

Wang Henry C
Form 4
February 25, 2019

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Wang Henry C

2. Issuer Name and Ticker or Trading Symbol
HERBALIFE NUTRITION LTD.
[HLF]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
800 W. OLYMPIC BLVD. SUITE 406
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/21/2019

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
EVP, General Counsel

LOS ANGELES, CA 90015

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	02/21/2019		A	2,895 (1) A \$ 0	6,659 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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John C. Anderson

8,650

*

3,000

Robert L. Hilton

15,000

*

3,000

Alexander M. Clark

17,000

Explanation of Responses:

*

Robert L. Howe

500

*

A. J. Strickland, III(4)

237,000

*

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3,000

Harley A. Whitfield

26,000

*

3,000

All executive officers, directors and nominees for directors as a group (12 persons)

4,496,986

7.78

1,604,630

5% Owners:

Dimensional Fund Advisors LP

1299 Ocean Avenue

Santa Monica, CA 90401

4,666,865

8.31

Cramer Rosenthal McGlynn, LLC

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520 Madison Avenue

New York, NY 10022

3,735,450

6.65

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Farm Bureau Life Insurance Company

5400 University Avenue

West Des Moines, IA 50266

3,020,277

Explanation of Responses:

5.38

FMR Corp.

82 Devonshire Street

Boston, MA 02109

2,893,600

5.15

* Less than 1%.

(1) Beneficial ownership is determined in accordance with Rule 13d-3 of the Securities and Exchange Act of 1934 and generally includes voting and investment power with respect to securities, subject to community property laws, where applicable.

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- (2) Except for Mr. Noble's stock options on 960,000 shares of Common Stock, all stock options are granted pursuant to our 1996 Incentive Stock Option Plan, the 2000 Employee Stock Option Plan and/or the 2000 Directors Stock Option Plan.
- (3) Mr. Noble's ownership includes 525,000 shares held in a charitable remainder trust of which he, Mrs. Richardson and Ms. Carlson are co-trustees. In addition, his ownership includes 24,500 shares held in our 401(k) savings plan and 237,000 shares owned by Twenty Services, Inc. Mr. Noble beneficially owns 52% of Twenty Services, Inc.
- (4) Mrs. Richardson's ownership includes 15,847 shares held in our 401(k) savings plan, 200 shares in the American Equity Officers Rabbi Trust, and 16,250 shares held in a charitable lead trust of which she is the trustee. Ms. Carlson's ownership includes 2,325 shares held in an individual retirement account, 15,000 shares in the American Equity Officers Rabbi Trust and 35,000 shares held in a charitable lead trust of which she is the trustee. Mr. Wingert's ownership includes 18,495 shares held in our 401(k) savings plan and 12,094 shares held in a self-directed retirement plan account. Mr. Matovina's ownership includes 30,000 shares held in self-directed retirement plan accounts and 1,000 shares owned by his spouse. Mr. Clark's ownership includes 2,000 shares held in an individual retirement account. Mr. Gerlach's ownership includes 5,000 shares owned jointly with his spouse and 90,000 shares held in our 401(k) savings plan. Dr. Strickland's ownership includes 54,000 shares held by his children.
- (5) In addition to the shares reflected in this table, Mr. Gerlach and Mr. Wingert each have Deferred Compensation Agreements with us pursuant to which they will receive shares of Common Stock on a deferred payment basis for services rendered during our initial start-up period. Under these Agreements, Mr. Gerlach is entitled to receive 24,285 shares and Mr. Wingert is entitled to receive 4,500 shares.

Majority of Independent Directors

Our Board of Directors includes 9 members, and the Board has affirmatively determined that the following five are independent under the requirements of SOX and the NYSE Rules:

John C. Anderson

Robert L. Hilton

Robert L. Howe

A.J. Strickland III

Harley A. Whitfield

Alexander M. Clark has been nominated to replace John C. Anderson when Mr. Anderson's term expires at the annual meeting of stockholders on June 7, 2007. Mr. Clark also is independent under SOX and the NYSE Rules.

Harley A. Whitfield is retired from the law firm of Whitfield & Eddy, PLC, a firm we utilized for certain legal services. Mr. Whitfield retains honorary status as of counsel with Whitfield & Eddy, but provides no services and receives no compensation in this capacity. The aggregate amount of fees we pay to Whitfield & Eddy annually are immaterial in amount both to us and to that firm.

David S. Mulcahy resigned from our Board of Directors in November 2006. The remaining member of the Board of Directors chose not to fill the vacancy created by Mr. Mulcahy's resignation, and the size of the Board was reduced from ten members to nine.

The independent Directors meet in executive session as a part of all regular quarterly meetings of the Board. At each such executive session, the independent Directors select by consensus one member to preside over such sessions. The Board has adopted Corporate Governance Guidelines which are posted on our website at www.american-equity.com and are also available in print for any shareholder upon request. Any interested parties desiring to communicate with a member (or all members) of the Board of Directors regarding the Company may directly contact such directors by mail or electronically. To communicate with the Board of Directors, any individual directors or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual directors or group or committee of directors by either name or title. All such correspondence should be sent c/o Corporate Secretary at 5000 Westown Parkway, Suite 440, West Des Moines, Iowa 50266.

Compensation of the Board of Directors

Directors who are our employees receive no compensation for their services as directors. Each member of the Board of Directors who is not an officer of the Company receives (i) \$1,000 per month payable quarterly and (ii) \$1,000 per meeting for attending meetings of the Board of Directors or meetings of committees of the Board of Directors (\$500 per meeting for telephonic meetings), plus reimbursement of expenses for attending such meetings. Each Chair of a committee who is not an officer of the Company also receives \$1,000 for each additional day such Chair is required to work in preparation for meetings.

Under the 2000 Director Stock Option Plan, directors who are not employees may receive grants of options to purchase shares of our Common Stock. All options granted have an exercise price equal to the closing public market value of the shares on the date of grant. No options were granted to directors in 2006. An aggregate of 18,000 options have been granted under this Plan, and 207,000 remain available for future grants. The directors are encouraged to be shareholders of the Company, although there is no written policy requiring the directors to have a specified level of share ownership.

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The following table provides compensation information for 2006 for each non-employee member of the Board of Directors:

2006 Directors Compensation

	Fees Earned or Paid in Cash	Total(1)
John C. Anderson	\$ 16,000	\$ 16,000
Robert L. Hilton	16,500	16,500
Robert L. Howe	52,000	52,000
A.J. Strickland III	18,500	18,500
Harley A. Whitfield	20,000	20,000

(1) For information regarding the number of options to purchase shares of our Common Stock held by each director as a result of grants under our 2000 Directors Stock Option Plan, see the above Table for Security Ownership of Management and Certain Beneficial Owners. All such options are vested and have 10-year exercise periods from the respective dates of grant.

Meetings and Committees of the Board of Directors

The Board of Directors met four times in 2006, and each of the directors attended at least three of the meetings. We currently have five permanent Board committees described below. Each of the committee members attended at least 75% of the committee meetings. Our policy regarding director attendance at the annual meeting of stockholders is set forth in our Corporate Governance Guidelines which are posted on our website at www.american-equity.com and are also available in print for any shareholder upon request. All of our directors except Dr. Strickland attended the Annual Meeting of Stockholders held June 8, 2006.

The **Executive Committee** performs the following functions, among others: (i) except as prohibited by applicable law, exercises, between meetings of our Board, all of the powers and authority of the Board in our direction and management; (ii) reviews corporate matters presented, or to be presented, to our Board; and (iii) makes recommendations to the Board on policy matters. The Executive Committee is comprised of David J. Noble and James M. Gerlach, and they met monthly during 2006.

The **Audit Committee** performs the following functions, among others: (i) assists the Board's oversight of (a) the integrity of our financial statements; (b) our compliance with legal and regulatory requirements as they pertain to the financial statements and annual audit process; (c) our independent auditors' qualifications and independence; and (d) the performance of our independent auditors and our internal audit function; and (ii) prepares the annual report required to be prepared by the Audit Committee pursuant to the rules of the SEC. The Audit Committee is governed by a written charter approved by the Board of Directors. The charter is posted on our website at www.american-equity.com and is also available in print for any shareholder upon request. The Audit Committee met four times in 2006.

The Audit Committee is comprised of three independent Directors: Robert L. Howe, Harley A. Whitfield, and A. J. Strickland III. Under SOX and the NYSE Rules, the Audit Committee must include only Directors who satisfy the independence requirements under SOX and the NYSE Rules. In addition, all audit committee members must have the ability to read and understand financial statements. The Board has determined that all members of the Audit Committee meet such standards. In addition, the Board has determined that Mr. Howe is an audit committee financial expert, as that term is defined in SOX.

The **Compensation Committee** performs the following functions, among others: (i) oversees our compensation and employee benefit plans and practices related to our CEO; and (ii) makes recommendations to the Board with respect to other senior officers compensation, incentive-compensation and equity-based plans; and (iii) produces an annual report on executive compensation disclosures as required by the SEC. The Compensation Committee is governed by a written charter approved and adopted by the Board of Directors effective April 5, 2004. The charter is posted on our website at

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www.american-equity.com and is also available in print for any shareholder upon request. The annual report of the Compensation Committee is set forth below. The Compensation Committee met once in 2006.

The Compensation Committee is comprised of three independent Directors: A. J. Strickland, III, Harley A. Whitfield and Robert L. Hilton. Under the NYSE Rules, the Compensation Committee must be composed entirely of independent directors. The Board has determined that all members of the Compensation Committee meet such standard.

The **Investment Committee** performs the following functions, among others: (i) manages our assets and liabilities; (ii) makes recommendations to our Board regarding investment policy; and (iii) reviews procedures and practices relating to our investment activities. The investment committee is comprised of David J. Noble and James M. Gerlach, and they met monthly during 2006.

The **Nominating and Corporate Governance Committee** performs the following functions, among others: (i) identifies and recommends candidates to fill positions on the Board of Directors; (ii) screens qualifications and backgrounds of Director candidates; (iii) develops and recommends corporate governance principles for the Company as required by law; and (iv) evaluates the Board of Directors as a whole. The Nominating and Corporate Governance Committee is governed by a written charter approved and adopted by the Board of Directors effective April 5, 2004. The charter is posted on our website at www.american-equity.com and is also available in print for any shareholder upon request. The Nominating and Corporate Governance Committee met once in 2006.

The Nominating and Corporate Governance Committee is comprised of three independent Directors: John C. Anderson, Harley Whitfield and Robert L. Hilton. Mr. Anderson will not be replaced when his term of office as a director expires at the annual meeting of stockholders on June 7, 2007. Under the NYSE Rules, the Nominating and Corporate Governance Committee must be composed entirely of independent directors. The Board has determined that both members of the Nominating and Corporate Governance Committee meet such standard.

Information Regarding the Company's Process for Identifying Director Nominees

The Company is committed to having a Board of Directors comprised of individuals who are accomplished in their fields, have the ability to make meaningful contributions to the Board's oversight of the business and affairs of the Company and have an impeccable record and reputation for honest and ethical conduct. The Nominating and Corporate Governance Committee will consider candidates recommended by shareholders. In considering candidates submitted by shareholders, the Nominating and Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Nominating and Corporate Governance Committee may also take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held.

To have a candidate considered by the Nominating and Corporate Governance Committee, a shareholder must submit the recommendation in writing and in accordance with the requirements of our Amended and Restated Bylaws.

The Nominating and Corporate Governance Committee may apply several criteria in identifying nominees. At a minimum, the Committee shall consider (i) whether each such nominee has demonstrated, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board's oversight of our business and affairs and (ii) the nominee's reputation for honesty and ethical conduct in his or her personal and professional activities. Additional factors which the Committee may consider include a candidate's specific experiences and skills, relevant industry background and knowledge, time availability in light of other commitments, age, potential conflicts of interest, material relationships with us and independence from management and us. The Nominating and Corporate Governance Committee also may seek to have the Board represent a diversity of backgrounds and experience.

Audit Committee Disclosures

The responsibilities of the Audit Committee (the Committee), which are set forth in the Audit Committee Charter adopted by the Board of Directors, include providing oversight of the Company's financial reporting process on behalf of the Board of Directors. Management is responsible for the Company's financial reporting process, the preparation of consolidated financial statements, and the systems of internal control, including internal control over financial reporting. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and issuing an opinion on the conformity of those consolidated financial statements with U.S. generally accepted accounting principles, as well as issuing an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting. The Audit Committee is responsible for monitoring and overseeing the conduct of these activities and for supervising the relationship between the Company and the independent auditor. In fulfilling its oversight responsibilities, the Committee meets regularly with management and the independent auditors, both jointly and separately.

The Committee has reviewed and discussed the Company's audited financial statements for the year ended December 31, 2006, with management and KPMG LLP (KPMG), the Company's independent registered public accounting firm. Management represented and confirmed to the Committee that such financial statements (i) have been prepared with integrity and objectivity and are the responsibility of management and (ii) have been prepared in conformity with U.S. generally accepted accounting principles.

The Committee discussed with the independent auditors the matters required to be discussed with the Committee by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended. This included discussion of KPMG's responsibilities under generally accepted auditing standards, significant accounting policies and KPMG's judgments as to the quality, not just the acceptability, of the Company's accounting principles, the reasonableness of significant management judgments and estimates, and such other matters as are required to be discussed with the Committee under generally accepted auditing standards.

The Committee has received the written disclosures and letter from KPMG required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*. The Committee discussed with KPMG their independence and KPMG confirmed in its letter that, in its professional judgment, it is independent of the Company within the meaning of the federal securities laws.

Based on the Committee's review and discussions described above with respect to the Company's audited consolidated financial statements, and the representation from management and the report of KPMG referred to below, the Committee recommended to the Board of Directors that such audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, for filing with the Securities and Exchange Commission (SEC).

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As specified in the Audit Committee charter, the Committee is not responsible for preparing or certifying financial statements, for planning or conducting audits or for determining that the Company's financial statements are complete and accurate and in accordance with U.S. generally accepted accounting principles. That is the responsibility of management, and where applicable, the independent registered public accounting firm. In giving its recommendation to the Board of Directors, the Committee has relied on (i) management's representation that such consolidated financial statements have been prepared with integrity and objectivity and in conformity with U.S. generally accepted accounting principles, and (ii) the report of the independent auditors with respect to such financial statements.

AUDIT COMMITTEE

Robert L. Howe, Chair

A.J. Strickland, III

Harley A. Whitfield

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Executive Officers

Executive officers of the Company do not have fixed terms but serve at the pleasure of the Board of Directors. The executive officers of the Company are:

David J. Noble (age 75) has served as Chairman, Chief Executive Officer, President and Treasurer of the Company and as Chairman of American Equity Life since their formation in 1995. Mr. Noble has also served as Chief Executive Officer of American Equity Life since March 2001, and he served as President of American Equity Life from 1995 until March, 2001. 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.

Debra J. Richardson (age 50) has served as Senior Vice President and as Secretary of the Company and as a Director, Senior Vice President and Secretary of American Equity Life since June 1996. Ms. Richardson was employed by Statesman from 1977 through April 1996, serving in various positions including Vice President-Shareholder/Investor Relations and Secretary. Ms. Richardson has been involved in the insurance industry for over 25 years.

Wendy L. Carlson (age 46) has served as Chief Financial Officer and General Counsel of the Company and as General Counsel of American Equity Life since June 1999. Before becoming an employee, she served as outside corporate counsel for the Company from its inception in 1995. Ms. Carlson was previously a partner in the firm of Whitfield & Eddy, P.L.C., Des Moines, Iowa, where she practiced law from 1985 until June 1999. She served as one of the corporate attorneys for Statesman for over 15 years. Ms. Carlson is also a certified public accountant.

Kevin R. Wingert (age 49) was appointed President of American Equity Life in March 2001 and has been a Director of our Company since 2002. He served as Vice President of Marketing of that subsidiary from November 1996 until his appointment as President in 2001. He served as Regional Vice President of Marketing for American Life from 1988 to 1996. Mr. Wingert has been active in the insurance industry for over 20 years.

John M. Matovina (age 52) has served as our Vice Chairman since June 2003 and has been a Director of our Company since 2000. Prior to being appointed Vice Chairman, Mr. Matovina was a private investor since 1997 and a financial consultant to us from 1997 to 2000. 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 25 years experience in the accounting and insurance industries.

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 stockholders with interests aligned with those of other stockholders.

Section 162(m) of the Internal Revenue Code limits deductible compensation to \$1 million per named executive, with the exception of performance-based compensation. Compensation to our executive officers in 2006 and all prior years was below this threshold and thus fully deductible for federal income tax purposes. We anticipate that all future compensation will be fully deductible.

Mr. Noble's Compensation. David J. Noble is the founder of the Company and has had a compensation program significantly different from the other named executives in this Proxy Statement and from the chief executive officers of most public companies. From the formation of the Company through 2005, Mr. Noble elected to receive an annual base salary of \$60,000. Beginning in 2006, this base salary was increased to \$120,000. Mr. Noble has never participated in any of the cash bonus or cash incentive programs for executive officers of the Company. From time to time, the Compensation Committee has made recommendations to the Board of Directors concerning an increase in Mr. Noble's compensation and a cash bonus to reflect his leadership, the scope of his responsibilities and the Company's growth and profitability. However, Mr. Noble has not yet accepted any salary greater than \$120,000 or any cash bonuses. We anticipate that the Compensation Committee will again review the level of Mr. Noble's compensation in 2007 and will make a recommendation concerning an increase in base salary and/or a cash bonus.

In January 1996, shortly after he formed the Company, Mr. Noble created a stock option agreement designed to permit him to maintain a specified level equity ownership in the Company. At that time, he was the sole stockholder, sole director and sole employee of the Company. This agreement was modified in 1997 and again in 1998 (i) to limit the total number of options under the agreement to 960,000 options, the terms of which are described below in the Outstanding Equity Awards Table, and (ii) to provide 240,000 warrants to acquire shares of our Common Stock on terms identical to warrants granted to shareholders in our first private placement of Common Stock in 1996. Mr. Noble exercised all of the warrants in 2000, and he paid the exercise price for the warrants with the proceeds of a forgivable loan of \$800,000 made to him by the Company. Mr. Noble recognized compensation in connection with this loan over a period of 5 years during which annual installments of principal and interest at 6½% per annum were forgiven. The last such installment was forgiven in 2005.

In connection with a private placement of our Common Stock in December 1997, we provided management subscription rights (MSR's) to acquire shares of Common Stock to members of the Board of Directors of the Company, including Mr. Noble, and the Board of Directors of its primary life subsidiary. The private placement included a rights offering (the Rights Offering) to all stockholders of the Company at that time, and permitted each stockholder to acquire one share of Common Stock for each share then owned at an exercise price of \$5.33 per share. The MSR's provided to Directors were similar to the rights to all shareholders in that (i) each Director received one right for each share then owned and one-half share for each option or warrant then held; and (ii) all MSR's had an exercise price of \$5.33 per share. The MSR's differed from those provided to all shareholders in that they could be exercised at any time during the 5-year period following the Rights Offering, and that period was later extended by the Board of Directors for an additional 3 years, with an expiration date of December 1, 2005.

Mr. Noble initially received 1,680,000 MSR's based upon his holdings of our Common Stock, options and warrants in December 1997, and of those he gave 621,875 to senior officers of the Company during 2003. Mr. Noble exercised his remaining 1,058,125 MSR's in 2005, and paid an aggregate cash exercise price of \$5,639,806. Because the MSR's had an extended exercise period, they were deemed to be compensatory upon exercise under tax and accounting rules to the extent of the excess of the market value of the shares of Common Stock acquired over the exercise price on the date of exercise. Accordingly, Mr. Noble recognized \$6,264,100 of compensation in 2005. All other holders of MSR's exercised them in full in 2005 and recognized compensation for their value. For information concerning the compensation recognized in 2005 by the other named executives in connection with their respective exercises of MSR's, see the discussion below under the heading Management Subscription Right Exercised in 2005.

Upon the initial public offering (IPO) of our Common Stock in December 2003, the Compensation Committee approved grants of stock options under the 2000 Employee Stock Option Plan to a broad group of employees, including Mr. Noble, who received 50,000 options at that time. This is the only grant of stock options Mr. Noble has ever received under our employee stock option plans.

Other Named Executives. The primary elements of compensation for the named executives in this Proxy Statement other than Mr. Noble includes:

- Base pay
- Discretionary annual cash bonuses
- Non-equity incentive compensation based on net receipts from new annuity sales
- Long-term equity incentive compensation through stock options.

Mr. Noble determines the amount of base salary and discretionary annual cash bonuses paid to senior officers of the Company. From time to time Mr. Noble has retained Mercer Human Resources Consulting to prepare a compensation study which compares the levels of compensation paid to our senior officers to the levels of a designated group of peer companies and to the financial services industry generally. While Mr. Noble considers this information in establishing salary and discretionary bonus levels, he does not target a specific level of compensation relative to the peer group or industry data. The levels of total compensation paid to the senior officers of the Company, including Mr. Noble, typically has been below the median levels of total compensation paid to officers of peer companies.

Non-Equity Compensation. A key element of the compensation of all employees of the Company including the named executives, other than Mr. Noble, is a cash incentive plan based upon net receipts of premiums from new annuity sales. This plan is intended to encourage all employees to focus on our annual sales goals and to maintain the high levels of service to sales agents and policyholders for which the Company is known. The plan includes two bonus pools one of which is available to all employees and the other of which is limited to a group of senior officers. The first bonus pool consists of 5 basis points (0.05%) of net premiums received from annuity sales during the six-month periods preceding each semi-annual distribution date and the second consists of 2.5 basis points (0.025%) of such net premiums. Distributions are made in cash on a pro rata basis equal to the ratio which each employee's gross salary bears to the total payroll expense for the relevant period and the relevant group of participants.

Stock Ownership and Long Term Equity Compensation. We emphasize long term equity compensation in our total compensation package for all employees, and particularly for senior officers. We believe this helps align the interests of such employees and officers with shareholders and creates an incentive to build our Common Stock value through growth in profitability targets including gross spread earnings on our annuity liability reserves, net operating earnings, and return of operating earnings on average equity. Senior officers of the Company are required to own shares of our Common Stock. Although no particular level of stock ownership is required, each of the named executives holds stock in amounts significant to his or her individual net worth. In addition, long term equity compensation has been provided in the form of stock options granted under employee stock option plans adopted by our Board of Directors and approved by the shareholders. In past years through and including 2004, Mr. Noble has recommended to the Compensation Committee the approval of grants of stock options to senior officers based upon discretionary parameters. As a result of changes in accounting rules relating to employee stock options, no options were granted in either of 2005 and 2006 while we evaluated the impact of the new rules and other alternatives for long term equity compensation.

All options granted under our employee stock option plans from and after our IPO have an exercise price equal to the closing public market value of the shares on the date of grant. We have found no evidence that any backdating has occurred. Options granted prior to the IPO have an exercise price equal to the fair value of the shares as determined by our Board of Directors in its discretion. All options granted under our employee stock option plans have a 6-month vesting period and may be exercised for a period of no more than ten years from the date of grant. The maximum number of shares which may be granted to any employee in any one year is 225,000. The exercise price of an option may be paid in cash, Common Stock or by a promissory note. We have also established a cashless exercise arrangement whereby an

optionee delivers an exercise notice and irrevocable instructions to an approved registered broker to sell shares and deliver the exercise price in cash to us.

We are in the process of establishing an employee stock ownership plan and trust (ESOP) to which we anticipate making contributions at least annually. Like the non-equity incentive compensation, we anticipate that the amount of such contributions will be based upon net premiums received from sales of our annuity products. The ESOP is intended to largely replace the employee stock option program, although it is possible that we will make grants of options under those plans in the future.

Management Subscription Rights Exercised in 2005. As discussed above in connection with Mr. Noble's compensation, the other named executives also held MSR's which were exercised in 2005. Each named executive paid a cash exercise price of \$5.33 per share for the following number of rights with the following values on the respective dates of exercise: Debra J. Richardson 116,250 rights with a value of \$619,612; Wendy L. Carson 100,000 rights with a value of \$613,000; Kevin R. Wingert 100,000 rights with a value of \$637,800; John M. Matovina 50,000 rights with a value of \$318,500.

Change of Control Arrangements. We have no written employment contracts or severance agreements with any of our officers or employees. To promote retention of senior managers, we have entered into change of control agreements with a small group of our executives including each of the named executives except Mr. Noble. Each January 1 the term of each of these agreements is automatically extended one year unless we have given 90 days notice that we will not extend the term of the agreement. With certain exceptions, an executive is entitled to payments for a period of 36 months following a change in control if his or her employment is terminated. Such payments are equal to three times the amount of the executive's base salary plus cash bonuses. These agreements also provide for the continuation of health, dental and life insurance benefits during the 36-month period. If payments under these agreements become subject to the golden parachute excise tax imposed by Internal Revenue Code Sections 280G and 4999, then the named executives will be entitled to receive an additional gross-up payment that is sufficient to pay the golden parachute excise tax and all other taxes, interest and penalties associated with the excise tax and gross-up payment. During the term of the agreement and during the period in which the executive is entitled to continued salary payments, the executive may not (i) solicit or entice any other employee to leave us or our affiliates to go to work for any competitor, or (ii) request or advise a customer or client of ours or our affiliates to curtail or cancel its business relationship with us or our affiliates.

Non-Qualified Deferred Compensation Arrangements. We permit senior officers of the Company to defer on an elective basis a specified portion of their base salaries, annual cash bonuses and/or amounts paid under the cash incentive plan. Any such deferrals must be made pursuant to a non-qualified deferred compensation agreement between the officer and the Company, and deferred amounts are contributed to the American Equity Officers Rabbi Trust. The investment of deferred amounts is directed by the individual officers and the return on such investments is added to the deferred account balance of such officer. No above market returns are paid on deferred amounts. Ms. Carlson, Ms. Richardson and Mr. Wingert have each invested a portion of their deferred compensation accounts in our Common Stock, and dividends paid on our stock have been credited to their accounts. The balance of the deferred compensation accounts will be distributed to each executive who has elected to make such deferrals upon his or her death, disability or separation from service. During 2006 we asked our tax consultant, PriceWaterhouseCoopers LLP (PWC), to review our non-qualified deferred compensation arrangement for compliance with new tax laws and regulations under Section 409A of the Internal Revenue Code of 1986, as amended, and will make amendments to such arrangements per PWC's recommendations during the period permitted under such laws and regulations.

In addition, Mr. Wingert has a non-qualified Deferred Compensation Agreement with us pursuant to which he will be entitled to receive 4,500 shares of Common Stock on a deferred payment basis for services rendered during our initial start-up period. Dividends are not paid on these shares as they are reserved but

not issued or outstanding. Mr. Wingert will become entitled to receive a distribution of the shares upon his death, disability or separation from service with the Company.

Perquisites and Other Compensation. Several of the named executives, excluding Mr. Noble, receive perquisites including car allowances and payment of private club dues. In addition, we offer a package of insurance benefits to all employees including health, dental, long term disability and life insurance. We also have a qualified 401(k) plan for all employees after 30 days of employment and attainment of age 18. We match 50% of employee contributions to the plan up to 4% of total compensation, subject to the limitations specified in the Code.

Compensation Committee Report

The Compensation Committee of American Equity Investment Life Holding Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE

A.J. Strickland, III, Chair

Harley A. Whitfield

Robert L. Hilton

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Executive Compensation Tables

Summary Compensation Table for 2006

Name and Position	Year	Salary (1)	Bonus (1)	Non-Equity Incentive Plan Compensation(1)	All Other compensation (2)	Total
David J. Noble Chairman, Chief Executive Officer, President and Treasurer	2006	\$ 120,000	\$	\$	\$	\$ 120,000
Debra J. Richardson Senior Vice President and Secretary	2006	225,000	50,000	31,867	13,967	320,834
Wendy L. Carlson Chief Financial Officer and General Counsel	2006	225,000	50,000	31,867	14,000	320,867
Kevin R. Wingert President, American Equity Life	2006	225,000	50,000	31,867	13,189	320,056
John M. Matovina Vice Chairman	2006	200,000	50,000	30,108	14,000	294,108

(1) Includes employee tax-deferred contributions to our 401(k) savings plan and amounts deferred at the election of the named executive under a nonqualified Deferred Compensation Agreement.

(2) Mr. Wingert's amount in 2006 consisted of \$8,789 for car allowance and \$4,400 for the employer matching contribution to our 401(k) savings plan (401(k) match). Ms. Richardson's amount in 2006 consisted of \$9,567 for car allowance and \$4,400 for the 401(k) match. Ms. Carlson's amount in 2006 consisted of \$9,600 for car allowance and \$4,400 for the 401(k) match. Mr. Matovina's amount in 2006 consisted of \$9,600 for car allowance and \$4,400 for the 401(k) match.

The following table provides information for the named executives on stock option exercises during 2006 including the number of shares acquired upon exercise and the value realized. The named executives held these stock options for their full ten-year term before exercising.

Option Exercises for 2006

Name	Number of Shares Acquired Upon Exercise	Value Realized Upon Exercise
Debra J. Richardson	52,500	\$ 478,800
Kevin R. Wingert	18,750	\$ 290,949

The following table provides information about unexercised stock options to acquire our Common Stock granted to named executives in years prior to 2006. All of such options are fully vested and have a ten-year term.

Outstanding Equity Awards at December 31, 2006

Name	Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Option Exercise Price	Option Expiration Date
David J. Noble(1)	1/3/1996	600,000	\$ 3.33	4/30/2007
	1/3/1996	360,000	7.33	4/30/2007
	12/4/2003	50,000	9.00	12/4/2013
Debra J. Richardson	6/10/1997	5,250	4.00	6/10/2007
	4/14/1999	33,000	7.33	4/14/2009
	5/5/2000	17,250	9.67	5/5/2010
	12/29/2000	30,000	9.67	12/29/2010
	12/4/2003	20,000	9.00	12/4/2013
	6/10/2004	20,000	11.00	6/10/2014
Wendy L. Carlson	12/31/2004	20,000	10.77	12/31/2014
	6/7/1999	52,500	7.33	6/7/2009
	5/5/2000	15,000	9.67	5/5/2010
	12/29/2000	30,000	9.67	12/29/2010
	12/4/2003	20,000	9.00	12/4/2013
	6/10/2004	20,000	11.00	6/10/2014
Kevin R. Wingert	12/31/2004	20,000	10.77	12/31/2014
	6/10/1997	3,000	4.00	6/10/2007
	4/14/1999	19,500	7.33	4/14/2009
	5/5/2000	15,000	9.67	5/5/2010
	12/29/2000	45,000	9.67	12/29/2010
	12/4/2003	20,000	9.00	12/4/2013
John M. Matovina	6/10/2004	20,000	11.00	6/10/2014
	12/31/2004	20,000	10.77	12/31/2014
	12/4/2003	20,000	9.00	12/4/2013
	12/31/2004	20,000	10.77	12/31/2014

(1) The options held by Mr. Noble granted 1/3/1996 were provided under a stock option agreement created upon the formation of the Company to permit Mr. Noble, as the founder of the Company, to maintain a specified level of equity stock ownership. The agreement was amended twice to limit the number of options provided by the agreement and to fix the exercise price and expiration dates.

The following table provides information concerning our non-qualified deferred compensation arrangements, including Deferred Compensation Agreements with certain of the named executives permitting them to defer on an elective basis a portion of their cash compensation, including base salary, bonus and/or non-equity incentive compensation. Deferred amounts are contributed to individual accounts within the American Equity Officers Rabbi Trust and investments in such accounts are self-directed by the officer who is the beneficiary of the account. All such investments are made on open market terms. Mr. Wingert's balance reflects his non-qualified Deferred Compensation Agreement with us pursuant to which he is entitled to receive 4,500 shares of Common Stock on a deferred payment basis for services rendered during our initial start-up period. There were no withdrawals or distribution of any deferred amounts during 2006.

Non-qualified Deferred Compensation for 2006

Name	Executive Contributions in 2006	Aggregate Earnings in 2006	Aggregate Balance at 12/31/06
Debra J. Richardson	\$ 50,000 (1)	\$ 8,172	\$ 225,552
Wendy L. Carlson	65,934 (1)	6,298	225,301
Kevin R. Wingert		391	62,807

(1) Amounts in this column are included within the salary, bonus and/or non-equity incentive plan compensation reported for Mrs. Richardson and Ms. Carlson in the Summary Compensation Table.

The following table sets forth information concerning plans and arrangement we have with our directors, officers and/or employees under which they have received equity-based rights to receive shares of our Common Stock. We have granted options under the 1996 Stock Option Plan, the 2000 Employee Stock Option Plan, the 2000 Directors Stock Option Plan. In addition, we have a Stock Option and Warrant Agreement with the Company's Chairman, and deferred compensation arrangements with certain officers, directors and consultants.

Equity Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	3,858,559	\$ 6.66	765,208
Equity compensation plans not approved by security holders			
Total	3,858,559	\$ 6.66	765,208

Potential Payments Upon Change in Control

We have no employment contracts or severance arrangements with any of our employees, including the named executives. As discussed below, we do have Change of Control Agreements with a small group of senior officers including each of the named executives which would provide payments and benefits to them in the event of the termination of their employment under certain circumstances following a change of control. In the absence of a change of control, however, regardless of the manner in which the termination of employment occurs, the named executives would be entitled only to the following:

Base salary to the termination date (two-week notice of termination by either the employer or employee is required), with no right to receive any cash bonus or incentive amounts not paid prior to notice of termination

The right to exercise vested stock options within 30 days of the termination date

Distribution of the executive's 401(k) account

Distribution of the executive's account, if any, within the American Equity Officers Rabbi Trust including elective deferrals of salary, bonus and/or incentive, and earnings thereon

COBRA benefits for the purchase of medical and dental insurance

The right to convert group life insurance to an individual policy without proof of insurability, at the executive's ongoing expense.

Under the Change of Control Agreements the named executives would have additional rights in the event of the termination of their employment following a change of control in defined circumstances including discharge without cause or voluntary resignation for good reason. A change of control is defined to include: (i) the acquisition by any person of 35% of the combined voting power of the Company; (ii) during two consecutive years a majority of the directors originally on the board (and with certain designated successors) cease to constitute a majority of the Board; (iii) a merger with another entity in which our voting securities cease to represent at least 50% of the combined voting power of the surviving entity; and (iv) the sale of substantially all of the assets of the Company in a plan of complete liquidation. During the term of the agreement and during the period in which the executive is entitled to continued salary payments, the executive may not (i) solicit or entice any other employee to leave us or our affiliates to go to work for any competitor, or (ii) request or advise a customer or client of ours or our affiliates to curtail or cancel its business relationship with us or our affiliates.

If a termination occurs following a change of control which meets all of the definitions, terms and conditions of the named executive's Change of Control Agreement, the executive would be entitled to the following in addition to the items set forth in the preceding paragraph:

Salary continuation payments for three years

A cash lump sum equal to the amount of the target annual bonus that the executive would receive for the year in which the executive's termination occurs, prorated through the date of termination.

A cash lump sum equal to three times the executive's target annual bonus

An amount equal to an excise tax incurred by the named executive incurred as a result of receiving change of control payments

Continuation of health, dental and life insurance benefits during the salary continuation period.

We interpret the term target annual bonus in this agreement to mean the aggregate amount of discretionary cash bonuses received by the executive during the fiscal year immediately preceding a change

of control, and non-equity incentive compensation based on net premiums from sales during the year in which the termination occurs.

The following table sets forth the estimated amount of compensation each of the named executive officers would receive in the event of an eligible termination following a change of control, assuming such termination had occurred at December 31, 2006. No pro-rated portion of target annual bonus amounts is included for the year of termination since such amounts would be immaterial for a termination occurring on December 31.

Potential Payments Upon a Change of Control

Name	Base Salary	Bonus	Excise Tax Gross up(1)	Group Insurance Benefits	Total
David J. Noble					
Debra J. Richardson	\$ 675,000	\$ 245,601	\$ 130,735	\$ 15,583	1,066,919
Wendy L. Carlson	675,000	245,601	350,130	27,969	1,298,700
Kevin R. Wingert	675,000	245,601			920,601
John M. Matovina	600,000	240,324	321,636	17,993	1,179,953

(1) This calculation assumes a total effective rate of state and federal income taxes of 42%.

Our employee stock option agreements provide for automatic vesting of options upon a change of control; however, since all outstanding options held by the named executives are fully vested there is no impact of such automatic vesting at this time. For information concerning the outstanding options which each of the named executives could exercise within 30 days after any termination, see the Outstanding Equity Awards Table above.

Stock Performance Graph

The following graph sets forth a comparison of cumulative total return for the Common Stock of the Company (AEL), the Standard & Poor's 500 Index (S&P 500), and the Standard & Poor's 500 Financials Index (S&P 500 Financials), adjusted to assume the reinvestment of dividends for the last day of each quarter from December 31, 2003 through December 31, 2006 (the first day of trading of the Common Stock following the Company's initial public offering was December 4, 2003). The graph assumes \$100 invested in each of AEL, the S&P 500 and the S&P 500 Financials.

Policy Regarding Related Person Transactions

We recognize that Related Person Transactions (as defined below) may raise questions among stockholders as to whether those transactions are consistent with the best interests of the Company and its stockholders. It is our policy to enter into or ratify Related Person Transactions only when the Board of Directors, acting through our Audit Committee or as otherwise described herein, determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to related persons on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. Therefore, the Company has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

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In order to deal with the potential conflicts inherent in such transactions, our Audit Committee recently adopted a policy regarding Related Person Transactions. For the purposes of this policy, a Related Person Transaction is a transaction, arrangement, or relationship (or any series of similar transactions, arrangements, or relationships) in which the Company was, is, or will be a participant and the amount involved exceeds \$120,000, and in which any related person had, has, or will have a direct or indirect material interest, and a related person means:

any person who is, or at any time since the beginning of our last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;

any person who is known to be the beneficial owner of more than 5% of any class of our voting securities;

any immediate family member of any of the foregoing persons; and

any firm, corporation, or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Any proposed transaction with a related person shall be consummated or amended only if the following steps are taken:

The general counsel will assess whether the proposed transaction is a Related Person Transaction for purposes of this policy.

If the general counsel determines that the proposed transaction is a Related Person Transaction, the proposed transaction shall be submitted to the Audit Committee for consideration at the next committee meeting or, in those instances in which the general counsel, in consultation with the chief executive officer or the chief financial officer, determines that it is not practicable or desirable for us to wait until the next committee meeting, to the chairman of the Audit Committee (who has been delegated authority to act between committee meetings).

The Audit Committee, or where submitted to the chairman of the committee, the chairman, shall consider all of the relevant facts and circumstances available to the committee or the chairman, including (if applicable) but not limited to: (i) the benefits to the Company; (ii) the impact on a director's independence in the event the related person is a director, an immediate family member of a director, or an entity in which a director is a partner, shareholder, or executive officer; (iii) the availability of other suppliers or customers for comparable products or services; (iv) the terms of the transaction; and (v) the terms available to unrelated third parties or to employees generally.

The Audit Committee (or the chairman) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the committee (or the chairman) determines in good faith. The Audit Committee or chairman, as applicable, shall convey the decision to the general counsel, who shall convey the decision to the appropriate persons within the Company.

At the Audit Committee's first meeting of each fiscal year, the committee shall review any previously approved Related Person Transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Company of more than \$120,000. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the committee shall determine if it is in the best interests of the Company and its stockholders to continue, modify, or terminate the Related Person Transaction.

No member of the Audit Committee shall participate in any review, consideration, or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the related person.

Certain Relationships and Related Party Transactions

EquiTrust Transactions. We entered into two coinsurance agreements with EquiTrust Life Insurance Company, (EquiTrust), an affiliate of Farm Bureau Life Insurance Company, (Farm Bureau) covering 70% of certain of our fixed rate and index annuities issued from August 1, 2001 through December 31, 2001, 40% of those contracts for 2002 and 2003 and 20% of those contracts issued from January 1, 2004 to July 31, 2004, when the agreement was suspended by mutual consent of the parties. As a result of the suspension, new business will no longer be ceded to EquiTrust until the parties mutually agree to resume the coinsurance of new business. The business reinsured under these agreements is not eligible for recapture before the expiration of 10 years. As of February 28, 2007, Farm Bureau beneficially owned 5.38% of our Common Stock.

Coinsurance deposits (aggregate policy benefit reserves transferred to EquiTrust under these agreements) were \$1.8 billion and \$2.0 billion at December 31, 2006 and 2005, respectively. Coinsurance deposits decreased by \$190.2 million and \$164.0 million for the years ended December 31, 2006 and 2005, respectively, for the ceding of annuity deposits, surrenders, withdrawals and death benefits. Expense allowances received were \$2.0 million for each of the years ended December 31, 2006 and 2005. The balance due under this agreement to EquiTrust was \$45.5 million at December 31, 2006 and \$27.7 million at December 31, 2005, and represents the market value of the call options related to the ceded business we hold to fund the index credits and cash due to or from EquiTrust related to the transfer of annuity deposits. We remain liable with respect to policy liabilities ceded to EquiTrust should it fail to meet the obligations assumed by it.

5% Trust Preferred Securities. In October 1999, American Equity Capital Trust II (Trust II) issued 97,000 shares of company obligated mandatorily redeemable preferred securities of subsidiary trust, or the 5% trust preferred securities to Iowa Farm Bureau Federation, which owns more than 50% of the voting capital stock of the parent of Farm Bureau. The 5% trust preferred securities have a liquidation value of \$100 per share (\$97,000,000 in the aggregate). The consideration received by Trust II in connection with the issuance of the 5% trust preferred securities consisted of fixed income trust preferred securities of equal value which were issued by the parent of Farm Bureau. We receive an annual dividend of \$4,850,000 on the fixed income trust preferred securities issued by the parent of Farm Bureau, and Trust II pays an equivalent annual dividend on the 5% trust preferred securities.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act generally requires the officers and directors of a reporting company, and persons who own more than ten percent of a registered class of a reporting company's equity securities, to file reports of beneficial ownership and changes in beneficial ownership with the Securities and Exchange Commission. Based solely on our review of the copies of such reports received by us, or upon written representations received from certain reporting persons, we believe that during 2006, our officers, directors and ten-percent stockholders complied with all Section 16(a) filing requirements applicable to them.

OTHER INFORMATION

Stockholder Proposals for the 2008 Annual Meeting

Stockholder proposals to be considered for inclusion in our proxy statement for the annual meeting to be held in 2008, or stockholder proposals to be presented from the floor of the meeting must be submitted

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in writing to Debra J. Richardson, Senior Vice President and Secretary, 5000 Westown Parkway, Suite 440, West Des Moines, Iowa 50266, and must comply with SEC rules in order to be eligible for inclusion in our proxy material for our 2008 meeting.

A stockholder may present a proposal for inclusion in our proxy statement if such stockholder (i) is a record or beneficial owner of at least one percent or \$2,000 in value of shares entitled to be voted at the meeting and has held the shares for at least one year prior to the time the proposal is submitted; and (ii) continues to own the shares through the date of the meeting. Any such proposal must be received by us prior to December 31, 2007.

In addition, under our Amended and Restated Bylaws, a stockholder who desires to present a proposal from the floor of the 2008 annual meeting must submit the proposal between March 9, and April 9, 2008. Any such proposal must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

Annual Report on Form 10-K

Any stockholder who desires to obtain additional copies, free of charge, of our Annual Report on Form 10-K for the year ended December 31, 2006, (including our audited consolidated financial statements and financial statement schedules) as filed with the Securities and Exchange Commission, may contact Debra J. Richardson, Senior Vice President and Secretary, at 5000 Westown Parkway, Suite 440, West Des Moines, Iowa 50266 (888-221-1234, ext. 1704).

Annual Report to Stockholders

Simultaneously with the mailing of this Proxy Statement, we are mailing our 2006 Annual Report and Form 10-K to all stockholders of record on April 13, 2007.

Form of Proxy Card

PROXY

[Name and address of Stockholder]

[Number of Shares owned by Stockholder]

This proxy when properly executed will be voted in the manner you direct below. If you sign this Proxy but provide no directions as to how to vote your shares for one or more of the proposals, then we will cast your votes under this proxy FOR such proposal (s).

Please vote by marking the appropriate boxes below:

- To elect Alexander M. Clark, Robert L. Hilton, John M. Matovina, and Kevin R Wingert, as Directors.
 - FOR all nominees AGAINST all nominees
 - FOR ALL EXCEPT following nominee(s)
 - WITHHOLD as to the following nominee(s)
- To ratify the appointment of KMPG LLP as the Company's independent registered public accounting firm for 2007.
 - FOR AGAINST ABSTAIN.

To transact such other business as may properly come before the meeting.

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and the Proxy Statement in connection with that meeting.

Dated: _____, 2007

SIGNATURE OF STOCKHOLDER(S)