being first mailed to shareholders on or about July 29, 2004.

As of July 23, 2004, the record date for the determination of persons entitled to receive notice of, and to vote at, the Special Meeting, there were issued and outstanding: (i) 68,711,193 of our common shares, par value \$1.00 per share (the "Full Voting Shares"), and (ii) 1,835,100 of our Diluted Voting Class I Common Shares, par value \$1.00 per share (the "Diluted Voting Shares"). All of our Diluted Voting Shares are owned by PT Limited Partnership. We refer to our Full Voting Shares and our Diluted Voting Shares in this Proxy Statement collectively as the "Common Shares". The Common Shares are our only class of equity securities outstanding and entitled to vote at the Special Meeting. During the second quarter of 2002, RenaissanceRe effected a three-for-one stock split through a stock dividend of two additional Common Shares for each Common Share owned. All of the share and per share information provided in this Proxy Statement is presented as if the stock dividend had occurred for all periods presented.

Holders of Full Voting Shares are entitled to one vote on each matter to be voted upon by the shareholders at the Special Meeting for each share held. Each holder of Diluted Voting Shares is entitled to a fixed voting interest in RenaissanceRe of up to 9.9% of all outstanding voting rights attached to the Common Shares, inclusive of the percentage interest in RenaissanceRe represented by Controlled Common Shares (as defined below) owned by the holder, but in no event greater than one vote for each share held. Each Diluted Voting Share currently carries one vote per share. With respect to any holder of Diluted Voting Shares, "Controlled Common Shares" means Common Shares owned directly, indirectly or constructively by such holder within the meaning of Section 958 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and applicable rules and regulations thereunder.

The presence, in person or by proxy, of holders of more than 50% of the Common Shares outstanding and entitled to vote on the matters to be considered at the Special Meeting is required to constitute a quorum for the transaction of business at the Special Meeting. Holders of Full

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Voting Shares and Diluted Voting Shares shall vote together as a single class on all matters presented for a vote by the shareholders at the Special Meeting.

At the Special Meeting, shareholders will be asked to consider and, if thought fit, approve the RenaissanceRe Holdings Ltd. 2004 Stock Option Incentive Plan (the 2004 Plan) under which 6,000,000 Full Voting Shares would be reserved for issuance upon the exercise of options granted under the 2004 Plan (the 2004 Plan Proposal). In addition, shareholders may also be asked to consider and take action with respect to such other matters as may properly come before the Special Meeting.

The 2004 Plan Proposal will be decided by the affirmative vote of a majority of the voting rights attached to the Common Shares present, in person or by proxy, at the Special Meeting, and entitled to vote thereon. A hand vote will be taken unless a poll is requested pursuant to the Bye-laws. Under the current rules of The New York Stock Exchange, Inc. (the NYSE), any abstention will have the effect of a vote against approval of the 2004 Plan Proposal and any broker non-vote (as described below) will have no effect except for purposes of determining a quorum.

SOLICITATION AND REVOCATION

PROXIES IN THE FORM ENCLOSED ARE BEING SOLICITED BY, OR ON BEHALF OF, THE BOARD. THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY HAVE BEEN DESIGNATED AS PROXIES BY THE BOARD. Such persons designated as proxies serve as officers of RenaissanceRe. Any shareholder desiring to appoint another person to represent him or her at the Special Meeting may do so either by inserting such person's name in the blank space provided on the accompanying form of proxy, or by completing another form of proxy and, in either case, delivering an executed proxy to the Secretary of RenaissanceRe at the address indicated above, before the time of the Special Meeting. It is the responsibility of the shareholder appointing such other person to represent him or her to inform such person of this appointment.

All Common Shares represented by properly executed proxies which are returned and not revoked will be voted in accordance with the instructions, if any, given thereon. If no instructions are provided in an executed proxy, it will be voted FOR the 2004 Plan Proposal described herein and set forth on the accompanying form of proxy, and in accordance with the proxyholder's best judgment as to any other business as may properly come before the Special Meeting. If a shareholder appoints a person other than the persons named in the enclosed form of proxy to represent him or her, such person will vote the shares in respect of which he or she is appointed proxyholder in accordance with the directions of the shareholder appointing him or her. Member brokerage firms of the NYSE that hold shares in street name for beneficial owners generally may, to the extent that such beneficial owners do not furnish voting instructions with respect to any or all proposals submitted for shareholder action, vote in their discretion upon the 2004 Plan Proposal. However, current NYSE rules prohibit discretionary voting with respect to equity compensation plans, such as the 2004 Plan. Any broker non-votes will not be counted as shares present for purposes of determining a quorum in connection with the 2004 Plan Proposal, while any abstentions will have the effect of a vote against approval of the 2004 Plan Proposal. Any shareholder who executes a proxy may revoke it at any time before it is voted by delivering to the Secretary of RenaissanceRe a written statement revoking such proxy, by executing and delivering a later dated proxy, or by voting in person at the Special Meeting. Attendance at the Special Meeting by a shareholder who has executed and delivered a proxy to us shall not in and of itself constitute a revocation of such proxy.

We will bear the cost of solicitation of proxies. We have engaged the firm of MacKenzie Partners to assist us in the solicitation of proxies for a fee of \$4,000, plus the reimbursement of certain expenses. Solicitations may be made by our directors, officers and employees personally, by telephone, internet or otherwise, but such persons will not be specifically compensated for such services. We may also make, through bankers, brokers or other persons, solicitations of proxies of beneficial holders of the Common Shares. Upon request, we will reimburse brokers, dealers, banks or similar entities acting as nominees for reasonable expenses incurred in forwarding copies of the proxy materials relating to the Special Meeting to the beneficial owners of Common Shares which such persons hold of record.

THE 2004 PLAN PROPOSAL

On May 20, 2004, the Board, with the recommendation of the Compensation/Governance Committee, adopted the RenaissanceRe Holdings Ltd. 2004 Stock Option Incentive Plan (the "2004 Plan"), subject to approval by our shareholders in accordance with the rules of the NYSE.

The Board believes that the 2004 Plan will create strong incentives for our key employees to generate significant increases in the value of our Common Shares. Under the 2004 Plan, as discussed in more detail in the plan summary below, options for up to 6,000,000 Full Voting Shares may be granted to key employees of RenaissanceRe. The proposed 2004 Plan was designed in consultation with our compensation consultant, Mercer Human Resource Consulting. Key features of the 2004 Plan include:

- Premium pricing (minimum 150% of Fair Market Value on grant date);
- No discretionary repricing; and
- Minimum 4-year cliff vesting.

In connection with the adoption of the 2004 Plan, as of May 19, 2004, we entered into a new employment agreement with our Chief Executive Officer, James N. Stanard. This new agreement amends and restates his current employment agreement, subject to the approval of the 2004 Plan by our shareholders. See "CEO Employment Agreement Summary." The revised employment agreement extends Mr. Stanard's employment as Chief Executive Officer to June 30, 2007, and provides for a grant of options (subject to approval of the 2004 Plan by our shareholders at the Special Meeting) under the 2004 Plan effective as of the date of the Special Meeting, for an aggregate of 2.5 million Full Voting Shares. The exercise price for 1.25 million of the options granted to Mr. Stanard will be 150% of the fair market value of such shares on the date of grant, and the exercise price for the remaining 1.25 million will be 200% of the fair market value of such shares on the date of grant. These options will cliff vest after 5 years, provided Mr. Stanard honors his obligations under the new employment agreement and does not engage in competition with RenaissanceRe. The Compensation/Governance Committee does not expect to pay Mr. Stanard any salary, bonus or additional equity compensation during the term of the CEO Employment Agreement, but reserves the ability to do so if, in its discretion, such additional compensation is warranted under the circumstances. The Board believes that this new employment agreement and option grants to Mr. Stanard are in the best interests of RenaissanceRe. In particular:

- The proposal provides significant incentives for Mr. Stanard to seek to maximize shareholder value, as his compensation would be almost entirely dependent upon significant growth in the value of our stock.
- RenaissanceRe benefits significantly by extending the period during which Mr. Stanard is prohibited from competing following any termination of his employment until the date of expiration of his new options, or one year following the exercise of all of his new options, whichever is later.

In the event of extraordinary circumstances having a significant impact on the value of the Full Voting Shares prior to the date of the Special Meeting, the Compensation/Governance Committee and Mr. Stanard may consult as to the continued appropriateness of the number of options to be granted, although Mr. Stanard is under no obligation to negotiate a reduction in such number, nor is RenaissanceRe under any obligation to negotiate an increase in such number.

If the 2004 Plan Proposal is not approved by December 15, 2004, the CEO Employment Agreement will be void retroactive to its effective date, Mr. Stanard's prior employment agreement will be reinstated retroactive to such date, and Mr. Stanard will be entitled to any compensation that

would have been payable to him under his prior employment agreement for 2004. See CEO Employment Agreement Summary.

The Compensation/Governance Committee expects that most of the remaining 3.5 million shares available for grant under the 2004 Plan will be used for option grants made to certain executives before the end of 2004. While it is expected that, in connection with certain option grants, executive officers may be required to forego a portion of the cash or equity compensation they would otherwise be eligible to earn, the Compensation/Governance Committee is not required to so condition grants under the 2004 Plan.

Summary of 2004 Plan

The following summary of the 2004 Plan is qualified in its entirety by express reference to the text of the 2004 Plan, a copy of which is attached as Appendix A hereto.

Purpose and Eligibility

The purpose of the 2004 Plan is to establish a premium priced option plan through which RenaissanceRe and its subsidiaries can retain key employees by providing meaningful incentive compensation that is payable only in the event of acceptable long-term investment performance for our shareholders by virtue of growth in the value of our Full Voting Shares.

Officers and other employees of RenaissanceRe and its subsidiaries are eligible to participate in the 2004 Plan. RenaissanceRe currently expects that only a limited number of existing key employees will be granted awards under the 2004 Plan. A relatively small number of shares may also be reserved in order to make grants to newly-hired employees. Our other long-term incentive programs are expected to continue, although Mr. Stanard is not currently expected to receive grants under those programs through June 30, 2007.

Administration

The 2004 Plan is administered by the Compensation/Governance Committee of the Board. The Compensation/Governance Committee, in its sole discretion, determines which individuals may participate in the 2004 Plan and the nature, extent and terms of the options to be granted. In addition, the Compensation/ Governance Committee interprets the 2004 Plan and makes all other determinations with respect to the administration of the 2004 Plan. Each member of the Compensation/Governance Committee is independent under NYSE listing standards.

Options

The 2004 Plan provides for the grant of options which are not intended to be qualified as incentive stock options within the meaning of Section 422 of the Code. The terms and conditions of options granted under the 2004 Plan will be set out in agreements between RenaissanceRe and the individuals receiving such options. Options will not vest prior to the fourth anniversary of the date of grant, subject to acceleration upon a change in control of RenaissanceRe or otherwise at the discretion of the Compensation/Governance Committee. In addition, the Compensation/Governance Committee may provide that, prior to the time at which an option vests, upon failure by a participant to satisfy any criteria established by the Compensation/Governance Committee at the time of the grant, all or a portion of the options will be forfeited. The maximum term of options granted under the 2004 Plan is ten years from the date of grant.

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The initial exercise price of each option will be determined by the Compensation/Governance Committee at the time of grant, but may not be less than 150% of the fair market value of the Full Voting Shares subject to option on the date of grant. Following the date of grant, the initial exercise price will be subject to adjustment in the case of an extraordinary dividend or a change in control. In the event an extraordinary dividend is paid in any fiscal year, the initial exercise price will be reduced dollar-for-dollar by the amount of such extraordinary dividend. A dividend is considered extraordinary only to the extent it exceeds the base annual dividend amount for such fiscal year. The base annual dividend amount is initially set at \$0.76 per share for our 2004

fiscal year, and for subsequent fiscal years, will be equal to \$0.76 increased at a compounded annual growth rate of 10% from 2004 through and including such subsequent fiscal year and rounded to the nearest cent. By way of example, in 2006 the base annual dividend will be \$0.92 (i.e., $\$0.76 \times 1.1 \times 1.1 = \0.9196 , rounded to the nearest cent, or \$0.92). If for 2006 RenaissanceRe paid a dividend of \$1.92 per share, it would be considered to have paid an extraordinary dividend of \$1.00 per share, and as a result the per share exercise price of each outstanding option under the 2004 Plan would be reduced by \$1.00.

In the event of a change in control of RenaissanceRe, the per share exercise price of each option under the 2004 Plan which is outstanding immediately prior to such change in control will be equal to the fair market value of a Full Voting Share on the date of grant of such option, reduced by the amount of all extraordinary dividends (as described above) previously declared, plus the product of (A) times (B), where (A) equals the dollar amount by which the per share exercise price of such option exceeded the fair market value of a Full Voting Share on the date of grant of such option, and (B) equals a fraction, the numerator of which is the number of calendar days which have transpired from the date of grant of such option through and including the date of execution of a definitive agreement for the transaction which constitutes such change in control, and the denominator of which is the number of calendar days in the full option period as provided in the option agreement evidencing such award, rounded to the nearest cent. For example, if a ten-year option were granted on date X with an exercise price of \$75 per share when the fair market value of a Full Voting Share was \$50 per share, and if a definitive agreement for a transaction that results in a change in control of RenaissanceRe is signed on the fourth anniversary of date X, the exercise price of the option would be reduced to \$60 per share immediately prior to such change in control (i.e., \$50, plus $(\$25 \times .40)$) (assuming the exercise price had not previously been reduced by reason of one or more extraordinary dividends). In the same example, if prior to such reduction adjustment an extraordinary dividend of \$5 per share had been declared, the exercise price of the option would be reduced to \$55 per share (i.e., $\$50 - \$5 = \$45$, plus $(\$25 \times .40)$).

Options granted under the 2004 Plan may not be repriced as defined in NYSE listing standards.

The option exercise price may be paid in cash, by surrender of Full Voting Shares, by net exercise pursuant to which the holder shall receive the number of Full Voting Shares underlying the options exercised reduced by the number of Full Voting Shares equal to the aggregate exercise price of the options divided by the fair market value of a Full Voting Share on the date of exercise, or by such other means as may be approved by the Compensation/Governance Committee in its discretion. However, under the CEO Employment Agreement, Mr. Stanard has agreed to pay the exercise price of any options he receives under the 2004 Plan by net exercise, unless such method of exercise would materially disadvantage Mr. Stanard's personal tax position, in which case he may exercise by other methods permitted under the 2004 Plan, provided that he has taken reasonable steps to cooperate with RenaissanceRe so as to ensure that RenaissanceRe will not be considered a controlled foreign corporation under U.S. tax law.

Adjustments for Recapitalization, Merger, etc. of RenaissanceRe

Awards under the 2004 Plan will be subject to adjustment or substitution, as determined by the Board in its reasonable discretion, as to the number, price or kind of shares or other consideration subject to such awards or as otherwise determined by the Board to be equitable (i) in the event of changes in the outstanding Full Voting Shares or in our capital structure, by reason of share dividends, share splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the date of grant of any such awards or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, participants in the 2004 Plan, or which otherwise warrants equitable adjustment because it interferes with the intended operation of the 2004 Plan. In addition, in the event of any such adjustments, exchanges or substitution, the aggregate number of Full Voting Shares available under the 2004 Plan, and (for purposes of calculating the exercise price adjustments described above) the grant date fair market value of Full Voting Shares subject to Options and the base annual dividend amount, will be appropriately and equitably adjusted, as determined by the Board in its reasonable discretion.

Change of Control

In the event of a change in control, notwithstanding any vesting schedule provided for in any option agreement, all outstanding options shall automatically vest. In addition, in the discretion of the Board, all options which are outstanding on the date of such change in control may be deemed exercised, and in exchange for such options, holders will be paid a cash amount based on the difference between (1) the price per share paid for the Full Voting Shares in connection with such change in control, and (2) the exercise price (after taking into account any adjustment in connection with such change in control as described above).

Shares Subject to the 2004 Plan

The total number of Full Voting Shares reserved for issuance under the 2004 Plan is 6,000,000, subject to adjustment as described above.

Market Value

The closing price of the Common Shares on the NYSE on July 23, 2004 was \$50.65 per share.

Amendment and Termination

The Board may at any time terminate the 2004 Plan, though such termination cannot adversely affect any options previously granted without the consent of the affected participants. Subject to the provisions of the 2004 Plan which are described above under Adjustments for Recapitalization, Merger, etc. of RenaissanceRe, with the written consent of a participant, the Board or the Compensation/Governance Committee may cancel or reduce outstanding options if, in its judgment, the tax, accounting, or other effects of, or potential payouts under the 2004 Plan would not be in the best interest of RenaissanceRe. The Board or the Compensation/Governance Committee may, at any time, amend or suspend the 2004 Plan; provided that any amendment that would require approval of shareholders under NYSE listing standards or any applicable law may not be adopted without shareholder approval, and any amendment that would adversely affect any options previously granted cannot be made without the consent of the affected participants.

Federal Tax Consequences

The following is a brief discussion of the Federal income tax consequences of transactions with respect to options, as in effect as of the date of this summary. This discussion is not intended to be exhaustive and does not describe any state or local tax consequences. Holders of options under the 2004 Plan should consult with their own tax advisors.

With respect to options granted under the 2004 Plan: (1) no income is realized by the optionee at the time the option is granted; (2) generally, at exercise, ordinary income is realized by the optionee in an amount equal to the excess, if any, of the fair market value of the shares on such date over the exercise price; and (3) at sale, appreciation (or depreciation) after the date of exercise is treated as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

Options Transfers. Although options are generally nontransferable, the following tax consequences will apply if the Compensation/Governance Committee, in its sole discretion, allows for the transfer of an option.

If the transfer is a gift, subject to the Annual Gift Tax Exclusion and the Gift Tax Exemption (to the extent applicable), the optionee will realize a gift tax based on the value of the option in the year that the gift is completed. Gifts of options are deemed to be completed when vested. Under the Annual Gift Tax Exclusion, each calendar year an individual can transfer up to \$11,000 (or \$22,000 combined between the individual and his/her spouse), as adjusted for inflation, of cash and/or property per transferee free from any federal gift tax. Under the Gift Tax Exemption, in addition to an individual's Annual Gift Tax Exclusion, an individual may transfer a

total of \$1 million of cash and/or property during his/her lifetime without paying any federal gift taxes. For estate tax purposes, the Estate Tax Exemption is currently equal to \$1.5 million increasing to \$2 million in 2006 and to \$3.5 million in 2009. Note that the Estate Tax Exemption available at death against estate taxes is reduced by the amount of Gift Tax Exemption used during life.

When the transferee exercises the option, the optionee will realize ordinary income in the year of exercise equal to the excess (if any) of the fair market value of the shares exercised over the option exercise price paid by the transferee for such shares. It is unclear at this time what the tax results would be if the optionee is deceased at the time of the option exercise by the transferee.

Upon subsequent disposition of the shares by the transferee, the transferee will realize long-term or short-term capital gain (or loss), as the case may be, based on the difference between the sale price for the shares and the fair market value of the shares when the option was exercised.

Special Rules Applicable to Corporate Insiders

As a result of the rules under Section 16(b) of the Securities Exchange Act of 1934 (Section 16(b)), and depending upon the particular exemption from the provisions of Section 16(b) utilized, officers and directors of RenaissanceRe (Insiders) may not receive the same tax treatment as set forth above with respect to the grant and/or exercise of options. Generally, Insiders will not be subject to taxation until the expiration of any period during which they are subject to the liability provisions of Section 16(b) with respect to any particular option. Insiders should check with their own tax advisers to ascertain the appropriate tax treatment for any particular option.

New Plan Benefits

Name and Position	Dollar Value (\$)	Number of Full Voting Shares Subject to Options (1)
James N. Stanard	N/A	2,500,000
William I. Riker	N/A	(1)
David A. Eklund (2)	N/A	(1)
John M. Lummis	N/A	(1)
John D. Nichols, Jr.	N/A	(1)
Executive Group	N/A	2,500,000
Non-Executive Director Group	N/A	(1)
Non-Executive Officer Employee Group	N/A	(1)

- (1) The grant of options under the 2004 Plan is entirely within the discretion of the Compensation/Governance Committee. In addition to the options to be granted to Mr. Stanard pursuant to his new employment agreement, the Compensation/Governance Committee expects that options for most of the remaining 3.5 million shares will be granted to certain executives of RenaissanceRe prior to the end of 2004. However, the Compensation/Governance Committee has not, as of the date of this Proxy Statement, determined the specific number of options that will be granted to each such executive.

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- (2) On June 30, 2004, Mr. Eklund resigned from his position with RenaissanceRe and its affiliates. See Executive Compensation Employment Agreements with Other Named Executive Officers.

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CEO Employment Agreement Summary

Salary and Bonus

Effective as of May 19, 2004, we entered into a Sixth Amended and Restated Employment Agreement with Mr. Stanard (the "CEO Employment Agreement"). The CEO Employment Agreement provides that Mr. Stanard will serve as Chief Executive Officer of RenaissanceRe until June 30, 2007, unless terminated earlier as provided therein. The CEO Employment Agreement is generally structured to remove all salary, bonus and equity compensation payable to Mr. Stanard in exchange for the grant of options under the 2004 Plan, as described in more detail below. The Compensation/Governance Committee does not expect to pay Mr. Stanard any salary, bonus or additional equity compensation during the term of the CEO Employment Agreement, but reserves the ability to do so if, in its discretion, such additional compensation is warranted under the circumstances.

Mr. Stanard's prior employment agreement (the "Prior Employment Agreement") had provided for a base salary of \$450,000 per year and an annual bonus at the discretion of the Compensation/Governance Committee consistent with the treatment of our other executive officers. The Prior Employment Agreement also entitled Mr. Stanard to an additional annual target bonus of \$815,000, subject to adjustment upward or downward depending upon performance relative to certain agreed upon earnings per share targets (the "Additional Bonus"). The Additional Bonus for each year would be increased or decreased by 2.5% for each 1% increase or decrease (as the case may be) in the agreed upon earnings per share targets for the applicable year, provided that, in no event would the Additional Bonus in any year exceed \$1,222,500 or be less than \$407,500. The Prior Employment Agreement also provided for an additional payment (the "Gross-up Payment") in an amount which, after reduction of all applicable income taxes incurred by Mr. Stanard in connection with the Gross-up Payment, was equal to the amount of income tax payable by Mr. Stanard in respect of the related Additional Bonus. In addition, under the Prior Employment Agreement, Mr. Stanard was eligible to earn an incentive bonus of \$475,000 per year (the "Incentive Bonus"), payable in June 2004, June 2005, and June 2006. Incentive Bonuses would only be paid if we met cumulative ROE targets for each immediately preceding fiscal year as established by the Board and reflected in our then current business plan. See "Executive Officer and Director Compensation - Prior CEO Employment Agreement."

The continued effectiveness of the CEO Employment Agreement is subject to the condition that our shareholders approve the 2004 Plan Proposal. If the 2004 Plan Proposal is not approved by December 15, 2004, the CEO Employment Agreement will be void retroactive to its effective date, the Prior Employment Agreement will be reinstated retroactive to such date, and Mr. Stanard will be entitled to any compensation that would have been payable to him under the Prior Employment Agreement for 2004. However, Mr. Stanard will in no event receive any bonus compensation that would otherwise have been payable in 2004 in respect of RenaissanceRe's 2003 fiscal year. See "Executive Officer and Director Compensation - Prior CEO Employment Agreement."

Share Grants

The CEO Employment Agreement provides that Mr. Stanard is to be granted options to purchase 2.5 million Full Voting Shares effective as of the date of the Special Meeting, subject to approval of the 2004 Plan by our shareholders at the Special Meeting. The exercise price for 1.25 million of the options granted to Mr. Stanard will be 150% of the fair market value of such shares on the date of grant, and the exercise price for the remaining 1.25 million will be 200% of the fair market value of such shares on the date of grant (in each case subject to the adjustment provisions of the 2004 Plan). These "premium options" will cliff vest on the fifth anniversary of the date of grant, subject to acceleration upon a change of control of RenaissanceRe, termination of Mr. Stanard's employment without cause, his resignation for good reason, by reason of his death or disability, or upon Mr. Stanard's death following his resignation upon expiration of the term of the CEO Employment Agreement. If Mr. Stanard resigns at or following the expiration of the term of the CEO Employment Agreement, the options will continue to vest for so long as Mr. Stanard does not engage in any competitive activities. In addition, if Mr. Stanard resigns at the expiration of the term, or if his employment is terminated before expiration of the term by

RenaissanceRe without cause, by him for good reason, or on account of his death or disability, the premium options, to the extent vested, will remain outstanding and exercisable for the full 10-year term of the options, but will immediately be cancelled if Mr. Stanard engages in competitive activities. RenaissanceRe must give Mr. Stanard notice of any alleged breach of his covenant not to compete and an opportunity to cure before his options can be cancelled.

In the event of extraordinary circumstances having a significant impact on the value of the Full Voting Shares prior to the date of the Special Meeting, the Compensation/Governance Committee and Mr. Stanard may consult as to the continued appropriateness of the number of options to be granted, although Mr. Stanard is under no obligation to negotiate a reduction in such number, and RenaissanceRe is under no obligation to negotiate an increase in such number.

If Mr. Stanard resigns without good reason or is terminated for cause prior to expiration of the term of the CEO Employment Agreement, all options granted under the 2004 Plan will be forfeited, except to the extent otherwise determined by the Compensation/Governance Committee. In addition, if Mr. Stanard is no longer Chief Executive Officer and voluntarily resigns from the position of Chairman of the Board prior to June 30, 2008, the Compensation/Governance Committee may, in its discretion, cause Mr. Stanard to forfeit such number of options which it determines to be appropriate under the circumstances, taking into account Mr. Stanard's obligation not to engage in competitive activities.

Under the Prior Employment Agreement, Mr. Stanard was entitled to participate in RenaissanceRe's Amended and Restated 2001 Stock Incentive Plan (the "2001 Stock Incentive Plan") commensurate with his position as Chief Executive Officer. Mr. Stanard has been awarded restricted stock and options under the 2001 Stock Incentive Plan: on March 3, 2004, Mr. Stanard was granted options to purchase 258,000 Full Voting Shares at a price of \$52.90 per share, and on May 19, 2004, Mr. Stanard was granted options to purchase 295,000 Full Voting Shares at a price of \$49.81 per share. In connection with the latter grant of options, Mr. Stanard agreed to waive all bonus compensation to which he would otherwise have been entitled to be paid in 2004 in respect of RenaissanceRe's 2003 fiscal year.

Expense Reimbursements and Perquisites

Under the CEO Employment Agreement, Mr. Stanard is entitled to certain expense reimbursements and perquisites relating to housing, automobile and other expenses, subject to a \$100,000 maximum reimbursement limit for these expenses during 2004, and such limits as the Board may impose for future years. Mr. Stanard is also entitled to reimbursement of reasonable business-related expenses incurred by him in connection with the performance of his duties. In addition, the CEO Employment Agreement provides that RenaissanceRe will indemnify Mr. Stanard to the fullest extent provided under Bermuda law, except in certain limited circumstances.

In addition to other perquisites provided under his past and current employment contracts, Mr. Stanard has been permitted to use RenaissanceRe's company plane for commuting and other personal use. The cost in recent fiscal years associated with Mr. Stanard's personal use of the company plane is reflected in the Summary Compensation Table under "Other Annual Compensation." It is anticipated that Mr. Stanard will continue to be permitted to use the company plane on substantially the same basis during the term of his continuing employment.

Exclusivity, Non-Competition and Confidentiality

The CEO Employment Agreement contains customary provisions relating to exclusivity of services, non-competition and confidentiality. These provisions require that Mr. Stanard devote substantially all of his working time to our business, and not engage in competitive business activities. The non-competition obligation applies until the later of (A) the second anniversary of the date of termination of Mr. Stanard's employment or June 30, 2008, whichever is earlier, and (B), to the extent that the premium options granted under the 2004 Plan are then

outstanding, (i) the date of expiration or cancellation of such options, or (ii) the first anniversary following the exercise of his last remaining premium options, whichever is later. Under the Prior Employment Agreement, Mr. Stanard's non-competition obligation extended only until one year following his termination of employment, and RenaissanceRe was required to pay him his annual base salary and bonus compensation during such one-year period.

Under the CEO Employment Agreement, Mr. Stanard is not entitled to any cash severance upon a termination of employment without cause or resignation for good reason.

Recommendation and Vote

Approval of the 2004 Plan Proposal requires the affirmative vote of a majority of the voting rights attached to the Common Shares present, in person or by proxy, at the Special Meeting, and entitled to vote thereon.

The Board of Directors unanimously recommends a vote FOR the approval of the 2004 Plan Proposal.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS,
MANAGEMENT AND DIRECTORS**

The following table sets forth information as of July 23, 2004 with respect to the beneficial ownership of Common Shares and the applicable voting rights attached to such share ownership in accordance with the By-laws by (i) each person known by us to own beneficially 5% or more of the outstanding Common Shares; (ii) each of our directors; (iii) our Chief Executive Officer and each of the four remaining most highly compensated executive officers in 2003 (collectively, the Named Executive Officers); and (iv) all of our executive officers and directors as a group. The total Common Shares outstanding as of July 23, 2004 were 70,546,293. The information set forth below does not give effect to the option grants under the 2004 Plan to James N. Standard as discussed above under The 2004 Plan Proposal CEO Employment Agreement Summary.

Name and Address of Beneficial Owner (1)	Number of Common Shares (2)	Percentage of Voting Rights
FMR Corp. (3)		
82 Devonshire Street		
Boston, Massachusetts 02109	7,024,487	9.96%
AXA Financial, Inc. (4)		
1290 Avenue of the Americas		
New York, New York 10104	6,409,662	9.09%
Wellington Management Company, LLP (5)		
75 State Street		
Boston, Massachusetts 02109	4,990,400	7.07%
Vanguard Windsor Funds - Vanguard Windsor Fund (6)		
100 Vanguard Blvd.		
Malvern, PA 19355	3,818,600	5.41%
James N. Stanard (7)		
c/o RenaissanceRe Holdings Ltd.		
Renaissance House		
8-12 East Broadway		
Pembroke HM 19 Bermuda	3,739,536	5.30%
William I. Riker (8)	1,056,124	1.50%
David A. Eklund (9)	381,935	*
John M. Lummis (10)	502,622	*
John D. Nichols, Jr. (11)	476,601	*
Kevin O. Donnell (12)	267,815	*
Michael W. Cash (13)	111,445	*

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Thomas A. Cooper (14)	76,299	*
Edmund B. Greene (15)	19,163	*
Brian Hall (16)	62,378	*
William F. Hecht (17)	10,723	*
W. James MacGinnitie (18)	67,463	*
Scott E. Pardee (19)	48,686	*
Nicholas L. Trivisonno (20)	5,000	*
All of our executive officers and directors (14 persons) (21)	6,825,790	9.68%

* Less than 1%

(footnotes appear on next page)

- (1) Pursuant to the regulations promulgated by the Securities and Exchange Commission (the Commission), shares are deemed to be beneficially owned by a person if such person directly or indirectly has or shares the power to vote or dispose of such shares whether or not such person has any pecuniary interest in such shares or the right to acquire the power to vote or dispose of such shares within 60 days, including any right to acquire through the exercise of any option, warrant or right.
- (2) Unless otherwise noted, consists solely of Full Voting Common Shares.
- (3) According to a Statement on Schedule 13G/A filed with the Commission on February 17, 2004, FMR Corp., Edward C. Johnson 3d, Chairman of FMR Corp., and Abigail P. Johnson may each be deemed to be the beneficial owner of 7,024,487 Common Shares by reason of advisory and other relationships with the persons who own such Common Shares. According to this Schedule 13G/A, Edward C. Johnson 3d and Abigail P. Johnson, through their ownership of common stock of FMR Corp., may be deemed to form a controlling group with respect to FMR Corp. According to this Schedule 13G/A, FMR Corp. serves as the investment manager to various investment companies registered under the Investment Company Act of 1940, which investment companies collectively own 6,810,012 Common Shares. Neither FMR Corp. nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the various Fidelity funds, which power resides with the Boards of Trustees of the various funds. According to this Schedule 13G/A, Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by its funds' Boards of Trustees. In addition, this Schedule 13G/A provides that a wholly owned subsidiary of FMR Corp. is the beneficial owner of 214,475 Common Shares as a result of its serving as investment manager of institutional accounts. However, according to this Schedule 13G/A, no one person covered by the Schedule 13G/A has an interest in more than 5% of the total Common Shares outstanding. Based on the information provided in this Schedule 13G/A, we do not believe that FMR Corp., Edward C. Johnson, Abigail P. Johnson or any Fidelity fund owns an amount of Common Shares exceeding the limitations set forth in our Bye-laws.
- (4) According to a Statement on Schedule 13G filed with the Commission on February 10, 2004, AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, AXA Courtage Assurance Mutuelle (collectively with AXA Assurances I.A.R.D. Mutuelle and AXA Assurances Vie Mutuelle, Mutuelles AXA), AXA, and AXA Financial, Inc. may each be deemed to be the beneficial owner of 6,409,662 Common Shares by reason of advisory and other relationships with the persons who own such Common Shares. According to this Schedule 13G, Alliance Capital Management L.P., a subsidiary of AXA Financial, Inc., is an investment adviser for client investment advisory accounts beneficially owning 6,409,582 Common Shares. This Schedule 13G provides that Alliance Capital Management L.P. operates under independent management and makes independent voting and investment decisions. In addition, a subsidiary of AXA beneficially owns 80 Common Shares. According to the Schedule 13G, AXA Financial, Inc. is owned by AXA, and AXA is controlled by Mutuelles AXA. Based on the information provided in this Schedule 13G, we do not believe that Mutuelles AXA, AXA, AXA Financial, Inc. or Alliance Capital Management L.P. owns an amount of Common Shares exceeding the limitations set forth in our Bye-laws.
- (5) According to a Statement on Schedule 13G/A filed with the Commission on February 12, 2004 by Wellington Management Company, LLP (WMC), WMC may be deemed to be the beneficial owner of 4,990,400 Common Shares by reason of WMC's role as investment advisor or sub-advisor to investment companies and other clients who hold such shares or WMC's role as a parent holding company or control person. According to WMC's Schedule 13G/A, one of WMC's investment company clients or other clients covered by the Schedule 13G/A, Vanguard Windsor Funds, Inc., has an interest in more than 5% of the total Common Shares outstanding. Based on the information provided in this Schedule 13G/A, we do not believe that WMC or any of its clients owns an amount of Common Shares exceeding the limitations set forth in our Bye-laws.

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- (6) According to a Statement on Schedule 13G/A filed with the Commission on February 6, 2004 by Vanguard Windsor Funds, Inc. (Vanguard), Vanguard may be deemed to be the beneficial owner of 3,818,600 Common Shares. Based on the information provided in this Schedule 13G/A, we do not believe that Vanguard owns an amount of Common Shares exceeding the limitations set forth in our Bye-laws.
- (7) Mr. Stanard is Chief Executive Officer and Chairman of the Board of RenaissanceRe. Amounts shown include 1,080,980 Common Shares issuable upon the exercise of options under the 1993 Stock Incentive Plan (together with the RenaissanceRe Holdings Ltd. 2001 Stock Incentive Plan, the Stock Incentive Plans) that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days. Also includes 107,252 restricted Full Voting Shares which have not vested (Restricted Shares) and 161,613 shares held by a limited partnership for the benefit of Mr. Stanard s family; Mr. Stanard disclaims beneficial ownership of the 161,613 shares held by the limited partnership.
- (8) Mr. Riker is President and a Director of RenaissanceRe and Chief Executive Officer of Glencoe Group Holdings Ltd. Amounts shown include 499,066 Common Shares issuable upon the exercise of options under the Stock Incentive Plans that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days. Also includes 162,325 Restricted Shares and 69,015 shares held by a limited partnership for the benefit of Mr. Riker s family.
- (9) Mr. Eklund was the Executive Vice President of RenaissanceRe and President and Chief Underwriting Officer of Renaissance Reinsurance Ltd. until June 30, 2004.
- (10) Mr. Lummis is Executive Vice President and Chief Financial Officer of RenaissanceRe. Amounts shown include 375,019 Common Shares issuable upon the exercise of options under the Stock Incentive Plans that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days. Also includes 28,198 Restricted Shares and 42,470 shares held by a limited partnership for the benefit of Mr. Lummis s family.
- (11) Mr. Nichols is Executive Vice President of RenaissanceRe and President of Renaissance Underwriting Managers, Ltd. Amounts shown include 260,218 Common Shares issuable upon the exercise of options under the Stock Incentive Plans that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days. Also includes 20,709 Restricted Shares and 158,589 shares held by a limited partnership for the benefit of Mr. Nichols s family.
- (12) Mr. O Donnell is Senior Vice President Property Catastrophe Reinsurance of RenaissanceRe. Amounts shown include 129,950 Common Shares issuable upon the exercise of options under the Stock Incentive Plans that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days. Also includes 17,489 Restricted Shares, 81,153 shares held by a limited partnership for the benefit of Mr. O Donnell s family and 162 shares held in a family trust for the benefit of Mr. O Donnell s family.
- (13) Mr. Cash is Senior Vice President Specialty Reinsurance of RenaissanceRe. Amounts shown include 8,678 Common Shares issuable upon the exercise of options under the Stock Incentive Plans that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days. Also includes 60,345 Restricted Shares.
- (14) Mr. Cooper is a Director of RenaissanceRe. Amounts shown include 3,531 Common Shares granted in payment of directors fees under the RenaissanceRe Holdings Ltd. Amended and Restated Non-Employee Director Stock Plan, as amended (the Directors Stock Plan), which have not vested, 37,500 Common Shares issuable upon the exercise of options under the Directors Stock Plan that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days.
- (15) Mr. Greene is a Director of RenaissanceRe. Amounts shown include 3,531 Common Shares granted in payment of directors fees under the Directors Stock Plan which have not vested and 12,000 Common Shares issuable upon the exercise of options under the Directors Stock Plan that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days.

- (16) Mr. Hall is a Director of RenaissanceRe. Amounts shown include 3,531 Common Shares granted in payment of directors' fees under the Directors Stock Plan which have not vested, and 54,000 Common Shares issuable upon the exercise of options under the Directors Stock Plan that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days.
- (17) Mr. Hecht is a Director of RenaissanceRe. Amounts shown include 1,641 Common Shares granted in payment of directors' fees under the Directors Stock Plan which have not vested and 8,000 Common Shares issuable upon the exercise of options under the Directors Stock Plan that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days.
- (18) Mr. MacGinnitie is a Director of RenaissanceRe. Amounts shown include 3,531 Common Shares granted in payment of directors' fees under the Directors Stock Plan which have not vested, and 54,000 Common Shares issuable upon the exercise of options under the Directors Stock Plan that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days.
- (19) Mr. Pardee is a Director of RenaissanceRe. Amounts shown include 3,531 Common Shares granted in payment of directors' fees under the Directors Stock Plan which have not vested, and 36,000 Common Shares issuable upon the exercise of options under the Directors Stock Plan that are vested and presently exercisable and no Common Shares issuable upon the exercise of options which vest within 60 days.
- (20) Mr. Trivisonno is a Director of RenaissanceRe.
- (21) The number of shares provided includes shares owned by Mr. Eklund, who resigned from his positions with RenaissanceRe and its affiliates on June 30, 2004.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Housing and Lease Arrangements

In September 1998, we entered into a twenty-one year lease (the "Lease") with respect to a house in Paget Parish, Bermuda, previously occupied by William I. Riker and currently occupied by James N. Stanard. The property which is subject to the Lease is owned by the Bellevue Trust (the "Trust"). Mr. Riker is a Trustee of the Trust, and holds no direct economic interest therein. Mr. Riker does hold an indirect economic interest through a personal loan provided indirectly to the Trust. Mr. Stanard did not have a direct or indirect economic interest in the Trust at the time of the execution of the Lease. Upon entering into the Lease, we prepaid under the Lease an aggregate amount of \$2,063,874 to the Trust, representing the then-present value of all of the twenty-one year Lease payments. If the Lease is terminated for any reason, then we will be repaid all prepayments representing future amounts due under the remaining term of the Lease. We believe that the terms of the Lease reasonably represented market value terms appropriate for the Bermuda residential property market.

RenaissanceRe reimburses the rent on the Bermuda residence of each other Named Executive Officer, which housing expense is included in the compensation paid to each such Named Executive Officer. See "Executive Officer and Director Compensation-Executive Compensation." RenaissanceRe is the lessee on the Bermuda residences of each of Messrs. Lummis and Nichols, and subleases such residences to Messrs. Lummis and Nichols. In addition, in connection with RenaissanceRe's lease of Mr. Nichols residence, RenaissanceRe made payments in 2003 totaling \$217,500, of which \$125,000 represented improvements on the residence and \$66,000 represented prepaid rent.

Charitable Donations

We provide support to various charitable organizations in the Bermuda community that meet certain guidelines, including organizations which support insurance industry education and training; crime prevention; and substance abuse prevention, education and assistance. As part of our efforts, we match donations made by our officers and other employees to enumerated Bermuda charities at a ratio of 4:1 for the first \$1,250 of employee contribution, and 2:1 thereafter, up to a maximum matching contribution for each employee of \$10,000 per year. We make direct charitable contributions, in addition to the employee matching program, as well. Certain of our officers and directors, and spouses of certain of these persons, have served as directors or trustees of some of these organizations. In the 2003 fiscal year, we did not provide more than \$1 million to any one charity. James N. Stanard is a director or trustee of The Bermuda Biological Station for Research, Inc. and Habitat for Humanity - Bermuda, to which we made contributions of \$107,000 and \$76,000, respectively, in 2003. In 2003, we donated \$20,000 to the Bermuda Foundation for Insurance Studies, a charitable foundation of which Brian Hall is the Chair. Neither of Messrs. Stanard or Hall is compensated by these charities.

Co-investments

Certain officers of RenaissanceRe have made investments in investment funds in which RenaissanceRe also invests. None of these officers receives any compensation in connection with such investments or exercises any management discretion over any such investment fund.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following Summary Compensation Table sets forth information concerning the compensation for services paid to the Named Executive Officers during the years ended December 31, 2003, 2002 and 2001.

		Annual Compensation			Long-term Compensation			
Name and				Other Annual	Restricted Stock	Securities	LTIP	All Other
Principal Position	Year	Salary	Bonus (1)	Compensation (2)	Awards (3)	Options/SARs (4)	Payments (5)	Compensation (6)
James N. Stanard								
Chairman and Chief								
Executive Officer of	2003	\$ 484,380	\$ 3,618,071	\$ 727,358	\$ 740,009	54,296		
	2002	484,380	2,007,850	552,462	917,923	695,163	\$	
RenaissanceRe	2001	470,055	2,163,398	286,976	8,094,600	621,654		