

AMERICAN EQUITY INVESTMENT LIFE HOLDING CO  
Form DEF 14A  
April 25, 2011

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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

Filed by a Party other than the Registrant

Check the appropriate box:

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

**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**

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(Name of Registrant as Specified In Its Charter)

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

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Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(1) Amount Previously Paid:

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(3) Filing Party:

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**AMERICAN EQUITY**

**Investment Life Holding Company**

**6000 Westown Parkway**

**West Des Moines, Iowa 50266**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**June 9, 2011**

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The Annual Meeting of Shareholders of American Equity Investment Life Holding Company will be held at the Company's executive offices, 6000 Westown Parkway, West Des Moines, Iowa 50266, on Thursday, June 9, 2011 at 3:30 p.m., local time, for the following purposes:

1. To elect a total of six Directors to one-, two-, and three-year terms.
2. To consider and vote upon the 2011 Director Stock Option Plan.
3. To approve an amendment to our Articles of Incorporation to increase the number of authorized shares of our Common Stock from 125,000,000 shares to 200,000,000 shares.
4. To approve the issuance of our Common Stock in certain circumstances upon conversion of our 3.50% Convertible Senior Notes Due 2015 and upon exercise of related warrants in excess of the New York Stock Exchange limits for share issuances without shareholder approval.
5. To consider and vote upon the ratification of KPMG LLP as our independent registered public accounting firm for 2011.
6. To conduct an advisory vote on executive compensation.
7. To conduct an advisory vote on the frequency of holding future advisory votes on executive compensation.
8. To transact such other business that may properly come before the meeting.

Shareholders of record at the close of business on April 11, 2011, are entitled to notice of and vote at the meeting. It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend the meeting, please vote your shares in one of the following ways:

By telephone using the toll-free telephone number shown on the proxy card;

Through the Internet by visiting the website shown on the proxy card; or

By completing, signing and promptly returning the enclosed proxy card in the enclosed postage-paid envelope or by fax to the number shown on the proxy card.

By Order of the Board of Directors

West Des Moines, Iowa  
April 25, 2011

Debra J. Richardson  
*Secretary*

**Important Notice Regarding the Availability of Proxy Materials for  
the Annual Meeting of Shareholders to be Held June 9, 2011.**

**This Proxy Statement and our 2010 Annual Report  
are available at <http://www.american-equity.com/2010proxy>.**

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**PROXY STATEMENT  
AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**

**Annual Meeting of Shareholders  
June 9, 2011**

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**ANNUAL MEETING AND PROXY SOLICITATION INFORMATION**

*General Information*

This proxy statement is furnished to the shareholders of American Equity Investment Life Holding Company, 6000 Westown Parkway, West Des Moines, Iowa 50266 (referred to in this proxy statement as the "Company" or as "we," "our" or "us"), in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Shareholders to be held on June 9, 2011, at the time and place shown in the Notice of Annual Meeting of Shareholders, and at any adjournment thereof. To obtain directions to the Annual Meeting, you may contact us at our toll-free number 1-888-221-1234.

We will bear all expenses in connection with this solicitation. Proxies may be solicited by the Board of Directors or management personally, by telephone or by facsimile.

This proxy statement is first being mailed on or about April 25, 2011.

*Voting Rights*

Only shareholders of record as of the close of business on April 11, 2011, will be entitled to the notice of and to vote at the meeting. We have a single class of voting common stock, \$1 par value per share ("Common Stock") of which 59,482,889 shares were outstanding and entitled to vote on such date. Each share is entitled to one vote.

Shares present in person or represented by proxy at the meeting will be tabulated for determination of whether a quorum is present. A quorum will be present if a majority of the votes entitled to be cast on a matter are represented for any purpose at the meeting. Votes withheld for any director, broker non-votes and abstentions represented at the meeting will be counted for quorum purposes. Votes will be tabulated under the supervision of Computershare, Inc., which has been designated by the Board of Directors to act as inspector of the election.

If your shares of Common Stock are held in the name of a bank, broker or other holder of record, you will receive instructions from that holder of record that you must follow in order for your shares to be voted at the Annual Meeting. Contact your bank, broker or other holder of record directly if you have any questions. Even if you do not provide instructions, your bank, broker or other holder of record may vote your shares on certain "routine matters". The New York Stock Exchange ("NYSE") considers Proposal 5 Ratification of Appointment of Independent Registered Public Accounting Firm to be a "routine matter". As a result, without instructions from you, your broker is permitted to vote your shares on this matter at its discretion. A broker non-vote occurs when a broker does not vote on some matter on the proxy card because the broker has not received instructions from you and does not have discretionary voting power for that particular item. The NYSE considers Proposal 1 Election of Directors, Proposal 2 Approval of the 2011 Director Stock Option Plan, Proposal 3 Approval of an Amendment to our Articles of Incorporation to Increase the Number of Authorized Shares of our Common Stock from 125,000,000 Shares to 200,000,000 Shares, Proposal 4 Approval of the Issuance of our Common Stock in Certain Circumstances upon Conversion of our 3.50% Convertible Senior Notes Due 2015 and upon Exercise of Related Warrants in Excess of the New York Stock Exchange Limits for Share Issuances Without Shareholder Approval, Proposal 6 Advisory Vote on Executive Compensation and Proposal 7 Advisory Vote on the Frequency of Holding Future Advisory Votes on Executive Compensation to be "non-routine matters" and, therefore, brokers may not vote on the matter unless they receive specific voting instructions from you. At this year's annual meeting, in the event that a brokerage firm does not receive voting instructions from one of our shareholders, such shareholder's shares will not be voted, and will be considered "broker non-votes" with respect to Proposal 1, Proposal 2, Proposal 3, Proposal 4, Proposal 6 and Proposal 7.

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If you plan to attend the meeting and vote in person, you will be given a ballot when you arrive. If your shares of Common Stock are not registered in your own name and you plan to attend the Annual Meeting and vote your shares in person, you will need to contact the broker or agent in whose name your shares are registered to obtain a broker's proxy card. You will need to bring the broker's proxy card with you to the Annual Meeting in order to vote.

### *Voting*

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. If you sign, date and return the proxy card without indicating your instructions on how to vote your shares, the proxies will vote your shares as follows:

"**FOR**" the election of the six nominees for Directors;

"**FOR**" the approval of the 2011 Director Stock Option Plan;

"**FOR**" the approval of an amendment to our Articles of Incorporation to increase the number of authorized shares of our Common Stock from 125,000,000 shares to 200,000,000 shares;

"**FOR**" the approval of the issuance of our Common Stock in certain circumstances upon conversion of our 3.50% Convertible Senior Notes Due 2015 and upon exercise of related warrants in excess of the New York Stock Exchange limits for share issuances without shareholder approval;

"**FOR**" the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2011;

"**FOR**" the approval of the compensation of our named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC; and

"**FOR**" the approval of an annual advisory vote on the compensation of our named executive officers.

If any other matter is presented at the Annual Meeting, your proxies will vote in accordance with their best judgment. At the time this proxy statement was printed, we knew of no matters to be addressed at the Annual Meeting beyond those described in this proxy statement.

As an alternative to voting by using the enclosed proxy card, if you are a registered shareholder (that is, you own shares of Common Stock in your own name and not through a broker, nominee or in some other "street name"), you may vote by telephone or through the Internet. Please see the enclosed proxy card for instructions on how to access the telephone and Internet voting systems. If you hold your shares in "street name," your broker or other nominee will advise you on whether you may vote by telephone or through the Internet as an alternative to voting by using the enclosed proxy card.

As to the election of directors, regardless of which method is used to vote, you may (a) vote for all of the director nominees as a group, (b) vote for all of the director nominees as a group, except those nominees whose names you specify or (c) withhold your vote from all nominees as a group.

A proxy may be revoked at any time prior to its use. Such revocation may be made in person at the Annual Meeting, by notice in writing delivered to the Corporate Secretary of the Company, by voting by telephone or through the Internet at a later date or by a proxy bearing a later date.

**The Board of Directors urges you to exercise your right to vote by returning the enclosed proxy card, by calling the toll-free telephone number or by visiting the website shown on the proxy card.**





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**PROPOSALS TO BE VOTED UPON**

**Proposal 1  
Election of Directors**

The Board of Directors presently consists of thirteen members, each of whom have been appointed to one of three Classes with three-year terms expiring on a staggered basis. The terms of service of the four directors presently serving as the Class II Directors expire at the Annual Meeting to be held on June 9, 2011. The four nominees to serve as Class II Directors include incumbents Joyce A. Chapman, James M. Gerlach, Robert L. Howe and Debra J. Richardson. Each is nominated for election to a term of three years expiring in 2014.

Mr. Gerlach and Ms. Richardson are members of our senior management team. Ms. Chapman and Mr. Howe are independent under the requirements of the Sarbanes-Oxley Act of 2002 ("SOX"), and rules adopted by the Securities and Exchange Commission ("SEC") thereunder, as well as the corporate governance listing standards of the NYSE ("NYSE Rules").

The term of service of a recently-elected Class I Director, Gerard D. Neugent, expires at the Annual Meeting to be held on June 9, 2011. Mr. Neugent is nominated for a term of two years expiring in 2013. The term of service of a recently-elected Class III Director, David S. Mulcahy, also expires at the Annual Meeting to be held on June 9, 2011. Mr. Mulcahy is nominated for a term of one year expiring in 2012.

Mr. Neugent is considered an inside director under the requirements of SOX, the rules adopted by the SEC and the NYSE Rules. Mr. Mulcahy is independent under the requirements of SOX, the rules adopted by the SEC and the NYSE Rules.

The Board of Directors anticipates that the nominees will be able to serve. In the event any nominee should be unable to do so, proxies will be voted for such substitute nominee as the Board of Directors in its discretion may recommend. Proxies will be voted for the election of the nominees unless the shareholder giving the proxy withholds such authority or votes against any such nominee.

Directors are elected by a plurality of the votes cast by the shares entitled to vote at the Annual Meeting.

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*The Board of Directors unanimously recommends that you vote FOR the nominees listed below.*

*Class II Directors Whose Terms Expire at the 2011 Annual Meeting*

**Joyce A. Chapman** is a retired banker who worked over 35 years with West Bank, West Des Moines, Iowa. While at West Bank, Ms. Chapman served in various capacities related to bank administration and operation. Ms. Chapman has served in numerous positions of leadership in philanthropic and banking industry organizations. Ms. Chapman also serves as a director for West Bancorporation, Inc. Ms. Chapman's leadership experience in various organizations and her experience in the banking industry led the Board of Directors to conclude that Ms. Chapman should serve as a director of the Company.

Director since 2008. Age 66.

**James M. Gerlach** has served as Executive Vice President of the Company since 1996. Prior to joining us, Mr. Gerlach served as Executive Vice President of American Life and Casualty Insurance Company ("American Life and Casualty") and as Executive Vice President and Treasurer of Vulcan Life Insurance Company, a subsidiary of American Life and Casualty. Mr. Gerlach has been active in the insurance industry for over 45 years. Mr. Gerlach's vast knowledge of the Company's operations as well as his years of experience in the insurance industry led the Board of Directors to conclude that Mr. Gerlach should serve as a director of the Company.

Director since 1996. Age 69.  
Member: Executive and Investment Committees

**Robert L. Howe** served the State of Iowa Insurance Division from 1964 to 2002 in various capacities. He was named Deputy Commissioner and Chief Examiner in 1985 and served in this position until his retirement in 2002. During this time, Mr. Howe was responsible for the financial oversight of 220 domestic insurance companies. Since his retirement, Mr. Howe has been a self-employed insurance consultant serving as director of EMC National Life Company from 2003 until 2007, and from 2007 to present, Mr. Howe serves as a director of EMC Insurance Group. He also serves as the designated financial expert on the board of directors of EMC Insurance Group. Mr. Howe is a certified financial examiner, certified insurance examiner, certified government financial manager and accredited insurance receiver. Mr. Howe's experience in the financial oversight of insurance companies and his expertise in finance led the Board of Directors to conclude that Mr. Howe should serve as a director of the Company.

Director since 2005. Age 68.  
Member: Executive and Audit Committees

**Debra J. Richardson** has served as Executive Vice President and Secretary of the Company since January 1, 2009. Prior to that, Ms. Richardson served as Senior Vice President and Secretary of the Company since 1996. Ms. Richardson was employed by The Statesman Group Inc. ("Statesman") from 1977 through April 1996 serving in various positions including Vice President-Shareholder/Investor Relations. Ms. Richardson has been involved in the insurance industry for over 30 years. Ms. Richardson's experience as an executive of the Company and her years of involvement in the insurance industry led the Board of Directors to conclude that Ms. Richardson should serve as a director of the Company.

Director since 2008. Age 54.  
Member: Executive and Investment Committees

*Class I Director Whose Term Expires at the 2011 Annual Meeting*

**Gerard D. Neugent** was elected to the Board of Directors on August 17, 2010. Mr. Neugent is the President and Chief Operating Officer of Knapp Properties, Inc., Des Moines, IA. His primary duties

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include dealing with real estate transactions, development and management. Mr. Neugent received his law degree from Drake University. Mr. Neugent's experience in real estate and business management as well as his legal background led the Board of Directors to conclude that Mr. Neugent should serve as a director of the Company.

Director since 2010. Age 59.

*Class III Director Whose Term Expires at the 2011 Annual Meeting*

**David S. Mulcahy** was elected to serve on the Company's Board of Directors on January 24, 2011. Mr. Mulcahy previously served as a member of the Company's Board of Directors from 1996 to 2006. Mr. Mulcahy currently serves as Chairman of the Board of Directors of Monarch Materials Group, Inc. Mr. Mulcahy is a certified public accountant and was a senior tax partner in the Des Moines office of Ernst & Young LLP, where he was employed from 1976 through 1994. Mr. Mulcahy's financial expertise, knowledge and experience in accounting and business management led the Board of Directors to conclude that Mr. Mulcahy should serve as director of the Company.

Director since 2011. Age 58.

**Members of Our Board Not Standing for Election This Year**

Set forth below is information about our directors who are not standing for election at the Annual Meeting.

*Class III Directors Whose Terms Expire at the 2012 Annual Meeting*

**David J. Noble** serves as Executive Chairman of the Board of the Company and served as Chairman, Chief Executive Officer, President and Treasurer of the Company since its formation in 1995 until January 1, 2009. Mr. Noble was Chief Executive Officer of Statesman from 1982 through 1994 and was a director of Statesman (from 1975) and its President (from 1979) until he left to form our Company at the end of 1995. Mr. Noble has been active in the insurance industry for over 50 years. Mr. Noble is a director of Twenty Services, Inc. Mr. Noble's prior service as Chief Executive Officer, President and Treasurer of the Company gives him unique insights into the Company's challenges, opportunities and operations. This, along with his years of experience in the insurance industry, led the Board of Directors to conclude that Mr. Noble should serve as a director of the Company.

Director since 1995. Age 79.

Member: Executive and Investment Committees

**A. J. Strickland, III** is the Thomas R. Miller Professor of Strategic Management in the Graduate School of Business at the University of Alabama and has been since 1969. Dr. Strickland is a director of Twenty Services, Inc. and a former director of Statesman. Dr. Strickland is also the co-author of many strategic management books and texts used at universities worldwide. In addition, he conducts frequent industry and competitive analyses of domestic and international firms. Dr. Strickland's extensive knowledge of strategic management and the finance industry arising from his academic experience led the Board of Directors to conclude that Dr. Strickland should serve as a director of the Company.

Director since 1996. Age 69.

Member: Audit and Compensation Committees

**Wendy C. Waugaman** has served as Chief Executive Officer and President of the Company since January 1, 2009. Prior to that, Ms. Waugaman served as Chief Financial Officer and General Counsel of the Company since June 1999. Before joining the Company, she served as outside corporate counsel for the Company from its inception in 1995. Ms. Waugaman was previously a partner in the firm of

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Whitfield & Eddy, P.L.C., Des Moines, Iowa, where she practiced law from 1985 until June 1999. She was a corporate attorney for Statesman for over 15 years. Ms. Waugaman is also a certified public accountant. Ms. Waugaman served as a director of West Bancorporation, Inc. from March 2007 through March 2009. Ms. Waugaman's role as Chief Executive Officer and President of the Company and former role as Chief Financial Officer and General Counsel of the Company provides her with intimate knowledge of the Company's operations. Her legal and financial background led the Board of Directors to conclude that Ms. Waugaman should serve as a director of the Company.

Director since 2008. Age 50.  
Member: Executive and Investment Committees

**Harley A. Whitfield, Sr.** is an attorney who is of counsel to Whitfield & Eddy, P.L.C., Des Moines, Iowa. Mr. Whitfield was a partner with Whitfield & Eddy from 1956 through 1994. Mr. Whitfield served as corporate counsel for Statesman and its subsidiary companies for over 30 years. Mr. Whitfield's years of legal and business experience with Statesman as well as with other companies led the Board of Directors to conclude that Mr. Whitfield should serve as a director of the Company.

Director since 1996. Age 80.  
Member: Audit, Compensation and Nominating and Corporate Governance Committees

*Class I Directors Whose Terms Expire at the 2013 Annual Meeting*

**Alexander M. Clark** has served as a Senior Managing Director, Insurance Group at Griffin Financial Group LLC since November 2010. Mr. Clark was Managing Director-Insurance Investment Banking from February 2006 to October 2010 at Madison Williams & Company, Inc. From October 1993 to February 2006, Mr. Clark was Managing Director with Advest, Inc. Mr. Clark is a chartered financial analyst. He has served as a director of our New York life subsidiary since August 2005 and also serves as a director of Pennsylvania National Insurance Group, Unity Financial Life Insurance Company, Penn Treaty American Corporation and Great American Life Insurance Company of New York. Mr. Clark's investment banking activities have been focused primarily on insurance companies and he has been actively involved in the insurance industry for over 30 years. Mr. Clark's background in investment banking and his financial expertise and experience in the insurance industry led the Board of Directors to conclude that Mr. Clark should serve as a director of the Company.

Director since 2007. Age 77.

**Robert L. Hilton** served as Executive Vice President of Government Relations and Marketing of Amtrust Financial Services, Inc. from October 2000 to April 2001. Mr. Hilton served as Executive Vice President of Insurance Data Resources Statistical Services, Inc., Boca Raton, Florida from 1997 until December 1999. From 1992 to 1996 he served as President of TIDE Consulting Co., Destin, Florida. Mr. Hilton was retired from December 1999 until October 2000 and has been a self-employed insurance consultant since November 2000. Mr. Hilton is a former director of Statesman and served for over 40 years as Senior Vice President of the National Council of Compensation Insurance, Boca Raton, Florida. Mr. Hilton's years of experience in and extensive knowledge of the insurance industry led the Board of Directors to conclude that Mr. Hilton should serve as a director of the Company.

Director since 1996. Age 82.  
Member: Audit, Compensation and Nominating and Corporate Governance Committees

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**John M. Matovina** has served as Vice Chairman, Chief Financial Officer and Treasurer of the Company since January 1, 2009. Prior to that, Mr. Matovina had served as our Vice Chairman since June 2003. Prior to being appointed Vice Chairman, Mr. Matovina was a private investor since 1997 and a financial consultant to us from 1997 to 2003. From November 1983 through November 1996, he was a senior financial officer of Statesman and many of its subsidiaries, and, prior to Statesman's acquisition in September 1994, he served as Statesman's Chief Financial Officer, Treasurer and Secretary. Mr. Matovina is a certified public accountant and has more than 30 years experience in the accounting and insurance industries. Mr. Matovina's role as Vice Chairman, Chief Financial Officer and Treasurer of the Company as well as his years of experience in and extensive knowledge of the accounting and the insurance industries led the Board of Directors to conclude that Mr. Matovina should serve as a director of the Company.

Director since 2000. Age 56.

Member: Executive and Investment Committees

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**Proposal 2**  
**Approval of 2011 Director Stock Option Plan**

The Board of Directors has unanimously approved the 2011 Director Stock Option Plan, subject to shareholder approval. The plan is intended to benefit the Company and its shareholders by enhancing the Company's ability to attract and retain the services of experienced and highly qualified non-employee Directors and to increase their long-term financial stake in the Company's continued success.

*Summary of Material Provisions*

The following is a summary of certain provisions of the 2011 Director Stock Option Plan. This summary is qualified by reference to the complete text of the 2011 Director Stock Option Plan, which is attached as *Appendix A* to this Proxy Statement and is incorporated herein by reference.

The 2011 Director Stock Option Plan provides for the issuance of options to purchase a maximum of 250,000 shares of Common Stock or 0.42% of the 59,482,889 shares of Common Stock outstanding on the record date, to non-employee directors of the Company, of which there are currently eight. As of March 31, 2011, the market value of a share of Common Stock was \$13.12. Options granted under the 2011 Director Stock Option Plan may be exercised for a period of no more than ten years from the date of grant. Unless sooner terminated by the Company's Board of Directors, the 2011 Director Stock Option Plan will terminate on June 30, 2021 and no additional awards may be made under the 2011 Director Stock Option Plan after that date.

Options granted under the 2011 Director Stock Option Plan will be non-qualified stock options under the Code and will entitle the optionee, upon exercise, to purchase shares of Common Stock from the Company at an exercise price per share no less than the fair market value of a share of Common Stock on the date of the grant. Options will not be transferable other than by laws of descent and distribution and will generally be exercisable during an optionee's lifetime only by the optionee.

The Board of Directors will administer the 2011 Director Stock Option Plan and have the authority, subject to the provisions of the 2011 Director Stock Option Plan, to determine who will receive awards under the 2011 Director Stock Option Plan and the terms of such awards. The maximum number of shares which may be granted to any Director in any one year is 15,000. The Board has the authority to determine whether to include a vesting schedule for any option grant; provided, that in the absence of such a schedule, all options vest six months after the date of grant. The Board has the authority to adjust the number of shares available for options, the number of shares or other property subject to outstanding options and the exercise price for options following the occurrence of events such as stock splits, dividends, distributions and recapitalizations. However, without the approval of the Company's shareholders, the Board may not otherwise lower the exercise price for any outstanding options or issue any replacement options for options previously granted at a higher exercise price.

In the event of a change of control of the Company, or upon the death or disability of the optionee, any outstanding options under the 2011 Director Stock Option Plan will be immediately fully exercisable by an optionee or his designated beneficiary. A change of control includes the acquisition by any person of more than 35% of the outstanding voting stock of the Company, the sale of all or substantially all of the assets of the Company or the approval of the complete liquidation of the Company, a merger pursuant to which the Company's shareholders own less than 50% of the stock of the resulting entity and certain changes in the composition of a majority of the members of the Board of Directors.

The 2011 Director Stock Option Plan may be amended by the Board of Directors, except that the Board may not (i) change any option previously made under the 2011 Director Stock Option Plan in a

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manner which would impair the recipients' rights without their consent, or (ii) amend the 2011 Director Stock Option Plan without approval of the Company's shareholders, if required by law.

The following is a brief summary of the federal income tax aspects of stock options which could be granted under the 2011 Director Stock Option Plan based upon the federal income tax laws in effect on the date hereof. This summary is not intended to be exhaustive and does not describe state or local tax consequences. Because all options granted under the 2011 Director Stock Option Plan are non-qualified stock options, (i) no income is realized by the participant at the time the option is granted; (ii) generally upon exercise of the option, the participant realizes ordinary income in an amount equal to the excess, if any, of (1) the fair market value of the shares on the date of exercise over (2) the option price paid for the shares and the Company will be entitled to a tax deduction in the same amount; and (iii) at disposition, any appreciation (or depreciation) after date of exercise is treated either as short-term or long-term capital gain or loss, depending upon the length of time that the participant has held the shares.

The benefits or amounts to be received by or allocated to participants and the number of options to be granted under the 2011 Director Stock Option Plan cannot be determined at this time because the amount of any grant to be made to any eligible participant in any year is to be determined at the discretion of the Board of Directors. However, the 2011 Director Stock Option Plan provides that the maximum number of shares which may be granted to any participant in any one year is 7,500. In fiscal year 2010, an aggregate of 72,000 options were granted to directors under the 2000 Director Stock Option Plan.

The affirmative vote of a majority of the shares of the Company's common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for approval of this proposal.

***The Board of Directors unanimously recommends that you vote FOR approval of the 2011 Directors Stock Option Plan.***

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**Proposal 3**  
**Approval of an Amendment to our Articles of Incorporation to Increase the Number of Authorized Shares of our Common Stock from 125,000,000 Shares to 200,000,000 Shares**

The Board of Directors has unanimously approved an amendment to Article IV of our Articles of Incorporation to increase the number shares of our authorized Common Stock, par value \$1 per share, from 125,000,000 shares to 200,000,000 shares. The text of the proposed amendment is attached hereto as *Appendix B* and the following summary is qualified in its entirety by reference to such text.

At March 31, 2011, we had 59,411,489 shares of Common Stock issued and outstanding and an aggregate of 40,188,202 shares of Common Stock reserved for issuance in connection with certain outstanding plans and agreements, including:

- (i) 1,366,250 shares potentially issuable upon the exercise of outstanding options under the 2000 Employee Stock Option Plan;
- (ii) 181,000 shares potentially issuable upon the exercise of outstanding options under the 2000 Director Stock Option Plan;
- (iii) 500 shares potentially issuable upon the exercise of outstanding options under the 1996 Stock Option Plan;
- (iv) Up to 2,475,053 shares issuable to employees in connection with the 2009 Employee Incentive Plan (of which options representing 681,500 shares have been granted and are outstanding);
- (v) Up to 3,963,800 shares issuable under our Independent Insurance Agent Stock Option Plan and 2010 Independent Insurance Agent Stock Option plan (of which options representing 2,814,800 shares have been granted and are outstanding);
- (vi) 485,990 shares potentially issuable under deferred compensation agreements with certain officers, directors and consultants;
- (vii) 2,727,084 shares issuable upon conversion of the shares of the 8% Convertible Trust Preferred Securities issued by one of our subsidiary trusts;
- (viii) Up to 11,724,414 shares issuable upon conversion of the Notes or exercise of the Warrants, as discussed in Proposal 4 below (which amount will be increased to 44,000,000 if Proposal 4 is approved);
- (ix) Up to 11,954,489 shares issuable upon conversion of the 5.25% Contingent Convertible Senior Notes Due 2029; and
- (x) Up to 5,309,622 shares issuable upon conversion of the 5.25% Contingent Convertible Senior Notes due 2024.

The proposed increase in the authorized Common Stock has been recommended by the Board of Directors to assure that an adequate supply of authorized and unissued shares is available for general corporate needs, as well as for such purposes as raising additional capital for the operations of the Company, or the financing of the acquisition of other insurance business or companies. Except as discussed in Proposal 2 and Proposal 4, there are currently no plans for issuing additional shares of Common Stock in connection with new capital transactions or acquisitions or for any other purposes, other than in the ordinary course under outstanding Company plans and agreements. Such shares would be available for issuance without further action by the shareholders, unless required by applicable law. The issuance of additional shares of Common Stock may result in some dilution of the stock ownership of existing shareholders. The proposed amendment could permit the Board of Directors to issue shares of common stock in transactions that could make a takeover of the Company more difficult.



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The affirmative vote of a majority of the shares of the Company's common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for approval of this proposal.

***The Board of Directors unanimously recommends that you vote FOR the approval of the increase in the number of authorized shares of Common Stock to 200,000,000.***

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**Proposal 4**

**Approval of the Issuance of our Common Stock in Certain Circumstances upon Conversion of our 3.50% Convertible Senior Notes Due 2015 and upon Exercise of Related Warrants in Excess of the New York Stock Exchange Limits for Share Issuances Without Shareholder Approval**

On September 22, 2010, we issued \$200 million in aggregate principal amount of 3.50% Convertible Senior Notes Due 2015 (the "Notes"). While we presently intend to settle our conversion obligations under the Notes entirely in cash, in certain limited circumstances described below, we have the discretion to elect to settle our conversion obligations in shares of our Common Stock or a combination of cash and shares of our Common Stock, based on the conversion rate for the Notes, which is initially 80 shares of our Common Stock per \$1,000 principal amount of Notes (equivalent to an initial conversion price of \$12.50 per share of our Common Stock).

Concurrently with the sale of the Notes, we entered into convertible note hedge transactions (collectively, the "Note Hedges") with respect to our Common Stock with JPMorgan Chase Bank, National Association, London Branch and Deutsche Bank AG, London Branch (together, the "Option Counterparties"), whereby we purchased from the Option Counterparties options to acquire shares of our Common Stock. The Option Counterparties are generally obligated to settle their obligations to us upon exercise of the Note Hedges in the same manner as we satisfy our obligations to holders of the Notes. Separately and concurrently with the entry into the Note Hedges, we entered into warrant transactions, whereby we sold to the Option Counterparties warrants to acquire shares of our Common Stock (the "Initial Warrants"). On September 17, 2010, we entered into amendments to the Note Hedges (collectively, the "Note Hedge Amendments"). The Note Hedge Amendments increase the number of shares of our Common Stock covered by the Note Hedges to up to 16,000,000 shares (subject to customary anti-dilution adjustments substantially similar to those in the Notes). On the same date, we entered into amendments to the Warrants (collectively, the "Warrant Amendments") and sold additional warrants (the "Additional Warrants") to acquire additional shares of our Common Stock (the "Additional Warrants" and, together with the Initial Warrants, the "Warrants"). The Warrants cover 16,000,000 shares of our Common Stock, subject to adjustment. However, subject to certain conditions, we may elect to satisfy our obligations to the Option Counterparties upon exercise of the Warrants entirely in cash. Additionally, to the extent that we elect to deliver shares of our Common Stock to satisfy our obligations upon exercise of the Warrants, we are only obligated to deliver shares of Common Stock to the extent that the market price per share of our Common Stock exceeds the applicable strike price of the Warrants (which is initially equal to \$16.00 per share, subject to adjustments)

Because our Common Stock is listed on the New York Stock Exchange (the "NYSE"), we are subject to NYSE rules and regulations. Section 312.03(c) of the NYSE Listed Company Manual requires shareholder approval in certain circumstances prior to the issuance of common stock or securities convertible into or exercisable for common stock, in any transaction or series of related transactions if (1) the common stock has, or will have upon issuance, voting power equal to 20% or more of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock or (2) the number of shares of common stock to be issued is, or will upon issuance, equal 20% or more of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. Because there were 58,622,076 shares of our Common Stock outstanding at the time we sold the Notes and the Warrants, we would only be permitted to issue up to approximately 11,724,414 shares of Common Stock (the "Maximum Amount") upon conversion of the Notes or upon exercise of the Warrants, respectively, without first obtaining shareholder approval.

Because the maximum number of shares of our Common Stock which are potentially issuable upon the conversion of the Notes could otherwise, in certain circumstances, exceed the Maximum Amount, we agreed in the Indenture (as defined below) that, unless we had obtained shareholder approval to

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issue shares in excess of such limitations, we would deliver cash, instead of shares, for any amounts due upon conversion in excess thereof.

Correspondingly, because the number of shares of Common Stock potentially issuable upon exercise of the Warrants could also otherwise, in certain circumstances, exceed the Maximum Amount, the Warrants limit the maximum number of shares issuable upon exercise of the Warrants to an aggregate of 11,663,780 shares, subject to certain adjustments. We agreed in the Warrants to use our commercially reasonable efforts to seek shareholder approval to remove this limitation and to allow for the issuance of up to 1.75 times the total number of shares underlying the Warrants (or up to a total of 28,000,000 shares, subject to adjustment in accordance with the terms of the Warrants).

Failure to obtain such approval with respect to the Notes would limit the Company's ability to use shares of Common Stock instead of cash to settle amounts in excess of the Maximum Amount. If such approval is obtained with respect to the Warrants, the Option Counterparties would no longer have the right to terminate the Warrants if, at any time, the number of shares of Common Stock that would be delivered upon exercise of the Warrants would exceed 66% of the share cap, which, at the current strike price for the Warrants, would occur if the price of our Common Stock were to reach approximately \$31. Termination of the Warrants would result in a payment from us to the Option Counterparties and could, in certain circumstances, result in the termination of the Note Hedges, which could have a dilutive effect upon conversion of the Notes and could result in adverse tax consequences to us.

We are, therefore, asking you to consider and vote upon this proposal to approve the issuance of Common Stock issuable upon conversion of the Notes in excess of the Maximum Amount and to approve the issuance of up to 1.75 times the number of shares underlying the Warrants. However, our ability to issue shares of Common Stock upon conversion of the Notes or exercise of the Warrants is also limited by the number of authorized but unissued shares of Common Stock under our Articles of Incorporation at the time of the conversion or exercise. Pursuant to Proposal 3, we are seeking to amend our Articles of Incorporation to increase the number of authorized shares of Common Stock which, if approved by shareholders, may provide additional shares for the conversion of Notes or exercise of Warrants.

***The Offering of the Notes.*** The Notes are governed by an indenture (the "Indenture") between us and U.S. Bank National Association, as trustee (the "Trustee"). Under the terms of the Indenture, the Notes bear interest at a rate of 3.50% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2011. The Notes will mature on September 15, 2015. Holders may convert their Notes at their option at any time prior to the close of business on the business day immediately preceding June 15, 2015 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on December 31, 2010 (and only during such calendar quarter), if the last reported sale price of our Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the "Measurement Period") in which the trading price per \$1,000 principal amount of Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our Common Stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. On or after June 15, 2015 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Notes at any time, regardless of the foregoing circumstances.

The Notes are intended to be settled in cash. However, in certain limited circumstances described in this paragraph, we have the discretion to settle in shares of our Common Stock or a combination of cash and shares of our Common Stock. Unless as of the close of business on March 15, 2015, certain

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events of bankruptcy, insolvency or reorganization of one or more of the Option Counterparties or one or more of their significant subsidiaries have occurred, all conversions occurring on or after March 15, 2015 will be settled in cash. Prior to March 15, 2015, unless as of the close of business on the trading day immediately following the related conversion date, certain events of bankruptcy, insolvency or reorganization of one or more of the Option Counterparties or one or more of their significant subsidiaries have occurred, all conversions other than conversions following certain trading price conditions for the Notes (which are described in clause (2) of the preceding paragraph), will be settled in cash. In connection with any conversion of the Notes, if, as of the close of business on the trading day immediately following the related conversion date (if such conversion date occurs prior to March 15, 2015), or as of the close of business on March 15, 2015 (if such conversion date occurs on or after March 15, 2015), as applicable, certain events of bankruptcy, insolvency or reorganization of one or more of the Option Counterparties or one or more of their significant subsidiaries have occurred, we will have the right to settle in shares of our Common Stock or a combination of cash and shares of our Common Stock.

The initial conversion rate for the Notes is 80 shares of common stock per \$1,000 in principal amount of Notes, equivalent to a conversion price of \$12.50 per share of our Common Stock. The conversion rate is subject to adjustment upon the occurrence of specified events but will not be adjusted for accrued and unpaid interest. If we undergo a "fundamental change" (as defined in the Indenture), holders may require us to repurchase all or part of their Notes for cash at a price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. We may not redeem the Notes prior to maturity.

**Convertible Note Hedge and Warrant Transactions.** The Note Hedges are intended to both reduce the potential dilution upon conversion of the Notes and our exposure to potential cash payments we may be required to make upon a conversion of the Notes. The Warrants could separately have a dilutive effect to the extent that the market price per share of our Common Stock exceeds the applicable strike price of the Warrants (which is initially equal to \$16.00 per share, subject to adjustments).

Upon exercise of the Note Hedges, we are entitled to receive from the Option Counterparties a number of shares of our common stock, cash with equivalent value or a combination thereof based on the amount by which the market price per share of our Common Stock, as measured under the terms of the Note Hedges, is greater than the strike price of the Note Hedges (which initially corresponds to the conversion price of the Notes) during the relevant valuation period under the Note Hedges. We currently intend to settle the Note Hedges in cash. If the market price per share of our Common Stock, as measured under the terms of the Warrants, exceeds the strike price of the Warrants during the measurement period at the maturity of the Warrants, we will owe the Option Counterparties a number of shares of our Common Stock in an amount based on the excess of such market price per share of our Common Stock over the strike price of the Warrants. However, subject to certain conditions as specified under the terms of the Warrants, we may elect to settle the Warrants entirely in cash.

The Note Hedges and the Warrants are separate transactions, entered into by us with the Option Counterparties, and are not part of the terms of the Notes. Holders of the Notes will not have any rights with respect to the Note Hedges or Warrants.

The Terms of the Notes, the Note Hedges and the Warrants are complex. The foregoing summary of terms is general in nature and is qualified by reference to the full text of the agreements attached as exhibits to our Current Reports on Form 8-K filed with the U.S. Securities and Exchange Commission on September 22, 2010 and September 28, 2010 (the "8-Ks"). Shareholders desiring a more complete understanding of the terms of Indenture, Note Hedges, Initial Warrants, Note Hedge Amendments, Warrant Amendments and Additional Warrants are urged to read the 8-Ks and the exhibits thereto.

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The affirmative vote of a majority of the shares of the Company's common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for approval of this proposal.

***The Board of Directors unanimously recommends that you vote FOR the approval of the issuance of our Common Stock in certain circumstances upon conversion of our 3.50% Convertible Senior Notes due 2015 and upon exercise of related warrants in excess of the New York Stock Exchange limits for share issuances without shareholder approval.***

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**Proposal 5**  
**Ratification of Appointment of Independent Registered Public Accounting Firm**

The Audit Committee has appointed KPMG LLP ("KPMG") as our independent registered public accounting firm for the year 2011. The Board of Directors requests that the shareholders ratify the appointment of KPMG. If the appointment of KPMG is not ratified by our shareholders, our Audit Committee will investigate the reasons for the shareholder rejection and will consider approving another independent registered public accounting firm.

Fees paid to KPMG for its services during the last two fiscal years were:

	2010	2009
Audit fees	\$ 1,382,500	\$ 1,405,819
Audit-related fees	262,391	233,608
Tax fees	28,950	28,283
All other fees		
<b>Total</b>	<b>\$ 1,673,841</b>	<b>\$ 1,667,710</b>

Audit fees include fees associated with the annual consolidated financial statements audit, audit of internal control over financial reporting, the reviews of our quarterly reports on Form 10-Q, annual audits of certain of our subsidiaries and statutory audits required by regulatory authorities. Audit-related fees primarily include comfort letters related to our At-The-Market offering of common stock and issuance of convertible debt and employee benefit plan audits. Tax fees paid to KPMG primarily relate to consultation regarding a tax method change.

The Audit Committee is responsible for the appointment, retention, compensation and oversight of the independent registered public accounting firm. The Audit Committee has adopted policies and procedures for pre-approving services (audit and non-audit) and all fees for services performed by the independent registered public accounting firm. These policies were adopted in compliance with SOX and rules adopted by the SEC thereunder. In accordance with such policies and procedures, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent registered public accounting firm in order to assure that the provision of such services do not impair the auditors' independence. These services may include audit services, audit-related services, tax services and other services. Permissible non-audit services are usually limited to fees for tax services, accounting assistance or audits in connection with acquisitions and other services specifically related to accounting or audit matters such as comfort letters related to common stock or debt offerings and audits of employee benefit plans. Unless a type of service to be provided by the independent registered public accounting firm has received general pre-approval, it will require specific pre-approval by the Audit Committee. The Audit Committee has delegated to the Chairman of the Audit Committee specific pre-approval authority provided that the estimated fee for any such engagement does not exceed \$25,000. The Chairman of the Audit Committee must report, for information purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. Requests to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee by both the independent registered public accounting firm and our Chief Financial Officer and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

We anticipate that representatives of KPMG will be present at the meeting, will be available to respond to questions concerning the 2010 audit and may make a statement if they so desire.

The affirmative vote of a majority of the shares of the Company's common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for approval of this proposal.

***The Board of Directors unanimously recommends that you vote FOR the ratification of KPMG LLP as the independent registered public accounting firm for 2011.***

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**Proposal 6**  
**Advisory Vote on Executive Compensation**

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires that we provide our shareholders with the opportunity to vote to approve, on an advisory or non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules adopted by the SEC.

As discussed in "Information Regarding Management and Certain Security Holders Compensation Discussion and Analysis," our compensation policies and programs are designed to attract and retain highly qualified and motivated executive officers and employees, encourage and reward achievement of our annual and long-term goals and encourage executive officers and employees to become shareholders with interests aligned with those of other shareholders. The primary elements of compensation for most of our executive officers includes: (1) base pay; (2) discretionary annual cash bonuses; (3) incentive compensation pursuant to the Short-Term Performance Incentive Plan; and (4) long-term equity incentive compensation through stock options. This compensation structure is central to the Company's ability to attract, retain and motivate individuals who can achieve superior financial results. Please refer to "Information Regarding Management and Certain Security Holders Compensation Discussion and Analysis" for an overview of the compensation of the Company's named executive officers.

We are asking for shareholder approval of the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules, which disclosures include the disclosures under "Information Regarding Management and Certain Security Holders Compensation Discussion and Analysis," the compensation tables and the narrative discussion following the compensation tables. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the policies and practices described in this proxy statement. Accordingly, we ask our shareholders to vote on the following resolution:

"RESOLVED, the shareholders of American Equity Investment Life Holding Company approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the Company's Proxy Statement for the 2011 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2010 Summary Compensation Table and the other related tables and disclosures."

This vote is advisory and therefore not binding on the Company, the Compensation Committee of the Board of Directors or the Board of Directors. The Board of Directors and Compensation Committee value the opinions of the Company's shareholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider those shareholders' concerns, and the Board of Directors and Compensation Committee will evaluate whether any actions are necessary to address those concerns.

The affirmative vote of a majority of the shares of the Company's common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for advisory approval of this proposal.

***The Board of Directors unanimously recommends that you vote FOR the approval of the compensation of the Company's named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC.***

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**Proposal 7**

**Advisory Vote on the Frequency of Holding Future Advisory Votes on Executive Compensation**

The Dodd-Frank Act also enables the Company's shareholders to vote, on an advisory or non-binding basis, on how frequently they would like to cast an advisory vote on the compensation of the Company's named executive officers. By voting on this proposal, shareholders may indicate whether they would prefer future advisory votes on named executive officer compensation once every one, two or three years. Shareholders may also abstain from casting a vote on this proposal

After careful consideration of the frequency alternatives, the Board of Directors believes that conducting an advisory vote on executive compensation on an annual basis is appropriate for the Company and its shareholders at this time.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when you vote in response to the resolution set forth below.

"RESOLVED, that the shareholders determine, on an advisory basis, whether the preferred frequency of an advisory vote on the executive compensation of the Company's named executive officers as set forth in the Company's proxy statement should be every year, every two years, or every three years."

The option of one year, two years or three years that receives the highest number of votes cast by shareholders will be the frequency for the advisory vote on executive compensation that has been selected by shareholders. However, because this vote is advisory and not binding on the Company, the Compensation Committee of the Board of Directors or the Board of Directors, we may decide that it is in the best interests of our shareholders and us to hold an advisory vote on executive compensation more or less frequently than the option approved by our shareholders.

The advisory