IRWIN FINANCIAL CORP
Form DEF 14A
March 18, 2005

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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 x
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Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Irwin Financial Corporation

(Name of Registrant as Specified In Its Charter)

Irwin Financial Corporation

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.
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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:

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Irwin Financial Corporation *500 Washington Street, Columbus, Indiana 47201*

March 18, 2005

Notice of Annual Meeting of Shareholders

To the Shareholders: The Annual Meeting of Shareholders of Irwin Financial Corporation will be held at the Holiday Inn Conference Center, 2480 Jonathan Moore Pike, Columbus Indiana, on Thursday, April 7, 2005, at 4:00 p.m., Columbus time, for the following purposes:

1. to elect three Directors to serve on the Board until our 2008 annual meeting;

2. to approve a proposal to amend the Restated Articles of Incorporation regarding the indemnification of directors, officers and employees, by moving the current indemnification provisions from the Restated Articles to the By-laws and replacing the indemnification provisions in the Restated Articles with a general provision authorizing indemnification to the fullest extent of the law;

3. to hear such reports as may be presented; and

4. to transact such other business as may properly come before the meeting or any adjournment thereof.

Registration of shareholders will start at 3:15 p.m. and the meeting will start at 4:00 p.m. Following the meeting, refreshments will be served.

I encourage you to date, sign, and mail the enclosed proxy in the postpaid envelope that is provided. If you are present at the meeting and desire to do so, you may revoke your proxy and vote in person.

Enclosed with this notice are our Annual Report to Shareholders for 2004, our Annual Report on Form 10-K and our Proxy Statement.

Matt Souza, *Secretary*

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Proxy Statement of Irwin Financial Corporation

For Annual Meeting of Shareholders to be held April 7, 2005

General Information

We are providing this proxy statement and the accompanying form of proxy in connection with the solicitation by our Board of Directors of proxies to be used at our Annual Meeting of Shareholders on Thursday, April 7, 2005, at the Holiday Inn Conference Center, 2480 Jonathan Moore Pike, Columbus, Indiana, at 4:00 p.m., Columbus time, or any adjournment thereof.

We will bear the costs of the solicitation of proxies in the accompanying form. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, at no additional compensation, by telephone, telegram, personal interviews or otherwise.

A shareholder who signs and returns a proxy in such form will have the power to revoke it at any time before it is exercised by giving notice of revocation to our Secretary. All shares represented by the accompanying proxy, if the proxy is executed and returned, will be voted as directed by the shareholder. If a shareholder executes and returns a proxy, but makes no direction as to such shareholder s vote, then the shares will be voted on each matter to come before the meeting in accordance with the recommendation of the Board of Directors.

Further information on voting for the annual meeting, including information for participants in Irwin s retirement and savings plans, is set forth under Voting Procedures.

Our main offices are located at 500 Washington Street, Columbus, Indiana 47201.

This proxy statement will be mailed to shareholders on or about March 18, 2005.

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Voting Securities and Principal Holders

Only shareholders of record at the close of business on February 18, 2005, will be entitled to vote. On February 18, 2005, there were 28,506,964 common shares outstanding and entitled to vote. Each common share is entitled to one vote on each matter to be voted on at the meeting.

The following information is given as of February 18, 2005, for persons known by management to beneficially own more than 5% of our common shares. All of the shares listed are beneficially owned through voting and investment power held solely by the reported owner, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature Beneficial Ownership	Percentage of Ownership
William I. Miller 500 Washington Street Columbus, Indiana	11,054,959(1)	38.73%

(1) Includes 5,176,038 common shares, which William I. Miller beneficially owns as the executor of the Estate of J. Irwin Miller (William I. Miller s father) (the Estate). William I. Miller was qualified as the executor of the Estate on August 24, 2004. Previously, the Estate also granted William I. Miller an irrevocable proxy to vote and an option to acquire, subject to certain conditions, 5,160,544 of these common shares.

Also includes 5,160,592 common shares beneficially held through an irrevocable proxy granted by the IFC Trust Under Trust Agreement dated 6/29/90, Clementine M. Tangeman, Donor (the IFC Trust). On September 7, 2004 the IFC Trust appointed William I. Miller sole trustee, in substitution for his deceased father. The IFC Trust has granted William I. Miller an irrevocable proxy to vote such common shares, and an option to acquire such common shares, subject to certain conditions. The Estate is the sole beneficiary of the IFC Trust.

Also includes (i) 22,812 common shares beneficially held through his role as the custodian of accounts benefiting William I. Miller s children, (ii) 14,625 common shares held by William I. Miller s spouse, Lynne M. Maguire, as trustee of the 1998 William I. Miller Annual Exclusion Trust (the Exclusion Trust), and (iii) 577,025 common shares beneficially held through employee stock options that are exercisable within 60 days of February 18, 2005. William I. Miller expressly disclaims beneficial ownership of the common shares held as custodian on behalf of his children and the common shares held through the Exclusion Trust.

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Security Ownership of Management

The following information about the ownership of our common shares is given as of February 18, 2005 for our director nominees, directors and certain executive officers, individually, and all our director nominees, directors and executive officers as a group.

Name	Irrevocable Voting Proxy	Right to Acquire within 60 days of February 18, 2005	Restricted Stock	Total Number of Shares Beneficially Owned[1]	Percent of Outstanding Shares
Sally A. Dean [3]		16,238	1,999	34,878	*
Elena Delgado [4]		68,750		72,751	*
Gregory F. Ehlinger[4]		88,375		93,259	*
David W. Goodrich[3]		3,400		18,831	*
Robert H. Griffith[4]		27,895		33,746	*
R. David Hoover [2, 3]		725	2,397	3,622	*
William H. Kling [3]		7,625	5,503	27,092	*
Brenda J. Lauderback[3]		18,638	1,854	24,295	*
John C. McGinty, Jr.[3]		13,710	8,176	33,642	*
William I. Miller[2, 3, 4, 5]	10,321,136	577,025		11,054,959	38.73%
Lance R. Odden [3]		13,710	1,431	31,444	*
Theodore M. Solso[2, 3]		3,400	5,178	45,247	*
Thomas D. Washburn[4]		105,615		150,657	*
Director Nominees, Directors and Executive Officers as a Group (19 persons)	10,321,136	1,136,831	26,538	11,861,553	41.55%

* Less than 1%

(1) Includes shares for which directors hold sole voting power but no investment power under our 1999 Outside Director Restricted Stock Compensation Plan (see Restricted Stock column).

(2) Director Nominee

(3) Director

(4) Executive Officer

(5) See Footnote 1 to the table under Voting Securities and Principal Holders.

We believe stock ownership by directors helps align their interests with those of our shareholders. The Governance Committee of the Board of Directors has approved guidelines for director ownership of Irwin Financial Corporation common stock. The guidelines include: direct ownership of our stock (excluding stock options) equal in value to at least five times the non-stock-option portion of the director annual retainer fee (or $150,000, based on the current non-stock-option retainer fee portion of $30,000); attainment of the minimum level of ownership within five years of adoption of the guidelines (for current directors) or five years after joining the Board of Directors (for new directors); and disclosure of the guidelines and director compliance in our proxy solicitation materials. Apart from the above, we have created no incentives, disincentives or facilitative programs in connection with the guidelines. All directors are in compliance with our director stock ownership guidelines.

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1. Election of Directors

Three directors are to be elected to our Board of Directors at the Annual Meeting in 2005. Proxies granted for use at the Annual Meeting cannot be voted for more than three nominees.

Our Board of Directors currently consists of nine members divided into three classes of directors who are elected to hold office for staggered terms of three years as provided in our by-laws. Directors Hoover, Miller and Solso currently are serving three-year terms expiring in 2005. Directors Goodrich, Lauderback and McGinty are currently serving three-year terms which expire in 2006, and Directors Dean, Kling and Odden are currently serving three-year terms which expire in 2007.

On the recommendation of the Governance Committee of our Board of Directors, it is proposed that Directors Hoover, Miller and Solso be elected at the Annual Meeting to serve a new three-year term of office. Directors Hoover, Miller and Solso are sometimes referred to in this proxy statement as director nominees.

The persons named as Proxies in the accompanying form of proxy will, unless otherwise indicated in the form of proxy, vote the shares covered by proxies for the election of director nominees Hoover, Miller and Solso, whose biographies are included in the following table. Management has no reason to believe that any of the nominees will be unable to serve. However, should a director nominee become unavailable for election, and unless the Board of Directors or the Executive Committee reduces the size of the Board to a number equal to the number of nominees who are able and willing to serve, the persons named in the accompanying form of proxy will vote for a substitute who will be designated by the Board of Directors or the Executive Committee. Any vacancy occurring in the Board of Directors caused by resignation, death or other incapacity, or increase in the number of directors may be filled by a majority vote of the remaining members of the Board of Directors. If a director ceases to serve before his or her term expires, the individual replacing the departing director shall be named to serve the remainder of the departing director s term. Until any such vacancy is so filled, the existing directors shall constitute the Board of Directors. Shareholders shall be notified of any increase in the number of directors and the name, address, principal occupation, and other pertinent information about any director named by the Board of Directors to fill any vacancy.

The following table sets forth, as of February 18, 2005, the name; year in which the director nominee or director was first elected as a director; for director nominees, expiration of term if elected at this year s annual meeting; for current directors, expiration of the directors term; principal occupation for the past five years of each director nominee or director; the percentage of the total number of meetings of our Board of Directors and meetings of committees of our Board of which the director or director nominee is a member attended by each director or director nominee during 2004; all other directorships or other positions held by each director and director nominee in other corporations subject to the reporting requirements of the Securities Exchange Act of 1934 and in any investment

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company; and each director and director nominee s age. There are no family relationships among any of the director nominees, directors or executive officers.

DIRECTOR NOMINEES:

R. David Hoover*
(Director since February 20, 2004; expiration of term 2008)

Mr. Hoover is Chairman, President and Chief Executive Officer of Ball Corporation. In 2002, he was elected Chairman, and has been the President and CEO since 2001. Mr. Hoover joined Ball Corporation in 1970. Prior to his career with Ball, Mr. Hoover was a corporate financial analyst for Eli Lilly and Co., Indianapolis. Mr. Hoover serves on the boards of Ball Corporation and Energizer Holdings, Inc. Mr. Hoover is also a member of the boards of the National Food Processors Association(NFPA); National Association of Manufacturers; DePauw University Board of Trustees; Indiana University, Kelley School of Business, Dean s Advisory Council; and University of Colorado at Denver Business School Board of Advisors. In 2004, Mr. Hoover attended 82% of our Board and Committee meetings of which he is a member. Age 59.

William I. Miller
(Director since 1985; expiration of term 2008)

Mr. Miller has been our Chairman since August 1990 and our President and Chief Executive Officer since May 2003. He is a director/trustee of Cummins Inc., The Tennant Company, and three mutual funds of the American Funds family of the Capital Group. In 2004, Mr. Miller attended 100% of our Board and Committee meetings of which he is a member. Age 48.

Theodore M. Solso*
(Director since 1993; expiration of term 2008)

Mr. Solso has been the Chairman and Chief Executive Officer of Cummins Inc. since January 2000. He served as President and Chief Operating Officer of Cummins from 1995 to 2000. He is a director of Ashland Inc. and Ball Corporation. In addition, Mr. Solso is on the Board of Trustees for DePauw University. In 2004, Mr. Solso attended 72% of our Board and Committee meetings of which he is a member. Age 58.

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CURRENT DIRECTORS:

Sally A. Dean*
(Director since 1995; expiration of term 2007)

Ms. Dean is a retired Senior Vice President of Dillon, Read & Co. Inc. (investment bank, which is now part of UBS). She serves as Chairman of the Paideia School Endowment Board and is former President of the Board of Trustees, Randolph-Macon Woman s College. In 2004, Ms. Dean attended 100% of our Board and Committee meetings of which she is a member. Age 56.

David W. Goodrich*
(Director since 1986; expiration of term 2006)

Mr. Goodrich has been President and Chief Executive Officer of the Central Indiana Corporate Partnership since June 1999. He was President of the Indianapolis, Indiana Colliers Turley Martin Tucker Company (a realty company) from May 1998 to July 1999. He is a director of Citizens Gas and Coke Utility, Clarian Health Partners, Inc., One America Financial Partners, Inc., and the National Wine and Spirits Corporation. In 2004, Mr. Goodrich attended 100% of our Board and Committee meetings of which he is a member. Age 57.

William H. Kling*
(Director since 1993; expiration of term 2007)

Mr. Kling has been President and Chief Executive Officer of the American Public Media Group (APMG) since 2000. APMG is the parent company of Minnesota Public Radio, Southern California Public Radio and the Greenspring Company (a diversified media company). Mr. Kling became President of Minnesota Public Radio (a regional network of 38 public radio stations) in 1966, and a director in 1972. In 1987, he became the President of the Greenspring Company. He is director/trustee of the St. Paul Travelers Company, The Wenger Corporation, Comcast Cable of St. Paul and five funds of the American Funds family of the Capital Group. In 2004, Mr. Kling attended 100% of our Board and Committee meetings of which he is a member. Age 62.

Brenda J. Lauderback*
(Director since 1996; expiration of term 2006)

Ms. Lauderback was President of the Retail and Wholesale Group of the Nine West Group, Inc. from May 1995 until January 1998. She is a director of Big Lots, Inc., Louisiana-Pacific Corporation and Wolverine World Wide, Inc. She joined the Board of Directors of Select Comfort, Inc. in November 2004. In 2004, Ms. Lauderback attended 100% of our Board and Committee meetings of which she is a member. Age 54.

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John C. McGinty, Jr.*
(Director since 1991; expiration of term 2006)

Mr. McGinty has been the President of Peregrine Associates, Inc. (a healthcare, governance, and leadership consulting firm) since 1997. He was the Managing Director of The Greeley Company (a healthcare leadership consulting, strategic planning, education, and publications firm) from 1997 to 2003, and currently serves as a Senior Consultant. Mr. McGinty was a part-time faculty member at Indiana University from 1997 to 2001. From 1986 to 1997, Mr. McGinty was President and Chief Executive Officer of Southeastern Indiana Health Management, Inc. and Columbus Regional Hospital. In 2004, Mr. McGinty attended 100% of our Board and Committee meetings of which he is a member. Age 54.

Lance R. Odden*
(Director since 1991; expiration of term 2007)

Mr. Odden retired as Head Master of The Taft School (a private educational institution) in June 2001, having served in that capacity since 1972. Mr. Odden serves as an advisor to Warburg Pincus and is a trustee of the Thatcher School Group. Mr. Odden currently serves as a director of the Aspen Educators Group and is a managing director of New Providence Asset Management Corporation. In 2004, Mr. Odden attended 100% of our Board and Committee meetings of which he is a member. Age 65.

* Member of the Executive Committee.

Director Independence

Our governance principles state that a substantial majority of the Board should consist of directors who are not employed by Irwin Financial and whose other relationships with Irwin Financial would not impair their independence, as affirmatively determined by the Board in accordance with the New York Stock Exchange definition of independence.

To assist in the Board s determinations of director independence, the directors completed questionnaires designed to identify relationships that could affect their independence. The Board reached its determinations by considering all relevant facts and circumstances surrounding a director s commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others.

On the basis of the responses to the questionnaires, the Board determined that Ms. Dean and Ms. Lauderback are independent because no relationship between these directors and Irwin Financial was identified. The Board further determined that Messrs. Hoover, Kling, McGinty, Odden and Solso were independent for the reasons stated below notwithstanding limited relationships with Irwin.

With respect to Mr. Hoover, the Board considered that Mr. Hoover serves on the Dean s Advisory Council of the Kelley School of Business of Indiana University and that Irwin Financial and subsidiaries matched employees contributions to Indiana University in an amount of $18,875 over the three-year period beginning in 2002. In addition, a subsidiary donated $3,000 in 2003 to the

Institute on Disability and Community at Indiana University in support of the Back Home Alliance. In 2003 and 2004, the sum of $6,000 each year was donated to Project

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TEAM, an Indiana University School of Education honors enrichment program for future teachers of color, through the Irwin Financial Foundation. (The Irwin Financial Foundation is not a subsidiary of Irwin Financial Corporation; however, directors and officers of the Foundation, including Mr. Miller, are directors and executive officers of Irwin Financial Corporation.) The Board determined that Mr. Hoover was independent because his position on the Dean s Advisory Council was not materially related to the contributions made to Indiana University by the Company. The Board believed that Mr. Hoover s independence as a director would not be influenced by the contributions made to Indiana University due to the relatively small amount involved and the nature of his position with the University.

With respect to Mr. Kling, the Board considered his position as a director of The St. Paul Travelers Company. In 2004, one of our subsidiaries received gross agency commissions of $537 from brokerage placement with The St. Paul Travelers Company. The Board determined that the small sum involved and the indirect relationship between Mr. Kling s position as a director and the commissions received by our subsidiary would not interfere with his independent service as a director of our Company.

With respect to Mr. McGinty, the Board considered his service on the Board of Directors of the Volunteers in Medicine Institute since 2002. A subsidiary of Irwin Financial has donated $3,360 since 2003 to the Volunteers in Medicine Institute through the Columbus Regional Hospital Foundation. In addition, a subsidiary of Irwin Financial has extended a first mortgage and a home equity line of credit to Mr. McGinty at 5.75% interest in the aggregate amount of $240,000, of which $225,000 was outstanding as of December 31, 2004. The Board concluded that the donation would not materially affect Mr. McGinty s judgment and that his loan was made on terms that were not more favorable than those available to others and that he therefore should be considered independent.

With respect to Mr. Odden, the Board considered that Irwin Financial made matching grants of $6,000 over the three-year period beginning in 2002 to The Taft School, where Mr. Odden served until June 2001 as Head Master. Mr. Miller has served as Trustee of The Taft School since 1978 and as the Chairman of Trustees since September 30, 2002. The Board did not believe that the amount of contribution or Mr. Miller s service at the school would significantly affect Mr. Odden s independent judgment, particularly since he is no longer an employee or Trustee of the school.

With respect to Mr. Solso, the Board considered that subsidiaries of Irwin Financial donated $102,140 to the Heritage Fund of Bartholomew County since 2002. Irwin Union Bank and Trust Company, a subsidiary of Irwin Financial, charges fees to manage funds of the Heritage Fund and returns a portion of the fees to assist with operating costs. Both Mr. Solso and Mr. Miller serve on the Board of Directors of the Heritage Fund. In addition, Mr. Solso is a member of the Central Indiana Corporate Partnership (CICP). Irwin Financial and its subsidiaries donated $15,000 since 2002 and Irwin Financial has paid $10,000 of membership fees in each of 2002 and 2003, and $20,000 of membership fees in 2004, to the CICP. Mr. Miller is a director and officer of the CICP, and is also a director of Cummins Inc., where Mr. Solso is Chairman, Chief Executive Officer

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and a director. As disclosed in the section entitled Interest of Management in Certain Transactions, we own a minority interest in an airplane in which Cummins owns the majority interest, and we pay fees to Cummins for use and maintenance of the plane.

The Board determined that Mr. Solso was independent. The Board deemed the relationships with the Heritage Fund and the CICP as not material because the contributions represented a small portion of the total revenues of each of these not-for-profit entities. The Board further determined that Mr. Miller s service with the Heritage Fund, the CICP and Cummins did not constitute a prohibited interlocking relationship with respect to Mr. Solso, and the Board deemed the arrangement in connection with the airplane to be reasonable and not likely to affect Mr. Solso s judgment as an independent director.

Executive Sessions of the Board

The Board holds executive sessions at least four times per year without employee directors present for a general discussion of relevant subjects. (Our Chairman and Chief Executive Officer is the only employee director currently on the Board.) Additional executive sessions or meetings of outside (non-employee) directors may be held from time to time as required. Lance Odden, who has been designated the Lead Director and appointed the Chair of the Executive Committee by the outside directors, presides over such executive sessions and is responsible for communicating any concerns or conclusions expressed in these sessions to management.

Compliance with Section 16(a) of the Securities Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the Securities and Exchange Commission (SEC) initial reports of ownership and reports of changes in ownership of our common shares and our other equity securities. Executive officers, directors, and greater than 10% shareholders are required by the SEC to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of the reports furnished to us and written representations that no other reports were required, all Section 16(a) filing requirements applicable to our executive officers, directors, and greater than 10% shareholders for fiscal year 2004 were met.

Director Meetings and Standing Committees

Our Board of Directors held four meetings during 2004.

We have appointed certain members of our Board to serve on various committees of our Board of Directors. Our Board of Directors has established four standing committees: (1) the Audit and Risk Management Committee; (2) the Compensation Committee; (3) the Governance Committee; and (4) the

Executive Committee. Membership in those committees is reflected in the following chart:

Committee Memberships

	Audit and Risk Management Committee	Compensation Committee	Governance Committee	Executive Committee
Sally A. Dean	X	X*		X
David W. Goodrich				X
R. David Hoover	X			X
William H. Kling		X		X
Brenda J. Lauderback	X	X		X
John C. McGinty	X*		X	X
William I. Miller				
Lance R. Odden			X*	X*
Theodore M. Solso			X	X

* Indicates Committee Chair

COMMITTEES AND CURRENT MEMBERSHIP:

Audit and Risk Management Committee

As of February 2005, the Audit and Risk Management Committee is composed of Mr. McGinty (Committee Chair), Ms. Dean, Mr. Hoover and Ms. Lauderback. The Board of Directors has determined that each member of the Committee is independent for purposes of New York Stock Exchange listing standards, the Sarbanes-Oxley Act of 2002 and related rules of the SEC. Additionally, the Board of Directors has determined that each member of the Committee is financially literate, and that Mr. McGinty qualifies as an audit committee financial expert, as defined by the SEC.

The Audit and Risk Management Committee, which held nine meetings in 2004, operates under a written charter adopted by the Board of Directors, a copy of which can be found on the Investor Relations (Corporate Governance) section of the Company s website at *www.irwinfinancial.com.* (S*ee also* Appendix A.) The Committee has primary responsibility for engaging, overseeing, and compensating our independent auditors; reviewing and approving the independent auditors audit plan; reviewing the report of audit and the accompanying management letter, if any; reviewing and directing the work performed by our internal audit department; reviewing regulatory examination reports received by us and our subsidiaries; and consulting with the independent and internal auditors about the adequacy of internal controls.

Compensation Committee

The Compensation Committee reviews and considers recommendations from management concerning our executive compensation policies, employee benefit plans, and salary administration program, including reviewing annually the total compensation and recommended adjustments for all of our executive officers and the executive officers of our subsidiaries. This Committee administers the short-term and long-term management incentive plans and employee savings plans. The deliberations of the Committee are reported to the Board of Directors for review

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and approval. Members of the Committee are Ms. Dean (Committee Chair), Mr. Kling and Ms. Lauderback. No member of the Compensation Committee, during 2004, was an officer or employee of ours, or any of our subsidiaries. All members of the Compensation Committee are independent for purposes of the New York Stock Exchange listing standards. The Committee, which held five meetings in 2004, operates under a written charter adopted by the Board of Directors, a copy of which can be found on the Investor Relations (Corporate Governance) section of the Company s website at *www.irwinfinancial.com*.

Governance Committee

As of February 2005, the Governance Committee, which serves as a standing nominating committee of the Board of Directors, is composed of Mr. Odden (Lead Director and Committee Chair), Mr. McGinty and Mr. Solso. The Board of Directors has determined that each member of the Governance Committee is independent for purposes of New York Stock Exchange listing standards. The Committee, which held five meetings in 2004, operates under a written charter adopted by the Board of Directors, a copy of which can be found on the Investor Relations (Corporate Governance) section of the Company s website at *www.irwinfinancial.com*.

The Governance Committee makes recommendations to the Board of Directors regarding general qualifications for nominees as directors, mix of experience and skills on the Board, size of the Board and the terms of its members, director compensation, and the retirement policy for directors. In discharging its responsibility for screening and recommending candidates for election to the Board, the Governance Committee periodically evaluates the Board s effectiveness and composition, including matters such as the business and professional experience (including any requisite financial expertise or other special qualifications), background, age, current employment, community service and other board service of its members, as well as racial, ethnic and gender diversity of the Board as a whole. The Governance Committee considers a candidate s qualifications in light of these criteria, as well as its assessment of whether a candidate can make decisions on behalf of, or while representing, Irwin Financial that are aligned with our Guiding Philosophy, which is posted at *www.irwinfinancial.com*. The Committee will also consider a candidate s independent status in accordance with applicable regulations and listing standards, as well as any conflicts of interest the candidate may have in serving on the Board of Directors.

The Governance Committee will consider director candidates recommended by security holders from time to time, provided that such a recommendation is accompanied by (i) a sufficiently detailed description of the candidate s background and qualifications to allow the Governance Committee to evaluate the candidate in light of the criteria described above, (ii) a document signed by the candidate indicating his or her willingness to serve if elected, and (iii) evidence of the nominating security holder s ownership of Irwin Financial stock. Any such recommendation and related documentation must be delivered in writing to Lance Odden, currently our Lead Director, in care of Irwin Financial Corporation, PO Box 929, Columbus, Indiana 47202.

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The three director nominees at the Annual Meeting are R. David Hoover, William I. Miller and Theodore M. Solso. All are existing directors who have been recommended by the Governance Committee to stand for re-election this year to a new three-year term.

Executive Committee

The Executive Committee consists of the non-employee directors of our Board. Its purpose is to meet regularly in executive session without management present. The Committee has the power to act on the Board of Directors behalf at such times as may be designated by the Board of Directors to conduct the business of the Board of Directors, subject to limitations imposed by law, our articles, our by- laws, or resolutions of our Board of Directors. The Committee held four meetings in 2004.

Outside Director Compensation

Each of our outside directors currently earns a retainer fee of $55,000, $25,000 of which is paid in the form of stock options granted under the Irwin Financial Corporation 2001 Stock Plan. The remainder of the retainer, $30,000, is payable in cash, additional stock options, or in common shares issued under our 1999 Outside Director Restricted Stock Compensation Plan. The annual retainer fee for Committee Chairs is currently $11,000 for the Chair of the Audit and Risk Management Committee, $9,000 for the Chair of the Governance Committee and $7,000 for the Chair of the Compensation Committee.

In addition to the annual retainer described above, our outside directors receive $1,250 for attending each meeting of our Board of Directors and $1,000 for attendance at each meeting of the Compensation, Governance and Executive Committees of our Board of Directors. Members of our Audit and Risk Management Committee receive $2,000 for each committee meeting attended and $1,000 for review of earnings releases.

The 1999 Outside Director Restricted Stock Compensation Plan (the Plan) covers only our non-employee directors and the non-employee directors of our subsidiaries, allowing an outside director to elect to receive the remainder of his or her annual retainer fees and/or meeting attendance fees (collectively, director fees) in the form of common shares rather than in cash, with a market value equivalent to the cash value of the fees. The Plan allows the grant of up to 150,000 common shares through December 31, 2009. Grants under the Plan may be for one or more years of future service. The common shares granted under the Plan are subject to forfeiture on a pro rata basis if the outside director recipient does not serve until the end of the outside director plan year to which the common shares apply. Forfeited common shares will revert to us.

A committee, appointed by the Board of Directors, administers the Plan. Except for an election for a calendar year in which a person first becomes an outside director, each election is effective for not less than one calendar year but may be made for additional calendar years subject to any limitation imposed by the committee at the time an election is made. A grant of common shares for

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multiple years of service will be equal to the value of the cash retainer and/or meeting fees earned during the number of years covered by the grant.

Before delivery to outside directors, certificates issued by the committee under the Plan will be held by our Secretary for one year after the last date covered by the election under which the common shares were issued, or an earlier date determined by the committee.

An outside director has only limited rights as a shareholder with respect to common shares subject to an election until the certificates representing those shares are issued. When a certificate is issued, the outside director will have the power to vote the common shares represented by the certificate on all matters presented to a vote of our shareholders and will be entitled to receive all dividends and other distributions declared or paid by us on those shares. An outside director will have no right to sell, pledge, encumber, or otherwise dispose of any common shares issued under the Plan during the time the certificates representing common shares are held by our Secretary, other than for transactions between the outside director and us or any of our directors or affiliates.

Common shares totaling 12,266 are registered under the Plan in the names of the participating director nominees. Shares totaling 69,453 have been granted under the terms of the Plan since its inception. During 2004, directors Dean, Hoover, Kling, Lauderback, McGinty, Odden, and Solso participated in the Plan.

Directors Dean, Goodrich, Odden and McGinty also serve as directors on the board of our subsidiary, Irwin Union Bank and Trust Company. They receive a payment of $2,000 for each meeting they attend for that board.

No fees other than director fees are paid to directors for services rendered in that capacity. Directors who are our officers or officers of our subsidiaries do not receive any director fees.

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Executive Compensation and Other Information

Summary Compensation Table

The following table provides certain summary information concerning compensation awarded, earned by or paid by us and our subsidiaries in 2004, 2003 and 2002 to or on behalf of our Chairman and Chief Executive Officer and each of our four other most highly compensated executive officers in 2004:

		Annual Compensation[1]			Long-Term Compensation Awards	Long-Term Compensation Payouts	All Other Compensation[7]
Name & Principal Position	Year	Salary[2]	Bonus[3]	Other Annual Compensa-tion[4]	Shares Underlying Options(#)	LTIP Payouts	
William I. Miller	2004	$ 577,000	$ 520,200		84,700		$ 7,860
Chairman and CEO	2003	527,333	698,796		106,500		6,000
	2002	508,000	718,858	$ 61,105 [8]	140,400		6,000
Elena Delgado	2004	$ 271,666	$ 280,390	$ 580,720 [9]	17,600	$ 2,461,600 [5]	$ 7,860
President, Irwin Home	2003	261,667	48,760		32,300		6,000
Equity Corporation	2002	246,667	248,745		23,500		6,000
Robert H. Griffith	2004	$ 281,667	$ 240,050		6,300		$ 17,560
President and CEO,	2003	266,667	833,284		11,600		144,971
Irwin Mortgage Corporation	2002	243,333	1,011,185		7,200	$ 878,448[6]	9,000
Thomas D. Washburn	2004	$ 291,667	$ 187,561				