

FIFTH THIRD BANCORP
Form PRE 14A
February 14, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934

(AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

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

FIFTH THIRD BANCORP

(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

FIFTH THIRD BANCORP

(NAME OF PERSON(S) FILING PROXY STATEMENT, IF OTHER THAN THE REGISTRANT)

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CINCINNATI, OHIO 45263

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

February 27, 2003

To the Shareholders of Fifth Third Bancorp:

You are cordially invited to attend the Annual Meeting of the Shareholders of Fifth Third Bancorp to be held at the Hilton Cincinnati Netherland Plaza Hotel, 35 West Fifth Street, Cincinnati, Ohio on Tuesday, March 25, 2003 at 11:30 a.m. for the purposes of considering and acting upon the following:

- (1) Election of six (6) Class II Directors to serve until the Annual Meeting of Shareholders in 2006.
- (2) The proposal described in the attached Proxy Statement to amend Article III Section 17 of the Code of Regulations, as amended, to limit the indemnification the Company provides to its directors, officers and employees in accordance with applicable federal laws and regulations. The proposed Amendment is attached as Annex 2 to the Proxy Statement and incorporated therein by reference.
- (3) Approval of the appointment of the firm of Deloitte & Touche LLP to serve as independent auditors for the Company for the year 2003.
- (4) Transaction of such other business that may properly come before the Meeting or any adjournment thereof.

Shareholders of record at the close of business on January 31, 2003 will be entitled to vote at the Meeting.

All persons who find it convenient to do so are invited to attend the meeting in person. In any event, please sign and return the enclosed proxy with this notice at your earliest convenience. If you hold shares of Fifth Third Bancorp common stock directly in your name, you may also vote over the internet or by telephone. If internet or telephone voting is available to you, voting instructions are printed on the proxy card sent to you.

By Order of the Board of Directors

Paul L. Reynolds

Secretary

FIFTH THIRD BANCORP

38 Fountain Square Plaza

Cincinnati, Ohio 45263

PROXY STATEMENT

The Board of Directors of Fifth Third Bancorp (the Company) is soliciting proxies, the form of which is enclosed, for the Annual Meeting of Shareholders to be held on March 25, 2003 (the Meeting). Each of the 565,874,176 shares of Common Stock outstanding on January 31, 2003 is entitled to one vote on all matters acted upon at the Meeting, and only Shareholders of record on the books of the Company at the close of business on January 31, 2003 will be entitled to vote at the Meeting, either in person or by proxy. The shares represented by all properly executed proxies which are sent to the Company will be voted as designated and each not designated will be voted affirmatively. Each person giving a proxy may revoke it by giving notice to the Company in writing or in open meeting at any time before it is voted.

The laws of Ohio under which the Company is incorporated provide that if notice in writing is given by any Shareholder to the President, a Vice President, or the Secretary of the Company not less than forty-eight (48) hours before the time fixed for holding a meeting of Shareholders for the purpose of electing Directors that such Shareholder desires that the voting at such election shall be cumulative, and if an announcement of the giving of such notice is made upon the convening of the meeting by the Chairman or Secretary or by or on behalf of the Shareholder giving such notice, each Shareholder shall have the right to cumulate such voting power as he or she possesses in voting for Directors.

The expense of soliciting proxies will be borne by the Company. Proxies will be solicited principally by mail, but may also be solicited by the Directors, Officers, and other regular employees of the Company, who will receive no compensation therefor in addition to their regular compensation. Brokers and others who hold stock on behalf of others will be asked to send proxy material to the beneficial owners of the stock, and the Company will reimburse them for their expenses.

The Company has retained D.F. King & Co., Inc., a proxy solicitation firm, to assist the Company in soliciting proxies. The Company anticipates that the costs of D. F. King's services will be approximately \$8,000.

The Annual Report of the Company for the year 2002, including financial statements, has been delivered to all Shareholders. Such report and financial statements are not a part of this Proxy Statement.

CERTAIN BENEFICIAL OWNERS

Under Section 13(d) of the Securities Exchange Act of 1934, a beneficial owner of a security is any person who directly or indirectly has or shares voting power or investment power over such security. Such beneficial owner under this definition need not enjoy the economic benefit of such securities. The following are the only Shareholders deemed to be beneficial owners of 5% or more of the Common Stock of the Company as of December 31, 2002:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	Cincinnati Financial Corporation 6200 South Gilmore Fairfield, Ohio 45014	72,780,560	12.67%
Common Stock	Fifth Third Bancorp Subsidiary Banks 38 Fountain Square Plaza Cincinnati, Ohio 45263	34,001,459	5.92%

- (1) Cincinnati Financial Corporation owns 56,198,414 shares of the Common Stock of the Company. Cincinnati Insurance Company, Cincinnati Casualty Company, Cincinnati Life Insurance Company and CINFIN Capital, subsidiaries of Cincinnati Financial Corporation, own 14,121,542 shares, 1,419,979 shares, 1,036,125 shares and 4,500 shares, respectively.
- (2) There are six wholly-owned bank subsidiaries of the Company, which are beneficial owners of 12,574,255 shares. The banks hold these shares in a fiduciary capacity under numerous trust relationships, none of which relates to more than 5% of the shares, and have sole or shared voting power, and sole or shared investment power over these shares. The banks also hold shares in a non-discretionary capacity, and disclaim any beneficial interest in all shares held in these capacities.

ELECTION OF DIRECTORS

In accordance with the Company's Code of Regulations, the Board of Directors is classified into three classes. Each class is to be elected to separate three (3) year terms with each term expiring in different years. At each Annual Meeting the Directors or nominees constituting one class are elected for a three (3) year term. The term of those Directors listed below as Class II expires at the Annual Meeting on March 25, 2003 and this Class contains the nominees to be elected to serve until the Annual Meeting of Shareholders in 2006. The following Class II directors are retiring upon expiration of their terms at the Annual Meeting: Donald B. Shackelford and David J. Wagner. At its January 21, 2003 meeting the Board of Directors voted to decrease the size of the Board such that no vacancies will result from the foregoing retirements. Each of the foregoing retiring Directors has generously given valuable years of service to the Company. Any vacancies that occur after the Directors are elected may be filled by the Board of Directors in accordance with law for the remainder of the full term of the vacant directorship.

The Nominating and Corporate Governance Committee of the Board of Directors intends to nominate for election as Class II Directors the following six (6) persons, all of whom are presently serving as Class II Directors of the Company: John F. Barrett, Richard T. Farmer, Robert B. Morgan, George A. Schaefer, Jr., John J. Schiff, Jr. and Dudley S. Taft. It is the intention of the persons named in the Proxy to vote for the election of all nominees named. If any nominee(s) shall be unable to serve, which is not now contemplated, the proxies will be voted for such substitute nominee(s) as the Nominating and Corporate Governance Committee of the Board of Directors recommends. Proxies in the form solicited hereby which are returned to the Company will be voted in favor of the six (6) nominees specified above unless otherwise instructed by the shareholder. Abstentions and shares not voted by brokers and other entities holding shares on behalf of beneficial owners will not be counted and will have no effect on the outcome of the election. Nominees receiving the six (6) highest totals of votes cast in the election will be elected as directors.

The following tables set forth information with respect to each Class II Director, including the nominees for re-election at the Annual Meeting, and with respect to incumbent Directors in Classes I and III of the Board of Directors who are not nominees for re-election at the Annual Meeting.

Name, Age and Principal Occupation During the Past Five Years	Director Since	Shares of Company Common Stock Beneficially Owned on December 31, 2002(1)	
		Number(4)	Percent of Class
CLASS II DIRECTORS (Terms Expire 2003)			
JOHN F. BARRETT , 53, President, CEO and Director of The Western-Southern Life Insurance Co. since March, 1994. Formerly, President and COO, The Western-Southern Life Insurance Co.	1988	68,921	.0120%
Director of Convergys Corporation and Andersons, Inc.			
RICHARD T. FARMER , 68, Chairman and Director, Cintas Corporation, a service company that designs, manufactures and implements corporate identity uniform programs, since August, 1995. Formerly, Mr. Farmer was Chairman, CEO and Director of Cintas Corporation.	1982	161,914	.0282%
ROBERT B. MORGAN ⁽³⁾ , 67, Executive Counselor of Cincinnati Financial Corporation and Cincinnati Insurance Company since April 1, 1999. Formerly, Mr. Morgan was Director, CEO and President of Cincinnati Financial Corporation.	1986	84,826	.0148%
GEORGE A. SCHAEFER, JR. ⁽²⁾ , 57, President and Chief Executive Officer of Fifth Third Bancorp and Fifth Third Bank.	1988	3,157,408	.5475%
Director of Anthem, Inc. and Ashland Inc.			
JOHN J. SCHIFF, JR. ⁽²⁾ ⁽³⁾ , 59, Chairman, President, Chief Executive Officer and Director of Cincinnati Financial Corporation and Cincinnati Insurance Company. Retired as Chairman of John J. & Thomas R. Schiff & Co., Inc., an insurance agency in December, 1996.	1983	416,343	.0722%
Director of Cinergy Corp., Standard Register Co., Cincinnati Bengals and John J. & Thomas R. Schiff & Co., Inc.			
DONALD B. SHACKELFORD , 70, Chairman, Fifth Third Bank (Central Ohio) since June, 1998. Formerly, Vice Chairman of State Savings Company and Chairman of State Savings Bank.	1998	1,268,042	.2207%
Director of The Limited, Inc., The Progressive Corporation and Intimate Brands, Inc.			

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DUDLEY S. TAFT ⁽²⁾ , 62, President and Director, Taft Broadcasting Company, investor in entertainment and media properties.	1981	94,976	.0165%
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Director of Cinergy Corp., The Union Central Life Insurance Company, United States Playing Card Co., and The Tribune Company.

DAVID J. WAGNER , 48, Chairman of Fifth Third Bank, a Michigan banking corporation formerly known as Old Kent Bank, since April 2001. Formerly, Chairman, President and CEO of Old Kent Financial Corporation.	2001	666,962	.1161%
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Name, Age and Principal Occupation During the Past Five Years	Director Since	Shares of Company Common Stock Beneficially Owned on December 31, 2002(1)	
		Number(4)	Percent of Class
CLASS III DIRECTORS (Terms Expire 2004)			
DARRYL F. ALLEN , 59, Retired Chairman, CEO and President, Aeroquip-Vickers, Inc., formerly known as Trinova Corporation, a manufacturer and distributor of engineered components for industry, automotive, aerospace and defense.	1997	7,025	.0012%
Director of Milacron, Inc.			
JOSEPH H. HEAD, JR. ⁽²⁾ , 70, Chairman and Director, Atkins & Pearce, Inc., manufacturer of industrial textiles.	1987	205,001	.0357%
ALLEN M. HILL ⁽²⁾ , 57, Retired CEO and President of DPL Inc. and its subsidiary The Dayton Power and Light Company.	1998	56,272	.0098%
DR. MITCHEL D. LIVINGSTON , 58, Vice President for Student Affairs and Services, University of Cincinnati. Formerly, Dr. Livingston was Vice President for Student Services, University of Albany.	1997	10,563	.0018%
HENDRIK G. MEIJER , 50, Co-Chairman, Meijer, Inc., a food and general merchandise retailer.	2001	12,855	.0022%
JAMES E. ROGERS , 55, Chairman, President, CEO and Director of Cinergy Corp., Cinergy Services, CG&E and PSI Energy, since December, 1995, and Mr. Rogers was Vice Chairman, President and COO since October, 1994. Formerly, Mr. Rogers was Chairman, President and CEO of PSI Energy.	1995	16,898	.0029%
Director of Duke Realty Corporation.			

Name, Age and Principal Occupation During the Past Five Years	Director Since	Shares of Company Common Stock Beneficially Owned on December 31, 2002(1)	
		Number(4)	Percent of Class
CLASS I DIRECTORS			
(Terms Expire 2005)			
THOMAS B. DONNELL ⁽²⁾ , 56, Chairman Emeritus, Fifth Third Bank (Northwestern Ohio).	1984	784,074	.1365%
JAMES P. HACKETT , 47, President, CEO and Director of Steelcase Inc., a manufacturer of office systems.	2001	4,517	.0008%
JOAN R. HERSCHEDE , 63, President and CEO of The Frank Herschede Company, an investment holding company.	1991	47,720	.0083%
ROBERT L. KOCH II , 64, President and CEO of Koch Enterprises, Inc., a holding company with worldwide subsidiaries that manufacture aluminum die castings, industrial painting systems, and automotive adhesives, and distribute heating and air conditioning equipment and hydraulic and pneumatic components. Director of Vectren Corporation.	1999	274,100	.0477%
THOMAS W. TRAYLOR , 63, CEO of Traylor Bros., Inc., an underground and marine construction company.	1999	271,438	.0473%
All Directors and Executive Officers as a Group (33 persons).		15,268,370	2.6147%

- (1) As reported to Fifth Third Bancorp by the Directors as of the date stated. Includes shares held in the name of spouses, minor children, certain relatives, trusts, estates and certain affiliated companies as to which beneficial ownership may be disclaimed.
- (2) Members of the Executive Committee of the Board of Directors.
- (3) Messrs. Morgan and Schiff, Jr. are Directors of Cincinnati Financial Corporation, whose holdings of Company shares are more fully set forth above under the caption "Certain Beneficial Owners" in this Proxy Statement.
- (4) The amounts shown represent the total shares owned outright by such individuals together with shares which are issuable upon the exercise of currently exercisable, but unexercised stock options. Specifically, the following individuals have the right to acquire the shares indicated after their names, upon the exercise of such stock options: Mr. Allen, 6,688; Mr. Barrett, 17,658; Mr. Donnell, 85,449; Mr. Farmer, 17,658; Mr. Hackett, 2,000; Mr. Head, 5,000; Ms. Herschede, 0; Mr. Hill, 5,000; Mr. Koch, 11,303; Dr. Livingston, 8,536; Mr. Meijer, 2,000; Mr. Morgan, 25,253; Mr. Rogers, 16,393; Mr. Schaefer, 2,305,237; Mr. Schiff, 0; Mr. Shackelford, 117,500; Mr. Taft, 25,253; Mr. Traylor, 11,303; and Mr. Wagner, 663,413. The aggregate number of shares issuable upon the exercise of currently exercisable, but unexercised stock options, held by the Executive Officers who are not also Directors is 6,263,015.

BOARD OF DIRECTORS, ITS COMMITTEES, MEETINGS AND FUNCTIONS

The Board of Directors of the Company met five (5) times during 2002. The Company has an Executive Committee consisting of Messrs. Donnell, Head, Hill, Schaefer, Schiff and Taft, which meets only on call. Under Ohio law, this Committee has the powers to act between meetings of the Board on virtually all matters that the Board could act upon. The Executive Committee met three (3) times in 2002. The Company has a Stock Option and Compensation Committee, which consisted of Messrs. Head, Hill and Rogers, and met two (2) times during 2002. The Company's Compliance Committee, formed in August 2002, met five (5) times in 2002 and consists of Messrs. Head, Hill, Schiff and Taft. The Company has a Nominating and Corporate Governance Committee that was formed in September 2002. This Committee consisted of Messrs. Allen, Koch, Rogers and Taft and met two (2) times during 2002.

The Audit Committee of the Company serves in a dual capacity as the Audit Committee of the Company and Fifth Third Bank. Nine (9) meetings of this Committee were held during 2002. One of the functions of this Committee is to carry out the statutory requirements of a bank audit committee as prescribed under Ohio law. Other functions include the engagement of independent auditors, reviewing with those independent auditors the plans and results of the audit engagement of the Company, reviewing the scope and results of the procedures for internal auditing, reviewing the independence of the independent auditors, reviewing the Company's financial results and Securities and Exchange Commission filings, reviewing the effectiveness of the Company's internal controls and similar functions and approving all auditing and non-auditing services performed by its independent auditors or other auditing or accounting firms. The Board of Directors has adopted a written charter for the Audit Committee, which is attached hereto as Annex 1. The Audit Committee members for 2002 were Messrs. Barrett, Donnell, Morgan and Ms. Herschede. All members of the Audit Committee met the independence standards of Rule 4200(a)(15) and the audit committee qualifications of Rule 4350(d)(2) of the National Association of Securities Dealers listing standards except for Mr. Donnell. Mr. Donnell resigned from the audit committee on January 21, 2003. The formal report of the Audit Committee with respect to the year 2002 begins on page 13 herein.

Executive compensation and stock options are determined by the Stock Option and Compensation Committee of the Board of Directors. The formal report of the Stock Option and Compensation Committee with respect to 2002 compensation and stock option grants begins on Page 11 herein.

No member of the Board of Directors of the Company attended less than 75% of the aggregate meetings of the Board of Directors and all committees on which he served during 2002.

EXECUTIVE COMPENSATION

Set forth below are tables showing for the Chief Executive Officer and the five other highest-paid executive officers of the Company: (1) in summary form, the compensation paid for the last three years; (2) the options granted and options exercised; and (3) beneficial ownership of the Company's Common Stock.

Summary

The following table is a summary of certain information concerning the compensation awarded, paid to, or earned by the Company's chief executive officer and each of the Company's other five most highly compensated executive officers (the "named executives") during each of the last three fiscal years.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Long Term Compensation	All Other Compensation\$(2)
		Salary(\$)	Bonus(\$)	Shares Underlying Options(1)	
George A. Schaefer, Jr President and Chief Executive Officer	2002	1,000,000	1,600,000	250,000	364,000
	2001	991,170	1,485,000	250,000	346,664
	2000	976,732	1,462,500	300,000	341,493
Stephen J. Schrantz Executive Vice President	2002	525,012	460,174	85,000	137,922
	2001	502,897	420,000	85,000	129,206
	2000	491,142	380,000	97,500	121,960
Michael D. Baker Executive Vice President	2002	460,012	410,331	82,500	121,848
	2001	433,480	325,000	80,000	106,187
	2000	403,468	290,000	97,500	97,085
Robert P. Niehaus Executive Vice President	2002	460,012	410,331	82,500	121,848
	2001	406,929	305,445	80,000	99,732
	2000	315,972	275,000	90,000	82,736
Robert J. King, Jr Executive Vice President	2002	450,008	400,057	85,000	119,009
	2001	388,092	315,000	85,000	98,433
	2000	353,464	300,000	97,500	91,485
Neal E. Arnold Executive Vice President and Chief Financial Officer	2002	450,008	390,022	85,000	117,604
	2001	405,774	295,000	85,000	98,108
	2000	322,647	260,000	97,500	81,571

(1) Adjusted for three-for-two split on July 14, 2000.

(2) All Other Compensation consists solely of the amounts representing the allocations to each named executive under The Fifth Third Master Profit Sharing and Non-qualified Deferred Compensation Program.

Stock Options

The following table sets forth information concerning individual grants of options to purchase the Company's Common Stock made to the named executives in 2002:

OPTION GRANTS IN LAST FISCAL YEAR

Name	Number of Shares Underlying Options Granted(1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/SH.)	Expiration Date	Potential Realizable	
					Value at Assumed	
					Annual Rates of Stock	
					Price Appreciation	
					for Option Term	
					5%(\$)	10%(\$)
George A. Schaefer, Jr	250,000	3.8%	68.01	4/22/12	10,692,781	27,097,606
Stephen J. Schrantz	85,000	1.3%	68.01	4/22/12	3,635,546	9,213,186
Michael D. Baker	82,500	1.3%	68.01	4/22/12	3,528,618	8,942,210
Robert P. Niehaus	82,500	1.3%	68.01	4/22/12	3,528,618	8,942,210
Robert J. King, Jr	85,000	1.3%	68.01			