Kennedy-Wilson Holdings, Inc.
Form DEF 14A
April 27, 2012

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 x 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))**

x 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):

x No fee required

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee previously paid with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(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 14, 2012

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 14, 2012, at 9:00 a.m. Pacific Time (the Annual Meeting), at the Beverly Wilshire Hotel, 9500 Wilshire Blvd., Beverly Hills, California for the following purposes:

1. To elect three (3) 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 the Company s Amended and Restated 2009 Equity Participation Plan, which includes, among other amendments, an increase in the number of shares of the Company s common stock available for awards thereunder by an additional 3,170,000 shares;

3. To ratify the appointment of KPMG LLP as the Company s independent auditors for the 2012 fiscal year; and

4. 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, 2012 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 14, 2012.

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 27, 2012

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 14, 2012

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 14, 2012, at 9:00 a.m. Pacific Time (the Annual Meeting), at the Beverly Wilshire Hotel, 9500 Wilshire Blvd., Beverly Hills, for the following purposes:

1. To elect three (3) 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 the Company s Amended and Restated 2009 Equity Participation Plan, which includes, among other amendments, an increase in the number of shares of the Company s common stock available for awards thereunder by an additional 3,170,000 shares;

3. To ratify the appointment of KPMG LLP as the Company s independent auditors for the 2012 fiscal year; and

4. 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, 2012, 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 7, 2012

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 51,822,998 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.

What is the difference between a Holder of Record and a Beneficial Owner of Shares Held in Street Name?

Holder of Record. If your shares are registered directly in your name with the Company s transfer agent, Continental Stock Transfer & Trust Co. (*Continental*), which includes shares you might hold by virtue of your participation in the Company s employee equity plan, you are considered the holder (or stockholder) of record with respect to those shares. As a holder of record, you should have received this proxy statement, our Annual Report, and a proxy card from the Company via Continental.

Beneficial Owner of Shares in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization acting as a nominee, then you are the beneficial owner of shares held in street name . The organization holding your account is considered the holder of record for purposes of voting at the Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. Accordingly, you should have received this proxy statement, our Annual Report, and a vote instruction form from that organization.

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. 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 2 will be approved upon the affirmative vote of a majority of shares represented 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, with respect to Proposal 2, will have the effect of a vote AGAINST such proposal.

Proposal 3 will be approved upon the vote of a majority of shares present in person or represented by proxy at the meeting. Abstentions, with respect to Proposal 3, will have the effect of a vote AGAINST such proposal.

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. The ratification of the appointment of KPMG LLP as the Company s independent registered public accountants for 2012 (Proposal No. 3) is considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal No. 3. The election of directors (Proposal No. 1) and the approval of the Amended and Restated 2009 Equity Participation Plan (Proposal No. 2) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals No. 1 and No. 2.

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 three (3) 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 the Company s Amended and Restated 2009 Equity Participation Plan, which includes, among other amendments, an increase in the number of shares of the Company s common stock available for awards thereunder by an additional 3,170,000 shares.

Proposal No. 3: To ratify the appointment of KPMG LLP as the Company s independent auditors for the 2012 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 51,822,998 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 25, 2012 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]
5% Stockholders:		
Fairfax Financial Holdings Limited and affiliates[2]	11,500,074	18.3%
Royce & Associates, LLC[3]	5,710,161	11.0%
Elkhorn Partners Limited Partnership[4]	3,655,400	7.1%
Flat Ridge Investments LLC[5]	3,532,127[6]	6.5%
Fidelity Management & Research Company[7]	6,372,760	12.3%
Named Executive Officers, Directors and Director Nominees:		
William J. McMorrow	13,315,079[8]	25.7%
Mary Ricks	984,935	1.9%
Freeman A. Lyle	507,792	1.0%
Barry S. Schlesinger	157,959	*
Robert E. Hart[9]	69,475	*
Justin Enbody	3,500	*
David A. Minella[10]	3,532,127	6.5%
Kent Mouton	66,942	*
Jerry R. Solomon	50,337	*
Norman Creighton	230,574	*
Cathy Hendrickson	7,694	*
Stanley R. Zax	100,000	*
All named executive officers and directors as a group	19,026,414	34.9%

* Less than 1%

(1) Amount and applicable percentage of ownership is based on 51,822,998 shares of the Company s Common Stock and unvested shares of restricted stock that were outstanding on April 25, 2012. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, based on factors including voting and dispositive power with respect to shares, subject to applicable community property laws.

(2) The beneficial owners held 400,000 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. Odyssey America Reinsurance Company is deemed to have voting and dispositive power with respect to the 400,000 shares of the 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**.** The information contained herein is based solely upon a Schedule 13 D/A filed with the SEC on June 21, 2011.

(3) The address of the holder is 745 Fifth Avenue, New York, NY 10151. The information contained herein is based solely upon a Schedule 13 G/A filed with the SEC on January 31, 2012.

(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. The information contained herein is based solely upon a Schedule 13 D filed with the SEC on November 12, 2010.

(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. The information contained herein is based solely upon a Schedule 13 G/A filed with the SEC on November 17, 2009.

(6) Includes 2,710,741 sponsor warrants beneficially owned by Flat Ridge Investments LLC.

(7) The address of the holder is 82 Devonshire Street, Boston, Massachusetts 02109. The holder is a wholly owned subsidiary of FMR LLC. The ownership of one investment company, Fidelity Value Fund, amounted to 5,097,450 shares. Fidelity Value Fund has its principal business office at 82 Devonshire Street, Boston, Massachusetts 02109. The information contained herein is based solely upon a Schedule 13G/A filed with the SEC on February 14, 2012.

(8) Includes 90,582 shares of Common Stock beneficially owned by Leslie McMorrow, Mr. McMorrow s wife, and 352,821 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) Includes 16,669 shares of Common Stock held by the Robert and Cynthia Hart Living Trust, of which Mr. Hart and his spouse, Cynthia Hart, are trustees. In their capacity as trustees, Mr. and Mrs. Hart have shared voting and dispositive power with respect to all the shares owned by the Robert and Cynthia Hart Living Trust.

(10) 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, 2011 regarding shares outstanding and available for issuance under our Amended and Restated 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		$	5,569[1]
Equity compensation plans not approved by security holders			
Totals		$	5,569

(1) This amount does not reflect the future issuance of shares under the Amended and Restated 2009 Equity Participation Plan which is subject to stockholder approval as described in Proposal 2 of this proxy statement.

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 class of the Board of Directors is set forth below:

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

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

Jerry Solomon and David A. Minella in the class to stand for election in 2014.

At this year s Annual Meeting, three directors are to be elected. The nominees for election at the Annual Meeting are William J. McMorrow, Kent Mouton and Norman Creighton, 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 2015, 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 25, 2012) 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	65	Chairman and Chief Executive Officer
Justin Enbody	31	Chief Financial Officer
Mary Ricks	47	President and CEO, Kennedy Wilson Europe
Barry S. Schlesinger	71	Chief Administrative Officer
Robert E. Hart	54	President, KW Multifamily Management Group
Kent Mouton	58	Director and General Counsel
David A. Minella[(1)]	59	Director
Jerry R. Solomon	61	Director
Norman Creighton[(1)]	76	Director
Cathy Hendrickson[(1)]	65	Director
Stanley R. Zax	74	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 1988. 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.

Justin Enbody Chief Financial Officer. Justin Enbody is Chief Financial Officer of the Company. He was named Chief Financial Officer of the Company effective as of April 9, 2012. He is responsible for all aspects of finance for the company, including SEC and NYSE compliance, strategic planning, financial reporting, risk management and taxes. He also serves on the Investment Committee, which evaluates and approves all of the Company s investments. Mr. Enbody joined the Company in September 2009 and was the Company s Controller before becoming Chief Financial Officer. Prior to joining the Company, Mr. Enbody was a senior consultant with RAFS Inc., an independent financial consulting company which he joined in 2004. Prior to RAFS Inc., Mr. Enbody was a senior associate with KPMG LLP. Mr. Enbody received his Bachelor of Arts from the University of California at Santa Barbara.

Mary Ricks President and CEO, Kennedy Wilson Europe. Mary Ricks is president and CEO of Kennedy Wilson Europe. She joined Kennedy Wilson in 1990 and previously headed Kennedy Wilson s Commercial Investment Group. Kennedy Wilson Europe was established in 2011 with offices in Dublin and London and currently employs a team of 22 professionals. In December of 2011, Kennedy Wilson completed the purchase of a $2.2 billion UK-based loan portfolio, the largest European loan portfolio acquisition in the current cycle. Kennedy Wilson currently has assets with an estimated value of approximately $4 billion under management in Europe. Prior to joining Kennedy Wilson, Ms. Ricks was a commercial broker at the 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 UCLA, 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.

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. 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 Fund Management Group, which he founded in 2000. The Fund 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 Kennedy Wilson Properties, 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).

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. 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.

Kent Mouton Director and General Counsel. Mr. Mouton joined the Company in 2011 as the Company s General Counsel. As General Counsel, Mr. Mouton oversees all legal affairs of the Company. Mr. Mouton is also the Company s Chief Legal Officer. Mr. Mouton has also served as a director of the Company since 1995. From 1991 until 2011, Mr. Mouton was a partner with the law firm Kulik, Gottesman, Mouton & Siegel LLP, where he specialized 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 was an Adjunct Professor of real estate law at the UCLA Extension from 1979 to 2007, where he taught several real estate related 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 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.

David A. Minella Director. Mr. Minella is currently the CEO of Aligned Asset Managers LLC (Aligned), a financial services holding company investing in the asset management industry sponsored by GTCR. Aligned s first acquisition was a majority interest in The Townsend Group based in Cleveland, OH. 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 2007. Between 1997 and March 2007, Mr. Minella served as the Chief Executive Officer and a director of Value Asset Management LLC, (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.

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 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 Tuscon 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 three years of experience in commercial 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. From May of 1993 until September of 2010, Ms. Hendrickson served as President and Chief Executive Officer of Bay Cities National Bank (formerly Peninsula National Bank). Ms. Hendrickson concurrently serves as President and Chief Executive Officer of Peninsula Banking Group, Inc. and sits 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 the Advisory Board of Fairfax Financial Holdings Limited since 2012. Mr. Zax has been the Non-Executive Chairman of Zenith National Insurance Corporation, a subsidiary of Fairfax Financial Holdings Limited and Zenith Insurance Company, a subsidiary of Zenith National Insurance Corporation since 2012. From 1977 to 2011, Mr. Zax served as Chairman of Zenith National Insurance Corporation and from 1978 to 2011, served as its Chief Executive Officer and President. From 1978 to 2011, Mr. Zax served as Chief Executive Officer and Chairman of the Board of Zenith Insurance Company. 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 and Chairman of the Audit Committee 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

Our Common Stock is 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 provides 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 which can be found on our website at *www.kennedywilson.com* and will 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 2011, the Board of Directors held thirteen 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 six times during 2011. 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 Amended and Restated 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 2011.

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 will be made available in print free of charge to any stockholder who requests it.

The Nominating Committee will consider director candidates recommended by security holders based upon the policies set forth in the Nominating Committee charter. Stockholders who wish to recommend to the Nominating Committee a candidate for election should send a letter to Kennedy-Wilson Holdings, Inc., 9701 Wilshire Blvd., Suite 700, Beverly Hills, CA 90212, ATTN: Nominating Committee. The letter must set forth certain biographical information regarding the nominees as specified in the Nominating Committee charter. Recommendations by security holders must be received no later than thirty (30) days after the end of the Company s fiscal year.

Candidates will be reviewed in the context of the current composition of the Board of Directors, the operating requirements of the Company and the long-term interests of the Company s stockholders. Although there are no specific minimum qualifications or any specific qualities or skills that the Nominating Committee believes that the potential nominees must have, the Nominating Committee considers and evaluates each candidate upon an assessment of certain criteria as set forth in the Nominating Committee charter. Although diversity may be a consideration in the nomination process, the Nominating Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees.

The Nominating Committee does not have a formal procedure for identifying or evaluating director nominees except as set forth in the Nominating Committee charter. A potential director nominee recommended by a security holder will not be evaluated any differently than any other potential nominee. Although it has not done so in the past, the Nominating Committee may retain search firms to assist in identifying suitable director candidates.

Audit Committee

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

The Audit Committee charter states that the responsibilities of the Audit Committee shall include, among other things, to assist the Board of Directors in monitoring (i) the integrity of the annual, quarterly and other financial statements of the Company, (ii) the independent auditor s qualifications and independence, (iii) the performance of the Company s internal audit function and independent auditor and (iv) the compliance by the Company with legal and regulatory requirements. The Audit Committee also reviews and approves all related-party transactions and prepares the report required by the rules of the Securities and Exchange Commission, or the SEC, to be included in the Company s annual proxy statement.

Pursuant to its charter, the Audit Committee meets at least quarterly. The Audit Committee met four times during 2011. The Company does not limit the number of audit committees of other Companies on which its Audit Committee members can serve.

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

Our Board of Directors has determined that we have at least one audit committee financial expert, as defined in the Securities Exchange Act of 1934, as amended (the Exchange Act), serving on our Audit Committee. Norman Creighton is the audit committee financial expert and is an independent member of our Board of Directors.

REPORT OF THE AUDIT COMMITTEE[1]

The role of the Audit Committee is to assist the Board of Directors in its oversight of the Company s financial reporting process. The Board of Directors, in its business judgment, has determined that all members of the committee are independent as required by applicable listing standards of the NYSE. The Audit Committee operates pursuant to a charter that was approved by the Board of Directors. Management of the Company is responsible for the preparation, presentation and integrity of the Company s financial statements, accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for auditing the Company s financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of the oversight of the Company s financial reporting process, the Audit Committee has reviewed and discussed the audited financial statements with management, the internal auditors and the independent auditors. The Audit Committee has discussed with the independent auditors the matters required to be discussed by Statement of Auditing Standards No. 61, Communication with Audit Committee, as amended, as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. Finally, the Audit Committee has received written disclosures and the letter from the independent auditors, as required by applicable requirements of the PCAOB regarding the independent accountant s communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant s independence.

Based upon the reports, review and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to in the Audit Committee charter, the Audit Committee recommended to the Board of Directors that the audited financial statements as of and for the year ended December 31, 2011 be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the SEC.

THE AUDIT COMMITTEE

Norman Creighton (Chairman)

Cathy Hendrickson

David Minella

(1) The material in the Audit Committee report is not soliciting material, is not deemed filed with the SEC and is not incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act, whether made before or after the date of this proxy statement and irrespective of any general incorporation language in such filing.

EXECUTIVE SESSIONS

Under the NYSE listing company manual, our non-management directors are required to hold regular executive sessions. The chairperson of the executive sessions is Norman Creighton. Interested parties may communicate directly with the presiding director of the executive session or with the non-management directors as a group, by directing such written communication to the Secretary of the Company, c/o Kennedy-Wilson Holdings, Inc., 9701 Wilshire Boulevard, Suite 700, Beverly Hills, CA 90212.

PROCESS FOR SENDING COMMUNICATIONS TO THE BOARD OF DIRECTORS

The Board of Directors maintains a process for stockholders to communicate with the Board of Directors. Stockholders wishing to communicate with the Board of Directors or any individual director must mail a communication addressed to the Secretary of the Company, c/o Kennedy-Wilson Holdings, Inc., 9701 Wilshire Boulevard, Suite 700, Beverly Hills, CA 90212. Any such communication must state the number of shares of Common Stock beneficially owned by the stockholder making the communication. All of such communications will be forwarded to the full Board of Directors or to any individual director or directors to whom communication is directed unless the communication is clearly of a marketing nature or is inappropriate, in which case we have the authority to discard the communication or take appropriate legal action regarding the communication.

CODE OF ETHICS

Our Board of Directors has adopted a code of ethics that applies to our directors, officers and employees. A copy of the code of ethics is available on our website at *www.kennedywilson.com*.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Our directors and executive officers are expected by our joint venture partners and permitted to co-invest with Kennedy Wilson on various joint venture investments, and in certain instances, may participate in the carried interest generated by such investments. The opportunity to co-invest is available to all of the senior Kennedy Wilson professionals and to certain of our employees whom we have determined have a status that reasonably permits us to offer them these types of investment opportunities in compliance with applicable laws. These investments are generally less than 10% of the total equity of the underlying investment.

The amount invested in our investment funds by our directors and executive officers (and their estate planning vehicles) during 2011 was $1,147,311.68, $16,085.33, $74,233.49, $169,850.58, $93,555.65, $4,624.27, and $324,740.62, for Messrs McMorrow, Mouton, Lyle, Schlesinger, Hart and Creighton and Ms. Ricks, respectively. The amount of distributions, including profits and return of capital to our directors and executive officers (and their estate planning vehicles) during 2011 was $874,454.85, $0, $26,561.53, $97,632.21, $66,785.21, $3,033.19, and $226,491.23, for Messrs McMorrow, Mouton, Lyle, Schlesinger, Hart and Creighton and Ms. Ricks, respectively.

As a result of issuing $250 million in aggregate principal amount of 8.75% Senior Notes due 2019 (the Notes) during 2012, the Company became subject to financial reporting associated with non-wholly owned subsidiary guarantors under the indenture governing the Notes. In order to reduce the burden associated with these reporting requirements, certain direct and indirect non-wholly owned subsidiaries of Kennedy-Wilson, Inc., a wholly-owned subsidiary of the Company, that are guarantors of the Notes, entered into agreements with (i) current and former employees of the Kennedy-Wilson, Inc. (Executives) and pooled investment vehicles owned by the executives (the Executives Entities), and/or (ii) unaffiliated third parties. The Executives Entities and the unaffiliated third parties were owners of an interest in non-wholly owned subsidiaries that are guarantors

under the indenture governing the Notes. These subsidiaries held ownership interests in unconsolidated co-investment vehicles (each a Fund Entity). In the transactions, interests held in the subsidiaries were exchanged for interests in the Fund Entities. As a result of the transactions, each of the subsidiaries became a wholly-owned subsidiary of Kennedy-Wilson, Inc., and each of the Executives, the Executive Entities and unaffiliated third parties continues to hold an economic interest in the relevant Fund Entity that is economically equivalent to the interest held by it prior to such transactions. As a result of these transactions, the Company deconsolidated a balance of $7.0 million of non-controlling interests. The transactions to which executives are parties were approved by a special committee of the Board of Directors of the Company that was comprised solely of independent directors.

In addition, K-W Properties, a subsidiary of Kennedy-Wilson, Inc., entered into agreements with another executive entity and certain unaffiliated third parties to acquire the outstanding non-controlling interests in two non-wholly owned subsidiaries. The consideration payable to the executive entity in exchange for their membership interest in the non-wholly owned subsidiary is $1.1 million and was included in accrued expenses and other liabilities in the Company s balance sheet as of December 31, 2011. The consideration payable to unaffiliated third parties for their membership interests in the non-wholly owned subsidiaries was for an aggregate amount of $2.4 million. The transactions were approved by a special committee of the Board of Directors of the Company that was comprised solely of independent directors

During the year ended December 31, 2011, a noncontrolling entity comprised of the Company s executives co-invested $2.8 million with the Company to invest in the ordinary stock of the Bank of Ireland. During the year ended December 31, 2011, the stock was distributed to the executives.

During the years ended December 31, 2011 and 2010, a noncontrolling entity comprised of the Company s executives co-invested $1.7 million and $1.3 million with the Company for the acquisition of new joint venture investments. During 2011, $0.3 million was distributed to the executives from the joint venture investments.

During the years ended December 31, 2011 and 2010, in connection with the acquisition of third-party partners ownership interest in various joint venture investments, the Company acquired the interests of various related party entities consisting of management and directors of the Company for their net investments totaling $0.1 million and $3.0 million, respectively.

On May 21 and June 8, 2010, we issued an aggregate of 100,000 shares of Series A Preferred Stock to certain affiliates of Fairfax Financial Holdings Limited (Fairfax) for a purchase price of $1,000 per share or a total of $100,000,000. In addition, on August 11, 2010, we issued an aggregate of 32,550 shares of Series B Preferred Stock to certain affiliates of Fairfax for a purchase price of $1,000 per share or a total of $32,550,000. In connection with the offering of Series B Preferred Stock, Fairfax was given the right to designate one person to be elected to the Company s Board of Directors. Mr. Zax is Fairfax s Board Designee. In addition, Mr. Zax is the Non-Executive Chairman and President of Zenith National Insurance Corp., a subsidiary of Fairfax. Zenith National Insurance Corp. purchased 10,000 shares of Series A Preferred Stock in the offering. Additionally, Fairfax and Kennedy-Wilson have formed a new joint venture platform in which Fairfax has committed $250 million of capital to be invested over a three-year period. As of December 31, 2011, Fairfax has contributed $223 million of capital to three joint ventures. On June 28, 2011, we entered into a securities purchase agreement with Fairfax and other third parties pursuant to which Fairfax purchased 400,000 shares of the Company s common stock issued in a private placement at a price of $10.70 per share.

Kulik, Gottesman, Mouton & Siegel LLP received approximately $329,000 in legal fees for the year ended December 31, 2011. Kent Mouton, our director and general counsel, was a partner with Kulik, Gottesman, Mouton & Siegel LLP and held a 25% interest in the firm until October 1, 2011, on which date he became our general counsel.

Solomon, Winnett & Rosenfield, Certified Public Accountants, Inc. received approximately $198,000 in income tax service fees for the year ended December 31, 2011. Jerry Solomon, our director, is a principal of Solomon, Winnett & Rosenfield, Certified Public Accountants, Inc. and holds a 20% interest in the firm.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers, directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Based solely upon our review of the Forms 3 and 4 and amendments thereto furnished to us during the fiscal year ended December 31, 2011, and Forms 5 and amendments thereto furnished to us with respect to the fiscal year ended December 31, 2011, we believe that, during the fiscal year ended December 31, 2011, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were met in a timely manner.

EXECUTIVE COMPENSATION

The following discussion sets forth certain information regarding our executive compensation. Unless specifically noted or the context provides otherwise, as used throughout this section, we, our, us or the Company and the disclosures relating to executive compensation refer to Kennedy-Wilson, Inc. and its subsidiaries prior to, and Kennedy-Wilson Holdings, Inc. and its subsidiaries subsequent to, the closing of the merger between the Company and Kennedy-Wilson, Inc., which was consummated on November 13, 2009.

Compensation Discussion and Analysis

I. Executive Summary

We are an international real estate investment and services firm with 23 offices throughout the U.S., United Kingdom, Ireland and Japan. We offer a comprehensive array of real estate services including auction, conventional sales, property services and investment management. Through our fund management and separate account businesses, we are a strategic investor in real estate investments in the U.S., United Kingdom, Ireland and Japan. The objective of our executive compensation program is to pay our executive officers a competitive level of compensation that best reflects individual performance, overall responsibility to us, and our performance and the performance of our business units.

Pay for Performance

Pay for performance is an important component of our compensation philosophy. Consistent with this focus, our compensation program includes annual bonuses and long-term incentive compensation.

Under our annual bonus plan, we determine the overall size of our bonus pool based on an overall Company performance metric and then a portion of such pool is allocated to our executive officers based on their relative levels of contribution as determined by the Compensation Committee in its sole discretion. In 2011, our bonus pool was based on 20% of adjusted EBITDA, as discussed in detail below in the section entitled Elements of Compensation Annual Bonus.

Pursuant to our long-term incentive program, we provide periodic grants to our executive officer, including grants of performance-based restricted stock in 2009 and the grants in 2012 that are contingent on stockholder approval of the Amended and Restated 2009 Equity Participation Plan.

During 2011, the Company focused on growing its book equity and international operations through strategic acquisition and investment activity. Accomplishments for 2011 included, among other things, the following:

Balance sheet

- The Company s book net worth increased by 37% to $410 million at December 31, 2011 from $300 million as of December 31, 2010.
- The Company s investment account (Kennedy Wilson s equity in real estate, loan investments, and marketable securities) increased by 60% to $583 million at December 31, 2011 from $364 million as of December 31, 2010.
- The Company increased its year-end cash position by 147% to $116 million as of December 31, 2011 from $47 million as of December 31, 2010.

Operating Metrics

- The Company achieved an Adjusted EBITDA of $71 million for FY 2011: this was the best year in the Company s history versus an Adjusted EBITDA in FY 2010 of $58 million, an increase of 22%.

The Company s services segment Adjusted EBITDA for FY 2011 increased by 171% to $26 million from $9 million for FY 2010.

The Company s investments segment Adjusted EBITDA for FY 2011 decreased by 6% to $53 million from $56 million for FY 2010.

Capital Markets Significant achievements included: completing the Company s first public debt offering; issuing $250 million of senior notes; completing two stock offerings, raising gross proceeds of approximately $127 million; and refinancing $838 million of property level debt.

Acquisition Program Significant achievements included: closing $3.1 billion of real estate and real estate related debt acquisitions through direct, joint venture and loan participation investments; acquiring (along with our equity partners) the largest apartment building by units on the West Coast; acquiring (along with our equity partners) the largest loan portfolio in Europe in the current cycle (UK-based loan pool with $2.2 billion in unpaid principal balance); and acquiring (along with our equity partners) the largest multi-tenant office portfolio in Los Angeles.

Service Business Management and leasing fees increased by 27% to $27 million for FY 2011 from $21 million for FY 2010; commissions increased by 156% to $30 million for FY 2011 from $12 million for FY 2010; assets under the Company s management totaled approximately $11.8 billion as of December 31, 2011 as compared to $7.0 billion as of December 31, 2010, a 69% increase year over year; and we achieved approximately $215 million of sales via auction and conventional sales in 2011.

United Kingdom and Ireland In June 2011, Kennedy Wilson established offices in Dublin, Ireland and London, England. Today, the operations in the United Kingdom and Ireland are home to 22 team members. Significant achievements in Europe included: securing a contract to manage assets, located primarily in Western Europe, with an estimated value of approximately $2.3 billion; sourcing and acting as an advisor on the $1.5 billion equity investment in the Bank of Ireland; and acquiring, with our equity partners, a UK-based loan portfolio with $2.2 billion in unpaid principal balance.

Japan Significant achievements included: maintaining 95% occupancy in 50 apartment buildings with over 2,400 units; refinancing more than $186 million of property level debt; and distributing over 36 million to the Company and our partners since September 2010.

Stockholder Interest Alignment

We believe that our long-term incentive compensation program is strongly aligned with the long-term interests of our stockholders. We have provided periodic grants of long-term incentives to our executive officers, including grants of performance-based restricted stock in 2009 and grants in 2012 that are contingent on stockholder approval of the Amended and Restated 2009 Equity Participation Plan, in order to align compensation with stockholder interests by encouraging retention and long-term performance.

Good Governance

In furtherance of our objective of implementing policies and practices that are mindful of the concerns of our stockholders, the Compensation Committee is comprised solely of independent directors, and the Compensation Committee retained an independent compensation consultant to provide it with advice on matters related to executive compensation and non-employee director remuneration.

We consider best practices in designing our executive compensation. Consistent with such best practices, we:

Do not provide supplemental retirement benefits to our executive officers;

Maintain incentive compensation plans that do not encourage undue risk taking and are intended to align executive rewards with annual and long-term performance; and

Do not provide tax gross-up payments under Section 280G of the Internal Revenue Code of 1986, as amended (the Tax Code) on severance and change in control pay for any executive officers.

II. Named Executive Officers

As required by SEC rules, the following compensation discussion explains compensation decisions with respect to those executive officers who constitute our Named Executive Officers (NEOs) under SEC rules. These rules provide that the NEOs are the principal executive officer, the principal financial officer, and the three most highly compensated executive officers other than the principal executive officer and the principal financial officer. For 2011, our NEOs were the following (titles are those at year end):

William J. McMorrow	Chairman and Chief Executive Officer
Freeman A. Lyle[1]	Executive Vice President and Chief Financial Officer
Mary Ricks	President and CEO, Kennedy Wilson Europe
Robert E. Hart	President, KW Multi-Family Management Group
Barry S. Schlesinger	Chief Administrative Officer

(1) Effective as of April 9, 2012, Freeman A. Lyle ceased to be the Company s Chief Financial Officer and Justin Enbody was named Chief Financial Officer of the Company.

III. Executive Compensation Philosophy and Objectives

Our core compensation philosophy has been to pay our executive officers a competitive level of compensation that best reflects individual performance, overall responsibility to us, and our performance and the performance of our business units.

This philosophy was implemented for the NEOs through a combination of base salary, the opportunity to earn bonuses, long-term incentives and executive benefits. Our Compensation Committee determines the compensation of all of the NEOs. In this process it receives input as necessary and appropriate from Company management, including the Chief Executive Officer and the Chief Administrative Officer. The Compensation Committee has retained an independent compensation consultant, Frederic W. Cook & Co., Inc. (Cook) to advise it in connection with its responsibilities. During 2011, Cook provided advice to the Compensation Committee with respect to several executive compensation issues, including consulting with respect to long-term incentives and the structure of the annual bonus plan applicable to executive officers.

In connection with the implementation of its compensation philosophy, the Compensation Committee periodically evaluates the Company s compensation practices in order to determine if the risks arising from such practices are reasonably likely to have a material adverse impact on the Company. The Compensation Committee conducted such an evaluation in 2011 and concluded that the practices were not reasonably likely to have such an impact. In reaching this conclusion, the Compensation Committee considered the structure of the Company s short and long-term incentive compensation plans (both of which are described below) and noted, among other factors, the fact that restricted stock grants to senior executives tie a significant portion of compensation to the long-term success of the Company, and that the annual bonus plan is not mechanical in nature because, after the Compensation Committee has determined the overall size of any bonus pool, the portion of such pool allocated to an employee is based on both a quantitative and qualitative evaluation of that employee s achievements in the sole discretion of the Compensation Committee.

IV. Elements of Compensation

With respect to the Company s NEOs, the three primary elements of compensation are base salary, annual bonuses and long-term incentives. As will be discussed below, long-term incentives became a significant element of executive compensation for our NEOs beginning in 2009 in connection with Kennedy-Wilson, Inc. s

becoming a public company through its November 13, 2009 merger with Prospect Acquisition Corp. (which was then renamed Kennedy-Wilson Holdings, Inc.). Grants of restricted stock were issued in connection with the merger to the NEOs and compensation decisions in 2011 primarily focused on base pay and bonuses for the NEOs. Reflecting the Compensation Committee s view that the Company s real estate activities and its manner of operations are not readily comparable to other companies of a similar size in the real estate industry, in determining the overall amounts of compensation to be awarded the NEOs and the relative portion of compensation to be divided between base pay, bonus, and long-term incentives, the Compensation Committee does not adhere to a specific formula or aim to set compensation at a specified level as compared to specific benchmarking or survey data. Thus, in 2011, the Compensation Committee set base pay levels based on the Compensation Committee s conclusions as to what constituted appropriate levels of base pay taking into account the Compensation Committee s conclusions as to competitive levels of base pay and a desire to set levels of base pay that were internally equitable. Similarly, as explained below, in 2011 bonus levels were set by first determining an appropriate overall bonus pool for Company employees and then allocating that pool among the NEOs in a manner that reflected their relative levels of contribution as determined by the Compensation Committee in its sole discretion.

A. Base Salary

Base salary is set to attract and retain executive talent taking into consideration competitive market conditions with respect to comparable companies. Base salary is determined by the level of the position within the Company and the individual s current and sustained performance results. Base salary for all NEOs, is set by the Compensation Committee, taking into account input as appropriate from the Chief Executive Officer.

In determining the appropriate level of base salary for NEOs, a number of considerations may be taken into account. Historically, the following are some of the most important factors that have been considered: the number of employees supervised by the officer; the effort expended by the officer in soliciting and bringing new business or capital investments to his or her business unit; the extent to which the officer s business unit generated new business or new capital; the travel demands placed upon the officer; and the extent to which the officer engaged in investor relation activities. While these factors are critical to our success, many of them cannot be evaluated quantitatively, so a portion of the evaluations by the Compensation Committee are subjective.

The Chief Executive Officer did not recommend and the Compensation Committee did not consider any salary adjustments for any NEO. With respect to these NEOs, the Compensation Committee considered current base salaries to be competitive and determined that no other factors would have made salary modifications appropriate for 2011.

B. Annual Bonus

Our Compensation Committee believes that annual bonuses should play a primary role in motivating executives to undertake efforts that provide increases in company value and that executive officers should be potentially eligible for bonuses that are a significant percentage of base pay and, in the case of the most senior officers, may be a multiple of base pay. The Compensation Committee believes that individual contributions and the financial performance of an NEO s business unit should be a critical component of his or her bonus calculation and overall Company performance should be factored into the bonus methodology for all NEOs. For 2011, the Compensation Committee determined that overall company results would be used to determine the size of a bonus pool and the bonus pool would be allocated among all employees by taking into account their individual contributions and the success of their business units.

As the first step in implementing this concept, the Compensation Committee awarded performance units under our 2009 Equity Participation Plan in March 2011 to Messrs. McMorrow, Hart and Schlesinger and Ms. Ricks, each of whom are subject to Section 162(m) of the Tax Code (performance units were not awarded to Mr. Lyle, who is not subject to Section 162(m), because Section 162(m) does not apply to a company s chief financial officer). Section 162(m) generally limits the corporate compensation deduction for a covered employee to $1 million, with

an exception for payments that are considered performance-based compensation as defined in Section 162(m). The performance units were structured to be performance-based compensation. The performance units awarded to Messrs. McMorrow, Hart and Schlesinger and Ms. Ricks entitled them to a specified percentage of a bonus pool based on Company income. Specifically, the 2011 bonus pool was based on adjusted EBITDA, which was defined as GAAP net income or loss prior to subtraction of the bonus pool, but then adjusted by (1) adding back/subtracting income tax expense/benefit, (2) adding back charges for stock-based compensation, non-cash charges for depreciation and amortization, and interest expense (including the Company s share of unconsolidated amounts), and (3) excluding extraordinary items. The number of performance units awarded to Messrs. McMorrow, Hart and Schlesinger and Ms. Ricks was determined by multiplying the 2011 bonus pool by a set percentage for the respective executive; provided that the Compensation Committee retained complete discretion to decrease the bonus awarded to each participant to such lesser number as it considered appropriate.

In March 2012, the Compensation Committee met to review Company performance, compute the final size of the bonus pool and determine bonuses for the NEOs and other corporate employees. It was determined that the final 2011 bonus pool would be based on 20% of adjusted EBITDA, as discussed in the preceding paragraph, which totaled $83,777,000 for 2011. The Compensation Committee then determined the portion of this pool to be paid the NEOs. In the case of Messrs. McMorrow, Hart and Schlesinger and Ms. Ricks, each of whom were awarded performance units, the bonus amount payable pursuant to the original terms of the performance unit was reduced to be equal to the amount finally determined by the Compensation Committee in its sole discretion. In the case of Mr. Lyle, the bonus amount payable to him was determined entirely by the Compensation Committee in its sole discretion. In deciding upon the amount of bonuses to be paid each NEO, the Compensation Committee did not focus on one particular factor, but, consistent with the rationale for using an overall bonus pool, initially focused on overall Company performance and then evaluated each NEO s contribution to that performance. In this regard, the Compensation Committee determined that 2011 was a very successful year for the Company. Particular factors that the Compensation Committee took into account in this regard with respect to 2011 performance were: the Company s expansion of its international operations through strategic acquisition and investment activity; the Company s strengthened balance sheet; the Company s improved operating metrics; the Company s success in 2011 in raising capital and its robust acquisition program; the significant expansion and high occupancy rates with respect to the Company s multifamily platform; reductions in the cost of mortgage debt and successful access to debt financing; and significant expansion of the Company s service businesses. Based on these factors and the Compensation Committee s qualitative evaluation of the NEO s contributions to these factors, as well as their individual performance and, where applicable, the performance of their business units, the Compensation Committee awarded the following bonuses: Mr. McMorrow $3.74 million; Ms. Ricks $2.74 million; Messrs. Hart and Schlesinger $840,000; and Mr. Lyle $125,000.

C. Bonus Arrangements for 2012

In March 2012, the Compensation Committee met to consider bonus arrangements for the NEOs for 2012. The Compensation Committee again determined that the overall maximum bonus payable to an NEO should be based upon overall Company financial performance, subject to the Compensation Committee s complete discretion to make individual downward adjustments to the maximum bonus to reflect individual performance, performance of the executive s bonus unit, and other appropriate factors. In order to implement this concept and to provide for bonuses that are intended to be deductible as performance-based compensation under section 162(m) of the Tax Code, certain executive officers were awarded performance units in March 2012, the value of which will be dependent on the overall Company adjusted EBITDA for 2012.

D. Long-Term Incentive Compensation

During 2011, the source of long-term incentives for the NEOs continued to be grants of restricted stock they received upon the closing of the merger in 2009 and, for Messrs. Schlesinger and Hart, certain other restricted stock grants they received subsequent to the merger in 2010 as described below. In general, the Compensation Committee concluded that such restricted stock awards and their multi-year vesting were adequate long-term incentives and additional awards were not necessary in 2011.

2009 Restricted Stock Grant. On November 13, 2009, Mr. McMorrow and Ms. Ricks were each granted 556,875 restricted shares and Mr. Lyle, Mr. Schlesinger and Mr. Hart were each granted 77,344 restricted shares. Under the terms of the restricted stock award agreements, the restricted shares are scheduled to vest in equal installments over a five year period from the date of grant if on each of the first, second, third, fourth and fifth anniversaries of the date of grant: (i) the total acquisition cost of assets owned or managed on behalf of third parties by the Company (Gross Assets Under Management) meets certain targets as of such vesting date and (ii) the grantee is an employee of the Company or its subsidiaries as of such vesting date. The agreements further provide that, if the grantee remains employed until a vesting date, but the Gross Assets Under Management target is not met, the shares shall nevertheless become vested if the Gross Assets Under Management target is met as of a subsequent vesting date. Also, the agreements further provide that the Gross Assets Under Management target may be increased and additional vesting requirements may be provided for annually in the Company s sole discretion upon written notice to the grantee. The applicable vesting date and corresponding target Gross Assets Under Management for the five year period from the date of grant are summarized below. Based on the Company s actual performance, the target Gross Assets Under Management as of November 13, 2010 and November 13, 2011 were achieved.

Vesting Date of Restricted Shares Granted as of November 13, 2009	**Target Gross Assets Under Management**
November 13, 2010	$ 3.00 billion
November 13, 2011	$ 3.30 billion
November 13, 2012	$ 3.63 billion
November 13, 2013	$ 3.99 billion
November 13, 2014	$ 4.39 billion

Notwithstanding the foregoing, if the engagement of a grantee who is an employee or consultant of the Company or its subsidiaries is terminated by the Company or its subsidiaries without Cause or by the grantee for Good Reason , the requirement that the grantee be engaged by the Company or its subsidiaries as of each vesting date shall no longer apply going forward, so that, assuming the target Gross Assets Under Management is met as of a particular vesting date, all restricted shares subject to vesting as of such vesting date shall thereupon become fully vested. In addition, in the event of a Change of Control as defined in the 2009 Equity Participation Plan, any unvested restricted shares of Common Stock that have not previously been forfeited will become vested, subject to certain limitations.

As used herein, Good Reason means the voluntary termination of the engagement of the grantee with the Company or its subsidiaries within 6 months of the Company or the Company s subsidiaries: (1) instructing the grantee to provide services full-time or substantially full-time at any location not acceptable to the grantee (other than the Company s main headquarters) that is more than 50 miles from the grantee s principal place of work and more than 50 miles from the grantee s principal residence; (2) eliminating or materially reducing the grantee s duties with the Company or the Company s subsidiaries or (3) materially reducing the grantee s base pay (or base compensation). Cause has the meaning set forth in the grantee s employment agreement or similar agreement with the Company or its subsidiaries, or if no such agreement exists, then Cause means the occurrence of any of the following events: (A) intentional failure to perform reasonably assigned duties, (B) dishonesty or willful misconduct in the performance of the grantee s duties, (C) involvement in a transaction which is materially adverse to the Company or its subsidiaries, (D) breach of fiduciary duty involving personal profit, (E) willful violation of any law, rule, regulation or court order (other than misdemeanor traffic violations and misdemeanors not involving misuse or misappropriation of money or property), (F) commission of an act of fraud or intentional misappropriation or conversion of any asset or opportunity of the Company or its subsidiaries, or (G) material breach of any provision of the 2009 Equity Participation Plan or the restricted stock award agreement or any other written agreement between the grantee and the Company or its subsidiaries, in each case as determined in good faith by the Board, the determination of which shall be final, conclusive and binding on all parties.

2010 Restricted Stock Grant. In connection with Mr. Schlesinger becoming the Chief Administrative Officer of the Company in 2010 (in addition to him continuing to be primarily responsible for the portfolio management activities of the Commercial Investment Group), the Committee determined in March 2010 that a grant of 50,000 shares of restricted stock scheduled to vest in generally the same manner as described above for the restricted stock awards granted to the NEOs in 2009 was appropriate. In May 2010, Mr. Hart was granted 8,000 shares of restricted stock scheduled to vest in generally the same manner as described above for the restricted stock awards granted to the NEOs in 2009 due to the success of the Mercury transaction for which he was responsible for sourcing and closing, his contribution to KW Multi-Family Management Group, LLC and his efforts in capital raising for the Company. In particular, under the terms of the restricted stock award agreements with Messrs. Schlesinger and Hart, the restricted shares are scheduled to vest in equal installments over a five year period from the date of grant if on each of the first, second, third, fourth and fifth anniversaries of the date of grant: (i) the Gross Assets Under Management target is met in the same manner as described above for the restricted stock awards granted to the NEOs in 2009 as of the November 13 immediately preceding such vesting date and (ii) the grantee is an employee of the Company or its subsidiaries as of such vesting date.

2012 Restricted Stock Grant. In January 2012, the Compensation Committee approved long-term incentive grants to the NEOs in the form of restricted stock awards under the Amended and Restated 2009 Equity Participation Plan, contingent on stockholder approval of the Amended and Restated 2009 Equity Participation Plan, in the following amounts that are scheduled to vest over five years: Mr. McMorrow 800,000 shares; Ms. Ricks 650,000 shares; Mr. Schlesinger 300,000 shares; Mr. Hart 125,000 shares; and Mr. Lyle 25,000 shares. Under the terms of the restricted stock award agreements, the restricted shares are scheduled to vest according the following schedule:

10% of the restricted shares will vest upon the occurrence of both (i) the grantee being an employee of the Company or its subsidiaries (or, in the case of a consultant, the grantee continues to provide services) as of January 26, 2013, and (ii) our Return on Equity (as defined below) equaling or exceeding the Performance Goal (as defined below) for our fiscal year ending December 31, 2012;

10% of the restricted shares will vest upon the occurrence of both (i) the grantee being an employee of the Company or its subsidiaries (or, in the case of a consultant, the grantee continues to provide services) as of January 26, 2014, and (ii) our Return on Equity equaling or exceeding the Performance Goal for our fiscal year ending December 31, 2013;

10% of the restricted shares will vest upon the occurrence of both (i) the grantee being an employee of the Company or its subsidiaries (or, in the case of a consultant, the grantee continues to provide services) as of January 26, 2015, and (ii) our Return on Equity equaling or exceeding the Performance Goal for our fiscal year ending December 31, 2014;

10% of the restricted shares will vest upon the occurrence of both (i) the grantee being an employee of the Company or its subsidiaries (or, in the case of a consultant, the grantee continues to provide services) as of January 26, 2016, and (ii) our Return on Equity equaling or exceeding the Performance Goal for our fiscal year ending December 31, 2015; and

60% of the restricted shares will vest upon the occurrence of both (i) the grantee being an employee of the Company or its subsidiaries (or, in the case of a consultant, the grantee continues to provide services) as of January 26, 2017, and (ii) our Return on Equity equaling or exceeding the Performance Goal for our fiscal year ending December 31, 2016.

The award agreements further provide that, if the grantee remains employed until a vesting date, but the Performance Goal target is not met, the shares will nevertheless become vested if the Performance Goal target is met as of a subsequent vesting date; provided, that if any of the vesting requirements are not satisfied as of January 26, 2017, all unvested restricted shares will be immediately forfeited as of such date. In addition, the award agreements provide that the Performance Goal target may be increased and additional vesting requirements may be provided for annually in the Compensation Committee s sole discretion upon written notice to the grantee.

Notwithstanding the foregoing, if the employment of a grantee who is an employee or the status or engagement of a grantee who is a consultant of the Company or its subsidiaries is terminated by the Company or its subsidiaries without Cause or by the grantee for Good Reason (each as defined in the award agreement) (a Qualifying Termination), the Compensation Committee may, in its sole discretion, provide that the requirement that the grantee be employed by or rendering services to the Company or its subsidiaries as of each vesting date shall no longer apply going forward, so that, assuming the Performance Goal target is met as of a particular vesting date, all restricted shares subject to vesting as of such vesting date shall thereupon become fully vested; provided, however, that such vesting provision shall apply automatically upon a termination by reason of the grantee s death or disability. If a Qualifying Termination occurs within 12 months after the occurrence of a Change of Control (as defined in the Amended and Restated 2009 Equity Participation Plan), any then unvested restricted shares will automatically become fully vested as of the date of such termination.

The award agreements provide the grantee with the right to receive any dividends declared on the Common Stock with respect to 50% of the restricted shares, consisting of the restricted shares that are scheduled to vest upon satisfaction of the applicable Performance Goal on each 26th day of January 2013, 2014, 2015, 2016 and 1/6th of the 60% of those scheduled to vest on January 26, 2017. Any dividends declared on the Common Stock with respect to the remaining 50% of the unvested restricted shares that are subject to vesting upon satisfaction of the applicable Performance Goal on January 26, 2017 will not be paid to the grantee on a current basis, but will accumulate and be paid to the grantee on such date (if any), and only to the extent, that the underlying restricted shares vest.

For purposes of the award agreements:

Cause and Good Reason have the same meanings as set forth in the restricted stock award agreements for the 2009 Restricted Stock Grant as described above.

Performance Goal means the average of (i) ten percent (10%) and (ii) the percentage equal to the yield on the ten (10)-year U.S. Treasury Note plus a risk premium of 500 basis points.

Return on Equity means the ratio of Adjusted EBITDA (as defined in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission) to tangible book equity (calculated as shareholders equity less goodwill in accordance with generally accepted accounting principles) for the applicable Company s fiscal year ending December 31.

In deciding to grant long-term incentive awards to the NEOs in 2012, the Compensation Committee sought to align the long-term goals of the NEOs with those of our stockholders, increase stockholder value by rewarding return on equity and connecting wealth accumulation to performance, and provide a strong incentive for the NEOs (who are considered critical to the success of the Company) to remain employed throughout the five-year vesting period. The Compensation Committee also considered that the NEOs had not received significant long-term incentive grants since 2009 in connection with the merger. During this process, the Compensation Committee consulted with Cook which provided compensation data to the Compensation Committee with respect to a peer group that the Compensation Committee considered in designing the long-term incentive awards, consisting of the following eight real estate and financial services companies: Cowen Group, Inc., Douglas Emmett Inc., Fortress Investment Group LLC, JMP Group Inc., Jones Lang LaSalle Incorporated, KBW Inc., Northstar Realty Finance Corp. and Piper Jaffray Companies. The Compensation Committee believes that the Company s business model is different from most other public companies in the real estate area which has led to the selection of a peer group that is a less close fit (in terms of business model and size) than is typical. While the Compensation Committee considered the peer group in establishing the long-term incentive awards for 2012, the Compensation Committee did not aim to set compensation at a specified level as compared to the companies in the peer group. The Compensation Committee concluded that the restricted stock grants to the NEOs in 2012 were appropriately sized, contained a performance metric that aligned the interests of stockholders and management, required a challenging level of performance, and contained a vesting schedule that promotes retention of the NEOs and creates incentive for them to continue to contribute to stockholder value over the long term.

E. Other Executive Benefits

NEOs are entitled to employee benefits generally available to all full time employees (subject to fulfilling any minimum service period). These employee benefits include, among other things, vacation and health and welfare benefits generally available to all employees. We believe these benefits are generally competitive with those offered by similar companies in the markets in which we operate.

The Company s employees, including the NEOs participate in a tax-qualified 401(k) plan, pursuant to which the Company may match a certain portion of employee contributions. The Company may annually match 50% of employee contributions to the plan, limited to employee contributions equal to 4% of compensation, but not to exceed $1,500 for any participant.

The Chief Executive Officer receives certain additional benefits, which include a car allowance of $18,000 and the use of certain club memberships that are maintained by the Company for business purposes only. Further details regarding these benefits are contained in the summary compensation table and accompanying footnotes. These benefits are provided because the Compensation Committee has concluded that they are generally competitive with those provided to comparable executives or provide benefits to the Company which are appropriate in light of their cost.

F. Employment Agreements

During 2011, the Company was a party to employment agreements with certain NEOs. Additional information regarding the employment agreements of the NEOs may be found under the subheadings below *Termination and Change in Control Benefits.*

Mr. McMorrow. As amended effective February 1, 2009, the employment agreement in effect with Mr. McMorrow provides for base salary of $950,000, a bonus at the sole discretion of the Compensation Committee, and insurance coverages and other benefits generally available to officers. In addition, Mr. McMorrow s agreement provides for entrance fees and monthly dues for two country clubs, including one in the U.S. and one in Japan which were for business use only in 2011. The term of Mr. McMorrow s agreement extends through December 31, 2019. In 2009, Mr. McMorrow received a $2.0 million signing bonus in connection with the execution of this agreement. In connection with the merger, Mr. McMorrow s employment agreement was amended to provide for cash payments on October 15, 2009, April 1, 2010, and January 1, 2011 (this last payment of $4.25 million was subsequently voluntarily waived). The amendment also provided for a note forgiveness that occurred in 2009 and for the grant of 556,875 shares of restricted stock in 2009 upon the terms and conditions set forth above.

Ms. Ricks. Ms. Ricks entered into an employment agreement with Kennedy-Wilson, Inc. effective February 1, 2009. The term of Ms. Rick s agreement extends through January 31, 2014. The employment agreement provides for base salary of $600,000 (increased to $750,000 in 2010), a bonus at the sole discretion of the Compensation Committee, and other benefits generally available to its employees. Ms. Ricks received a $1.0 million signing bonus in connection with the execution of this agreement. In connection with the merger, Ms. Ricks employment agreement was amended to provide for cash payments on October 15, 2009, April 1, 2010 and January 1, 2011 (this last payment of $1.0 million was subsequently voluntarily waived). The amendment further provided for the grant of 556,875 shares of restricted stock in 2009 upon the terms and conditions set forth above.

V. 2011 Advisory Vote on the Compensation of Named Executive Officers

In June 2011, we provided stockholders an advisory vote to approve the compensation of our named executive officers (the say-on-pay proposal). At our 2011 Annual Meeting of Stockholders, our stockholders overwhelmingly approved the compensation of our named executive officers, with over 95% of the votes cast in favor of the say-on-pay proposal. The Compensation Committee believes this affirms the stockholders support of our approach to executive compensation, and did not change its approach in 2011. The Compensation

Committee will continue to consider the outcome of our say-on-pay votes when making future compensation decisions for the named executive officers. In addition, when determining how often to hold future say-on-pay proposals to approve the compensation of our named executive officers, the Board took into account the strong preference for a triennial vote expressed by our stockholders at our 2011 Annual Meeting, with over 71% of the votes cast in favor of a triennial vote. Accordingly, the Board determined that we will hold a say-on-pay proposal to approve the compensation of our named executive officers every three years.

VI. Tax and Accounting Considerations

As a general matter, the Compensation Committee takes into account the various tax and accounting implications of the compensation vehicles employed by the Company.

A. Tax Code Section 162(m)

Section 162(m) of the Tax Code limits the deductibility of compensation paid to certain of our executive officers. To qualify for deductibility under Section 162(m), compensation in excess of $1,000,000 paid to our named executive officers (other than our chief financial officer who is not subject to Section 162(m)) during any fiscal year generally must be performance-based compensation as determined under Section 162(m). Compensation generally qualifies as performance-based if, among other requirements, it is payable only upon the attainment of pre-established, objective performance goals based on performance criteria that have been approved by our stockholders, and the committee of our Board that establishes and certifies the attainment of such goals consists only of outside directors. All members of our Compensation Committee qualify as outside directors.

The Compensation Committee takes into account Section 162(m) in establishing compensation of our executive officers to preserve deductibility to the greatest extent possible. While the tax impact of any compensation arrangement is one factor to be considered, such impact is evaluated in light of the Compensation Committee s overall compensation philosophy and objectives. The Compensation Committee will consider ways to maximize the deductibility of executive compensation, while retaining the discretion it deems necessary to compensate officers competitively and in a manner commensurate with performance. In addition, the Compensation Committee reserves the right to use its judgment to award compensation to our executive officers that may be subject to the deduction limit when the Compensation Committee believes that such compensation is appropriate, consistent with the Compensation Committee s philosophy and in our and our stockholders best interests.

B. ASC Topic 718

Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718) requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock-based compensation are accounted for under ASC Topic 718. The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to equity compensation awards. As accounting standards change, we may revise certain programs to appropriately align the cost of our equity awards with our overall executive compensation philosophy and objectives.

Compensation Committee Report

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

Submitted by: Norman Creighton, Chairman
Cathy Hendrickson
David Minella
Members of the Compensation Committee

Notwithstanding anything to the contrary set forth in any Company filings under the Securities Act or the Exchange Act that incorporate other filings, including this proxy statement, in whole or in part, the foregoing Compensation Committee Report shall not be incorporated by reference into any such filings.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee was established on November 13, 2009 and consists of Norman Creighton (Chairman), Cathy Hendrickson and David Minella. Mr. Minella served as predecessor s Chief Executive Officer and Chairman of Prospect Acquisition Corp. prior to the consummation of the merger between its wholly owned subsidiary and Kennedy-Wilson, Inc. on November 13, 2009. No other member of the Compensation Committee is (or ever was) an officer or employee of the Company or any of its subsidiaries. There are no Compensation Committee interlocks as defined by applicable SEC rules.

Compensation Policies and Practices As They Relate to the Company s Risk Management

The Company believes that its compensation policies and practices for all employees, including executive officers, do not create risks that are reasonably likely to have a material adverse effect on the Company.

2011 Executive Compensation Information

2011 Summary Compensation Table

The following table summarizes the total compensation paid to or earned by each of our NEOs for the years ended December 31, 2011, 2010 and 2009.

Name and Principal Position	Year	Salary	Bonus	Stocks Awards[1]	Option Awards[1]	Non-Equity Incentive Plan Compansation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
William J. McMorrow	2011	$ 950,000	$	$	$	$ 3,740,000	$	$ 19,500[2]	$ 4,709,500
Chairman and Chief	2010	$ 950,000	$	$	$	$ 4,925,000[3]	$	$ 19,500[2]	$ 5,894,500
Executive Officer	2009	$ 950,000	$ 6,850,000	$ 2,490,094[4]	$ 2,173,500	$	$	$ 4,600,080[2]	$ 17,063,674
Freeman A. Lyle	2011	$ 450,000	$ 125,000	$	$	$	$	$ 1,500[5]	$ 576,500
Executive Vice President	2010	$ 450,000	$ 125,000	$	$	$	$	$ 1,500[5]	$ 576,500
and Chief Financial Officer	2009	$ 450,000	$ 115,000	$ 360,632[4]	$ 289,800	$	$	$ 41,500[5]	$ 1,256,932
Mary Ricks President and CEO, Kennedy Wilson Europe	2011	$ 750,000	$	$	$	$ 2,740,000	$	$	$ 3,490,000