

Kennedy-Wilson Holdings, Inc.
Form DEF 14A
April 28, 2011

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

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

KENNEDY-WILSON HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

KENNEDY-WILSON HOLDINGS, INC.

9701 Wilshire Boulevard, Suite 700

Beverly Hills, California 90212

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held on June 23, 2011

TO THE STOCKHOLDERS OF KENNEDY-WILSON HOLDINGS, INC.:

The Annual Meeting of the Stockholders of Kennedy-Wilson Holdings, Inc., a Delaware corporation (the "Company"), will be held on June 23, 2011, at 9:00 a.m. Pacific Time (the "Annual Meeting"), at the Montage Beverly Hills, 225 North Canon Drive, Beverly Hills, California for the following purposes:

1. To elect two (2) directors to the Board of Directors of the Company to serve for a three year term and until their successors are duly elected and qualified;
 2. To approve, in an advisory vote, the compensation of the Company's named executive officers;
 3. To recommend, in an advisory vote, whether an advisory vote to approve the compensation of the Company's named executive officers should occur every one, two or three years;
 4. To approve the issuance of shares of Common Stock upon conversion of Series B Preferred Stock in accordance with applicable New York Stock Exchange Rules;
 5. To ratify the appointment of KPMG LLP as the Company's independent auditors for the 2011 fiscal year; and
 6. To transact any other business as may properly be presented at the Annual Meeting or any adjournment or postponement thereof.
- Stockholders of record of the Company's Common Stock at the close of business on April 25, 2011 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

To obtain directions to attend the Annual Meeting and vote in person, please contact Christina Cha at (310) 887-6294.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 23, 2011.

Full copies of the proxy statement, the proxy card and the annual report are available on the Internet at www.kennedywilson.com/investor-relations. Stockholders will receive a full set of these materials through the mail from us or from their

brokers.

By Order of the Board of Directors,

/s/ William McMorrow
William McMorrow

Chairman of the Board and Chief Executive Officer

Dated: April 28, 2011

KENNEDY-WILSON HOLDINGS, INC.

9701 Wilshire Boulevard, Suite 700

Beverly Hills, California 90212

PROXY STATEMENT

for

Annual Meeting of Stockholders

to be held on June 23, 2011

INTRODUCTION

Your proxy is solicited by the Board of Directors of Kennedy-Wilson Holdings, Inc., a Delaware corporation (the **Company**, **we**, **us** or **our**), for use at the Annual Meeting of Stockholders to be held on June 23, 2011, at 9:00 a.m. Pacific Time (the **Annual Meeting**), at the Montage Beverly Hills, 225 North Canon Drive, Beverly Hills, California for the following purposes:

1. To elect two (2) directors to the Board of Directors of the Company to serve for a three year term and until their successors are duly elected and qualified;
2. To approve, in an advisory vote, the compensation of the Company's named executive officers;
3. To recommend, in an advisory vote, whether an advisory vote to approve the compensation of the Company's named executive officers should occur every one, two or three years;
4. To approve the issuance of shares of Common Stock upon conversion of Series B Preferred Stock in accordance with applicable New York Stock Exchange Rules;
5. To ratify the appointment of KPMG LLP as the Company's independent auditors for the 2011 fiscal year; and

6. To transact any other business as may properly be presented at the Annual Meeting or any adjournment or postponement thereof. The Board of Directors set April 25, 2011, as the record date (the **Record Date**) to determine those holders of Common Stock who are entitled to notice of, and to vote at, the Annual Meeting. A list of the stockholders entitled to vote at the meeting may be examined at the Company's office at 9701 Wilshire Boulevard, Suite 700, Beverly Hills, California 90212 during the 10-day period preceding the Annual Meeting.

All stockholders are cordially invited to attend the meeting. Whether or not you expect to attend, you are respectfully requested by the Board of Directors to sign, date and return the enclosed proxy promptly, or follow the instructions contained in this proxy statement. Stockholders who execute proxies retain the right to revoke them at any time prior to the voting thereof. If you received this proxy statement in the mail, a return envelope is enclosed for your convenience.

First sent to stockholders on or about May 6, 2011

GENERAL INFORMATION ABOUT VOTING

Who can vote?

You can vote your shares of Common Stock if our records show that you owned the shares on the Record Date. As of the close of business on the Record Date, a total of 40,180,056 shares of Common Stock are entitled to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote on matters presented at the Annual Meeting.

How do I vote by proxy?

You may vote by proxy by simply completing, signing and returning your proxy card. If you hold your shares in street name, you may also vote by proxy over the Internet or by telephone.

If I am a stockholder of record, how do I cast my vote?

If you are a stockholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive. Stockholders of record may also vote via the Internet as set forth on the proxy card. Stockholders of record may not vote by telephone.

If you do not wish to vote in person or via the Internet, you may vote by proxy. You may vote by proxy using the enclosed proxy card. Please complete, sign and date your proxy card and return it promptly in the envelope provided.

If I hold my shares in street name, how do I cast my vote?

Many of our stockholders who hold their shares in street name through a nominee have the option to submit their proxies or voting instructions to their nominee electronically by telephone or the Internet. These stockholders should review and follow the voting instructions forwarded by their nominee.

You also may vote your shares at the Annual Meeting if you attend in person. If you hold your shares in street name and wish to vote in person at the Annual Meeting, you must obtain a legal proxy from your nominee.

What if other matters come up at the Annual Meeting?

The matters described in this proxy statement are the only matters we know of that will be voted on at the Annual Meeting. If other matters are properly presented at the meeting, the proxy holders will vote your shares as they see fit.

Can I change or revoke my vote after I return my proxy card?

Yes. You can revoke your proxy at any time before it is exercised at the Annual Meeting in any of three ways:

by submitting written notice revoking your proxy card to the Secretary of the Company;

by submitting another proxy that is later dated and, if by mail, that is properly signed; or

by voting in person at the Annual Meeting.

Can I vote in person at the Annual Meeting rather than by completing the proxy card?

Although we encourage you to vote by proxy to ensure that your vote is counted, you can attend the Annual Meeting and vote your shares in person.

How are votes counted?

We will hold the Annual Meeting if holders representing a majority of the shares of Common Stock issued and outstanding and entitled to vote at the Annual Meeting either submit a proxy or attend the meeting. If you submit a proxy, your shares will be counted to determine whether we have a quorum even if you abstain or fail to vote on any of the proposals listed on the proxy card.

The election of directors under Proposal 1 will be by the affirmative vote of a plurality of the shares of Common Stock represented in person or by proxy at the Annual Meeting.

Proposal 2 will be approved upon the vote of a majority of shares present in person or represented by proxy at the meeting. An abstention with respect to Proposal 2 will have the effect of a vote AGAINST such proposal. Broker non-votes will have no effect. Unless otherwise stated, the enclosed proxy will be voted in accordance with the instructions thereon.

The frequency of an advisory vote to approve the compensation of the Company's named executive officers under Proposal 3 will be determined by the affirmative vote of a plurality of the shares of Common Stock represented in person or by proxy at the Annual Meeting.

Proposal 4 will be approved upon the affirmative vote of a majority of shares cast at the meeting (provided that the total votes cast on the proposal represent 50% of the outstanding shares of our Common Stock entitled to vote on the proposal). Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

Proposal 5 will be approved upon the vote of a majority of shares present in person or represented by proxy at the meeting. An abstention with respect to Proposal 5 will have the effect of a vote AGAINST such proposal. Broker non-votes will have no effect. Unless otherwise stated, the enclosed proxy will be voted in accordance with the instructions thereon.

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Brokers holding shares of the Common Stock in street name who do not receive instructions from the beneficial owners of those shares are entitled to vote on routine proposals.

Who pays for this proxy solicitation?

We do. In addition to sending you these materials, some of our employees may contact you by telephone, by mail, by fax, by email, or in person. None of these employees will receive any extra compensation for doing this. We may reimburse brokerage firms and other custodians for their reasonable out-of-pocket costs in forwarding these proxy materials to stockholders.

What am I voting on?

Proposal No. 1: To elect two (2) directors to the Board of Directors of the Company to serve for a three year term and until their successors are duly elected and qualified.

Proposal No. 2: To approve, in an advisory vote, the compensation of the Company's named executive officers.

Proposal No. 3: To recommend, in an advisory vote, whether an advisory vote to approve the compensation of the Company's named executive officers should occur every one, two or three years.

Proposal No. 4: To approve the issuance of shares of Common Stock upon conversion of Series B Preferred Stock in accordance with applicable New York Stock Exchange Rules.

Proposal No. 5: To ratify the appointment of KPMG LLP as the Company's independent auditors for the 2011 fiscal year.

OUTSTANDING SHARES AND VOTING RIGHTS

Stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof, are stockholders of record at the close of business on the Record Date. Persons who are not stockholders of record on the Record Date will not be allowed to vote at the Annual Meeting. At the close of business on the Record Date there were 40,180,056 shares of Common Stock issued and outstanding. We have issued no other voting securities as of the Record Date. Each share of Common Stock entitles the holder thereof to one (1) vote on each matter to be voted upon at the Annual Meeting. Holders of Common Stock are not entitled to cumulate their votes for the election of directors.

DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS

Only one annual report and this proxy statement will be delivered to multiple stockholders sharing an address, unless we have received contrary instructions from one or more of the stockholders. Upon written or oral request, the Company will promptly deliver a separate copy of the annual report and this proxy statement to a stockholder at a shared address to which a single copy of the annual report and proxy statement was delivered. If you wish to receive a separate copy of the annual report or this proxy statement, please notify the Company by calling or sending a letter to the Secretary of the Company, c/o Kennedy-Wilson Holdings, Inc., at 9701 Wilshire Boulevard, Suite 700, Beverly Hills, California 90212. The Company's telephone number is (310) 887-6400. Also, stockholders who share an address and receive multiple copies of the annual report and this proxy statement can notify the Company in writing or orally at the above provided address or telephone number and request that the Company deliver a single copy of these materials.

SECURITY OWNERSHIP OF MANAGEMENT

AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding beneficial ownership of Common Stock as of April 15, 2011 by (i) each person known to us to own beneficially more than 5% of our Common Stock; (ii) each of our directors and director nominees and each of our named executive officers; and (iii) all named executive officers and directors as a group. Unless otherwise indicated: (a) the business address for all of the named executive officers, director nominees and directors named below is c/o Kennedy-Wilson Holdings, Inc., 9701 Wilshire Boulevard, Suite 700, Beverly Hills, California 90212 and (b) each beneficial owner has sole voting and dispositive power with respect to all of the reported shares of Common Stock beneficially owned by such beneficial owner.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Approximate Percentage of Outstanding Common Stock ⁽¹⁾
<i>5% Stockholders:</i>		
Fairfax Financial Holdings Limited and affiliates ⁽²⁾	11,100,074	21.6%
Royce & Associates, LLC ⁽³⁾	5,819,628	14.5%
Elkhorn Partners Limited Partnership ⁽⁴⁾	3,655,400	9.1%
Flat Ridge Investments LLC ⁽⁵⁾	3,532,127 ⁽⁶⁾	8.2%
Pine River Capital Management ⁽⁷⁾	2,542,927	6.3%
<i>Named Executive Officers, Directors and Director Nominees:</i>		
William J. McMorrow	13,305,079 ⁽⁸⁾	33.1%
Freeman A. Lyle	627,792	1.6%
Mary Ricks	984,935	2.5%
Robert E. Hart	129,783	*
Barry S. Schlesinger	167,959	*
David A. Minella ⁽⁹⁾	3,532,127	8.2%
Kent Mouton	58,542	*
Jerry R. Solomon	50,337	*
Norman Creighton	230,574	*
Cathy Hendrickson	3,094	*
Stanley R. Zax	25,000	*
All named executive officers and directors as a group	19,115,222	44.6%

* Less than 1%

- (1) Amount and applicable percentage of ownership is based on 40,180,056 shares of the Company's Common Stock outstanding on April 15, 2011.
- (2) The beneficial owners held 0 shares of Common Stock and an aggregate of 100,000 shares of Series A Preferred Stock and 32,550 shares of Series B Preferred Stock convertible into a total of 11,100,074 shares of Common Stock. The Series A and Series B Preferred Stock currently do not provide for any voting or management rights. Fairfax Financial Holdings Limited, V. Prem Watsa, 1109519 Ontario Limited, The Sixty Two Investment Company Limited and 810679 Ontario Limited are deemed to share voting and dispositive power with respect to 11,100,074 shares of Common Stock based upon the conversion of 100,000 shares of Series A Preferred Stock and 32,550 shares of Series B Preferred Stock. Odyssey America Reinsurance Corporation is deemed to share voting and dispositive power with respect to 6,555,503 shares of Common Stock based upon the conversion of 55,200 shares of Series A Preferred Stock and 22,550 shares of Series B Preferred Stock. The address of Fairfax Financial Holdings Limited, V. Prem Watsa, 1109519 Ontario Limited and 810679 Ontario Limited is 95 Wellington Street West, Suite 800, Toronto,

Ontario M5J 2N7, Canada. The address of Sixty Two Investment Company Limited is 1600 Cathedral Place, 925 West Georgia St, Vancouver, British Columbia V6C 3L3, Canada. The address of Odyssey America Reinsurance Corporation is 300 First Stamford Place, Stamford, CT 06902.

- (3) The address of the holder is 745 Fifth Avenue, New York, NY 10151.
- (4) The address of the holder is 2222 Skyline Drive, Elkhorn, Nebraska 68022. The sole general partner of the holder is Parsow Management LLC (the General Partner). Alan S. Parsow is the sole manager of the General Partner.
- (5) David A. Minella is the Managing Member of Flat Ridge Investments LLC and may be deemed to beneficially own the same number of shares of Common Stock reported by Flat Ridge Investments LLC. Mr. Minella disclaims beneficial ownership of any shares in which he does not have a pecuniary interest. Mr. Minella and Flat Ridge Investments LLC have shared voting and dispositive power with respect to all of the reported shares of Common Stock. The business address of Mr. Minella and Flat Ridge Investments LLC is 814 Hollow Tree Ridge Road, Darien, Connecticut 06820.
- (6) Includes 2,710,741 sponsor warrants beneficially owned by Flat Ridge Investments LLC.
- (7) Brian Taylor and Pine River Capital Management L.P. share voting and dispositive power with respect to 2,542,927 shares. The address for each of them is 601 Carlson Parkway, Suite 330, Minnetonka, MN 55305. Brian Taylor, Pine River Capital Management L.P. and Nisswa Acquisition Master Fund Ltd. share voting and dispositive power with respect to 2,110,227 shares. The exercise of the Company's warrants held by these persons is subject to certain limitations as per an agreement between the Company and such persons. As per the agreement, these persons may not exercise the Company's warrants, if, taking into account any of the Company's Common Stock held by such person, and after giving effect to the proposed warrant exercise, such person will beneficially own or constructively own shares in excess of 9.9 percent of the outstanding Common Stock of the Company. The information contained herein is based solely upon a Schedule 13G/A filed with the SEC on February 9, 2011.
- (8) Includes 90,851 shares of Common Stock beneficially owned by Leslie McMorrow, Mr. McMorrow's wife, and 52,821 shares of Common Stock beneficially owned by Tyler McMorrow, Mr. McMorrow's son. Mr. McMorrow disclaims beneficial ownership of the shares owned by his wife and son.
- (9) David A. Minella is the Managing Member of Flat Ridge Investments LLC and may be deemed to beneficially own the 3,532,127 shares of Common Stock beneficially owned by Flat Ridge Investments LLC as of the record date, comprised of 821,386 shares of Common Stock beneficially owned by Flat Ridge Investments LLC after taking into account the forfeiture and cancellation of the founders shares in connection with our merger with Kennedy-Wilson, Inc. on November 13, 2009, and the 2,710,741 sponsor warrants beneficially owned by Flat Ridge Investments LLC. Mr. Minella disclaims beneficial ownership of any shares in which he does not have a pecuniary interest.

Equity Compensation Plan Information

The following table provides information as of December 31, 2010 regarding shares outstanding and available for issuance under our 2009 Equity Participation Plan:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders		\$	3,619
Equity compensation plans not approved by security holders			
Totals		\$	3,619

PROPOSAL 1

ELECTION OF DIRECTORS

The Company has a classified Board of Directors which is divided into three classes, with each class elected for a term of three years. Each proposed class of the Board of Directors is set forth below:

Jerry Solomon and David A. Minella in the class to stand for election in 2011;

William J. McMorrow, Kent Mouton and Norman Creighton in the class to stand for election in 2012; and

Cathy Hendrickson and Stanley R. Zax in the class to stand for election in 2013.

At this year's Annual Meeting, two directors are to be elected. The nominees for election at the Annual Meeting are Jerry Solomon and David A. Minella, who were nominated by our Board of Directors. The enclosed proxy will be voted in favor of these individuals unless other instructions are given. If elected, the nominees will serve as directors until the Company's Annual Meeting in the year 2014, and until their successors are elected and qualified. If any nominee declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although management knows of no reason to anticipate that this will occur), the proxies may be voted for such substitute nominees as the Board of Directors may designate.

DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is the name, age (as of April 15, 2011) and title of each director, director nominee and executive officer of the Company followed by a summary of each director's, director nominee's and executive's background and principal occupations. Unless specifically noted or the context provides otherwise, as used throughout this section, we, our, us or the Company refer to Kennedy-Wilson, Inc. prior to, and Kennedy-Wilson Holdings, Inc. subsequent to, the closing of the merger between Prospect Acquisition Corp. and Kennedy-Wilson, Inc., which was consummated on November 13, 2009.

Name	Age	Position
William J. McMorrow	64	Chairman and Chief Executive Officer
Freeman A. Lyle	57	Executive Vice President and Chief Financial Officer
Mary Ricks	46	Vice Chairman of Kennedy-Wilson, Inc. and CEO, KW Commercial Investment Group
Robert E. Hart	53	President, KW Multi-Family Management Group
Barry S. Schlesinger	70	Chief Administrative Officer
David A. Minella ⁽¹⁾	58	Director
Kent Mouton	57	Director
Jerry R. Solomon	58	Director
Norman Creighton ⁽¹⁾	75	Director
Cathy Hendrickson ⁽¹⁾	64	Director
Stanley R. Zax	73	Director

(1) Serves on the Audit Committee, Nominations Committee and Compensation Committee.

William J. McMorrow Chairman and Chief Executive Officer. Mr. McMorrow joined the Company in 1988 and has been Chairman and Chief Executive Officer of the Company since 1998. Mr. McMorrow is the architect of the Company's expansion into real estate brokerage, property management and investment services. In addition to his real estate experience, Mr. McMorrow has more than 17 years of banking experience. Prior to joining the Company, he was the Executive Vice President and Chairman of the Credit Policy Committee at Imperial Bancorp and also has held senior positions with a variety of financial services companies, including eight years as a Senior Vice President of Fidelity Bank. He received a B.S. in Business and an M.B.A. from the

University of Southern California. Mr. McMorrow is on the Executive Board of the USC Lusk Center for Real Estate and is involved in numerous charities in Southern California, including Chrysalis, the Rape Treatment Center, the Village School and Loyola High School. Mr. McMorrow was selected to serve as a member of our Board of Directors because of his significant achievements with, and intimate knowledge of, the Company and his extensive experience in banking and real estate.

Freeman A. Lyle Executive Vice President and Chief Financial Officer. Mr. Lyle joined the Company in 1996 and has been Executive Vice President and Chief Financial Officer of the Company since then. Mr. Lyle is responsible for all aspects of finance and administration for the Company, including SEC and NYSE compliance, strategic planning, capital formation, financial reporting, risk management, investor relations, information technology and taxes. He is also a member of the Company's Investment Committee, which reviews and approves all investments made by the Company. Prior to joining the Company, he was a Vice President and Controller for R&B Realty Group, which owns the Oakwood International brand of extended stay apartments. Prior to R&B Realty, Mr. Lyle was with Ernst & Young LLP, one of the Big 4 accounting firms. He earned a B.S. in Business Administration from the California State University at Northridge, and an M.B.A. degree from the University of Southern California. He became a Certified Public Accountant in 1979.

Mary Ricks Vice Chairman of Kennedy-Wilson, Inc. and CEO, KW Commercial Investment Group. Ms. Ricks joined the Company in 1990, is Vice Chairman of Kennedy-Wilson, Inc. and has been Chief Executive Officer of KW Commercial Investment Group since 2008. Ms. Ricks is responsible for the Company's acquisitions and dispositions of commercial assets as well as oversight of the Company's activities in Japan. Prior to joining the Company, Ms. Ricks was a commercial broker at Hanes Company. She has been named by the L.A. Business Journal as one of the top women in commercial real estate and was featured on the covers of Forum Magazine and Real Estate California recognizing women at the top of the field. She received a B.A. in Sociology from the University of California, Los Angeles, where she was an All-American athlete. Ms. Ricks is a founding board member of the Richard S. Ziman Center for Real Estate at UCLA.

Robert E. Hart President, KW Multi-Family Management Group. Mr. Hart has been President of KW Multi-Family Management Group since 2006. He joined the Company in 2000. Mr. Hart is responsible for the oversight of acquisitions, asset management and dispositions of multifamily assets in the U.S. and Japan. Prior to joining the Company, Mr. Hart served as a Senior Vice President of Portfolio Management for Heitman Capital Management as well as Director of Real Estate Marketing for Executive Life Insurance Company Enhancement Trusts. He received a B.S. in Civil Engineering from Worcester Polytechnic Institute and an M.B.A. from the University of California, Los Angeles Anderson School of Management. Mr. Hart is Chair of the board of directors of Chrysalis and an Associate of the Richard S. Ziman Center for Real Estate at UCLA. He is a member of the Real Estate Investment Advisory Council, the Urban Land Institute and the California Lexington Group. He is a former President of the UCLA Anderson School of Management Alumni Association and a former member of both the Board of the UCLA Alumni Association and the Anderson School Board of Visitors.

Barry S. Schlesinger Chief Administrative Officer. Mr. Schlesinger is responsible for the Company's administrative operating functions, including finance and accounting, SEC and NYSE compliance and fund activity. Mr. Schlesinger is also a member of the Company's Investment Committee, which reviews and approves all investments made by the Company. Mr. Schlesinger was formerly CEO of the Company's Investment Management Group, which he founded in 2000. The Investment Management Group has sponsored and manages six real estate investment funds, the investors of which include pension funds, foundations, insurance companies and institutional investors. Prior to this position, he was CEO of KW Properties Group, which provides national real estate management, leasing, engineering, construction and technical services. Before joining the Company, Mr. Schlesinger was associated with Heitman Financial Ltd. as a director, member of the Investment Committee and chairman and CEO of Heitman Properties Ltd. During this period, Mr. Schlesinger was involved in the acquisition, management, leasing, construction management and engineering of approximately 200 million square feet of office, industrial, retail and multifamily properties valued at more than \$12 billion. Mr. Schlesinger also previously worked with Tishman Realty and Construction and was involved

with the development of the ten million square foot World Trade Center, the 100-story John Hancock Building and many other major developments throughout North America. With the rank of Captain, Mr. Schlesinger served in the U.S. military, commanding a Combat Engineering Company. He is a graduate of the New York University College of Engineering and the U.S. Army Engineering School (Civil and Nuclear).

David A. Minella Director. Mr. Minella is currently the CEO of Aligned Asset Managers LLC, a financial services holding company investing in and developing joint venture arrangements in the asset management industry. Mr. Minella served as Prospect Acquisition Corp.'s Chairman and Chief Executive Officer from its inception in July 2007 through November 2009 and has served as a director of the Company since November 2009. Mr. Minella has been the managing member of Minella Capital Management LLC, a financial services advisory firm, since December 2006 and the managing member of Flat Ridge Investments LLC, a private investment vehicle, since July 2007. Between 1997 and March 2007, Mr. Minella served as the Chief Executive Officer and a director of Value Asset Management LLC, or VAM, a strategic investment management holding company. At VAM, Mr. Minella was responsible for its overall business strategy, acquisitions and financial results. Under Mr. Minella's leadership, VAM acquired a controlling interest in five separate investment management firms: Dalton Hartman Greiner and Maher, New York, NY; Harris Bretall Sullivan and Smith, San Francisco, CA; Hillview Capital Advisors, LLC, New York, NY; Grosvenor Capital Management LP, Chicago, IL; and MDT Advisers LLC, Cambridge, MA. All of the original acquisitions have been sold. From 1995 to 1997, Mr. Minella was the President and Chief Executive Officer of the asset management division of Liechtenstein Global Trust, or LGT, a wealth and asset management firm, where he was responsible for the overall business strategy and financial results. During Mr. Minella's tenure as LGT's Chief Executive Officer, he also led LGT's acquisition of Chancellor Capital Management, a large United States equity investment firm. Mr. Minella originally joined the LGT group in 1987 as the head of its United States subsidiaries, GT Capital Management and GT Global. Mr. Minella established its United States mutual fund business through the broker-dealer community, reestablished LGT's institutional separate account capabilities, and developed the firm's global equity sector expertise. Mr. Minella is a member of the Executive Council at Bunker Hill Capital Management, a private equity firm in Boston, Massachusetts, the former Chairman of the board of directors of MDT Advisers LLC and a former board member of the Investment Company Institute. Mr. Minella holds a B.S. in accounting from Bentley College. Mr. Minella was selected to serve as a member of our Board of Directors because of his significant financial industry experience, particularly relating to investment strategies and asset management.

Kent Mouton Director. Mr. Mouton has served as a director of the Company since 1995. Mr. Mouton is a partner with the law firm Kulik, Gottesman, Mouton & Siegel LLP, where he specializes in real estate law, primarily in the areas of real estate lending and finance, joint ventures, land use, acquisitions and dispositions, leasing, development and construction, common interest subdivisions (condominiums and planned unit developments) and real estate brokerage. He has been an Adjunct Professor of real estate law at the UCLA Extension since 1979, and teaches various real estate related UCLA Extension courses. Mr. Mouton has been honored by his peers by being designated a Southern California Real Estate Super Lawyer in 2005, 2006, 2007, 2008, 2009, 2010 and 2011. Mr. Mouton is a former member of the Board of Governors of the Century City Bar Association and formerly was a Co-Chairperson of the Century City Bar Association Real Estate Law Section. Mr. Mouton graduated from the University of California, Los Angeles in 1975 with a Bachelor of Arts degree in Economics (Dean's List, *Summa Cum Laude*, *Phi Beta Kappa*) and received his law degree in 1978 from the University of California, Los Angeles. Mr. Mouton was selected to serve as a member of our Board of Directors because of his experience and knowledge relating to the legal and financial aspects of real estate investment and his significant experience in public and private company advisory and governance activities.

Jerry R. Solomon Director. Mr. Solomon has served as a director of the Company since 2001. Mr. Solomon received both his B.S. Degree in accounting (1973) and an M.B.A. (1974) from UC Berkeley. Throughout college and following graduation, he worked in the tax department of JK Lasser & Company that later became Touche Ross & Company. After leaving JK Lasser, Mr. Solomon joined a large local CPA firm where he became the partner in charge of the comprehensive business services department as well as the

administrative partner in charge of 7 partners and 80 staff. In 1988 he formed Solomon & Company CPA's Inc. that later merged with Harold G. Winnett and the firm was renamed Solomon, Winnett & Rosenfield Certified Public Accountants, Inc. Mr. Solomon's practice areas of expertise include both real estate industry and service industries. He consults frequently with high net worth individuals and families in tax and transactional planning. Mr. Solomon currently sits on several boards of directors and on the boards of several philanthropic organizations. Mr. Solomon was selected to serve as a member of our Board of Directors because of his significant experience in the public accounting profession, particularly in the real estate and services industries, and with public and private company advisory and governance activities.

Norman Creighton Director. Mr. Creighton has served as a director of the Company since 2004. From 1975 to 2001, Mr. Creighton was employed with Imperial Bank, serving as President and Chief Executive Officer from 1983 to 2001. During Mr. Creighton's tenure with Imperial Bank, its assets increased from approximately \$200 million in 1975 to approximately \$7 billion in 2001. Prior to Imperial Bank, Mr. Creighton served as Regional Vice President for Southern Arizona of Great Western Bank from 1971 to 1974. From 1958 to 1971, Mr. Creighton was employed with Arizona Bank, including as Manager of the Tucson Headquarters. Mr. Creighton holds a B.S. in banking and finance from the University of Montana. Mr. Creighton was selected to serve as a member of our Board of Directors because of his extensive experience and knowledge of business, accounting and the banking industry.

Cathy Hendrickson Director. Ms. Hendrickson has served as a director of the Company since 2004. Ms. Hendrickson has forty one years experience in banking which includes eight years with Union Bank in Los Angeles in Economic Research/Corporate Planning, Leveraged Leasing, Credit, and the National Division, three years at Philadelphia based Fidelity Bank's Los Angeles Loan Production Office, one year in Crocker Bank's Southern California Corporate Banking Division, two years as Manager of Imperial Bank's Headquarters Office located at the Los Angeles International Airport, ten years as Regional Vice President of Metrobank's South Bay Headquarters Office in Torrance, and two years as President of Palos Verdes National Bank. Since May 1993, Ms. Hendrickson served as President and Chief Executive Officer of Bay Cities National Bank (formerly Peninsula National Bank). Ms. Hendrickson also serves as President and Chief Executive Officer of Peninsula Banking Group, Inc. and on the boards of Bay Cities National Bank, Peninsula Banking Group, Inc. and Community First Financial Group, Inc. Ms. Hendrickson was selected to serve as a member of our Board of Directors because of her extensive experience as a high level executive in the banking and financial industries.

Stanley R. Zax Director. Mr. Zax has served as a director of the Company since 2010. Mr. Zax has been Chairman of Zenith National Insurance Corporation, a subsidiary of Fairfax Financial Holdings Limited, since 1977 and has been its Chief Executive Officer and President since 1978. Mr. Zax serves as Chief Executive Officer and Chairman of the Board of Zenith Insurance Company, a subsidiary of Zenith National Insurance Corp. Mr. Zax served as President of Zenith Insurance Company from 1978 to 2005 and also served as President of CalFarm Insurance Company. He started his career in 1961 as an associate and later a partner with the Chicago law firm, Friedman, Mulligan, Dillon & Uris and subsequently joined Hilton Hotels, where he served as Vice President, General Counsel and Secretary. His association with the insurance industry started in 1973, when he served as President and Chief Executive of Great American Insurance Company. He served as Chairman of the Board of CalFarm Life Insurance Company for more than five years prior to December 1995 and of CalFarm Insurance Company for more than five years prior to January 1995. He has been a Director of Zenith National Insurance Corp. since July 1977. He serves as a Director of Prostate Cancer Foundation, Director of First Century Bank, Los Angeles from January 2011, Trustee of the Center for the Study of the Presidency and Congress, Washington D.C. from 1999 and Director of Ford Theatre, Washington D.C. from March 2007. He served as a Director of Wynn Las Vegas, LLC. He served as a Director of Wynn Resorts Ltd., a holding company of Wynn Las Vegas, LLC from October 2002 to May 8, 2007. He served as a Director of Sequa Corp. from March 2007 to May 2007. He served as a Non-Executive Director of Advent Capital (Holdings) Plc from 1999 to November 10, 2005. Mr. Zax earned a JD in 1961 and a BBA in 1958 from the University of Michigan at Ann Arbor. Mr. Zax was selected to serve as a member of our Board of Directors because of his extensive experience relating to the management and operations of public companies.

DIRECTOR INDEPENDENCE

Effective March 19, 2010, our Common Stock became listed on the New York Stock Exchange (NYSE). A majority of the members of our Board of Directors must be independent under Section 303A.01 of the listing standards of the NYSE. Section 303A.02 of the NYSE listing standards provide that no director can qualify as independent unless the Board of Directors affirmatively determines that the director has no material relationship with the listed company. Our Board of Directors has adopted the following standards in determining whether or not a director has a material relationship with the Company and these standards are contained in our Corporate Governance Guidelines and can be found on our website at www.kennedywilson.com and can be made available in print free of charge to any stockholder who requests it.

No director who is an employee or a former employee of the Company can be independent until three years after termination of such employment.

No director who is, or in the past three years has been, affiliated with or employed by the Company's present or former independent auditor can be independent until three years after the end of the affiliation, employment or auditing relationship.

No director can be independent if he or she is, or in the past three years has been, part of an interlocking directorship in which an executive officer of the Company serves on the compensation committee of another company that employs the director.

No director can be independent if he or she is receiving, or in the last three years has received, more than \$120,000 during any 12-month period in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

Directors with immediate family members in the foregoing categories are subject to the same three-year restriction.

No director can be independent if he or she is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

Based on these independence standards and all of the relevant facts and circumstances, our Board of Directors determined that none of the following directors had any material relationship with the Company and, thus, are independent under Section 303A.02 of the listing standards of NYSE: Norman Creighton, Cathy Hendrickson, David Minella and Stanley R. Zax. In accordance with NYSE rules, a majority of our Board of Directors is independent.

BOARD LEADERSHIP STRUCTURE AND ROLE IN RISK OVERSIGHT

The Board of Directors is responsible for risk oversight of the Company. Risks facing the Company include competitive, economic, operational, financial, accounting, liquidity, tax, regulatory, foreign country, safety, employment, political and other risks. Risks are reported to the Board of Directors through the Company's executive officers, who are responsible for the identification, assessment and management of the Company's risks. The Board of Directors regularly discusses the risks reported by the Company's executive officers and reviews with management strategies and actions to mitigate the risks and the status and effectiveness of such strategies and actions.

The Board of Directors is structured, in part, to optimize its risk oversight capabilities, including by combining the positions of Chief Executive Officer and Chairman and delegating certain risk oversight functions to its committees. Although the Board of Directors does not have a formal policy with respect to its leadership

structure, the Company believes that currently combining the positions of Chief Executive Officer and Chairman serves as an effective link between management's role of identifying, assessing and managing risks and the Board of Directors' role of risk oversight. Mr. McMorrow possesses in-depth knowledge of the issues, opportunities and challenges we face, and is thus best positioned to develop agendas and highlight issues that ensure that the Board of Directors' time and attention are focused on the most critical matters. In addition, the Board of Directors has determined that this leadership structure is optimal because it believes that having one leader serving as both the Chairman and Chief Executive Officer provides decisive, consistent and effective leadership, as well as clear accountability. Having one person serve as Chairman and Chief Executive Officer also enhances our ability to communicate our message and strategy clearly and consistently to our stockholders, employees, and business partners, particularly during times of turbulent economic and industry conditions. Although we believe that the combination of the Chairman and Chief Executive Officer roles is appropriate under current circumstances, we will continue to review this issue periodically to determine whether, based on the relevant facts and circumstances, separation of these offices would serve our best interests and the best interests of our stockholders. We do not currently have a lead independent director.

To efficiently oversee the Company's risks, the committees of the Board of Directors are delegated with oversight responsibility for particular areas of risk. For example, the Audit Committee oversees management of risks related to accounting, auditing and financial reporting and maintaining effective internal controls for financial reporting. The Nominating Committee oversees risks related to the effectiveness of the Board of Directors. The Compensation Committee oversees risks related to the Company's executive compensation policies and practices.

MEETINGS OF THE BOARD OF DIRECTORS

In 2010, the Board of Directors held ten meetings and no director attended less than 75% of the aggregate number of meetings of the Board of Directors and any committee of which the director was a member. We do not have a policy with regard to directors' attendance at annual meetings of stockholders.

BOARD COMMITTEES

Our Board of Directors has a Compensation Committee, a Nominating Committee and an Audit Committee.

Compensation Committee

The members of the Compensation Committee are Norman Creighton (chairman), Cathy Hendrickson and David Minella. The Compensation Committee met four times during 2010. Each of the current members of the Compensation Committee is considered independent under Section 303A.02 of the listing standards of the NYSE, as determined by our Board of Directors. The Compensation Committee operates under a written charter. The Compensation Committee charter can be found on our website at www.kennedywilson.com and can be made available in print free of charge to any stockholder who requests it.

The Compensation Committee has overall responsibility for evaluating and approving the Company's compensation plans, policies and programs. The Compensation Committee evaluates the performance of the Chief Executive Officer and other executive officers and, based on such evaluation, reviews and approves the compensation of the Chief Executive Officer and other executive officers. The Compensation Committee may consult with the Chief Executive Officer regarding the amount or form of the compensation for the other executive officers. The Compensation Committee may also form and delegate responsibilities to subcommittees. The Compensation Committee also reviews and recommends to the full Board of Directors compensation of directors. The Compensation Committee administers our 2009 Equity Participation Plan.

Nominating Committee

The purpose of the Nominating Committee is to, among other things, discharge the responsibilities of our Board of Directors relating to the appropriate size, functioning and needs of our Board of Directors, including, but not limited to, recruitment and retention of high quality board members and the composition and structure of committees of the Board of Directors. The Nominating Committee did not meet during 2010.

The members of the Nominating Committee are Cathy Hendrickson (chairman), Norman Creighton and David Minella. Each of the above-listed Nominating Committee members is considered independent under Section 303A.02 of the listing standards of the NYSE, as determined by our Board of Directors.

The Nominating Committee operates under a written charter. The Nominating Committee charter can be found on our website at www.kennedywilson.com and can be made available in print free of charge to any stockholder who requests it.