AMERICAN AXLE & MANUFACTURING HOLDINGS INC
Form DEF 14A
March 19, 2015
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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 ý Filed by a Party other than the Registrant Â

Check the appropriate box:

Â Preliminary Proxy Statement
Â Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
Â Definitive Additional Materials
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AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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2 Aggregate number of securities to which transaction applies:

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One Dauch Drive
Detroit, Michigan 48211-1198
www.aam.com

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
April 30, 2015
American Axle & Manufacturing Holdings, Inc. (AAM)

Time and Place	8:00 a.m., local time, on Thursday, April 30, 2015 AAM World Headquarters Auditorium, One Dauch Drive, Detroit, Michigan
Items of Business	(1) Elect three members of the Board of Directors to serve until the Annual Meeting of Stockholders in 2018; (2) Approve the Amended and Restated AAM 2012 Omnibus Incentive Plan; (3) Advisory vote to approve named executive officer compensation; (4) Ratify the appointment of Deloitte & Touche LLP as AAM's independent registered public accounting firm for the year ending December 31, 2015; and (5) Attend to other business properly presented at the meeting.
Record Date	You may vote if you were an AAM stockholder at the close of business on March 3, 2015.
Meeting Admission	Admission may be limited to AAM stockholders as of the record date and holders of valid proxies. Please be prepared to present identification for admittance. Stockholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras and recording devices will not be permitted.
Proxy Materials	We have elected to furnish materials for the 2015 Annual Meeting of Stockholders via the Internet. On March 19, 2015, we mailed a notice of Internet availability (notice) to most stockholders containing instructions on how to access the proxy materials on the Internet instead of receiving paper copies in the mail. Important Notice Regarding Internet Availability of Proxy Materials for the April 30, 2015 Stockholder Meeting. The Proxy Statement and 2014 Annual Report and Form 10-K are available at www.envisionreports.com/AXL.

By Order of the Board of Directors,
David E. Barnes
General Counsel & Secretary
March 19, 2015

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PROXY STATEMENT
Annual Meeting of Stockholders
To Be Held April 30, 2015

INTERNET AVAILABILITY OF PROXY MATERIALS

American Axle & Manufacturing Holdings, Inc. (AAM or the Company) is providing proxy materials electronically via the Internet, instead of mailing printed copies of those materials to each stockholder. On March 19, 2015, we mailed to our stockholders (other than those who previously requested e-mail or paper delivery) a Notice of Availability of Proxy Materials containing instructions on how to access our proxy materials, including our proxy statement and 2014 annual report on Form 10-K. The Notice of Availability of Proxy Materials provides instructions on how you may submit your proxy over the Internet or by telephone.

This electronic delivery process is designed to expedite stockholder receipt of proxy materials, lower the cost of the Annual Meeting of Stockholders (annual meeting), and conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Availability of Proxy Materials. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials by e-mail unless you elect otherwise. If you received a printed copy of proxy materials by mail and would like to view future proxy materials over the Internet, you can do so by accessing the Internet at www.envisionreports.com/AXL.

QUESTIONS AND ANSWERS ABOUT VOTING AND THE ANNUAL MEETING

Why am I receiving this proxy statement?

You received these proxy materials because you owned shares of AAM common stock on March 3, 2015 (record date). AAM's Board of Directors (Board) is soliciting your proxy to vote your shares at the annual meeting. By use of a proxy, you can vote whether or not you attend the meeting. This proxy statement includes information that we are required to provide to you and is designed to assist you in voting your shares.

Who is entitled to vote?

Holders of AAM common stock on the record date are entitled to one vote per share. You are a holder of record if your shares are held directly in your name with AAM's transfer agent, Computershare Trust Company, N.A. If your shares are held in the name of a broker, bank, trustee or other record holder, you are a street name holder. If you hold shares in more than one account, each notice, proxy and/or voting instruction card you receive that has a unique control number must be voted so that all your shares are voted.

How do I vote?

You may vote by any of the following methods:

- In person — attending the annual meeting and casting a ballot.
- By mail — using the proxy and/or voting instruction card provided.
- By telephone or over the Internet — following the instructions on your notice card, proxy and/or voting instruction card.

If you vote by telephone or over the Internet, have your notice card or proxy and/or voting instruction card available. The control number on your card is necessary to process your vote. A telephone or Internet vote authorizes the named proxies to vote in the same manner as if you marked, signed and returned the card by mail. If you hold shares in street name, refer to the voting instructions provided by your broker, bank, trustee or other record holder.

How many shares may vote at the meeting?

As of March 3, 2015, we had 75,769,239 shares of common stock outstanding and entitled to vote. Under AAM's by-laws, a majority of these shares must be present in person or by proxy to hold the annual meeting and take any action during the meeting.

Can I change my vote?

You may change your vote at any time before the annual meeting by:

- revoking it by written notice to AAM's Secretary at the address on the cover of this proxy statement;
- voting in person at the annual meeting; or
- delivering a later-dated proxy vote by mail, telephone or over the Internet.

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What are the Board's recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

Proposal 1 — FOR the election of the three nominees with terms expiring at the 2018 annual meeting;

Proposal 2 — FOR approval of the Amended and Restated AAM 2012 Omnibus Incentive Plan;

Proposal 3 — FOR approval, on an advisory basis, of the compensation of AAM's named executive officers as described in the Compensation Discussion and Analysis, tables and related narrative; and

Proposal 4 — FOR ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending December 31, 2015.

What are my choices when voting?

Proposal 1 — You may vote for or withhold your vote on one or more of the nominees.

Proposal 2 — You may vote for or against the proposal to approve the Amended and Restated AAM 2012 Omnibus Incentive Plan, or you may abstain from voting your shares.

Proposal 3 — You may vote for or against the proposal to approve the compensation of our named executive officers, or you may abstain from voting your shares.

Proposal 4 — You may vote for or against the proposal to ratify the appointment of the Company's independent registered public accounting firm, or you may abstain from voting your shares.

What vote is required to approve each proposal?

Proposal 1 — A plurality of the votes cast to elect a director, which means that nominees with the most affirmative votes will be elected to fill the available seats.

Proposal 2 — An affirmative vote of a majority of the shares voted in person or by proxy must be cast in favor of the vote to approve the Amended and Restated AAM 2012 Omnibus Incentive Plan.

Proposal 3 — An affirmative vote of a majority of the shares voted in person or by proxy must be cast in favor of the advisory vote to approve the compensation of AAM's named executive officers.

Proposal 4 — An affirmative vote of a majority of the shares voted in person or by proxy must be cast in favor of the ratification of the appointment of the Company's independent registered public accounting firm.

Proposals 3 and 4 are advisory votes only and, as discussed in more detail in each proposal, the voting results are not binding on AAM. However, with respect to proposal 3, the Board and the Compensation Committee will consider the outcome of the vote in making future determinations concerning the compensation of our named executive officers. With respect to proposal 4, the Audit Committee will consider whether the appointment of Deloitte & Touche, LLP is in the best interests of the Company if the appointment is not ratified.

Who will count the votes?

Representatives of Computershare Trust Company, N.A., AAM's transfer agent, will count the votes and serve as our inspector of election. The inspector of election will attend the annual meeting.

What if I "withhold" my vote or "abstain"?

Votes withheld and abstentions will be counted as present for purposes of determining whether a majority of shares is present to establish a quorum and hold the annual meeting. Abstentions will not be counted in the tally of votes for or against any proposal. A withheld vote has the same effect as an abstention.

What if I do not vote and do not attend the annual meeting?

If you are a holder of record and you do not vote your shares at the annual meeting or by proxy, your shares will not be voted. If you sign and return your proxy card without specific voting instructions, your shares will be voted as recommended by the Board.

Under New York Stock Exchange (NYSE) rules, brokers have discretionary power to vote your shares only on "routine" matters. Brokers do not have discretionary power to vote your shares on "non-routine" matters. If you hold shares in street name, and you do not give your bank, broker, trustee or other holder of record specific voting instructions for your shares, your record holder can only vote your shares on the ratification of the Company's independent registered public accounting firm (proposal 4), a "routine" matter.

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Without your specific instructions, your record holder cannot vote your shares on the election of directors, the amendment and restatement of the 2012 Omnibus Incentive Plan and the advisory vote on named executive officer compensation. For each of these matters, if you do not instruct your record holder how to vote, the record holder may not vote your shares. Shares not voted will be broker non-votes and will not be counted in determining the outcome of the vote for proposals 1, 2 and 3. Broker non-votes will have no impact on the outcome of these proposals. We urge you to give your record holder voting instructions on each proposal being presented at the annual meeting.

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PROPOSAL 1: ELECTION OF DIRECTORS

The Board proposes that David C. Dauch, William L. Kozyra and Peter D. Lyons be elected to the Board as Class I directors for terms expiring at the annual meeting in 2018. Mr. Dauch, Chairman of the Board, President & Chief Executive Officer, is standing for re-election. Mr. Kozyra and Mr. Lyons are new nominees selected by the Board.

The Board is divided into three classes. Directors serve for staggered three-year terms. The Board believes that the staggered election of directors helps to maintain continuity and ensures that a majority of directors at any given time will have in-depth knowledge of the Company.

The Board unanimously approved the nominations of Mr. Dauch, Mr. Kozyra and Mr. Lyons as Class I directors based on their achievements, special competencies and integrity. Each nominee brings a strong and unique background and set of skills to the Board. Collectively, the Board has high levels of competence and experience in a variety of areas, including manufacturing, engineering, finance, international business, management, law, risk management, strategic business development and the global automotive industry. A summary of the principal occupation, professional background and specific knowledge and expertise that qualify each nominee and returning director to serve on our Board is provided in the following pages of this proxy statement.

The Board unanimously recommends a vote FOR each of the nominees.

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Nominees for Director

Class I — Directors to hold office until the 2018 Annual Meeting of Stockholders

	DAVID C. DAUCH Age 50 David C. Dauch is President & Chief Executive Officer of AAM, a position he has held since September 2012. Mr. Dauch was appointed Chairman of the Board in August 2013. Since June 2008, he served as AAM's President & Chief Operating Officer and previously served as Executive Vice President & Chief Operating Officer. Prior to joining AAM in 1995, Mr. Dauch held several positions at Collins & Aikman Products Company, where he received the President's Award for leadership and innovation. Mr. Dauch also served on the Collins & Aikman Board of Directors from 2002 to 2007. Presently, he serves on the boards of Business Leaders for Michigan, the Detroit Regional Chamber, the Great Lakes Council Boy Scouts of America, the Boys & Girls Club of Southeast Michigan and the Original Equipment Suppliers Association. In December 2014, Mr. Dauch was elected to the Board of Directors of Amerisure Mutual Holdings, Inc. and the Amerisure Companies. Mr. Dauch also serves on the Miami University Business Advisory Council. Mr. Dauch's day-to-day leadership as President & Chief Executive Officer provides him with intimate knowledge of and responsibility for developing and implementing the Company's operating objectives. Mr. Dauch's leadership of AAM's global business and operations provides the Board with strategic vision and insight regarding AAM's strategic plans for the future.	Director since 2009
	WILLIAM L. KOZYRA Age 57 Mr. Kozyra is Chairman of the Board and Chief Executive Officer of TI Automotive Ltd., a global supplier of automotive fluid storage, carrying and delivery technology. He has served as TI Automotive's CEO since June 2008. Prior to that, Mr. Kozyra was President and CEO of Continental AG North America for 10 years. He was also a member of the Executive Board, Continental AG (DAX), Hanover, Germany, with responsibility for Continental AG's NAFTA businesses. Previously, at ITT Automotive, he served as Vice President and General Manager, Brake and Chassis Systems North America. Prior to joining ITT Automotive, he was Vice President and General Manager of Bosch Braking Systems' Brake Products Division. Mr. Kozyra is a member of the Board of Directors of the Motor & Equipment Manufacturers Association (MEMA), the Ford Motor Company Top 100 Supplier Forum, the Board of Trustees of the Notre Dame Preparatory School, the Boy Scouts of America Executive Board in Detroit, Michigan, the Board of Advisors of the University of Detroit and the University	

of Detroit Alumni Council and the Society of Automotive Engineers. In nominating Mr. Kozyra for election as a director, our Board considered his 35 years of experience in the global automotive industry and demonstrated leadership skills and technical background in the areas of manufacturing, engineering, quality systems and sales, all of which are aligned with AAM's business objectives.

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PETER D. LYONS
Age 59

Mr. Lyons, an attorney, is a partner and Co-Head of the Global Public Mergers & Acquisitions Group of Freshfields Bruckhaus Deringer US LLP, which he joined in September 2014. Based in the New York office of Freshfields, Mr. Lyons represents leading U.S. and global companies in acquisitions and sales of public and private companies, asset acquisition and disposition transactions, and joint ventures. Prior to joining Freshfields, Mr. Lyons was a partner with Shearman & Sterling LLP and a member of the Mergers & Acquisitions Group based in New York, New York. Mr. Lyons practiced law at Shearman & Sterling for 35 years. Mr. Lyons has been recognized and recommended as an M&A practitioner by Chambers Global, Chambers USA, The Legal 500 US, and IFLR1000. Mr. Lyons received his law degree from Georgetown University Law Center and his Bachelor of Arts degree from the University of Virginia. From 2003 to 2014, while a partner at Shearman & Sterling, Mr. Lyons served as lead counsel to AAM and as a key advisor to the Board on legal matters. In nominating Mr. Lyons for election as a director, our Board considered his extensive experience advising global companies and corporate boards as well as his subject matter expertise in mergers and acquisitions and other corporate transactions, corporate governance and other areas of significance to the Board.

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RETURNING DIRECTORS

Class II — Directors to hold office until the 2016 Annual Meeting of Stockholders

ELIZABETH A. CHAPPELL Age 57 Ms. Chappell has served as President and Chief Executive Officer of the Detroit Economic Club since 2002. Previously, she served as Executive Vice President, Corporate Communications & Investor Relations for Compuware Corporation. From 1995 to 2000, Ms.Chappell was President and Chief Executive Officer of a consulting firm she founded, The Chappell Group, Inc. For 16 years, Ms. Chappell held executive positions at AT&T. From 1999 to 2009, Ms. Chappell served on the Board of Directors of the Handleman Company. She also serves on a number of civic boards, including the Michigan State University Capital Campaign, Citizens Research Council, Detroit Regional Chamber, the United Way Board and Tocqueville Committee, and the Charter One Regional Advisory Board (Midwest). Ms. Chappell is a former board member of the Karmanos Cancer Institute, Michigan Economic Growth Authority and Hospice of Michigan. Ms. Chappell's demonstrated leadership skills, entrepreneurial business experience and service on various boards enhance her contributions to the Board in the areas of investor relations, marketing and communications, and strategic business development.	Director since 2004
STEVEN B. HANTLER Age 62 Mr. Hantler is Director of Policy Initiatives for The Marcus Family Office. In this capacity, he advises Home Depot co-founder, Bernie Marcus, in the areas of government affairs, legal and regulatory policy, national security, free enterprise and higher education. Previously, he had a 27-year career with Chrysler Corporation, where he held positions as Assistant General Counsel, Manufacturing Group Counsel, and Senior Trial Attorney. Prior to joining Chrysler, Mr. Hantler was engaged in private law practice. Mr. Hantler is a Senior Fellow at the Pacific Research Institute and a member of the Legal Policy Advisory Board of the Washington Legal Foundation. Previously, Mr. Hantler served as Chair of the State Government Leadership Foundation, which educates state leaders on public policy issues, Chair of the Advisory Board of the National Judicial College, and on the Board of Directors of the New York University Law School Center for Labor and Employment. Mr. Hantler's leadership experience and expertise in law, public relations and government affairs provide the Board with knowledge and insight in these areas of importance to the Board's oversight of AAM's global business growth and strategic initiatives.	Director since 2011

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JOHN F. SMITH
Age 64

Mr. Smith is principal of Eagle Advisors LLC, a consulting firm in Bloomfield Hills, Michigan that specializes in strategy development and performance improvement. From 2000 to 2010, Mr. Smith held positions of increasing responsibility with General Motors Corporation in sales and marketing, product planning and corporate strategy, most recently as Group Vice President, Corporate Planning and Alliances. During his 42-year career in the automotive industry, Mr. Smith also served as General Manager of Cadillac Motor Car, President of Allison Transmission, and Vice President, Planning at General Motors International Operations in Zurich, Switzerland. Mr. Smith currently serves on the boards of CEVA Holdings LLC, Arnold Magnetics and Enginetics, LLC. Mr. Smith also serves as an advisor to VNG.CO, a developer of compressed natural gas refueling stations, and Palogix International, a provider of in-bound logistics and container management solutions. Mr. Smith is a member of the National Advisory Board of Boy Scouts of America and the Board of Trustees of St. John's Providence Health System in Michigan. He served on the Board of Directors of Smith Electric Vehicles Corp. from June 2012 to December 2013, and on the Board of Plasan Carbon Composites from December 2013 to December 2014. Mr. Smith's extensive experience in manufacturing, finance, business development, international operations, sales and marketing, product development and mergers and acquisitions is aligned with AAM's key business objectives, including continued global business growth and diversification.

Director since 2011

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Class III — Directors to hold office until the 2017 Annual Meeting of Stockholders

JAMES A. McCASLIN
Age 66

Director since 2011

Mr. McCaslin retired from Harley Davidson, Inc. in April 2010. Mr. McCaslin joined Harley Davidson in 1992 and held various senior executive leadership positions, including President and Chief Operating Officer of Harley-Davidson Motor Company, from 2001 to 2009. From 1989 to 1992, he held manufacturing and engineering positions with JI Case, a manufacturer of agricultural equipment. Previously, he held executive positions in manufacturing and quality with Chrysler Corporation, Volkswagen of America and General Motors Corporation, where he began his 40-year career in manufacturing. From 2003 to 2006, he served on the Board of Directors of Maytag Corporation. Mr. McCaslin has served on a number of civic boards, including Boys and Girls Clubs of Greater Milwaukee, Manufacturing Skill Standards Council and Kettering University. Mr. McCaslin's extensive operational expertise and experience in multiple manufacturing industries provide the Board with a valued resource in support of AAM's operational objectives, which include engineering, quality and technology leadership, operational excellence and global geographic and product diversification.

WILLIAM P. MILLER II CFA
Age 59

Director since 2005

Mr. Miller, Chartered Financial Analyst, is Head of Asset Allocation for the Saudi Arabian Investment Company. Separately, since 2003, Mr. Miller has been a member of the Board of Directors of the Chicago Mercantile Exchange, serving on the Audit Committee, Finance Committee and Market Regulation Oversight Committee. Since June 2011, Mr. Miller has served on the Board of Directors of the Dubai Mercantile Exchange, where he also serves on the Compensation Committee and the Risk and Compliance Committee. From April 2011 to October 2013, he was the Senior Managing Director & Chief Financial Officer of Financial Markets International, Inc. From 2005 to 2011, he was employed by the Ohio Public Employees Retirement System, where he served as Deputy Chief Investment Officer. Previously, he was Senior Risk Manager for the Abu Dhabi Investment Authority and an Independent Risk Oversight Officer and Chief Compliance Officer for Commonfund Group. Mr. Miller also served as Director, Trading Operations and Asset Mix Management with General Motors Investment Management Corp. and as a financial analyst with the U.S. Department of Transportation. Mr. Miller also served on the Public Company Accounting Oversight Board's Standing Advisory Group, the Institutional Investor Advisory Board for Golub Capital and the Board of Directors of the Dubai International Financial Exchange.

Mr. Miller’s expertise in finance, investments, risk management, compliance, international business, audit and accounting provides the Board with valuable guidance in assessing and managing risks and in fulfilling the Board’s financial oversight role.

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SAMUEL VALENTI III Age 69 Mr. Valenti serves as Chairman and Chief Executive Officer of Valenti Capital LLC and World Capital Partners, investment firms located in Bloomfield Hills, Michigan. Since 2002, Mr. Valenti has served as Chairman of the Board of TriMas Corporation, a manufacturer of highly engineered precision products for industry. Until 2008, Mr. Valenti had a 40-year career with Masco Corporation, a Fortune 500 manufacturer of home building and home improvement products, serving as Vice President - Investments from 1974 to 1998. From 1988 to 2008, Mr. Valenti was President and a member of the Board of Directors of Masco Capital Corporation. Mr. Valenti is a member of the Business Leaders for Michigan and serves as Chairman of the Renaissance Venture Capital Fund. AAM's Board selected Mr. Valenti as a director in consideration of his demonstrated leadership skills, breadth of management experience in diversified manufacturing businesses, and his subject matter expertise in mergers and acquisitions, finance, economics and asset management.	Director since 2013

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that meet or exceed the requirements of the NYSE listing standards. AAM's Corporate Governance Guidelines are available on our website at http://investor.aam.com.

Director Independence

AAM's Corporate Governance Guidelines provide that at least a majority of the members of the Board meet the independence criteria of the NYSE listing standards. Currently, nine of our ten directors are independent from the Company. Only David C. Dauch, who serves as AAM's President & Chief Executive Officer, is not independent due to his employment with AAM.

The Board has established Director Independence Guidelines to assist in determining the independence of our directors for purposes of the NYSE independence standards. The Director Independence Guidelines are included in AAM's Corporate Governance Guidelines, which are available on our website at http://investor.aam.com. The Board annually reviews and determines, on the recommendation of the Nominating/Corporate Governance Committee, whether any director has a material relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. No director qualifies as independent unless the Board determines that the director has no direct or indirect material relationship with the Company.

As a result of this evaluation, the Board determined that the following nominees and returning directors have no material relationships with AAM and are independent: Elizabeth A. Chappell, Steven B. Hantler, William L. Kozyra, Peter D. Lyons, James A. McCaslin, William P. Miller II, John F. Smith and Samuel Valenti III.

In making these independence determinations, the Board considered Ms. Chappell's position as President & CEO of the Detroit Economic Club, in light of the sponsorship fees AAM pays to this non-profit organization. The annual fees paid by AAM to the Detroit Economic Club are significantly below the threshold amount established under the NYSE independence standards and our Director Independence Guidelines, which is the greater of two percent of the outside entity's annual gross revenues or $1 million.

Board Leadership Structure

The Board's current leadership structure includes a combined Chairman and CEO role with a lead independent director. In August 2013, the Board appointed President & CEO David C. Dauch as Chairman of the Board.

Our Board believes that it is in the best interest of the Company to combine the roles of Chairman and CEO at this time because it provides the Company with unified leadership and direction. The Board believes the Company's CEO is best situated to serve as Chairman because he is the director most familiar with the Company's business and industry, and is in a position to effectively identify strategic priorities and lead the discussion and execution of strategy. While the Company's independent directors bring experience, oversight and expertise from various perspectives outside the Company, the CEO's in-depth knowledge of our business enables him to identify areas of focus for the Board and effectively recommend appropriate agendas. The Board believes that the combined role of Chairman and CEO facilitates information flow between management and the Board, provides clear accountability and promotes efficient decision making, all of which are essential to effective governance.

Our Board leadership structure is further enhanced by an Independent Lead Director. In April 2014, the Board selected Mr. McCaslin to serve in this role. The Independent Lead Director's responsibilities are to:

- preside at executive sessions of the independent directors, which are held at the end of each scheduled Board meeting;
- call special executive sessions of independent directors, as appropriate;
- serve on all standing committees required by NYSE listing standards and the Executive Committee;
- serve as chair of the Nominating/Corporate Governance Committee;
- serve as liaison between the independent directors and the Chairman, President & CEO;
- inform the Chairman, President & CEO of issues arising from executive sessions of the independent directors; and
- with Board approval, retain outside advisors and/or consultants who report directly to the full Board on matters of interest to the full Board.

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Board Oversight of Risk Management

The Board, directly and through its committees, is responsible for overseeing the management of potential risks affecting the Company. In connection with our overall risk management process, the Board regularly reviews information provided by senior management about the Company's strategic, operational, financial and compliance risks. In addition, the chairs of the Audit, Compensation, Nominating/Corporate Governance, Strategy and Technology Committees regularly report to the Board on the activities of their respective Committees, including matters related to risk.

The Audit Committee oversees management of financial risks and receives regular reports from management on the Company's overall risk management structure and processes. The Nominating/Corporate Governance Committee manages risks associated with corporate governance and management succession planning. The Compensation Committee oversees risks related to AAM's compensation programs. The Technology Committee oversees risks related to AAM's product, process and systems technology. The Strategy Committee oversees risks related to the development and implementation of the Company's strategic plan. Additional review or reporting of specific risks is conducted as appropriate or as requested by the Board or a committee.

Stockholder Engagement

Our Board and management team value the opinions and feedback of our stockholders, and we engage with stockholders throughout the year on a variety of issues, including our executive compensation program and corporate governance. Stockholders and other interested parties who wish to communicate with us on these or other matters may contact our Investor Relations Department by email at investorrelations@aam.com or by mail at One Dauch Drive, Detroit, Michigan 48211-1198 (corporate address).

Stockholders or other interested parties may communicate with the Board through the Secretary of AAM by e-mail at AAMBoardofDirectors@aam.com or by mail at the corporate address above. The Board has instructed the Secretary to review all such communications and to exercise his discretion not to forward correspondence to the Board that is inappropriate, such as advertising and business solicitations, routine business matters and personal grievances. However, any director may at any time request the Secretary to forward any communication received by the Secretary on behalf of the Board.

Code of Business Conduct

AAM has adopted a Code of Business Conduct that is designed to assist AAM associates, executive officers and members of the Board in conducting AAM's business with the highest standards of ethics and integrity. AAM has also adopted a Code of Ethics applicable to our CEO, CFO and other Senior Financial Officers (Code of Ethics). The Board annually reviews the Code of Business Conduct and makes updates as appropriate. AAM's Code of Business Conduct and Code of Ethics are available on our website at http://investor.aam.com. A written copy also may be obtained by any stockholder without charge upon request to the AAM Investor Relations Department by email at investorrelations@aam.com or by mail at our corporate address above.

Related Person Transactions Policy

The Board has adopted a written policy and procedure for the review, approval and ratification of transactions involving AAM and any "related person" as defined in the policy. This policy supplements AAM's other conflict of interest policies in our Code of Business Conduct. The Audit Committee is responsible for reviewing, approving and ratifying all related person transactions in accordance with the policy and the Audit Committee's charter.

For purposes of this policy, a related person transaction includes any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships in which AAM is or is expected to be a participant, the amount involved exceeds $120,000, and a related person has or will have a material interest. A related person includes directors and executive officers and their immediate family members, stockholders owning more than five percent of the Company's outstanding common stock as of the last completed fiscal year, and any entity owned or controlled by any one of these persons.

The Audit Committee makes a determination whether a related person's interest in a transaction is material based on a review of the facts and circumstances. In deciding whether to approve or ratify a related person transaction, the Audit Committee will take into account, among other factors it deems appropriate, (1) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and

(2) the significance of the related person's interest in the transaction.

A member of the Audit Committee may not participate in the review or vote concerning any related person transaction in which the Audit Committee member or his or her immediate family member is involved.

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The policy also provides that certain types of transactions are deemed to be pre-approved by the Audit Committee, and do not require separate approval or ratification. During fiscal year 2014 and as of the date of this proxy statement, the Company has not engaged in any reportable related person transactions.

Board and Committee Meetings

Directors are expected to attend all Board meetings, meetings of the committees on which they serve and stockholder meetings. The Board held four regularly scheduled meetings during 2014. All continuing directors attended 100% of the Board and applicable committee meetings during 2014, except one continuing director missed one committee meeting. The 2014 annual meeting of stockholders was attended by nine of the ten directors on the Board at that time. The following table shows committee membership as of March 19, 2015 and the number of committee meetings held during 2014.

COMMITTEE MEMBERSHIP AS OF MARCH 19, 2015

Name of Director	Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee	Executive Committee	Technology Committee	Strategy Committee
David C. Dauch				Chair		X
Elizabeth A. Chappell		Chair	X			
Forest J. Farmer				X		
Steven B. Hantler		X				
Richard C. Lappin			X		X	Chair
James A. McCaslin	X	X	Chair	X	X	X
William P. Miller II	Chair		X		X	
John F. Smith	X				Chair	X
Samuel Valenti III	X	X		X		X
Thomas K. Walker				X		
No. of Meetings in 2014	4	4	5	4	4	4

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibility with respect to:

- the quality and integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- our independent auditors’ qualifications and independence; and
- the performance of our internal audit function and independent auditors.

The Audit Committee's responsibilities are more fully described in its written charter, which is available on AAM’s website at http://investor.aam.com.

All members of the Audit Committee are independent and financially literate under NYSE listing standards and independent under our Director Independence Guidelines. The Board has also determined that Mr. Miller and Mr. Smith are "audit committee financial experts" as defined by the Securities and Exchange Commission (SEC).

Compensation Committee

The Compensation Committee's responsibilities include the following:

- establishing and reviewing AAM’s compensation philosophy and programs for executive officers;
- approving executive officer compensation with a view to support AAM’s business strategies and objectives;
- approving corporate goals and objectives for executive officer compensation and evaluating executive officer performance in light of these criteria;
- recommending incentive compensation and equity-based plans to the Board;
- overseeing management’s risk assessment of the Company’s policies and practices regarding its compensation programs for executive officers and other associates;
- recommending non-employee director compensation and benefits to the Board;

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- overseeing the preparation of the Compensation Discussion and Analysis for inclusion in our annual proxy statement; and
- producing the Compensation Committee Report for inclusion in our annual proxy statement.

The Compensation Committee's responsibilities are more fully described in its written charter, which is available on our website at http://investor.aam.com.

All Compensation Committee members are independent under NYSE listing standards, including the standards applicable specifically to compensation committee members, and our Director Independence Guidelines. All Compensation Committee members are “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code and are "non-employee" directors within the meaning of SEC Rule 16b-3.

Risk Assessment of Compensation Policies and Practices

We conducted an annual risk assessment for the Compensation Committee to determine whether the risks arising from our fiscal year 2014 compensation policies and practices are reasonably likely to have a material adverse effect on the Company. The risk assessment considered, among other things, AAM’s annual and long-term incentive programs and pay mix, performance measures used to calculate payouts, and pay philosophy and governance. Our annual assessment of compensation-related risks focuses on the program for executive officers in light of their decision-making authority and influence, but also includes a review of the compensation of our other salaried associates. Our risk assessment methodology was reviewed by the Compensation Committee and its independent compensation consultant.

We have designed our compensation programs, including incentive compensation plans, with specific features to address potential risks while rewarding our executive officers and other associates for achieving long-term financial and strategic objectives through prudent business judgment and appropriate risk taking. The following elements have been incorporated in our programs for executive officers:

- A balanced mix of compensation components. The target compensation mix for our executive officers is composed of base salary, annual cash incentives and long-term equity incentives, representing a mix that is not overly weighted toward short-term cash incentives.
- Multiple performance factors. Our annual incentive and long-term incentive plans include multiple measures of performance. Our use of various performance factors diversifies the risk associated with any single aspect of performance. The performance factors and target award opportunities are established in advance by the Compensation Committee in consideration of the Company's performance goals and objectives and stockholder interests.
- Long-term incentives. Our long-term incentives are 100% equity-based and have a three-year vesting schedule, which complements our annual cash incentive plan. Sixty-six percent of long-term incentive awards to executive officers are performance-based. These awards are capped at a maximum payout.
- Stock ownership requirements. Our executive officers are required to maintain significant share ownership, which aligns their interests with those of our stockholders.
- Clawback policy. Our clawback policy authorizes the Compensation Committee to recoup past incentive compensation in the event of a material restatement of the Company's financial results due to fraud or intentional misconduct of an executive officer.

Based on our risk assessment and consideration of various mitigating factors, we concluded that the Company’s compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Role of Management in Compensation Decisions

The Compensation Committee is responsible for making compensation decisions relative to executive officers. However, in making its decisions, the Compensation Committee seeks and considers input from senior management. Since management has direct involvement with and in-depth knowledge of the business strategy, goals and performance of the Company, certain executive officers play an important role in the executive compensation decision-making process. Senior management participates in the Compensation Committee’s activities in the following specific respects:

- The President & CEO provides the Compensation Committee with his evaluation of the performance of the Company’s executive officers, including the other named executive officers (NEOs). The President & CEO and Vice

President, Human Resources make compensation recommendations for executive officers, including base salary levels and the amount and mix of incentive awards.

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- The President & CEO, the Executive Vice President & CFO and the Vice President, Human Resources develop and recommend performance objectives and targets for AAM’s incentive compensation programs.
- The Vice President, Human Resources assists the Chair of the Compensation Committee in developing meeting agendas and oversees the preparation of meeting materials on the matters to be considered.
- The President & CEO, Executive Vice President & CFO and the Vice President, Human Resources regularly attend Compensation Committee meetings. Management generally does not attend the executive session of the Compensation Committee.

Role of Compensation Consultant

The Compensation Committee has retained Meridian Compensation Partners, LLC (Meridian) as its independent compensation consultant. Meridian provides the Compensation Committee with independent advice and ongoing recommendations on compensation matters related to our executive officers and non-employee directors. Meridian also provides the Compensation Committee with competitive market data, peer group analyses and updates on compensation trends and regulatory developments.

In the course of fulfilling its responsibilities, Meridian may communicate directly with the Chair of the Compensation Committee. Meridian also meets with management to gather information, prepare materials, and review proposals to be made to the Compensation Committee. Meridian provides no other services to the Company other than those described above has no other direct or indirect business relationships with the Company or any of its subsidiaries or affiliates.

The Compensation Committee determined that Meridian is independent of management and that the services provided by Meridian to the Compensation Committee do not give rise to any conflicts of interest. In written correspondence to the Compensation Committee, Meridian provided detailed information addressing each of the six independence factors set forth in NYSE listing standards. In this correspondence and in communications with the Compensation Committee, Meridian affirmed its independence and that of its partners, consultants and employees who service the Compensation Committee on executive compensation matters.

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee’s primary responsibilities are to:

- identify qualified individuals to serve on the Board and committees;
- review our Corporate Governance Guidelines and Code of Business Conduct and recommend changes as appropriate; and
- oversee and approve the process for succession planning for the CEO and other executive officers.

The Nominating/Corporate Governance Committee's responsibilities are more fully described in its written charter, which is available on our website at http://investor.aam.com. All members of the Nominating/Corporate Governance Committee are independent under NYSE listing standards and our Director Independence Guidelines.

Selection Process for Director Nominees. In consultation with the Chairman, President & CEO, the Nominating/Corporate Governance Committee identifies, evaluates and recommends potential candidates for membership on the Board. The Nominating/Corporate Governance Committee conducts inquiries into the backgrounds and qualifications of the candidates and considers questions of independence and possible conflicts of interest. Based on the Nominating/Corporate Governance Committee’s evaluation, candidates who meet the Board’s criteria may receive further consideration, which may include interviews with the Nominating/Corporate Governance Committee and other directors. The Nominating/Corporate Governance Committee then submits its recommendations for nominees to the Board for approval. Pursuant to AAM’s bylaws, the Board may establish the size of the Board by resolution, provided there is a minimum of three members.

Before the Board nominates an incumbent director for re-election by our stockholders, the incumbent director is evaluated by the Nominating/Corporate Governance Committee and/or the Board. This evaluation is based on, among other things, each incumbent director’s meeting attendance record and contributions to the activities of the Board.

The Nominating/Corporate Governance Committee considers recommendations of potential candidates from members of our Board, our Chairman, President & CEO and our stockholders. In 2014, Mr. Dauch referred director nominees William L. Kozyra and Peter D. Lyons for consideration by the Nominating/Corporate Governance Committee and the Board for election by our stockholders as Class I directors. These nominees were considered, among other candidates, to fill two Class I directorships that will become vacant upon the retirement of Mr. Farmer,

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Mr. Lappin and Mr. Walker at the expiration of their terms of office at the 2015 annual meeting. The Board believes it is appropriate at this time for each of the three classes to be comprised of three directors.

After consideration of each candidate's qualifications and independence, the Nominating/Corporate Governance Committee recommended that the Board nominate Mr. Kozyra and Mr. Lyons for election as Class I directors, each with a term expiring on the date of the 2018 annual meeting of stockholders. Upon review, the Board decided to recommend Mr. Kozyra and Mr. Lyons for election at the 2015 annual meeting of stockholders.

Director Qualifications. AAM’s Corporate Governance Guidelines provide the qualifications for Board membership. Candidates for director nominees to the Board are reviewed in consideration of the current composition of the Board, the operating requirements of the Company and the interests of stockholders. Although specific qualifications may vary from time to time, desired qualities and characteristics include:

- high ethical character and shared values with AAM;
- high-level leadership experience and achievement at a policy-making level in business, educational or professional activities;
- breadth of knowledge of issues affecting AAM;
- the ability to contribute special competencies to Board activities, such as financial, technical, international business or other expertise, or industry knowledge;
- awareness of a director's vital role in AAM's good corporate citizenship and corporate image; and
- sufficient time and availability to effectively carry out a director's duties.

The Board as a whole should reflect the appropriate balance of knowledge, experience, skills, expertise and diversity that, when taken together, will enhance the quality of the Board’s deliberations and decisions. Although the Board has no formal policy regarding diversity, the Board believes that diversity is an essential element of Board effectiveness. In this context, diversity is defined broadly to include differences in background, skills, education, experience, gender, race, national origin and culture.

For director candidates recommended by stockholders, the Nominating/Corporate Governance Committee follows the procedures described below in Other Matters, Stockholder Proposals for 2016 Annual Meeting. The Nominating/Corporate Governance Committee will evaluate candidates recommended by stockholders using substantially the same criteria that are considered in evaluating director candidates recommended by our Board members or Chairman, President & CEO.

Succession Planning. The Nominating/Corporate Governance Committee is responsible for overseeing the Company’s succession planning process for executive officers and other key executive positions at AAM. In performing this role, the Nominating/Corporate Governance Committee monitors and approves management’s succession planning process and actions and, with respect to the CEO, makes recommendations to the full Board for approval. The Board has primary responsibility for CEO succession planning and develops both long-term and contingency plans for CEO succession. The Company’s long-term and ongoing succession planning program is designed to support effective senior leadership development and succession in a manner that positions AAM to achieve its strategic, operating and financial performance goals, and enhance stockholder value.

Technology Committee

The Technology Committee oversees and provides advice to AAM regarding AAM’s product, process and systems technology. The Technology Committee reviews and makes recommendations to the Board and management concerning AAM's strategy relative to technology matters.

Strategy Committee

The Strategy Committee oversees the development and implementation of AAM’s strategic plan and provides advice to the Board and management regarding specific strategic opportunities. The Strategy Committee is responsible for maintaining a cooperative, interactive strategic planning process with management, including the approval of strategic goals and objectives and reviewing and providing advice concerning potential corporate acquisitions, divestitures, joint ventures and strategic alliances.

Executive Committee

The Executive Committee exercises the authority of the Board during the intervals between Board meetings and does not meet on a regular basis.

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PROPOSAL 2: APPROVAL OF AMENDED AND RESTATED AMERICAN AXLE & MANUFACTURING HOLDINGS, INC. 2012 OMNIBUS INCENTIVE PLAN

Background

Upon recommendation of the Compensation Committee, the Board adopted an amended and restated American Axle & Manufacturing Holdings, Inc. 2012 Omnibus Incentive Plan (the "Amended and Restated 2012 Plan" or the "Plan") on February 5, 2015, subject to shareholder approval, which we are now seeking. The Amended and Restated 2012 Plan includes amendments to increase the number of shares authorized for issuance under the Plan and make certain other changes to the treatment of awards under the Plan's change in control provisions. The following material changes will take effect upon adoption of the Amended and Restated 2012 Plan:

- The number of shares of common stock available for issuance under the Amended and Restated 2012 Plan will be increased by 2,100,000 shares. The proposed increase in shares represents approximately 2.8% of the common shares of the Company outstanding as of March 3, 2015 (the record date).

- Certain changes will be made to the treatment of awards granted under the Plan following the effective date of the proposed amendments in the event of a Change in Control of the Company (as defined in the Plan), which include double trigger accelerated vesting.

The 2012 Omnibus Incentive Plan was initially approved by shareholders on April 26, 2012. Under NYSE rules, the proposed amendments to the Plan will not be effective if our shareholders do not approve them. If our shareholders do not approve the proposed Amended and Restated 2012 Plan, we may be required to re-evaluate our compensation structure to ensure that it remains competitive.

We use incentive awards to attract, motivate and retain leadership talent as well as to align our employees' and non-employee directors' interests with those of our shareholders. The purpose of the proposed amendments is to allow the Company to award the equity incentives important to our compensation program for the foreseeable future, while resulting in no more than a reasonable amount of potential equity dilution. The Board believes that the proposal to increase the number of shares authorized for issuance is in the best interest of shareholders and supports this proposal for the following reasons:

- If the proposed amendment to increase the number of shares available under the Amended and Restated 2012 Plan is not approved, the Company will be compelled to increase significantly the cash-based component of employee compensation, which could reduce the alignment of employee and shareholder interests.

- The terms of our equity and other annual and long-term incentive compensation awards and our employee policies are designed to protect shareholder interests and encourage employees to focus on the long-term success of the Company.

The revised change in control provisions add a defined term for change in control and detailed provisions regarding the disposition of outstanding awards in the event of a change in control. These changes provide for the accelerated vesting of awards only after both a change in control occurs and a participant is terminated without cause or resigns for good reason within two years following the change in control (commonly referred to as a "double trigger") in the event a successor to the Company agrees to assume or replace such awards. If a successor to the Company does not assume or replace the awards, all awards that are held by a participant will generally be cancelled in exchange for value. The proposed changes thus limit the discretionary authority of the Board and the Compensation Committee to identify which non-specified events will constitute a change in control and to determine how to dispose of outstanding awards upon a change in control. The Board believes that the proposed change in control amendments are in the best interest of shareholders and supports this proposal for the following reasons:

- The adoption of a double-trigger requirement for outstanding awards (in the event a successor agrees to assume or replace such awards) reflects widely accepted best governance practices by preventing senior executives and key employees from receiving an automatic benefit upon a change in control.

- The adoption of a double-trigger requirement serves as an incentive for senior executives and key employees to continue their employment with the Company through and after a change in control to receive the benefit of their outstanding awards.

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Summary of Amended and Restated 2012 Plan as Proposed to Be Amended

A copy of the Amended and Restated 2012 Plan as proposed to be amended is attached as Appendix A. The following summary is qualified in its entirety by reference thereto. Other than the proposed amendments to the number of shares available under the Amended and Restated 2012 Plan and the change in control provisions under the Plan for which we are seeking approval and minor conforming changes for which shareholder approval is not required, the terms of Amended and Restated 2012 Plan remain unchanged. Capitalized terms not defined in this summary shall have the meaning given in the Amended and Restated 2012 Plan.

Purpose and Eligibility

The purpose of the Plan is to foster and promote the long-term financial success of the Company and materially increase shareholder value by (a) motivating superior performance by means of performance-related incentives, (b) encouraging and providing the means for employees and non-employee directors to obtain an ownership interest in the Company, and (c) attracting and retaining qualified persons to serve as members of an outstanding management team and as Board members of the Company whose judgment, interest and performance are required for the successful and sustained operations of the Company.

All employees and non-employee directors of the Company and its subsidiaries and designated affiliates are eligible to participate in the Amended and Restated 2012 Plan. The ability of our employees and non-employee directors to participate in the Amended and Restated 2012 Plan is subject to the approval of the Compensation Committee. Approximately 140 employees and non-employee directors may be eligible to participate in the Amended and Restated 2012 Plan. In addition, the Compensation Committee may select third-party service providers to the Company or any subsidiary to participate in the Amended and Restated 2012 Plan.

Termination Date

No Awards may be made after ten years from the effective date of the original plan on April 26, 2012.

Administration of the Amended and Restated 2012 Plan

The Compensation Committee will administer the Amended and Restated 2012 Plan and will have the discretion to select the individuals who receive Awards (Participants) and determine the form and terms of the Awards, including any vesting, exercisability, payment or other restrictions. Subject to certain limitations, the Compensation Committee may delegate some or all of its authority to one or more administrators (e.g., one or more Compensation Committee members or one or more of our executive officers).

Limits on Awards

The Amended and Restated 2012 Plan limits the grants of Awards to a single Participant in any calendar year as follows:

- the maximum aggregate number of shares that may be granted in the form of stock options and SARs is 2,000,000 shares;
- the maximum aggregate payout at the end of an applicable performance period or vesting period with respect to Awards of performance shares, performance units (settled in shares), restricted shares or restricted stock units (settled in shares) is 2,000,000 shares, determined as of the date of grant; and
- The maximum aggregate amount that may be paid under an Award of performance units (settled in cash), cash-based Awards or any other Award that is payable in cash, in each case that are performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (Code), is $6,000,000, determined as of the date of payout.

Shares Available under the Amended and Restated 2012 Plan

The total number of shares that may be delivered under the Amended and Restated 2012 Plan will be 7,100,000 shares of our authorized but unissued shares of common stock (which takes into account the proposed 2,100,000 share increase), subject to adjustment for share recycling. The number of shares available under the Amended and Restated 2012 Plan will be equitably adjusted to reflect certain transactions, including, but not limited to, merger,

consolidation, reorganization, recapitalization, separation, reclassification, stock dividend, stock split, reverse stock split, split up or spin-off.

Share Recycling Rules

The number of shares subject to any portion of an Award granted under the Amended and Restated 2012 Plan that is canceled or that expires without having been settled in shares, or that is settled through the delivery of consideration other than shares, will be available for new Awards. If shares are tendered or withheld to pay the exercise price of a stock option award, to satisfy a tax withholding obligation, or as a result of the net settlement of a SAR, such tendered or withheld shares will be available for new Awards under the Amended and Restated 2012 Plan.

Types of Awards Allowed under the Amended and Restated 2012 Plan

Form of Awards. The Amended and Restated 2012 Plan authorizes the following awards (“Awards”): (i) restricted stock or restricted stock units; (ii) performance shares; (iii) performance units; (iv) stock options; (v) SARs; (vi) cash-based awards; and (vii) other forms of equity-based or equity-related Awards which the Compensation Committee determines to be consistent with the purposes of the Amended and Restated 2012 Plan.

Each grant of an Award will be evidenced by an Award agreement that will set forth the terms and conditions of the grant as determined in the sole discretion of the Compensation Committee. These terms and conditions may include, but are not limited to, restrictions on transferability and the continued employment of the grantee, performance or other conditions, if any, that must be satisfied before all or part of the applicable restrictions or vesting periods lapse, the applicable performance conditions, if any, the duration of the exercise period, if any, and the effect of terminations of employment and change in control. The terms and conditions need not be uniform among all grants of Awards, form of Awards or Participants.

Transferability. Unless otherwise permitted by the Compensation Committee, no Award will be transferable other than by will or by the laws of descent and distribution. During the lifetime of a Participant, stock options and SARs will be exercisable only by the Participant.

Restricted Stock and Restricted Stock Units. Restricted stock Awards are outstanding shares of common stock that the Compensation Committee may make subject to restrictions on transfer, vesting requirements or cancellation under specified circumstances. A Participant granted restricted stock generally has most of the rights of a shareholder, including the right to receive dividends and the right to vote such shares.

Upon satisfaction of the terms and conditions of the Award, a restricted stock unit will be payable in common stock or in cash equal to the fair market value on the payment date of one share of common stock, as specified in the Award agreement. As a holder of restricted stock units, a Participant will have only the rights of a general unsecured creditor of the Company. A Participant will not be a shareholder with respect to the shares underlying restricted stock units unless and until the restricted stock units convert to shares of common stock. However, the Compensation Committee, in its discretion, may provide for the payment of dividend equivalents on the grant of restricted stock units.

Performance Shares and Performance Units. Performance shares and performance units are Awards based upon the attainment of certain performance criteria over a performance period specified by the Compensation Committee at the time of grant. Each performance share shall have an initial value equal to one share of common stock. Each performance unit shall have an initial notional value equal to a dollar amount as established by the Compensation Committee, in its discretion. Performance shares and performance units may be settled in cash, in shares or a combination thereof. Performance shares and performance units may but are not required to comply with the requirements of Code Section 162(m). The Compensation Committee may elect to utilize performance measures that are not specified in the Amended and Restated 2012 Plan with respect to performance shares and performance units not intended to comply with Code Section 162(m).

Stock Options and SARs

General. Stock options represent the right to purchase shares of common stock in the future at a specified exercise price set by the Compensation Committee. Stock options may be either nonqualified stock options or incentive stock options (ISOs) granted pursuant to Code Section 422. Upon satisfaction of the conditions to exercisability, a Participant may exercise a stock option and receive the number of shares of common stock in respect of which the stock option is exercised. Upon satisfaction of the conditions to payment, each SAR will entitle a Participant to an

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amount, if any, equal to the amount by which the fair market value of a share of common stock on the date of exercise exceeds the SAR exercise price. At the discretion of the Compensation Committee, SARs may be payable in common stock, cash or a combination thereof.

Exercise Price. The exercise price of stock options and SARs awarded under the Plan may not be less than 100% of the fair market value of one share of common stock on the grant date. The exercise price of a stock option may be paid in cash, by tendering previously acquired shares, by a cashless (broker assisted) exercise, through net share settlement involving the withholding of shares subject to the stock option or any other method approved by the Compensation Committee.

Maximum Term of Stock Options and SARs. No stock option or SAR may have an expiration date that is later than the tenth anniversary of the Award date. No ISO granted to a Participant who owns more than 10% of our stock may have an expiration date that is later than the fifth anniversary of the grant date.

Other Stock-Based and Cash-Based Awards. The Compensation Committee may grant other forms of cash-based and stock-based Awards not specifically described in the Amended and Restated 2012 Plan including, but not limited to, unrestricted shares, deferred shares and deferred share units.

162(m) Performance-Based Compensation

The Compensation Committee may designate any Award (other than an Option or SAR) as performance-based compensation upon grant, in each case based upon a determination that (i) the Participant is or may be a covered employee, within the meaning of Code Section 162(m), with respect to such Award, and (ii) the Committee wishes such Award to qualify for exemption from the limitation on deductibility under Code Section 162(m)(4)(c). The Compensation Committee shall have the sole authority to specify which Awards are to be granted in compliance with Code Section 162(m) and treated as performance-based compensation.

For each grant of an Award designated as performance-based compensation, the Compensation Committee will establish the terms and conditions of the grant in accordance with the requirements of Code Section 162(m), including, but not limited to, the size of the Award, performance measures and related performance goals, the performance period over which performance goals must be achieved, payout levels based on achieved goals, form and timing and payout, and the impact of a termination of employment and change in control. At the end of the performance period, the Compensation Committee will determine the degree of achievement of the performance goals that will determine the payout. No Award of performance-based compensation will be earned, vested or paid until the Compensation Committee certifies the attainment of the pre-established performance goals. The Compensation Committee may set performance goals using any combination of the following performance measures that are set forth in the Amended and Restated 2012 Plan:

(a) Book value or earnings per share;
(b) Cash flow, free cash flow or operating cash flow;
(c) Earnings before or after either, or any combination of, interest, taxes, depreciation, or amortization;
(d) Expenses/costs;
(e) Gross, net or pre-tax income (aggregate or on a per share basis);
(f) Net income as a percentage of sales;
(g) Gross or net operating margins or income, including operating income;
(h) Gross or net sales or revenues;
(i) Gross profit or gross margin;
(j) Improvements in capital structure, cost of capital or debt reduction;
(k) Market share or market share penetration;
(l) Growth in managed assets;
(m) Reduction of losses, loss ratios and expense ratios;
(n) Asset turns, inventory turns or fixed asset turns;
(o) Operational performance measures;
(p) Profitability ratios (pre or post tax);
(q) Profitability of an identifiable business unit or product;
(r)

Return measures (including return on assets, return on equity, return on investment, return on capital, return on invested capital, gross profit return on investment, gross margin return on investment, economic value added or similar metric);

(s) Share price (including growth or appreciation in share price and total shareholder return);

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(t) Strategic business objectives (including objective project milestones);
(u) Transactions relating to acquisitions or divestitures; or
(v) Working capital.

Any performance measure(s) may, as the Compensation Committee in its sole discretion deems appropriate, (i) relate to the performance of the Company or any subsidiary as a whole or any business unit or division of the Company or any subsidiary or any combination thereof, (ii) be compared to the performance of a group of comparator companies, or published or special index, (iii) be based on change in the performance measure over a specified period of time and such change may be measured based on an arithmetic change over the specified period (e.g., cumulative change or average change), or percentage change over the specified period (e.g., cumulative percentage change, average percentage change or compounded percentage change), (iv) relate to or be compared to one or more other performance measures, or (v) any combination of the foregoing. The Compensation Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the performance measures specified above.

The Performance Measures shall be determined in accordance with generally accepted accounting principles consistently applied on a business unit, divisional, subsidiary or consolidated basis or any combination thereof. The Compensation Committee may provide in any Award that any evaluation of performance may include or exclude the impact, if any, on reported financial results of any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) changes in tax laws, accounting principles or other laws or provisions, (d) reorganization or restructuring programs, (e) acquisitions or divestitures, (f) foreign exchange gains and losses, and (g) gains and losses that are treated as extraordinary items under Financial Accounting Standard No. 145 (Accounting Standards Codification 225).

Types of Awards Allowed for Non-employee Directors under the Amended and Restated 2012 Plan

Our non-employee directors generally may receive Awards under the Amended and Restated 2012 Plan similar to those granted to other Participants. The Board may provide that all or a portion of a non-employee director’s annual retainer and/or retainer fees or other Awards or compensation be payable in non-qualified stock options, restricted shares and restricted stock units, either automatically or at the choice of the non-employee directors. The Board will determine the terms and conditions of any such Awards, including those that apply upon the termination of a non-employee director’s service as a member of the Board. Non-employee directors are also eligible to receive other Awards pursuant to the terms of the Amended and Restated 2012 Plan, including options and SARs, restricted shares and restricted stock units and deferred stock units, upon such terms as the Board may determine. With respect to Awards made to non-employee directors, the Amended and Restated 2012 Plan will be administered by our Board.

Amendment of the Amended and Restated 2012 Plan

Our Board may amend the Amended and Restated 2012 Plan and any Award made under the Plan at any time for any reason or no reason, except that our Board must obtain shareholder approval if shareholder approval is required in order to comply with the listing or other requirements of any securities exchange on which shares of the Company are listed or are desired to be listed or to comply with applicable U.S. or state laws, or regulations and the law of any foreign country or jurisdiction where Awards are granted under the Amended and Restated 2012 Plan. No termination, amendment or suspension of the Amended and Restated 2012 Plan and any Award made under the Plan may adversely affect in any material way any Award previously granted under the Plan without the written consent of the Award recipient, subject to certain conditions described in the Plan.

Treatment of Awards under the Amended and Restated 2012 Plan in the Event of a Change in Control of the Company

A “Change in Control” is generally defined in the Amended and Restated 2012 Plan as:

- The acquisition by a person unaffiliated with the Company of beneficial ownership of 30% or more of the total voting power of the Company’s outstanding voting securities that may be cast for the election of directors;
- The occurrence of certain mergers, consolidations, cash tender or exchange offers, sale of assets or similar forms of corporation transactions resulting in the transfer of 50% or more of the total voting power of the Company’s outstanding securities that may be cast for the election of directors;

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- A change in the composition of a majority of the Company's Board over a period of two consecutive years (if the new directors are not approved by the incumbent Board); or
- The approval by the shareholders of a plan or proposal for the Company's dissolution.

Disposition of Awards Upon Change in Control

If a Participant has in effect an employment, retention, change in control, severance or similar agreement with the Company or any subsidiary or is subject to a policy or plan that discusses the effect of a change in control on a Participant's awards, then such agreement, plan or policy shall control. In all other cases, unless provided otherwise in an award agreement or by the Compensation Committee prior to the date of the change in control, in the event of a change in control:

Award Assumed by Successor. If a Successor agrees, some or all outstanding awards will either be assumed, or replaced with awards of the same type with similar terms and conditions, by a Successor in the transaction. In the event of termination following a change in control, the Plan provides for double-trigger vesting acceleration. If the Participant's employment with a Successor terminates in connection with or within two years following the change in control for any reason other than an involuntary termination by a Successor for cause or a voluntary termination by the Participant without good reason, then all of the Participant's awards that are in effect will be vested in full or deemed earned in full (assuming the target performance goals provided under the award were met, if applicable) effective on the date of the Participant's termination of employment.

Reimbursement of Cancelled Awards. If a Successor does not assume the awards or issue replacement awards, then, unless provided otherwise in an award agreement or by the Compensation Committee, immediately prior to the date of the change in control all awards that are then held by Participants will be cancelled in exchange for the right to receive the following:

- For each stock option or SAR, a cash payment equal to the excess of the change in control price of the shares covered by the stock option or SAR over the purchase or grant price of such shares under the award;
- For each share of restricted stock and each restricted stock unit, a cash payment equal to the change in control price per share or such other consideration as the Company or shareholders receive as a result of the change in control;
- For each performance share and/or each performance share unit that has been earned but not yet paid, a cash payment equal to the value of the performance share and/or performance unit;
- For each performance share and/or performance unit for which the performance period has not expired, a cash payment equal to the product of (x) and (y) where (x) is the Award the Participant would have earned based on target performance and (y) is a fraction, the numerator of which is the number of calendar months that the Participant was employed by the Company during the performance period (with any partial month counting as a full month for this purpose) and the denominator of which is the number of months in the performance period;
- For all other Awards that are earned but not yet paid, a cash payment equal to the value of the other Awards;
- For all other Awards that are not yet earned, a cash payment equal to either the amount that would have been due under such Award(s) if any performance goals (as measured at the time of the change in control) were to be achieved at the target level through the end of the performance period or a cash payment based on the value of the Award as of the date of the change in control; and

- For all dividend equivalents, a cash payment equal to the value of the dividend equivalent as of the date of the change in control.

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Treatment of Awards upon a Participant’s Termination of Employment

The Compensation Committee will determine at or after the time of grant, the terms and conditions that apply to any Award upon a Participant’s termination of employment with the Company and its subsidiaries. Subject to applicable laws, rules and regulations, in connection with a Participant’s termination, the Compensation Committee shall have the discretion to accelerate the vesting, exercisability or settlement of, eliminate the restrictions and conditions applicable to, or extend the post-termination exercise period of an outstanding Award.

Federal Tax Consequences of the Awards Granted under the Amended and Restated 2012 Plan

The following is a brief summary of the United States federal income tax consequences related to Awards granted under the Amended and Restated 2012 Plan:

Restricted Stock Units. The grant of restricted stock units will not result in the recognition of taxable income by the Participant or in a deduction to the Company. Upon settlement of restricted stock units, the Participant will recognize ordinary income in an amount equal to the then fair market value of the shares of common stock, or cash, distributed at the time of settlement and a corresponding deduction will be allowable to the Company (subject to Code Section 162(m)). If settled in shares, the Participant’s tax basis in the shares will equal the amount taxed as ordinary income, and on subsequent disposition the Participant will realize a capital gain or loss (long-term or short-term, depending upon the holding period of the shares sold).

Restricted Stock. The grant of restricted stock will not result in the recognition of taxable income by the Participant or in a deduction to the Company, unless the Participant makes the special election with the Internal Revenue Service pursuant to Code Section 83(b), as discussed below. Upon lapse of the risk of forfeiture or restrictions on transferability applicable to a grant of restricted stock, the Participant will recognize ordinary income in an amount equal to the then fair market value of the shares subject to the grant and a corresponding deduction will be allowable to the Company (subject to Code Section 162(m)). The Participant’s tax basis in the shares will be equal to the ordinary income recognized. Upon subsequent disposition of the shares, the Participant will realize long-term or short-term capital gain or loss.

Pursuant to Section 83(b) of the Code, the Participant may elect within 30 days of receipt of the Award to be taxed at ordinary income tax rates on the fair market value of the shares comprising such Award at the time of Award (determined without regard to any restrictions which may lapse) less any amount paid for the shares. In that case, the Participant will acquire a tax basis in the shares equal to the ordinary income recognized by the Participant at the time of Award. No tax will be payable upon the lapse or release of the restrictions or at the time the shares first become transferable, and any gain or loss upon subsequent disposition will be a capital gain or loss. In the event of a forfeiture of shares of common stock with respect to which a Participant previously made a Section 83(b) election, the Participant will generally not be entitled to a loss deduction.

Nonqualified Stock Options. The grant of a nonqualified stock option will not result in the recognition of taxable income by the Participant or in a deduction to the Company. Upon exercise, a Participant will recognize ordinary income in an amount equal to the excess of the fair market value of the shares of common stock purchased over the exercise price, and a tax deduction is allowable to the Company equal to the amount of such income (subject to Code Section 162(m)). Gain or loss upon a subsequent sale of any shares received upon the exercise of a nonqualified stock option generally would be taxed as capital gain or loss (long-term or short-term, depending upon the holding period of the shares sold). Certain additional rules apply if the exercise price for an option is paid in shares previously owned by the Participant.

ISOs. Upon the grant or exercise of an ISO within the meaning of Code Section 422, no income will be realized by the Participant for federal income tax purposes and the Company will not be entitled to any deduction. However, the excess of the fair market value of the shares of common stock as of the date of exercise over the exercise price will constitute an adjustment to taxable income for purposes of the alternative minimum tax. If the shares are not disposed of within the one-year period beginning on the date of the transfer of such shares to the Participant or within the two-year period beginning on the date of grant of the stock option, any profit realized by the Participant upon the disposition of such shares will be taxed as long-term capital gain and no deduction will be allowed to the Company. If the shares are disposed of within the one-year period from the date of transfer of such shares to the Participant or within the two-year period from the date of grant of the stock option, the excess of the fair market value of the shares on the date of exercise or, if less, the fair market value on the date of disposition, over the exercise price will be taxable as ordinary income to the Participant at the time of disposition, and a corresponding

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deduction will be allowable to the Company. Certain additional rules apply if the exercise price for a stock option is paid in shares previously owned by the Participant.

SARs. The grant of SARs will not result in the recognition of taxable income by the Participant or in a deduction to the Company. Upon exercise, a Participant will recognize ordinary income in an amount equal to the then fair market value of the shares of common stock or cash distributed to the Participant. The Company is entitled to a tax deduction equal to the amount of such income (subject to Code Section 162(m)). Gain or loss upon a subsequent sale of any shares received upon the exercise of SARs generally would be taxed as capital gain or loss (long-term or short-term, depending upon the holding period of the shares sold).

Code Section162(m) generally disallows a public company from taking a tax deduction for compensation paid in excess of $1,000,000 in any tax year to its chief executive officer and three most highly compensated executive officers other than the chief financial officer. However, compensation that qualifies as performance-based compensation is excluded from this $1,000,000 deduction limit and therefore remains fully deductible by the company. The Company generally intends that Awards under the Amended and Restated 2012 Plan qualify as performance-based compensation so that these Awards will not be subject to the Code Section 162(m) deduction limit. However, if the Compensation Committee determines that it is in the Company’s best interest, compensation that is not deductible under Section 162(m) may be paid to a Participant in the Compensation Committee’s sole discretion.

The foregoing discussion is general in nature and is not intended to be a complete description of the United States federal income tax consequences of the Amended and Restated 2012 Plan. This discussion does not address the effects of other federal taxes or taxes imposed under state, local or foreign tax laws. Participants in the Amended and Restated 2012 Plan are urged to consult a tax advisor as to the tax consequences of participation.

New Plan Benefits

No awards have been granted, and no shares have been issued, on the basis of the proposed 2,100,000 share increase. Future grants under the Amended and Restated 2012 Plan will be made at the discretion of the Compensation Committee and, accordingly, are not yet determinable. In addition, the value of the awards granted under the Amended and Restated 2012 Plan will depend on a number of factors, including the fair market value of our common stock on future dates and the exercise decisions made by the participants. Consequently, it is not possible to determine the benefits that might be received by participants receiving discretionary grants under the Common Stock.

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Equity Compensation Plan Information as of March 15, 2015

The following table provides information as of March 15, 2015, regarding the shares of our common stock that may be issued under our existing equity compensation plans. This table does not reflect the additional shares proposed to be added to the 2012 Omnibus Incentive Plan in Proposal 2.

Plan Category	A Number of Securities to be issued upon Exercise of Outstanding Options, Warrants and Rights[(1)] (#)	B Weighted Average Exercise Price of Outstanding Options, Warrants and Rights[(2)] ($)	C Weighted Average Remaining Term of Outstanding Options, Warrants and Rights[(3)] (#)	D Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A) (#)
Equity Compensation Plans Approved by Shareholders	3,213,412	18.43	1.95	1,554,273
Equity Compensation Plans not Approved by Shareholders	—	—	—	—

(1) Includes 2,018,988 outstanding full value restricted stock unit awards, 606,900 stock options and 587,524 outstanding performance share awards at target.
(2) Represents the weighted average exercise price of outstanding stock options. Does not include full value restricted stock unit awards which do not have an exercise price.
(3) Represents the weighted average remaining term of outstanding stock options.

Recent Closing Price of the Company's Common Stock

The closing price of our common stock on March 3, 2015, the record date, was $25.32 per share.

Required Vote for Approval of the Amended and Restated 2012 Plan

The Company's by-laws, Code Section 162(m) and NYSE listing standards provide that this proposal must be approved by the affirmative vote of a majority of the shares of our common stock present in person or represented by proxy and entitled to vote on this proposal at the annual meeting.

The description of the Amended and Restated 2012 Plan in this document is only a summary. We encourage you to read the entire Amended and Restated 2012 Plan to understand all of its terms. A copy of the Amended and Restated 2012 Plan has been provided as Appendix A to this proxy statement. In addition, we will send to you, without charge, a copy of the Amended and Restated 2012 Plan upon your request. You may send your request to: Investor Relations, American Axle & Manufacturing Holdings, Inc., One Dauch Drive, Detroit, Michigan 48211-1198.

Board Recommendation

The Board unanimously recommends a vote "FOR" the proposal to approve the Amended and Restated American Axle & Manufacturing Holdings, Inc. 2012 Omnibus Incentive Plan.

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COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Executive Summary

The Compensation Committee (Committee) oversees the Company's executive compensation program. Our executive compensation program reflects an externally competitive compensation structure based on a market study of executive compensation programs in AAM's comparative peer group. In addition to attracting and retaining key executives, the program is designed to drive Company and individual performance while aligning the interests of our executives with those of our stockholders.

2014 Changes to Executive Compensation Program

At our 2014 annual meeting, approximately 97% of our stockholders voted in favor of the Company's say on pay proposal. This level of support reflects the positive response of our stockholders to the significant changes we made to our executive compensation program in response to stockholder feedback that we received during outreach in 2013. The direct feedback from our stockholders was valuable to the Board and the Committee in evaluating and implementing the changes to our executive compensation programs described below.

- Approved a new comparative peer group for benchmarking 2014 executive compensation. The Committee approved a new comparative peer group, which has greater relevance to AAM in terms of industry, revenues, market capitalization, global complexity and competition. AAM's revenues approximate the median revenues of the new comparative peer group. The size of the comparative peer group was reduced from 38 to 20 companies.
- Targeted the 50th percentile for total compensation of executive officers. In determining 2014 compensation, the Committee targeted total compensation at approximately the 50th percentile of our new comparative peer group. As a result, the Committee has moved away from setting annual and long-term incentive pay opportunities between the 50th and 75th percentile of our comparative peer group. This total compensation target is considered to be a generally accepted benchmark of external competitiveness that supports AAM's ability to attract and retain key executives.
- Introduced a performance share award vehicle as a component of 2014 long-term incentive compensation (LTI). The Committee redesigned the LTI program to strengthen pay-for-performance alignment of executive compensation. In 2014, the Committee granted performance share awards that account for 66% of the total LTI award value. One-half of the payouts earned under these awards will be measured by EBITDA margin and the remaining one-half will be measured by relative TSR performance, each as defined below. These awards are paid only to the extent that pre-established performance targets are achieved over the three-year performance period. Accordingly, total LTI awards were 100% equity-based, with the remaining 34% being restricted stock units (RSUs).
- Capped annual incentive performance payouts. The Committee established stated maximum payouts for all performance metrics used to determine 2014 annual incentive compensation.
- Adopted a clawback policy. The Committee adopted a clawback policy applicable to executive officers effective January 1, 2014.

2014 Performance and Pay

In 2014, our financial performance was highlighted by significant positive cash flow, sales growth that outpaced the industry and solid profitability. The performance goals under our executive compensation programs are established to reward achievement of the Company's goals and objectives. As discussed in more detail below, improvements in the Company's performance in 2014 resulted in higher incentive payouts for certain awards as compared to 2013 payouts. For example, the 2014 payouts of annual cash incentives were higher than those for 2013 due significantly to 2014 net operating cash flow exceeding the budget by 23%. The 2014 incentive payouts reflect an overall pay-for-performance alignment. This result supports AAM's compensation objectives of rewarding performance and aligning the interests of our executive officers with those of our stockholders.

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2015 Changes to Executive Compensation Program

In 2015, we made the following changes to our executive compensation program:

- Entered into an amended and restated employment agreement (2015 employment agreement) with David C. Dauch as President and Chief Executive Officer, primarily to change severance benefits in the event his employment is terminated on or within two years following a change in control (CIC). Mr. Dauch's employment agreement was amended to increase his severance payment to a multiple of three times base salary and annual bonus from a multiple of two times.
- Adopted the AAM Executive Officer Change in Control Plan (CIC Plan). The CIC Plan provides executive officers with severance benefits in the event of termination of employment on or within two years following a CIC. Severance payments and benefits under the CIC Plan include, among other things, a severance payment equal to a multiple of two times base salary and annual bonus.
- All 2015 equity-based LTI awards will require termination of employment before accelerated vesting is permitted following a CIC (double-trigger vesting).

As discussed below, the Committee and the Board considered market practices among companies in our comparative peer group (defined below) and other factors in approving the severance benefits for our NEOs and the change to double trigger vesting of LTI awards following a CIC. Severance benefits are further described under Severance Benefits and Restrictive Covenants.

Named Executive Officers

Our NEOs for the fiscal year ending December 31, 2014 include the following individuals:

David C. Dauch, Chairman, President & Chief Executive Officer;

Michael K. Simonte, Executive Vice President & Chief Financial Officer;

Alberto L. Satine, Senior Vice President, Global Driveline Operations;

Terry J. Woychowski, Senior Vice President, Advanced Engineering & Quality; and

Norman Willemse, Vice President, Metal Formed Products Business Unit.

Executive Compensation Philosophy and Objectives

The Committee is responsible for establishing and reviewing the overall compensation philosophy of the Company. The Committee believes that the compensation paid to executives should be structured to provide AAM executives with meaningful rewards, while maintaining alignment with stockholder interests, corporate values and management initiatives.

The Committee believes that AAM’s executive compensation program should consist of a mix of base salary, annual incentive compensation and long-term incentive compensation, with limited perquisites and other personal benefits. A key objective in establishing pay mix is to make a significant portion of total compensation performance-based and contingent upon the achievement of stated Company performance goals.

The Committee also considers other factors in setting compensation levels for NEOs such as Company and individual performance, market data, succession planning and the requirements of the position as determined by the Company from time to time.

Compensation Objectives. The following fundamental objectives are considered in determining compensation programs and pay levels for our NEOs.

- Compensation and benefit programs should attract, motivate and retain experienced executives who are vital to our short-term and long-term success, profitability and growth. AAM makes an effort to remain competitive by targeting pay levels of the Company’s comparative peer group while considering the Company's business environment, including industry conditions and other market influences. The Committee believes our compensation programs should encourage high-achieving, marketable executives to remain motivated and committed to AAM for long and productive careers.

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- Compensation and benefit programs should reward Company and individual performance. Our compensation programs strive to deliver competitive compensation for exceptional individual and Company performance as compared to companies in our comparative peer group. As executives progress to higher levels in the Company and assume key leadership positions, a greater portion of their compensation should be linked to Company performance measured against financial and operational objectives and to stockholder returns.

- Compensation and benefit programs should foster the long-term focus required to deliver value to our stockholders. Our long-term incentive compensation motivates executive officers to achieve our strategic objectives and to deliver long-term value creation to our stockholders. Executive officers who are in positions to influence long-term results should have a greater proportion of their compensation tied to long-term performance.

- Total compensation opportunities should reflect each executive's level of responsibility and contribution to AAM. While the overall structure of compensation and benefit programs should be broadly similar across the Company, individual pay levels and benefit packages will reflect differences in job responsibilities, geography and marketplace considerations.

- Stock ownership requirements for executive officers should align their interests with those of our stockholders. Our stock ownership requirements align our executive officers' interests with those of stockholders and reinforce the importance of making sound long-term decisions. AAM's executive officers are required to maintain a certain level of stock ownership based on their position.

Peer Group and Compensation Benchmarking

Determination of Comparative Peer Group

The Committee uses a comparative peer group for purposes of determining competitive pay levels and compensation structure, setting incentive pay opportunities and assessing Company performance relative to its peers in support of AAM's executive compensation philosophy and objectives. The Committee periodically reviews the composition of the comparative peer group with guidance from the Committee's independent compensation consultant, Meridian, and makes adjustments to reflect changes in the Company's business as well as industry and market conditions.

In 2013, the Committee directed Meridian to evaluate the existing comparative peer group and recommend changes to the peer group that would more closely reflect AAM's business profile. Meridian undertook a detailed study to develop a pool of potential peer companies from which to select the companies to be included in the comparative peer group. In developing the pool, Meridian considered companies in the automotive and related industries with annual revenues between one-third and three times our revenues and those in our competitor peer group as described below. The initial pool was then narrowed by Meridian through the use of a weighted scorecard based on additional criteria, which included:

- complexity of global business and operations;
- companies that compete with AAM for executive talent;
- market capitalization; and
- companies included in the peer groups established by proxy advisory firms.

Based on this analysis, Meridian recommended and the Committee approved a new comparative peer group of 20 companies, which resulted in the following changes:

- the size of the peer group was reduced from 38 companies;
- 23 companies were removed and five were added to improve alignment with AAM based on the factors described above; and
- increased the number of companies from our competitor peer group.

We believe this comparative peer group has greater relevance to AAM in terms of industry, revenues, market capitalization, global complexity and competition. Further, AAM's projected revenues are well positioned relative to the median of the comparative peer group's projected revenues.

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The following table shows the companies in our new comparative peer group used to determine 2014 compensation and in our competitor peer group as disclosed in our 2014 annual report to shareholders.

Company	Comparative Peer Group	Competitor Peer Group
A. O. Smith Corporation	X	
BorgWarner Inc.	X	X
Briggs & Stratton	X	
Cooper-Standard Holdings, Inc.	X	
Dana Holding Corporation	X	X
Donaldson Company, Inc.	X	
Federal-Mogul Corporation	X	
Flowserve Corporation	X	
Kennametal Inc.	X	
Lear Corporation	X	X
Meritor Inc.	X	X
Regal-Beloit Corporation	X	
Tenneco Automotive Inc.	X	X
Terex Corporation	X	
Tower International Inc.	X	
Trinity Industries, Inc.	X	
USG Corporation	X	
Valmont Industries, Inc.	X	
Visteon Corporation	X	X
Woodward Inc.	X	
Autoliv Inc.		X
Magna International Inc.		X
Total Number of Companies	20	8

Compensation Benchmarking

The Committee targets approximately the 50^{th} percentile of our comparative peer group for total direct compensation of executives holding similar positions at companies in our comparative peer group. Total direct compensation consists of base salary plus target annual and long-term incentive compensation. Total direct compensation for each NEO may be above or below the 50^{th} percentile of our comparative peer group due to various factors, including an individual's level of responsibility, demonstrated skills and experience, significance of position, contribution to the Company's performance, time in position and potential for advancement in the context of succession planning. The Committee generally sets performance objectives for annual and long-term incentive compensation so that targeted total direct compensation levels can be achieved only when performance objectives are met. Consequently, actual pay earned by executives may vary from targeted levels based on the degree to which specific performance objectives are attained.

The Committee has determined that targeting total direct compensation at approximately the 50^{th} percentile reflects a generally accepted benchmark of external competitiveness and supports the ability to attract and retain key executives.

Tally Sheets

Annually, the Committee reviews compensation tally sheets for each executive officer, including the NEOs. The tally sheets, which are prepared by management, provide a summary of the current amounts of each component of pay and a history of prior long-term incentive grants. The tally sheets also show estimates of potential payments and benefits that could be realized under various hypothetical termination scenarios. The tally sheets consist of information that is substantially similar to the information shown for each NEO in Potential Payments Upon Termination or Change in Control below. The Committee did not change the NEOs’ compensation based on its review of this information in 2014.

Total NEO Compensation and Pay Mix

In determining NEO pay levels, the Committee reviews each component of compensation (base salary, annual incentive compensation and long-term incentive compensation) with the objective of targeting total compensation at approximately the 50th percentile of executives holding similar positions at companies in our comparative peer group.

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Based on Meridian's market data analysis, 2014 total compensation for Mr. Dauch and Mr. Simonte was at approximately the 50th percentile of pay among executives holding similar positions at companies in our comparative peer group. Due to Mr. Satine's limited time in his new position and internal pay equity considerations, his total 2014 compensation was set below the 50th percentile among executives holding similar positions at companies in our comparative peer group. For Mr. Woychowski, the unique combination of his job responsibilities limits the ability to benchmark his position to similar positions at companies in our comparative peer group. As a result, the Committee determined Mr. Woychowski's total compensation in consideration of internal pay equity among executive officers at his level. Mr. Willemse's total compensation was set above the 50th percentile among executives holding similar positions at companies in our comparative peer group. The Committee determined that this was appropriate due to Mr. Willemse's significant role in strategic matters, manufacturing and engineering experience, demonstrated leadership capabilities and potential for advancement in the context of succession planning.

The Committee establishes a mix of total compensation (base salary, annual and long-term incentives) for our NEOs in consideration of the pay mix of executive officers at companies in our comparative peer group. In setting 2014 total compensation for our NEOs, the Committee determined that a significant portion of each NEO's total target compensation should be at risk in the form of annual and long-term incentive compensation. Accordingly, approximately 83% of Mr. Dauch's total target compensation is at risk, which includes a target of 22% for annual incentive compensation and 61% for long-term incentive compensation. For our other NEOs, approximately 66% of their average total target compensation includes an average target of 22% for annual incentive compensation and an average of 44% for long-term incentive compensation.

Components of the AAM Compensation Program

The primary components of AAM’s executive compensation program are base salary, annual incentives, long-term incentives and benefits and perquisites.

Base Salary. In the fourth quarter of each year, the Committee reviews base salaries for executive officers for the following calendar year. In determining 2014 base salaries for executive officers, the Committee reviewed benchmark data comparing pay levels of our executive officers with those of executives holding similar positions at companies in our comparative peer group. The Committee also considered each individual’s experience, time in position, professional development, contribution to the Company, performance and other factors. For NEOs other than the Chairman, President & CEO, the Committee considered the recommendations of Mr. Dauch in determining NEO base salaries. The Committee approved 2014 base salary increases for the NEOs as follows:

	Base Salary	
	2014	2013
David C. Dauch	$1,100,000	$1,100,000
Michael K. Simonte	$560,100	$543,800
Alberto L. Satine	$450,000	$360,000
Terry J. Woychowski	$463,500	$450,000
Norman Willemse (effective March 1, 2014)	$385,000	$320,000

The Committee approved an increase to Mr. Dauch's base salary effective September 1, 2013 to remain in effect for fiscal 2014. Mr. Dauch's base salary was adjusted to $1,150,000 effective January 1, 2015. The Committee approved this increase of 4.5% in consideration of the Company's financial performance and Mr. Dauch's leadership in strengthening AAM's management team and advancing product technology and innovation.

For Mr. Simonte and Mr. Woychowski (paid in lump sum), each increase in 2014 base salary shown above reflects an annual merit increase of 3%, which is consistent with the budgeted amount for the merit program for U.S. salaried associates.

Mr. Satine's 2014 base salary reflects an increase of 25% in connection with his promotion to a key leadership position upon the retirement of the former head of worldwide operations on January 1, 2014. Mr. Satine's promotion was made in the context of AAM's succession plan. As Senior Vice President of Global Driveline Operations, Mr. Satine has leadership responsibility for a significant portion of AAM's global operations.

Mr. Willemse's 2014 base salary reflects an increase of approximately 20%. The Committee approved this increase in consideration of his effective leadership of the Metal Formed Products Business Unit in achieving key business goals and strong financial results. The Committee also considered, in consultation with Mr. Dauch, the significance of Mr. Willemse's manufacturing and engineering experience and demonstrated leadership capabilities relative to succession planning for other leadership positions.

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Annual Incentive Compensation. Annual incentive compensation at AAM is designed to:

- encourage executives to achieve short-term objectives to foster achievement of the Company's long-term goals;
- reward performance to support strategic initiatives; and
- provide incentive for executive retention.

Annual incentive compensation is measured by our achievement of financial targets established under AAM's Incentive Compensation Plan for Executive Officers. All executive officers participated in this plan during 2014.

On an annual basis, the Committee determines one or more performance factors, and the relative weighting of each factor, in consideration of the Company's key performance objectives. Under the plan, the performance factors that may be selected are: (1) net income as a percentage of sales (NIPS); (2) after tax return on invested capital (ROIC); and (3) net operating cash flow. Net operating cash flow is defined as net cash provided by or used in operating activities less capital expenditures net of proceeds from the sale of property, plant and equipment. ROIC is defined as after-tax return divided by average invested capital. Target performance levels, established annually, are intended to be aggressive but achievable based on industry conditions.

Payment of annual cash incentive awards are permitted to the extent the Company (1) meets or exceeds threshold levels of performance set by the Committee and (2) reports positive net income for the performance year.

The annual incentive plan permits the Committee to make discretionary adjustments if it determines that the achievement of performance targets for a plan year do not reflect the true performance of the Company due to unanticipated circumstances specified in the plan. Although the plan permits the Committee to exercise discretion in adjusting individual award payouts, the Committee made no discretionary increases to 2014 payouts for any of our NEOs.

The table below shows the 2014 target annual incentive opportunities for our NEOs, stated as a percentage of base salary:

	Target Annual Incentive Opportunity
David C. Dauch	125%
Michael K. Simonte	80%
Alberto L. Satine	60%
Terry J. Woychowski	60%
Norman Willemse	60%

The 2014 annual incentive target for each NEO remains unchanged from 2013.

2014 Annual Incentive Performance

In support of the Company's 2014 goals and objectives, the Committee approved the use of net operating cash flow and NIPS, each with equal weighting, as the performance metrics for determining 2014 annual cash incentives. These performance metrics were selected for the following reasons:

- net operating cash flow is the most important financial metric for AAM due to its impact on liquidity, debt reduction and stockholder value creation;
- increasing net operating cash flow is key to achieving credit rating upgrades, which has a favorable impact on the Company's cost of future financing;
- net income is a key indicator of financial and operational performance; and
- net income and net income growth are highly correlated to cash flow, cash flow growth and stockholder value creation.

In the fourth quarter of 2013, in conjunction with a review of the Board-approved annual budget, the Committee set 2014 performance targets for the net operating cash flow and NIPS performance metrics as follows:

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	Net Operating Cash Flow Performance	Payout	Net Income as a Percentage of Sales Performance	Payout
Threshold	$25 million	25%	1%	25%
Target	$100 million	100%	4%	100%
Maximum	$200 million	200%	6%	200%

Budgeted net operating cash flow for 2014 was $100 million. The threshold performance level for net operating cash flow was set at 25% of the budget objective. Generating positive cash flow was a critical objective for 2014. The target performance level for net operating cash flow was based on achieving the budget and the maximum performance level was based on double the budgeted cash flow.

The target and threshold performance levels for NIPS were determined based on our performance relative to our competitor peer group. The target performance level for NIPS, or 4%, was set at a level to meet the performance of the median net income of our competitor peer group for the three most recent fiscal years. The target performance level for NIPS was increased by 1% over the 2013 target performance level. The 2014 budget for net income was approximately 4% of sales. The maximum award opportunity for NIPS was set at a level to meet the performance in the top third of our competitor peer group.

The Company's 2014 net operating cash flow was $123 million, including proceeds from government grants used towards the purchase of equipment. Accordingly, the net operating cash flow metric resulted in an achievement of 123% of target. The Company's 2014 NIPS was 4.49%, excluding the impact of the charges related to the payout of certain terminated vested participants under our defined benefit U.S. pension plans, net of tax, of $23.1. Accordingly, the NIPS performance metric resulted in an achievement of 125% of target.

Based on the weighting of each performance metric, the 2014 annual incentive awards resulted in a payout of 124% of target. No discretionary increases were made to 2014 annual incentive payouts for any NEO. The annual incentive awards paid are shown in the Summary Compensation Table.

Long-Term Incentive Compensation. Long-term incentive compensation at AAM is designed to:

- align executive officer and stockholder interests;
- reward achievement of long-term performance goals; and
- provide incentives for executive retention.

The table below shows the 2014 target long-term incentive opportunities for our NEOs, stated as a percentage of base salary:

	Target Long-Term Incentive Opportunity
David C. Dauch	350%
Michael K. Simonte	200%
Alberto L. Satine	120%
Terry J. Woychowski	120%
Norman Willemse	100%

The 2014 long-term incentive target for each NEO remains unchanged from 2013. Mr. Dauch's LTI opportunity was increased to 375% of base salary effective January 1, 2015. The Committee approved this increase in consideration of the Company's financial performance and Mr. Dauch's leadership in strengthening AAM's management team and advancing product technology and innovation.

2014 Long-Term Incentives

The Committee redesigned the LTI program for 2014 to strengthen the pay-for-performance alignment of LTI compensation for executive officers. In determining the new program design, which is 100% equity-based, the Committee received guidance from Meridian regarding design alternatives and market trends. Meridian evaluated the LTI program considering program objectives, pay-for-performance alignment and mix of award vehicles.

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Based on Meridian's recommendations, the Committee approved a key LTI design change in 2014 with the introduction of performance shares as a new equity-based award vehicle. For 2014, performance share awards represented 66% of the total LTI award opportunity for executive officers. One-half of the 2014 performance share payouts, or 33% of the total LTI award, earned will be measured by cumulative earnings before interest, taxes, depreciation and amortization (EBITDA) margin performance and one half, or 33% of the total LTI award, will be measured by relative total shareholder return (TSR) performance, each over a three-year period and paid only to the extent that pre-established performance targets are achieved.

The Committee determined that the remaining 34% of the total LTI equity awards for 2014 should be in the form of RSUs settled in common stock with three-year cliff vesting. The Committee believes these RSUs promote retention of key executives.

For 2014 performance share awards, the Committee chose EBITDA margin as one of the measures of Company performance as it is a key indicator of our financial and operational performance and is useful in analyzing entity valuation. The Committee chose relative TSR as the other performance measure for determining payouts of performance share awards because of its alignment with stock price performance. This performance metric is designed to motivate executive officers to build long-term value for our stockholders. The EBITDA and relative TSR performance measures also complement the metrics we use to determine payouts under our annual incentive program.

The following tables show the threshold, target and maximum EBITDA margin and relative TSR performance levels to be used in determining 2014 performance share payouts. These performance levels were designed to drive a level of performance in the top one-half of our competitor peer group. The competitor peer group consists of companies listed in the table shown above in Peer Group and Compensation Benchmarking.

	EBITDA Margin Performance Measure		Relative TSR Performance Measure	
Performance Level	3 Year Cumulative EBITDA Margin	Percent of Target Award Opportunity Earned	Company's TSR Percentile Rank	Percent of Target Award Opportunity Earned
Threshold	10%	25%	35th	50%
Target	12%	100%	50th	100%
Maximum	15%	200%	75th	200%

Payout of 2012 Performance Unit Awards

Payouts of the 2012 cash-based performance unit awards were determined based on EBITDA margin for the performance period beginning April 1, 2012 through December 31, 2014. The Company's cumulative EBITDA margin for the performance period was 12.8%, after adjustments approved by the Committee for certain special charges, including costs associated with plant closures, debt refinancing and the payout of certain terminated vested participants under our defined benefit U.S. pension plans. The adjusted EBITDA margin resulted in a payment at 128% of target. See Summary Compensation Table for the amounts paid to NEOs in March 2015.

Equity Grant Practices

AAM generally makes equity grants to its executive officers and other executives on an annual basis, subject to the approval of the Committee. Grants are typically made in the first quarter of each year to coincide with the communication to executive officers of their annual cash incentive awards for the previous year’s performance. This timing increases the impact of the awards by strengthening the link between pay and performance. AAM does not and has never permitted backdating, spring loading or other timing of option grants with the release of material non-public information.

Benefits. Our NEOs participate in the same benefit and retirement plans in which our U.S. salaried associates participate. A group of approximately 60 senior executives, including the NEOs, also receive supplemental life, supplemental disability and umbrella liability insurance benefits. Our NEOs are eligible to participate in AAM’s qualified and nonqualified defined benefit pension plans and defined contribution plans. They are also eligible to participate in a nonqualified deferred compensation plan that permits deferrals of a portion of base salary and/or annual cash incentive compensation on a pretax basis. These plans are described in the Pension Benefits and Nonqualified Deferred Compensation sections below.

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Perquisites. AAM provides a limited number of perquisites to senior executives, including our NEOs. AAM has never owned a corporate aircraft and generally does not provide leased aircraft for personal use. AAM does not pay for country club memberships. Senior executives are eligible for the use of a Company-provided vehicle with AAM content. Mr. Dauch has the use of two Company-provided vehicles. Occasionally, the Company invites spouses of AAM executives to attend Company business events and pays for the spouse's travel and related non-business expenses. The Company reimburses the executive for taxes attributable to the income associated with this benefit. We do not provide tax gross ups for executives except for those available for all salaried associates generally. Perquisites are further described in the footnotes to the Summary Compensation Table.

Severance Benefits and Restrictive Covenants

Severance Benefits

In 2014, at the Committee's request, Meridian provided an analysis of the market trends and prevailing practices of CIC programs among companies in our comparative peer group. Meridian's market data indicated that 90% of the companies in our comparative peer group provide severance payments and benefits under various CIC programs. Meridian's report also included an analysis of the types and levels of CIC benefits provided to executives holding similar positions at companies in our comparative peer group. The Committee considered the results of Meridian's analysis of CIC programs among companies in our comparative peer group in determining the CIC severance benefits for Mr. Dauch and other executive officers.

As a result, Mr. Dauch's employment agreement was amended and restated in February 2015 to change the severance payments and benefits in the event his employment is terminated on or within two years following a CIC. The changes to CIC benefits for Mr. Dauch in his 2015 employment agreement are aligned with CIC benefits currently provided to CEOs among our comparative peer group. The amendment reflects an increase in his severance payment from two times to three times his annual base salary and annual bonus. The applicable period for medical benefit continuation was increased from two years to three years following termination of employment after a CIC. The CIC benefits for Mr. Dauch were determined in consideration of the CIC benefits provided under the AAM Executive Officer Change in Control Plan (CIC Plan) discussed below. His employment agreement continues to provide for an automatic two-year extension following a CIC.

In February 2015, upon the recommendation of the Committee, the Board approved the CIC Plan for other executive officers. The CIC Plan provides executive officers (and certain other associates that may participate at the Committee's discretion) with severance payments and benefits in the event of termination of employment on or within two years following a CIC. Severance payments and benefits under the CIC Plan include, among other things, a severance payment equal to two times annual base salary and annual bonus and medical benefit continuation for two years.

The Company does not provide tax gross ups to any executive officer upon a CIC. If any of the payments or benefits under Mr. Dauch's 2015 employment agreement or the CIC Plan are deemed to be parachute payments under Section 280G of the Internal Revenue Code (Code) and would be subject to the excise tax imposed under Section 4999 of the Code, the payments or benefits will be reduced by the amount required to avoid the excise tax if the reduction would give a better after-tax result than if the full payments and benefits were received.

The Board believes the CIC program for our executive officers enhances stockholder value by encouraging them to consider CIC transactions that may be in the best interests of the Company and our stockholders while keeping them neutral to potential job loss. The Board also believes that the CIC program is aligned with market practices and will help to retain key talent by providing competitive CIC severance payments and benefits. Severance benefits provided to our NEOs are further described under Potential Payments Upon Termination or Change in Control.

Restrictive Covenants

For Mr. Dauch, the CIC severance payments and benefits are subject to his continued compliance for two years following his termination of employment with the confidentiality, non-competition, non-solicitation and intellectual property assignment provisions of his employment agreement. These restrictive covenants also apply in the event of termination of employment without cause or upon resignation prior to or not in connection with a CIC.

For other executive officers, the CIC severance payments and benefits are subject to continued compliance following their respective termination of employment for two years with the non-competition provision of the CIC Plan. In addition, executive officers have agreed to non-competition and non-solicitation covenants for a one-year period following termination of employment prior to or not in connection with a CIC.

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CIC severance payments and benefits for all executive officers are subject to the execution and non-revocation of a general waiver and release of claims against the Company. Certain severance payments are also subject to the Company's clawback policy as described below.

Executive Compensation Recoupment (Clawback) Policy

The Committee adopted an executive compensation recoupment (clawback) policy effective January 1, 2014. This policy authorizes the Committee to determine whether to require recoupment of performance-based incentive compensation actually paid or awarded to any executive officer if certain conditions are met. For purposes of this policy, performance-based compensation includes all annual incentives for periods beginning with the 2014 fiscal year and long-term incentives awarded after January 1, 2014, whether paid in cash or equity, to the extent the awards are determined based on the Company's financial performance.

The Committee may require recoupment if the executive officer engaged in fraud or intentional misconduct that caused or contributed to the need for a material restatement of the Company's financial statements filed with the SEC. If the Committee determines that any performance-based compensation paid or awarded to the executive officer would not have been awarded or would have been awarded at a lower amount had it been calculated based on such restated financial statements (adjusted compensation), the Committee may seek to recover for the benefit of the Company the excess of the awarded compensation over the adjusted compensation (excess compensation). In deciding whether to seek recovery of excess compensation from the executive officer, the Committee will consider the factors it deems relevant under the circumstances and whether the assertion of a claim is in the best interests of the Company.

Executive Officer Stock Ownership Requirements

A fundamental objective of our compensation program is for executive officers to own AAM stock in order to align their interests with those of our stockholders and to reinforce the importance of making sound long-term decisions. The Company's current stock ownership requirements are as follows:

	Multiple of Base Salary
Chief Executive Officer	5
Executive Vice President	3
Senior Vice President, Group Vice President and Vice President	2

Executive officers have five years from April 2012 to meet these requirements or, for new executive officers, five years from the date of appointment. Shares owned directly, unvested RSUs and performance shares count toward the requirement while unexercised stock options are not included. These ownership levels must be maintained as long as the person is an executive officer of AAM.

The Committee annually reviews each executive officer’s stock ownership level according to this policy. Each of our NEOs has met the ownership requirements established for his position.

Anti-hedging and Anti-pledging Policy

All employees and non-employee directors are prohibited from entering into transactions that may result in a financial benefit if our stock price declines, or any hedging transaction involving our stock, including but not limited to the use of financial derivatives, short sales or any similar transactions. Pledging of Company stock is also prohibited by all employees and non-employee directors.

Tax Deductibility of Compensation

In general, the compensation awarded to NEOs will be taxable to the executive and will give rise to a corresponding corporate deduction at the time the compensation is paid. Section 162(m) of the Code precludes a public corporation from taking a tax deduction for annual compensation in excess of $1 million paid to the CEO or to other NEOs other than the CFO. One exception applies to performance-based compensation paid pursuant to stockholder-approved employee benefit plans. Performance-based compensation is compensation that is paid only if the individual’s performance meets pre-established objective performance goals based on performance criteria approved by our stockholders.

Although deductibility of compensation is preferred, tax deductibility is not the primary objective of our compensation programs. The Committee may decide to pay compensation or grant awards that serve the

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objectives of our executive compensation program even though such compensation or awards may not be deductible by the Company.

The annual incentives and long-term incentive performance share awards granted in 2014 to our NEOs are intended to comply with the performance-based compensation exemption under Section 162(m). RSUs granted to NEOs in 2014, although not deductible, were considered to be the appropriate vehicle for a portion of the long-term incentive component of our executive compensation program.

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REPORT OF THE COMPENSATION COMMITTEE

We have reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussion, we recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee of the Board of Directors
Elizabeth A. Chappell, Chair
Steven B. Hantler
James A. McCaslin
Samuel Valenti III

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SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our named executive officers (NEOs) for the fiscal years ended December 31, 2014, December 31, 2013 and December 31, 2012 to the extent they served as our NEOs in such years.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[2] ($)	Options Awards ($)	Non-Equity Incentive Plan Compen-sation[3] ($)	Change in Pension Value And Nonqualified Deferred Compensation Earnings[4] ($)	All Other Compen-sation[5] ($)	Total ($)
David C. Dauch[1] Chairman,	2014	1,100,000	—	4,454,330	—	2,638,120	1,081,679	75,189	9,349,318
President & Chief	2013	1,033,333	—	1,750,002	—	3,185,250	245,423	116,389	6,330,397
Executive Officer	2012	873,333	21,500	979,013	—	1,728,100	565,534	67,695	4,235,175
Michael K. Simonte	2014	560,100	—	1,296,049	—	961,046	375,597	52,666	3,245,458
Executive Vice	2013	543,800	—	543,810	—	1,429,085	27,943	50,817	2,595,455
President & Chief Financial Officer	2012	527,900	4,617	316,743	—	935,383	294,245	48,942	2,127,830
Alberto L. Satine	2014	450,000	—	624,777	—	498,640	237,798	41,032	1,852,247
Senior Vice President, Global Driveline Operations[6]	2013	360,000	—	216,006	—	565,800	—	41,399	1,183,205
Terry J. Woychowski Senior Vice President, Advanced Engineering & Quality	2014	463,500	—	624,777	—	305,100	57,407	50,819	1,501,603
Norman Willemse	2014	375,767	—	445,473	—	445,467	135,322	48,459	1,450,488
Vice President, Metal	2013	320,000	—	160,006	—	579,120	12,546	50,348	1,122,020
Formed Product Business Unit	2012	310,600	—	124,249	—	376,808	100,562	48,162	960,381

(1) Compensation of Mr. Dauch is based solely on employment as an executive officer. He received no compensation for serving as a director.

(2) Reflects the grant date fair value of restricted stock units and performance share awards made during fiscal year 2014 calculated in accordance with FASB ASC 718 (without any reduction for risk of forfeiture) as determined based on applying the assumptions used in our financial statements. See Note 6 to the audited consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2014 regarding assumptions underlying the valuation of equity awards. Assuming the maximum performance levels are achieved for the performance share awards granted March 6, 2014, the maximum value of performance share awards would be $5,082,048 for Mr. Dauch, $1,478,682 for Mr. Simonte, $712,825 for Mr. Satine and Mr. Woychowski and $508,260 for Mr. Willemse based on grant date fair value. These amounts may not reflect the actual value realized upon vesting or settlement, if any.

(3) Reflects amounts earned under the AAM Incentive Compensation Plan for Executive Officers for 2014 and cash-based performance unit awards granted the 2012 Omnibus Incentive Plan with respect to the thirty-three month performance period ending December 31, 2014. The 2014 amounts are as follows:

	AAM Incentive Compensation Plan	2012 Omnibus Incentive Plan	Total

David C. Dauch	$1,705,000	$933,120	$2,638,120
Michael K. Simonte	$555,619	$405,427	$961,046
Alberto L. Satine	$334,800	$163,840	$498,640
Terry J. Woychowski	$305,100	$—	$305,100
Norman Willemse	$286,440	$159,027	$445,467

(4) Reflects the annualized increase in pension value under the Salaried Retirement Program, the Albion Pension Plan and the Supplemental Executive Retirement Program (SERP). See also Pension Benefits Table below. There are no above-market or preferential earnings on compensation deferred under our Executive Deferred Compensation Plan.

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(5) The components of All Other Compensation for 2014 are as follows:

Name	Employer 401(k) Match Contributions[a] ($)	Retirement Contributions[b] ($)	Executive Life Insurance Premiums[c] ($)	Company-Provided Vehicles[d] ($)	Tax Gross Ups for Spousal Travel[e] ($)	Other[f] ($)	Total ($)
David C. Dauch	12,975	13,000	10,214	36,533	—	2,467	75,189
Michael K. Simonte	12,975	13,000	4,585	20,596	—	1,510	52,666
Alberto L. Satine	1,625	13,000	4,363	19,034	—	3,010	41,032
Terry J. Woychowski	8,750	8,125	4,606	28,738	—	600	50,819
Norman Willemse	12,000	13,000	3,707	—	336	19,416	48,459

(a) Includes employer matching contributions under AAM's 401(k) plan.

(b) Includes employer retirement contributions under AAM's 401(k) plan.

(c) Includes executive life insurance premiums paid by the Company.

(d) Includes personal use of Company-provided vehicles. The aggregate incremental cost of Company-provided vehicles is based on total vehicle cost if business use of the vehicle is less than 30%. For Mr. Dauch, includes the cost of the personal use of a second Company-provided vehicle.

(e) Includes amounts reimbursed for taxes attributable to the income associated with the cost of spousal travel for participation in Company business meetings and events.

(f) For Mr. Dauch, includes personal umbrella liability insurance premiums and meals provided during business hours. For Mr. Simonte and Mr. Satine, includes the cost of personal umbrella liability insurance premiums and the cost of an executive physical. For Mr. Woychowski, includes the cost of personal umbrella insurance premiums. For Mr. Willemse, includes the cost of travel for spousal participation in Company business meetings or events, the cost of airfare for personal travel under an international relocation arrangement, employer matching contributions under the Executive Deferred Compensation Plan, personal umbrella liability insurance premiums and the cost of an executive physical.

(6) Effective January 1, 2015, Mr. Satine's title was changed to Senior Vice President, Driveline Business Unit.

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GRANTS OF PLAN-BASED AWARDS

Annual and long-term incentive awards granted in 2014 to the NEOs are shown in the following table. The annual and long-term incentive compensation programs are described in Compensation Discussion and Analysis and the Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table below.

Name	Grant Date	Approval Date	Estimated Future Payouts under Non Equity Incentive Plan Awards(1)			Estimated Future Payouts under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units(3) (#)	Grant Date Fair Value of Stock and Option Awards(4) ($)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
David C. Dauch										
Annual Incentive	1/1/2014	10/29/2013	343,750	1,375,000	2,750,000	—	—	—	—	—
Performance Shares (TSR)	3/6/2014	2/5/2014	—	—	—	32,247	64,493	128,986	—	1,361,447
Performance Shares (EBITDA)	3/6/2014	2/5/2014	—	—	—	16,123	64,493	128,986	—	1,783,877
Restricted Stock Units	3/6/2014	2/5/2014	—	—	—	—	—	—	66,447	1,309,006
Michael K. Simonte										
Annual Incentive	1/1/2014	10/29/2013	112,020	448,080	896,160	—	—	—	—	—
Performance Shares (TSR)	3/6/2014	2/5/2014	—	—	—	9,383	18,765	37,530	—	396,129
Performance Shares (EBITDA)	3/6/2014	2/5/2014	—	—	—	4,691	18,765	37,530	—	519,040
Restricted Stock Units	3/6/2014	2/5/2014	—	—	—	—	—	—	19,334	380,880
Alberto L. Satine										
Annual Incentive	1/1/2014	10/29/2013	67,500	270,000	540,000	—	—	—	—	—
Performance Shares (TSR)	3/6/2014	2/5/2014	—	—	—	4,523	9,046	18,092	—	190,961
Performance Shares (EBITDA)	3/6/2014	2/5/2014	—	—	—	2,262	9,046	18,092	—	250,212
Restricted Stock Units	3/6/2014	2/5/2014	—	—	—	—	—	—	9,320	183,604
Terry J. Woychowski										

Annual Incentive	1/1/2014	10/29/2013	67,500	270,000	540,000	—	—	—	—	—
Performance Shares (TSR)	3/6/2014	2/5/2014	—	—	—	4,523	9,046	18,092	—	190,961
Performance Shares (EBITDA)	3/6/2014	2/5/2014	—	—	—	2,262	9,046	18,092	—	250,212
Restricted Stock Units	3/6/2014	2/5/2014	—	—	—	—	—	—	9,320	183,604
Norman Willemse										
Annual Incentive	1/1/2014	10/29/2013	57,750	231,000	462,000	—	—	—	—	—
Performance Shares (TSR)	3/6/2014	2/5/2014	—	—	—	3,225	6,450	12,900	—	136,159
Performance Shares (EBITDA)	3/6/2014	2/5/2014	—	—	—	1,613	6,450	12,900	—	178,407
Restricted Stock Units	3/6/2014	2/5/2014	—	—	—	—	—	—	6,645	130,907

(1) Reflects annual incentive awards granted under the AAM Incentive Compensation Plan for Executive Officers.

(2) Reflects performance share awards granted under the 2012 Omnibus Incentive Plan. The awards are payable in common stock based on the Company's EBITDA margin and relative TSR performance, each weighted 50%, over the three-year period from January 1, 2014 through December 31, 2016.

(3) Reflects RSUs granted under the 2012 Omnibus Incentive Plan. The awards are payable in common stock, contingent upon continued employment through the three-year vesting period. No options were granted in 2014.

(4) Reflects the full grant date fair value of performance share awards and RSUs made during fiscal year 2014 calculated in accordance with FASB ASC 718 (without any reduction for risk of forfeiture) as determined based on applying the assumptions used in our financial statements. See Note 6 to the audited consolidated financial statements in our annual report on Form 10-K for the year ended December 31, 2014 regarding assumptions underlying the valuation of equity awards.

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Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table

President & CEO Employment Agreement

Mr. Dauch’s employment agreement in effect as of December 31, 2014 provided for the following compensation and benefits:

- Annual base salary ($1,100,000 for 2014), subject to annual review and increase by the Compensation Committee in its sole discretion;
- Participation in the AAM Annual Incentive Plan for Executive Officers (2014 target opportunity of 125% of base salary);
- Participation in the long-term incentive program for executive officers (2014 target opportunity of 350% of base salary with a mix of equity-based awards of RSUs (34%) and performance shares (66%);
- Annual executive physical examination and health and disability coverage as provided to other executive officers; and
- Use and maintenance of two Company-provided automobiles and the limited perquisites and other benefits provided to our executive officers.

Mr. Dauch is also entitled to certain payments and benefits in the event of termination of employment under the scenarios described below in Potential Payments Upon Termination or Change in Control.

Effective February 19, 2015, the Company and Mr. Dauch amended and restated his employment agreement, dated September 27, 2013, to change the severance payments and benefits to Mr. Dauch in the event his employment is terminated on or within two years following a CIC. The payments and benefits to Mr. Dauch upon termination of employment following a CIC under his 2015 employment agreement are described below in Potential Payments Upon Termination or Change in Control. The 2015 employment agreement also reflects Mr. Dauch's base salary of $1,150,000 and long-term incentive target opportunity of 375%, each in effect as of January 1, 2015.

The Company does not provide tax gross ups to Mr. Dauch upon a CIC. If any of the payments or benefits under Mr. Dauch's 2015 employment agreement or the CIC Plan are deemed to be parachute payments under Section 280G of the Internal Revenue Code and would be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, the payments or benefits will be reduced by the amount required to avoid the excise tax if the reduction would give a better after-tax result than if the full payments and benefits were received.

The current term continues through August 31, 2015 and may be automatically extended for successive one-year terms, unless either party gives 60 days' prior written notice of an intent not to renew, and for two years upon a CIC.

Annual Incentive Awards

In 2014, annual incentive awards were granted under the AAM Incentive Compensation Plan for Executive Officers. Net operating cash flow and NIPS were selected as performance metrics for these awards. The maximum payout for both performance metrics is 200%. See Annual Incentive Compensation in the CD&A.

Long-Term Incentive Awards

In 2014, the Company granted long-term incentive awards to NEOs in the form of RSUs and performance share awards. The terms of these awards are described in Long-Term Incentive Compensation in the CD&A.

2014 Awards Granted Under the 2012 Omnibus Incentive Plan

Restricted Stock Units (RSUs). The RSUs granted to NEOs vest in three years. Upon vesting, all RSUs are payable in common stock. Vesting is accelerated upon termination of employment due to death or disability or upon a change in control. The award is forfeited if employment is terminated for any other reason prior to vesting.

Performance Share Awards. The performance share awards granted to the NEOs on March 6, 2014 are based upon the attainment of certain EBITDA margin performance targets and relative TSR over a three-year performance period beginning January 1, 2014 through December 31, 2016. The performance share awards represented 66% of the total LTI award opportunity for executive officers. One-half of the 2014 performance share payouts, or 33% of the total LTI award, earned will be measured by EBITDA margin performance and one half, or 33% of the total LTI award, will be measured by relative TSR performance over a three-year period and paid only to the extent that pre-established performance targets are achieved.

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The following tables illustrate the threshold, target and maximum performance levels for determining 2014 award payouts for each performance measure.

	EBITDA Margin Performance Measure		Relative TSR Performance Measure	
Performance Level	3-Year Cumulative EBITDA Margin	Percent of Target Award Opportunity Earned	Company TSR Percentile Rank	Percent of Target Award Opportunity Earned
Threshold	10%	25%	35^{th}	50%
Target	12%	100%	50^{th}	100%
Maximum	15%	200%	75^{th}	200%

2012 Performance Unit Awards

Payouts of the 2012 cash-based performance unit awards were determined based on EBITDA margin for the performance period beginning April 1, 2012 through December 31, 2014. The Company's cumulative EBITDA margin for the performance period was 12.8%, after adjustments approved by the Committee for certain special charges, including costs associated with plant closures, debt refinancing and the payout of certain terminated vested participants under our defined benefit U.S. pension plans. The adjusted EBITDA margin resulted in a payment at 128% of target.

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OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2014

	Option Awards			Stock Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable[(1)] (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested[(2)] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[(3)] (#)	Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[(4)] ($)
David C. Dauch	12,000	26.65	3/15/2015	79,326[(5)]	1,791,974		
	15,000	15.58	3/15/2016	22,382[(6)]	505,609		
	13,000	26.02	3/14/2017	137,687[(7)]	3,110,349		
				66,447[(8)]	1,501,038		
						64,493	728,448
						64,493	2,913,794
Michael K. Simonte	9,000	26.65	3/15/2015	34,466[(5)]	778,587		
	10,000	15.58	3/15/2016	42,786[(7)]	966,536		
	10,000	26.02	3/14/2017	19,334[(8)]	436,755		
						18,765	211,951
						18,765	847,803
Alberto L. Satine	8,000	26.65	3/15/2015	13,929[(5)]	314,656		
	8,000	26.02	3/14/2017	16,995[(7)]	383,917		
				9,320[(8)]	210,539		
						9,046	102,175
						9,046	408,698
Terry J. Woychowski				14,234[(7)]	321,546		
				9,320[(8)]	210,539		
						9,046	102,175
						9,046	408,698
Norman Willemse	9,700	10.08	6/25/2018	13,520[(5)]	305,417		
				12,589[(7)]	284,386		
				6,645[(8)]	150,111		
						6,450	72,853
						6,450	291,411

(1) All outstanding options are vested as of December 31, 2014.
(2) Reflects value of outstanding RSUs at $22.59, the closing price of AAM common stock on December 31, 2014.
(3) Performance shares granted on March 6, 2014. One-half of the payouts earned will be measured by EBITDA margin and the remaining one-half will be measured by relative TSR performance, both over the performance period January 1, 2014 through December 31, 2016.
(4)

Reflects outstanding performance shares granted on March 6, 2014 for the performance period January 1, 2014 through December 31, 2016 that would be paid out at the end of the performance period based on actual performance through December 31, 2014. The TSR award amounts reflect a threshold payout and the EBITDA shares represent a maximum payout at the closing price of AAM common stock on December 31, 2014. Payouts will be determined at the end of the performance period based on actual performance.

(5) Reflects RSUs granted on May 30, 2012. RSUs for Mr. Dauch, Mr. Simonte, Mr. Satine and Mr. Willemse vest three years from the date of grant.

(6) Reflects RSUs granted on September 1, 2012 pursuant to Mr. Dauch's employment agreement. These RSUs vest three years from the date of grant.

(7) Reflects RSUs granted on March 6, 2013. RSUs for Mr. Dauch, Mr. Simonte, Mr. Satine and Mr. Willemse vest three years from the date of grant. RSUs for Mr. Woychowski vest in three approximately equal annual installments beginning March 2014.

(8) Reflects RSUs granted on March 6, 2014. RSUs for all NEOs vest three years from the date of grant.

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OPTIONS EXERCISED AND STOCK VESTED

Name	Option Awards Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Stock Awards Number of Shares Acquired on Vesting[1] (#)	Value Realized on Vesting[2] ($)
David C. Dauch	—	—	—	—
Michael K. Simonte	—	—	—	—
Alberto L. Satine	—	—	—	—
Terry J. Woychowski	—	—	7,010	138,097
Norman Willemse	—	—	—	—

(1) Reflects the lapse of the transfer and forfeiture restrictions under RSU awards granted in March 2013 to Mr. Woychowski. The first of three approximately equal annual installments vested in March 2014.

(2) Reflects the number of shares underlying vested RSUs multiplied by the closing market price of AAM common stock on the vesting date.

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PENSION BENEFITS

The following table shows the value of the benefits accumulated by the NEOs and their years of credited service under AAM's Salaried Retirement Program (SRP), the Albion Pension Plan and AAM's Supplemental Executive Retirement Program (SERP). The years of credited service are through December 31, 2014, AAM's fiscal year-end measurement date used for financial statement reporting purposes. The values shown are based on benefits deferred to the earliest age at which unreduced benefits are payable. The assumptions used to calculate the actuarial present value of accumulated benefits are the same assumptions used in our audited consolidated financial statements for the fiscal year ended December 31, 2014 and assume continued employment until unreduced retirement age is attained. For material assumptions used, see Note 5 to the audited consolidated financial statements in our annual report on Form 10-K for the fiscal year ended December 31, 2014.

Name	Plan Name	Number of Years of Credited Service(1) (#)	Present Value of Accumulated Benefit ($)
David C. Dauch	AAM Retirement Program for Salaried Employees	11.5000	335,847
	AAM Supplemental Executive Retirement Program	19.5000	2,613,832
Michael K. Simonte	AAM Retirement Program for Salaried Employees	8.0833	224,099
	AAM Supplemental Executive Retirement Program	16.0833	1,142,427
Alberto L. Satine(2)	AAM Retirement Program for Salaried Employees	10.5833	506,351
	AAM Supplemental Executive Retirement Program	13.5833	412,099
Terry J. Woychowski(3)	AAM Retirement Program for Salaried Employees	—	—
	AAM Supplemental Executive Retirement Program	1.9167	82,596
Norman Willemse(4)	Albion Pension Plan	6.3333	329,189
	AAM Supplemental Executive Retirement Program(5)	13.5000	393,941

(1) Benefits under the SRP were frozen effective December 31, 2006 for Mr. Dauch and Mr. Simonte. Benefits under the SRP were frozen effective December 31, 2011 for Mr. Satine. As a result, credited service under the SRP is less than actual service with the Company. Credited service under the SERP reflects actual years of service with the Company.

(2) Mr. Satine was eligible to retire on December 31, 2014 under both the SRP and the SERP. He qualifies for a reduced benefit of approximately 58% of the unreduced benefit under the SRP and the lump sum benefit under the SERP.

(3) Mr. Woychowski is not a participant in the SRP.

(4) Mr. Willemse is not a participant in the SRP. Mr. Willemse was eligible to retire on December 31, 2014 under both the Albion Pension Plan and the SERP. He qualifies for the current benefit formula under the SERP.

(5) Mr. Willemse's years of credited service under the SERP were recalculated in 2014. The present value of his accumulated benefit shown above is $113,943 greater than the amount reported in 2013, which reflects a $31,796 adjustment for a correction of his years of service.

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Salaried Retirement Program (SRP). The annual retirement benefit payable to each executive, commencing on retirement at or after age 65, equals the sum of the executive's contributions plus an additional benefit based on the executive's average monthly salary (determined as the average of the executive's base salary in the highest 60 months during his final 10 years of service) and years of credited service. The SRP also includes a cash benefit structure for participants hired between January 1, 2002 and December 31, 2006. None of the NEOs are covered by the cash benefit structure. The amount of compensation that may be taken into account for determining benefits is limited under the Internal Revenue Code.

Benefits under the SRP may be paid as a single life annuity or, upon election, in the form of a joint and survivor annuity with a reduction in the amount of the annual benefit.

Effective December 31, 2006, the SRP was amended to freeze benefits at current levels for associates who were not eligible to retire by December 1, 2011. Associates who were eligible for early or normal retirement on or before December 31, 2011 continued to accrue benefits through December 31, 2011. The NEOs did not accrue benefits under the plan in 2014.

Albion Pension Plan. Our Albion Automotive Limited subsidiary provides pension benefits under the Albion Pension Plan for its salaried associates. Mr. Willemse was a participant in this plan while an associate of this subsidiary. The annual retirement benefit payable, commencing on retirement at or after age 65, is based on the executive's average salary (determined as the average of the executive's base salary in the highest 36 months during the final 10 years of service with Albion Automotive Limited), years of pensionable service and the percentage of participant contributions made to the plan. Benefits will be paid as an annuity; however, a participant may elect to receive a portion of the benefit payable in a lump sum.

Supplemental Executive Retirement Program (SERP). Executive officers who are grandfathered under the SRP are eligible to receive the basic form of pension benefit under the SERP upon retirement. In addition, the executive may be eligible to receive the alternative form of benefit, if greater than the basic benefit, upon retirement at or after age 62. The executive must have at least 10 years of credited service to receive either form of benefit under the SERP.

The total monthly benefit payable under the basic form of SERP is equal to the following amount:

- Two percent of the executive's average monthly salary calculated as of December 31, 2011 (as determined for the SRP excluding the limitations as specified under the Internal Revenue Code), multiplied by the executive's years of credited service; less
- The benefit payable to the executive under the SRP (without reduction for survivor benefits), plus 2% of the maximum monthly social security benefit payable at age 65 multiplied by the executive's years of credited service.

The Compensation Committee has discretion to reduce or eliminate the amount payable under the alternative form of benefit. Subject to the Compensation Committee's discretion, the total monthly benefit payable under the alternative form of SERP is equal to the following amount:

- 1.5% of the executive's average monthly salary calculated as of December 31, 2011 (as determined for the SRP excluding the limitations as specified under the Internal Revenue Code) and average monthly incentive compensation as of December 31, 2011 (determined as the average of the highest five of the executive's last 10 annual cash incentive awards, divided by 12) multiplied by the executive's years of credited service; less
- The benefit payable to the executive under the SRP (without reduction for survivor benefits), plus the maximum monthly social security benefit payable at age 65.

SERP benefits payable under the basic and alternative forms are generally paid as a single life annuity. If the executive's spouse is eligible for survivor benefits under the SRP; however, the executive's monthly SERP benefit will be reduced and paid in the form of a joint and survivor annuity.

Mr. Dauch, Mr. Simonte, Mr. Woychowski and Mr. Willemse, who are not grandfathered under the SRP, are eligible to receive a benefit under the current SERP formula, payable six months after retirement in a lump sum. Mr. Satine may alternatively be eligible to receive a benefit under the current SERP formula if this benefit is greater than that under the basic or alternative benefit described above. The amount of the benefit will be equal to 12.5% of the executive's final average compensation (determined as the executive's average annual base salary and cash incentive for the highest five consecutive years), multiplied by the executive's years of credited service, less the sum of the actuarial equivalent value of the executive's benefits payable under the SRP, Albion Pension Plan and the balance of the executive's employer retirement contribution account under AAM's 401(k) plan.

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NONQUALIFIED DEFERRED COMPENSATION

The following table summarizes the NEOs compensation under the Executive Deferred Compensation Plan for the 2014 fiscal year.

Name	Executive Contributions in Last FY(1) ($)	Registrant contributions in Last FY(2) ($)	Aggregate Earnings In Last FY(3) ($)	Aggregate Withdrawals Distributions ($)	Aggregate Balance at Last FYE(4) ($)
David C. Dauch	—	—	23,021	—	375,215
Michael K. Simonte	—	—	—	—	—
Alberto L. Satine	—	—	—	—	—
Terry J. Woychowski	—	—	—	—	—
Norman Willemse	46,765	902	5,125	—	128,696

(1) For Mr. Willemse, reflects $30,061 of his 2014 base salary and $16,704 of his 2013 annual incentive award paid March 2014. Base salary amounts deferred are included in the salary column for 2014 in the Summary Compensation Table and the 2013 annual incentive award deferred is included in the non-equity incentive compensation column for 2013 in the Summary Compensation Table.

(2) Reflects the Company's 3% match on Mr. Willemse's 2014 base salary deferral. This amount is included in the all other compensation column for 2014 in the Summary Compensation Table.

(3) Reflects hypothetical accrued earnings during 2014 on notional investments designed to track the performance of funds similar to those available to participants in the Company’s 401(k) plan. None of the earnings shown in this column are reported as compensation in the Summary Compensation Table.

(4) Of the aggregate balance, the amounts reflect compensation previously reported in the Summary Compensation Table for each of the NEOs. For Mr. Willemse, the amount includes $30,963 reported as compensation in the Summary Compensation Table for 2014.

Under AAM’s Executive Deferred Compensation Plan, a nonqualified, tax-deferred savings plan, certain executives, including our NEOs, may elect to defer payment of 6% to 75% of their base salary and/or their annual incentive award during any plan year. Base salary deferred into the plan receives a 3% Company match. Matching contributions are vested after five years of credited service. The amounts deferred are unfunded and unsecured obligations of AAM. Amounts deferred or credited into this plan are represented in the executive’s notional account and are “invested” among funds similar to those available under AAM’s 401(k) plan. Although the executive has no actual or constructive ownership of shares in the investment funds, the return on the executive’s account is determined as if the amounts were notionally invested in these funds.

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The table below shows the investment fund options available under the Executive Deferred Compensation Plan and the annual rates of return for the calendar year ended December 31, 2014.

Name of Fund	Rate of Return	Name of Fund	Rate of Return
Fidelity Retirement Money Market Portfolio	0.01%	Vanguard External Market Index	7.56%
PIMCO Total Return Fund	4.69%	Fidelity Freedom Income K Fund	3.96%
PIMCO High Yield Fund	3.31%	Fidelity Freedom K 2005 Fund	4.57%
Domini Social Equity Fund	14.25%	Fidelity Freedom K 2010 Fund	4.93%
Spartan 500 Index Fund	13.65%	Fidelity Freedom K 2015 Fund	5.25%
Touchstone Value Y Fund	11.33%	Fidelity Freedom K 2020 Fund	5.40%
T. Rowe Price Growth Stock Fund	8.83%	Fidelity Freedom K 2025 Fund	5.75%
Fidelity Growth Company Fund	14.44%	Fidelity Freedom K 2030 Fund	5.86%
Fidelity Low-Priced Stock Fund	7.75%	Fidelity Freedom K 2035 Fund	5.88%
Nuveen Mid Cap Growth Opportunities	8.57%	Fidelity Freedom K 2040 Fund	5.88%
American Beacon Small Cap Value Fund	4.70%	Fidelity Freedom K 2045 Fund	5.90%
Royce PA Mutual Fund	(0.70)%	Fidelity Freedom K 2050 Fund	5.96%
Fidelity Diversified International Fund	(3.20)%	Fidelity Freedom K 2055 Fund	5.99%
Spartan International Index Fund	(5.37)%		

Distributions can be received (1) upon retirement in a lump sum or in annual payments over a period of five or ten years, (2) in a lump sum upon death, disability, termination of employment or change in control or (3) if elected by the executive, during employment at a specified date after a minimum deferral period. The minimum deferral period is at least three years following the end of the plan year to which the deferral election relates and distributions during employment consist of employee deferrals and related earnings or losses (not Company contributions and related earnings or losses).

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following tables show the estimated potential payments and benefits that each of the NEOs would receive upon termination of employment under various circumstances that would trigger payments under applicable employment agreements and the Company's plans and programs, assuming the termination event occurred on December 31, 2014. Although the calculations are intended to provide reasonable estimates of the potential payments, they are based on numerous assumptions and may not represent the actual amounts NEOs would receive upon each termination event.

President & CEO Employment Agreement

Under our employment agreement with Mr. Dauch, the Company may terminate his employment with or without cause. Cause means:

- a material breach of his obligations under the agreement;
- the willful and continued failure or refusal to satisfactorily perform his duties;
- a conviction of or pleading guilty (or no contest) to a felony or to another crime involving dishonesty or moral turpitude or which reflects negatively upon the Company or impairs its operations;
- engaging in any misconduct, negligence, act of dishonesty (including any violation of federal securities laws) or violence that is materially injurious to the Company;
- a material breach of a restrictive covenant (i.e., non-competition, non-solicitation) or Company policy;
- refusal to follow the directions of the Board; or
- any other willful misconduct that is materially injurious to AAM's financial condition or business reputation.

In addition, he may resign for good reason, which means:

- a material decrease in compensation or a failure by the Company to pay material compensation;
- a material diminution of responsibilities, positions or titles (other than solely as a result of the Company ceasing to be a publicly-traded company);
- relocation more than 50 miles outside the Detroit-metropolitan area; or
- a material breach by the Company.

Upon termination for cause or resignation without good reason, Mr. Dauch is entitled to receive only accrued and unpaid compensation. Participation in the Company's benefit plans would cease upon termination.

As of December 31, 2014, if Mr. Dauch's employment had been terminated without cause or for good reason on or within two years following a CIC, he would have been entitled to payment of his annual base salary, annual bonus and medical benefits for two years, as well as any accrued and unpaid compensation and benefits and outplacement services of $50,000. The annual bonus payment would have been determined based on the higher of (1) his average annual bonus for the three fiscal years preceding termination of employment or the CIC (whichever is greater), or (2) his target bonus for the year of the termination of employment or of the CIC (whichever is greater).

If his employment is terminated without cause, or upon his resignation for good reason not in connection with a CIC, Mr. Dauch is entitled to receive accrued and unpaid compensation and continued payment of base salary for two years following termination. He is also entitled to receive $50,000 of outplacement services and health care benefits for two years.

This salary and benefit continuation is subject to Mr. Dauch's compliance with the confidentiality, non-competition, non-solicitation and intellectual property assignment provisions of his prior employment agreement as well as his execution and non-revocation of a general waiver and release of claims. Certain severance payments are subject to recoupment or clawback.

If his employment terminates due to disability or death, Mr. Dauch will be entitled to accrued benefits under applicable benefit plans and programs.

Effective February 19, 2015, Mr. Dauch's employment agreement was amended and restated to change the severance payments and benefits to Mr. Dauch in the event his employment is terminated on or within two years following a CIC. The amendment provides a severance payment of three times annual base salary and annual bonus, plus a target annual bonus prorated through the termination date. The annual bonus payment will be determined based on the higher of his target annual bonus for either the year of the CIC or the year of termination. In addition, the applicable period for medical benefit continuation is three years after termination of employment following a CIC. Mr. Dauch remains entitled to receive up to $50,000 of outplacement services. This salary and benefit continuation is subject to his compliance with the confidentiality, non-competition, non-solicitation and intellectual property assignment provisions of his 2015 employment agreement as well as his execution and non-revocation of a general waiver and release of claims.

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Severance Arrangements with other NEOs

As of December 31, 2014, NEOs other than Mr. Dauch were not entitled to severance payments or benefits following a CIC. For all NEOs (including Mr. Dauch), long-term incentives granted prior to 2015 contained a single-trigger CIC provision that results in accelerated vesting upon a CIC. Beginning in 2015, long-term incentive awards include a double-trigger CIC provision that requires termination of employment for any reason other than for cause by a successor or a resignation by the NEO without good reason on or two years following a CIC as a condition precedent to accelerated vesting of such awards.

Non-Competition Agreements

Mr. Simonte, Mr. Satine, Mr. Woychowski and Mr. Willemse each have entered into a non-competition agreement that prohibits each of them, while employed by AAM and for one year following termination of employment (prior to a CIC), from:

- directly or indirectly engaging in any business that competes with AAM;
- soliciting or inducing our employees to leave AAM, or offering employment to our employees or otherwise interfering with our relationship with our employees, agents or consultants; and
- using, exploiting or disclosing our confidential information to any third party without our prior written consent.

AAM Executive Officer Change in Control Plan

Under the AAM Executive Officer Change in Control Plan adopted in February 2015, upon termination of employment by the Company without cause or resignation by an executive officer (other than Mr. Dauch) for good reason on or within two years following a CIC, each eligible executive officer will be entitled to certain severance payments and benefits, in addition to other accrued compensation and benefits:

- a cash amount equal to annual base salary multiplied by two;
- a cash amount equal to target annual bonus multiplied by two, with target annual bonus determined as the greater of the target amount in the year of the CIC or the year of termination of employment;
- reimbursement of outplacement service costs of up to $30,000 incurred within 24 months following termination of employment; and
- continued participation in AAM's medical benefit plans for two years following termination of employment, or, in certain cases, a cash amount equal to the value of the benefit continuation.

For purposes of the CIC Plan, cause means: (1) the participant's willful and continued failure or refusal to satisfactorily perform his/her duties; (2) a conviction of or pleading guilty (or no contest) to a felony or to another crime involving dishonesty or moral turpitude or which reflects negatively upon the Company or impairs its operations; (3) engaging in any willful misconduct, gross negligence, act of dishonesty (including any violation of federal securities laws) or violence that is injurious to the Company; (4) a material breach of any restrictive covenant or any material written policy of the Company; (5) a material failure to comply with any material applicable laws and regulations or professional standards relating to the business of the Company; or (6) any other misconduct that is injurious to the financial condition or business reputation of the Company.

The CIC Plan defines good reason to include any of the following acts or omissions: (1) a material reduction in a participant's position, authority, duties or responsibilities following the CIC; (2) a material reduction in a participant's annual base salary or bonus opportunity in effect prior to the CIC; or (3) a relocation of the office at which the participant is to perform the majority of his or her duties following a CIC to a location more than 50 miles from such location prior to the CIC.

This salary and benefit continuation is subject to the executive officer's compliance with the confidentiality, non-competition, non-solicitation and intellectual property assignment provisions of the CIC Plan as well as the execution and non-revocation of a general waiver and release of claims.

No Tax Gross Ups and Clawback

The Company does not provide tax gross ups to executive officers upon a CIC. If any of the payments or benefits under the Mr. Dauch's employment agreement or the CIC Plan are deemed to be parachute payments under Section 280G of the Code and would be subject to the excise tax imposed under Section 4999 of the Code, the payments or benefits will be reduced by the amount required to avoid the excise tax if the reduction would give a better after-tax result than if the full payments and benefits were received. Certain severance payments are subject to recoupment or clawback.

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Potential Payments Upon Termination or Change in Control

The tables below reflect potential payments to each NEO upon resignation for good reason, termination without cause, disability, retirement and a CIC as of December 31, 2014. Upon termination for cause or resignation without good reason, each NEO would receive only accrued and unpaid compensation and benefits. The assumptions used to determine retirement benefits for eligible NEOs are the same as those used in our audited consolidated financial statements for the fiscal year ended December 31, 2014. See Note 5 to the audited consolidated financial statements in our 2014 annual report on Form 10-K. Mr. Dauch, Mr. Simonte and Mr. Woychowski were not eligible to retire as of December 31, 2014. The footnotes following the tables provide additional detail regarding the potential payments and benefits shown for each termination scenario.

The column entitled "2015 Change in Control" in each of the tables below reflects severance payments and benefits provided under the 2015 employment agreement (for Mr. Dauch) and the CIC Plan adopted in February 2015 (for other NEOs), payable in amounts determined as of December 31, 2014.

David C. Dauch	For Good Reason Resignation ($)	Without Cause Termination ($)	Disability Retirement(1) ($)	Retirement ($)	2014 Change in Control(2) ($)	2015 Change in Control(3) ($)
Compensation:						
Severance	2,200,000(4)	2,200,000(4)	—	—	2,200,000(5)	3,300,000(6)
Annual Incentive	1,705,000(4)	1,705,000(4)	1,705,000(7)	—	2,750,000(5)	4,125,000(6)
Long Term Incentives:						
RSUs(8)	—	—	6,908,970	—	6,908,970	6,908,970
2012 Performance Unit Awards(9)	—	1,141,453	1,141,453	—	1,141,453	1,141,453
2013 Performance Unit Awards(10)	—	1,166,667	1,166,667	—	1,166,667	1,166,667
2014 Performance Share Awards(11)	—	971,265	971,265	—	971,265	971,265
Other Benefits:						
Retirement Plans	—	—	—	—	—	—
SERP	—	—	—	—	—	—
Welfare Benefit	—	—	—	—	—	—
Deferred Compensation(12)	375,215	375,215	375,215	—	375,215	375,215
Health care(13)	32,489	32,489	329,791	—	32,489	49,355
Disability(14)	—	—	7,785,241	—	—	—
Life Insurance(15)	—	—	114,413	—	—	—
Outplacement Services(16)	50,000	50,000	—	—	50,000	50,000
Total	4,362,704	7,642,089	20,498,015	—	15,596,059	18,087,925

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Michael K. Simonte	For Good Reason Resignation ($)	Without Cause Termination ($)	Disability Retirement[1] ($)	Retirement ($)	2014 Change in Control[2] ($)	2015 Change in Control[3] ($)
Compensation:						
Severance	—	—	—	—	—	1,120,200[17]
Annual Incentive	—	—	555,619[7]	—	—	896,160[17]
Long Term Incentives:						
RSUs[8]	—	—	2,181,878	—	2,181,878	2,181,878
2012 Performance Unit Awards[9]	—	405,427	405,427	—	405,427	405,427
2013 Performance Unit Awards[10]	—	362,533	362,533	—	362,533	362,533
2014 Performance Share Awards[11]	—	282,601	282,601		282,601	282,601
Other Benefits:						
Retirement Plans	—	—	—	—	—	—
SERP	—	—	—	—	—	—
Welfare Benefit	—	—	—	—	—	—
Deferred Compensation	—	—	—	—	—	—
Health care[18]	—	—	324,858	—	—	32,489
Disability[14]	—	—	4,271,514	—	—	—
Life Insurance[15]	—	—	58,199	—	—	—
Outplacement Services[19]	—	—	—	—	—	30,000
Total	—	1,050,561	8,442,629	—	3,232,439	5,311,288

Alberto L. Satine	For Good Reason Resignation ($)	Without Cause Termination ($)	Disability Retirement ($)	Retirement ($)	2014 Change in Control[2] ($)	2015 Change in Control[3] ($)
Compensation:						
Severance	—	—	—	—	—	900,000[17]
Annual Incentive	—	—	334,800[7]	334,800[7]	—	540,000[17]
Long Term Incentives:						
RSUs[8]	—	—	909,112	70,180	909,112	909,112
2012 Performance Unit Awards[9]	—	163,840	163,840	163,840	163,840	163,840
2013 Performance Unit Awards[10]	—	144,000	144,000	144,000	144,000	144,000
2014 Performance Share Awards[11]	—	136,233	136,233	136,233	136,233	136,233
Other Benefits:						
Retirement Plans[20]	506,351	506,351	767,400	428,695	506,351	506,351
SERP[21]	412,099	412,099	153,967	412,099	412,099	412,099
Welfare Benefit[22]	—	—	15,271	—	—	—
Deferred Compensation	—	—	—	—	—	—
Health care[18]	—	—	—	—	—	41,434

Disability	—	—	—	—	—	—
Life Insurance	—	—	—	—	—	—
Outplacement Services(19)	—	—	—	—	—	30,000
Total	918,450	1,362,523	2,624,623	1,689,847	2,271,635	3,783,069

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Terry J. Woychowski	For Good Reason Resignation ($)	Without Cause Termination ($)	Disability Retirement[1] ($)	Retirement ($)	2014 Change in Control[2] ($)	2015 Change in Control[3] ($)
Compensation:						
Severance	—	—	—	—	—	927,000[17]
Annual Incentive	—	—	305,100[7]	—	—	540,000[17]
Long Term Incentives:						
RSUs[8]	—	—	532,085	—	532,085	532,085
2012 Performance Unit Awards	—	—	—	—	—	—
2013 Performance Unit Awards[10]	—	180,000	180,000	—	180,000	180,000
2014 Performance Share Awards[11]	—	136,233	136,233	—	136,233	136,233
Other Benefits:						
Retirement Plans	—	—	—	—	—	—
SERP	—	—	—	—	—	—
Welfare Benefit	—	—	—	—	—	—
Deferred Compensation	—	—	—	—	—	—
Health care[18]	—	—	155,420	—	—	41,431
Disability[14]	—	—	1,664,573	—	—	—
Life Insurance[15]	—	—	35,992	—	—	—
Outplacement Services[19]	—	—	—	—	—	30,000
Total	—	316,233	3,009,403	—	848,318	2,386,749

Norman Willemse	For Good Reason Resignation ($)	Without Cause Termination ($)	Disability Retirement ($)	Retirement ($)	2014 Change in Control[2] ($)	2015 Change in Control[3] ($)
Compensation:						
Severance	—	—	—	—	—	770,000[17]
Annual Incentive	—	—	286,440[7]	286,440[7]	—	462,000[17]
Long Term Incentives:						
RSUs[8]	—	—	739,914	50,037	739,914	739,914
2012 Performance Unit Awards[9]	—	159,027	159,027	159,027	159,027	159,027
2013 Performance Unit Awards[10]	—	106,667	106,667	106,667	106,667	106,667
2014 Performance Share Awards[11]	—	97,137	97,137	97,137	97,137	97,137
Other Benefits:						
Retirement Plans[23]	329,189	329,189	299,893	299,893	329,189	329,189
SERP[21]	393,941	393,941	393,941	393,941	393,941	393,941
Welfare Benefit[22]	—	—	14,772	—	—	—
Deferred Compensation[12]	128,696	128,696	128,696	128,696	128,696	128,696
Health care[18]	—	—	—	—	—	41,435
Disability	—	—	—	—	—	—
Life Insurance	—	—	—	—	—	—

Outplacement Services[19]	—	—	—	—		30,000
Total	851,826	1,214,657	2,226,487	1,521,838	1,954,571	3,258,006

Notes to Termination Tables

(1) Assumes total and permanent disability on December 31, 2014. Because Mr. Dauch, Mr. Simonte and Mr. Woychowski are not eligible to retire on December 31, 2014, the amounts assume continued employment (on leave) until retirement at 65.

(2) For Mr. Dauch, amounts reflect CIC benefits under his previous employment agreement and outstanding LTI awards as of December 31, 2014. For other NEOs, amounts reflect CIC benefits under outstanding LTI awards as of December 31, 2014.

(3) For Mr. Dauch, amounts reflect CIC benefits under his 2015 employment agreement and outstanding LTI awards as of December 31, 2014. For other NEOs, amounts reflect CIC benefits under the CIC Plan adopted in February 2015 and outstanding LTI awards as of December 31, 2014.

(4) Mr. Dauch is entitled to receive two years' base salary (payable semimonthly) and accrued and unpaid compensation. The annual bonus amount reflects his 2014 award paid in March 2015 under these termination events.

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(5) Under Mr. Dauch's previous employment agreement, he is entitled to receive two years' base salary (paid semimonthly) and annual bonus upon termination without cause or resignation for good reason on or within two years following a CIC. The annual bonus is based on the higher of (a) his average annual bonus for the three fiscal years preceding termination of employment or the CIC, or (b) his target bonus for the year of the termination of his employment or of the CIC. The annual bonus amount reflects his 2014 target bonus for two years.

(6) Under Mr. Dauch's 2015 employment agreement, Mr. Dauch is entitled to three years' base salary (paid in lump sum) and annual bonus upon termination without cause or resignation for good reason on or within two years following a CIC. The severance amount reflects Mr. Dauch's base salary as of December 31, 2014 for three years. The annual bonus amount is based on the greater of the target annual bonus for the year in which the CIC occurs or for the year of termination. The annual bonus amount reflects his 2014 target bonus for three years.

(7) In the event of disability or retirement, AAM’s Incentive Compensation Plan for Executive Officers provides a pro-rated award payout through the date of disability or retirement. The amounts reflect 2014 awards paid in March 2015 under the disability termination event and upon retirement for Mr. Satine and Mr. Willemse.

(8) Outstanding RSUs vest upon termination of employment due to death, disability or upon a CIC. The value reflects the number of RSUs multiplied by the closing price of AAM common stock on December 31, 2014. In the event of retirement, RSUs granted in 2014 vest pro-rata based on continued employment through retirement. In the event of retirement for Mr. Satine and Mr. Willemse, the amounts reflect approximately one-third of their 2014 RSU awards multiplied by the closing price of AAM common stock on December 31, 2014.

(9) The 2012 performance unit awards payable in the event of disability, termination without cause or upon a CIC are determined based on actual performance through December 31, 2014. Amounts reflect awards earned through December 31, 2014 and paid in March 2015. For Mr. Dauch, the amount also reflects the pro-rata portion of a 2012 performance unit award for the performance period July 1, 2012 through June 30, 2015, assuming target is achieved.

(10) The 2013 performance unit awards payable in the event of a disability, termination without cause or upon CIC would be based on actual performance and reflect the pro-rata portion of continued employment during the performance period. As of December 31, 2014, approximately two-thirds of the performance period has lapsed. Amounts reflect pro-rata awards assuming target is achieved. The actual payout may range from 0% to 200%.

(11) The 2014 performance share awards payable in the event of a disability, retirement, termination without cause or upon a CIC is based on target performance and reflect the pro-rata portion of employment during the performance period. As of December 31, 2014, approximately one-third of the performance period has lapsed. Amounts reflect pro-rata awards at the target amount of shares multiplied by the closing price of AAM common stock on December 31, 2014.

(12) Amounts reflect account balances in the Executive Deferred Compensation Plan as of December 31, 2014. Amounts assumed to be payable in a lump sum upon occurrence of the termination event.

(13) Under Mr. Dauch's previous employment agreement, he is entitled to two years' health care benefits (including his spouse) upon resignation for good reason, termination without cause or upon termination on or within two years following a CIC. Under his 2015 employment agreement, this benefit increases to three years' upon termination on or within two years following a CIC. In the event of disability, the amount reflects health care benefits until retirement.

(14) Reflects benefits equal to 100% of base salary for year one. Based on participant elections, amounts reflect 60% of base salary until retirement for Mr. Dauch and Mr. Woychowski and 66-2/3% for Mr. Simonte.

(15) Reflects basic and supplemental life insurance benefits until retirement.

(16) Mr. Dauch is entitled to receive $50,000 of outplacement services upon termination without cause, resignation for good reason or termination of employment following a CIC.

(17) Under the CIC Plan, Mr. Simonte, Mr. Satine, Mr. Woychowski and Mr. Willemse are entitled to receive a cash amount equal to two times their annual base salary and annual bonus upon termination without cause or resignation for good reason on or within two years following a CIC. The annual bonus amount is based on the greater of the target annual bonus for the year of the CIC or for the year of termination. The severance amount reflects each NEO's base salary as of December 31, 2014 for two years. The annual bonus amount reflects each

NEO's 2014 target annual bonus for two years.

(18) Under the CIC Plan, Mr. Simonte, Mr. Satine, Mr. Woychowski and Mr. Willemse are entitled to two years' health care benefits upon termination without cause or resignation for good reason on or within two years following a CIC. For Mr. Simonte and Mr. Woychowski, the disability scenario reflects health care benefits until retirement.

(19) Under the CIC Plan, Mr. Simonte, Mr. Satine, Mr. Woychowski and Mr. Willemse are entitled to receive reimbursement of up to $30,000 of outplacement services upon termination of employment without cause or resignation for good reason on or within two years of a CIC.

(20) Reflects a joint and survivor benefit payable monthly.

(21) Reflects the present value of the SERP benefit calculated assuming a lump sum payment for Mr. Satine and Mr. Willemse.

(22) Reflects welfare benefits assuming retirement under the retiree welfare plan.

(23) Reflects Mr. Willemse's benefits in the Albion Pension Plan as of December 31, 2014.

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PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

AAM is seeking a non-binding advisory vote from our stockholders to approve the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis (CD&A) and narrative and tabular disclosures in this proxy statement. In the CD&A, we provide a detailed description of our compensation programs, including our compensation philosophy and objectives, the individual elements of executive pay, and how the programs are administered. We encourage you to review the CD&A, together with the other narrative and tabular disclosures, in considering your advisory vote on our named executive officers' compensation.

Our executive officer compensation program is designed to reward performance that supports the achievement of our business objectives and creates long-term stockholder value. The Compensation Committee considers the following fundamental objectives, among others, in determining our compensation programs:

- Compensation and benefit programs should attract, motivate and retain experienced executives who are vital to our short-term and long-term success, profitability and growth;
- Compensation and benefit programs should reward Company and individual performance; and
- Compensation and benefit programs should foster the long-term focus required to deliver value to our stockholders.

Key Changes to Executive Compensation Program

As described in more detail in the CD&A, we made the following changes to our compensation program:

- Approved a new comparative peer group for benchmarking executive compensation;
- Targeted the 50th percentile for total compensation of executive officers;
- Introduced a performance share award vehicle for long-term incentive compensation;
- Re-designed the long-term incentive program to include 100% equity-based award vehicles;