

MusclePharm Corp  
Form DEF 14A  
July 08, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**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 Section 240.14a-12

**MusclePharm Corporation**

**(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:
  
  
  
  
  
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- .. Fee paid previously 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.
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(3) Filing Party:

(4) Date Filed:

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To My Fellow MusclePharm Shareholders,

I am pleased to announce MusclePharm's 2015 Annual Meeting of Shareholders, to be held at 11:00 AM on August 26, 2015, at MusclePharm Corporation, 4721 Ironton Street, Denver, CO, 80239. We encourage you to support the following agenda items presented below, as they are crucial to our continued growth as a scientifically driven performance-lifestyle sports nutrition company.

To elect seven (7) members of the Board of Directors to hold office until the next annual meeting or until their successors are duly elected and qualified;

To ratify the appointment of EKS&H as the Independent Registered Public Accounting Firm of the Company for its fiscal year ending December 31, 2015;

To approve the Company's 2015 Equity Incentive Plan ( ESOP );

To approve the Company's 2015 Employee Stock Purchase Plan ( ESPP );

To hold an advisory vote on executive compensation;

To hold an advisory vote on frequency of the advisory vote on executive compensation; and

To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

**The Board recommends that you vote FOR all of the proposed agenda items disclosed herein.**

**CONTINUING OUR GROWTH**

As highlighted in our fourth-quarter and full-year financial results release and in subsequent public filings, we continued our progress as a growth-stage company. We saw success with our global growth initiatives, and accomplished a number of corporate goals and objectives. Some key achievements I have highlighted are as follows:

Record year-over-year net revenue growth, adding \$67M in net revenue in 2014, representing 60% year-over-year revenue growth.

Global expansion initiatives, including:

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- i Opened a base for European sales and operations in Dublin, Ireland
- i Created a subsidiary in Sydney, Australia
- i Laid groundwork for expansion in Brazil

Further expanded the Company's product lines, developing more than 180 new items including new products, flavors, and sizes in the U.S. and international markets

Recently expanded into the energy drink market with two new energy drink products

Completed a manufacturing agreement with Capstone Nutrition to optimize MusclePharm's supply chain and improve gross margins

Signed endorsement deals with multiple sports athletes, including Tiger Woods and Jen Selter.

Our goal is to leverage these achievements to continue our growth as a company through fiscal 2015. Further, with the improvements in our supply chain and distribution capabilities, coupled with our increased exposure to new markets in the U.S. and internationally, MusclePharm will continue to execute its corporate strategy as it moves toward profitability.

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**IMPROVED CORPORATE GOVERNANCE**

MusclePharm's management and Board of Directors continued to improve upon the Company's corporate governance practices, better aligning the Company with established best practices. Recently we separated the role of CEO and Chairman of the board, increased our board of directors to seven and added four new independent board members. In 2014, we created a Disclosure Committee and Risk Management Officer role to oversee our financial reporting and passed our first year of Sarbanes Oxley 404 testing. Additionally, MusclePharm's Board of Directors approved the Compensation Committee to continue to engage an independent outside compensation consultant, Longnecker & Associates' Longnecker, to assist in establishing market best practices regarding executive and director compensation structures and disclosures. Together with Longnecker, the Compensation Committee will continue to regularly review and enhance MusclePharm's corporate governance programs and standards to reflect the evolving practices and regulatory requirements of the public market. We believe a proactive approach to corporate governance will lead to effective and long-term oversight of the Company. Please see our Compensation Discussion & Analysis disclosure for more details on the enhancements MusclePharm has made going into fiscal 2015.

**GOING FORWARD IN 2015**

MusclePharm truly appreciates the support and faith of its shareholders as it continues to strive towards its goal of becoming the award winning, worldwide sports nutrition brand. Through the guidance and strategic focus of the Board of Directors, the Company will look to achieve accretive growth in 2015, accomplishing strategic initiatives designed to yield long-term shareholder value. We will see improved use of capital as well as other cost efficiencies. I believe we have the leadership, infrastructure, and industry expertise in place that positions us strongly for future success, and I look forward to sharing that success with our Company's dynamic shareholder base.

Sincerely yours,

/s/ Brad Pyatt  
Brad Pyatt

*Chief Executive Officer*

Denver, Colorado

July 8, 2015

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**MusclePharm Corporation**

**4721 Ironton Street**

**Denver, CO 80239**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**August 26, 2015**

The Annual Meeting of the Stockholders of MusclePharm Corporation (the Company) will be held on August 26, 2015 at 11:00 a.m. Mountain Daylight Time, at MusclePharm Corporation, 4721 Ironton Street, Denver, CO, 80239, for the following purposes:

To elect seven (7) members of the Board of Directors to hold office until the next annual meeting or until their successors are duly elected and qualified;

To ratify the appointment of EKS&H as the Independent Registered Public Accounting Firm of the Company for its fiscal year ending December 31, 2015;

To approve the Company's 2015 Equity Incentive Plan ( ESOP );

To approve the Company's 2015 Employee Stock Purchase Plan ( ESPP );

To hold an advisory vote on executive compensation;

To hold an advisory vote on the frequency of the advisory vote on executive compensation; and

To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

These items of business are more fully described in the proxy statement accompanying this notice. The Board of Directors has fixed the close of business on June 23, 2015 as the record date for the determination of stockholders

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entitled to receive notice of, and to vote at, the Annual Meeting of Stockholders, or at any adjournments of the Annual Meeting of Stockholders.

In order to ensure your representation at the Annual Meeting of Stockholders, you are requested to submit your proxy by mail. If you attend the Annual Meeting of Stockholders and file with the Corporate Secretary of the Company an instrument revoking your proxy or a duly executed proxy bearing a later date, your proxy will not be used.

All stockholders are cordially invited to attend the Annual Meeting of Stockholders.

By Order of the Board of Directors

MusclePharm Corporation

/s/ Ryan Drexler

Ryan Drexler

*Chairman of the Board of Directors*

Denver, CO

July 8, 2015



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**MusclePharm Corporation**

**4721 Ironton Street**

**Denver, CO 80239**

**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**August 26, 2015**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

This proxy statement is furnished in connection with the solicitation of proxies for use prior to or at the Annual Meeting of Stockholders (the "Annual Meeting") of MusclePharm Corporation (together with its subsidiaries, herein referred to as the "Company"), a Nevada corporation, to be held at 11:00 a.m. Mountain Daylight Time on August 26, 2015 and at any adjournments or postponements thereof for the following purposes:

To elect seven (7) members of the Board of Directors to hold office until the next annual meeting or until their successors are duly elected and qualified;

To ratify the appointment of EKS&H as the Independent Registered Public Accounting Firm of the Company for its fiscal year ending December 31, 2015;

To approve the Company's 2015 Equity Incentive Plan ("ESOP");

To approve the Company's 2015 Employee Stock Purchase Plan ("ESPP");

To hold an advisory vote on executive compensation;

To hold an advisory vote on the frequency of the advisory vote on executive compensation; and

To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

We made this proxy statement and accompanying form of proxy available to stockholders beginning on July 8, 2015.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on August 26, 2015:**

**This proxy statement, form of proxy and the Company's 2014 Annual Report on Form 10-K are available electronically at our website at [www.musclepharmcorp.com](http://www.musclepharmcorp.com).**

**Solicitation**

This solicitation is made on behalf of our Board of Directors. The Company will bear the costs of preparing, mailing, and other costs of the proxy solicitation made by our Board of Directors. Certain of our officers and employees may solicit the submission of proxies authorizing the voting of shares in accordance with the Board of Directors recommendations. Such solicitations may be made by telephone, facsimile transmission or personal solicitation. No additional compensation will be paid to such officers, directors or regular employees for such services. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in sending proxy material to stockholders.

**Voting Rights and Outstanding Shares**

Only holders of record of our common stock as of the close of business on June 23, 2015 are entitled to receive notice of, and to vote at, the Annual Meeting. The outstanding common stock constitutes the only class of

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our securities entitled to vote at the Annual Meeting, and each holder of common stock shall be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting. At the close of business on June 12, 2015, there were 13,711,660 shares of common stock issued and outstanding, which were held by approximately 346 holders of record.

A quorum of stockholders is necessary to take action at the Annual Meeting. Stockholders representing a majority of the outstanding shares of our common stock present in person or represented by proxy will constitute a quorum. We will appoint an election inspector for the meeting to determine whether or not a quorum is present and to tabulate votes cast by proxy or in person at the Annual Meeting.

The Company has adopted a plurality vote standard for director elections.

All other proposals require the affirmative vote of holders of a majority of outstanding shares present in person or by proxy and entitled to vote at the Annual Meeting. Abstentions have the same effect as negative votes on such proposals. Broker non-votes are not counted for any purpose in determining whether proposals have been approved.

## **Voting by Proxy by Mail**

Stockholders whose shares are registered in their own names may vote by proxy by mail. Instructions for voting by proxy by mail are set forth on the Notice of Proxy Materials mailed to you, or on the proxy card mailed to you if you chose to receive materials by mail.

If you sign and return a proxy card by mail but do not give voting instructions, your shares will be voted (1) FOR ALL of the seven (7) nominees named in Proposal No. 1 in this proxy statement; (2) FOR the ratification of the appointment of EKS&H as the Independent Registered Public Accounting Firm for the Company for the fiscal year ending December 31, 2015; (3) FOR the approval of the Company's 2015 Equity Incentive Plan; (4) FOR the approval of the Company's 2015 Employee Stock Purchase Plan; (5) FOR the approval of compensation of our named executive officers (NEOs) as disclosed in this proxy statement; (6) FOR holding future advisory votes regarding compensation of the named executive officers every one (1) year. (7) as the proxy holders deem advisable, in their discretion, on other matters that may properly come before the Annual Meeting.

If your shares are held in street name, the voting instruction form sent to you by your broker, bank or other nominee should indicate whether the institution has a process for beneficial holders to provide voting instructions over the Internet or by telephone. A number of banks and brokerage firms participate in a program that permits stockholders whose shares are held in street name to direct their vote over the Internet or by telephone. If your bank or brokerage firm gives you this opportunity, the voting instructions from the bank or brokerage firm that accompany this proxy statement will tell you how to use the Internet or telephone to direct the vote of shares held in your account. If your voting instruction form does not include Internet or telephone information, please complete and return the voting instruction form in the self-addressed, postage-paid envelope provided by your broker. Stockholders who vote by proxy over the Internet or by telephone need not return a proxy card or voting instruction form by mail, but may incur costs, such as usage charges, from telephone companies or Internet service providers.

## **Voting in Person at the Annual Meeting**

If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note, however, that if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the Annual Meeting, you must bring to the Annual Meeting a legal proxy from the broker, bank or other nominee who is the record holder of the shares, authorizing you to vote at

the Annual Meeting.

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**Revocability of Proxies**

Any proxy may be revoked at any time before it is exercised by filing with the Company's Corporate Secretary an instrument revoking it or by submitting prior to the time of the Annual Meeting a duly executed proxy bearing a later date. Stockholders who have executed and returned a proxy and who then attend the Annual Meeting and desire to vote in person are requested to so notify the Corporate Secretary in writing prior to the time of the Annual Meeting. We request that all such written notices of revocation to the Company be addressed to Corporate Secretary, MusclePharm Corporation, at the address of our principal executive offices at 4721 Ironton Street, Denver, CO 80239. Our telephone number is (720) 399-7351.

**Stockholder Proposals to be Presented at the Next Annual Meeting**

Any stockholder who meets the requirements of the proxy rules under the Securities Exchange Act of 1934, as amended (the Exchange Act), may submit to the Board of Directors proposals to be presented at the 2016 annual meeting. Such proposals must comply with the requirements of Rule 14a-8 under the Exchange Act and be submitted in writing by notice delivered or mailed by first-class United States mail, postage prepaid, to our Corporate Secretary at our principal executive offices at the address set forth above no later than February 15, 2016 in order to be considered for inclusion in the proxy materials to be disseminated by the Board of Directors for such annual meeting.

The chairman of the meeting may refuse to acknowledge the introduction of any stockholder proposal if it is not made in compliance with the applicable notice provisions.

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The following table provides information regarding our executive officers and directors as of July 8, 2015.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Brad Pyatt	35	Chief Executive Officer and Director
Richard Estalella	53	President and Director
John Price	45	Chief Financial Officer
James Greenwell	56	Chief Operating Officer
Cory Gregory	36	Executive Vice President
Ryan Drexler	44	Chairman of the Board
William Bush	50	Director
Michael Doron	54	Director
Stacey Jenkins	41	Director
Noel Thompson	34	Director

Brad Pyatt is our Chief Executive Officer and Director and founded the company in April 2008. His background includes seven years of experience as a professional athlete, and more than five years of experience in the sports nutrition arena. Mr. Pyatt played in National Football League for the Indianapolis Colts during the 2003, 2004, and 2005 NFL seasons as well for the Miami Dolphins during the 2006 NFL season. Mr. Pyatt played in the Arena Football League for the Colorado Crush during the 2007 and 2008 AFL seasons. Mr. Pyatt attended the University of Kentucky from 1999 to 2002, where he studied kinesiology exercise science, as well the University of Northern Colorado, from 2002 to 2003.

Richard Estalella has served as our President since April 2014, was the Chief Operating Officer from April 2013 to April 2014, and as a member of the Board of Directors since August 2013. Prior to joining MusclePharm, Mr. Estalella served as Senior Vice President of Operations at Arbonne International, LLC since 2005. Mr. Estalella was instrumental in Arbonne's expansion operations and distribution upgrades. He was responsible for all warehouse and distribution facilities, facilities maintenance departments and Customer Service. Previously, between 1998 and 2005, he owned a consulting business specializing in retail, operations, warehousing and distribution. Prior to that, Mr. Estalella served as Senior Vice President of Warehouse Operations for Office Depot between 1987 and 1998 and established many of its retail markets, along with its nationwide distribution center network which helped grow it into a \$9 billion company.

John Price was appointed the Company's new Chief Financial Officer on March 5, 2015 and was designated as the Company's Principal Financial Officer. Mr. Price has served as our Executive Vice President of Finance since July 2014. Previously, Mr. Price served as Vice President of Finance North America at Opera Software, a Norwegian public company focused on digital advertising and was instrumental in the division's growth. From 2011 to 2013, he served as Vice President of Finance and Corporate Controller GCT Semiconductor, a world leader in highly integrated LTE and WiMax semiconductor single chip solutions for 4G wireless communications. During his tenure at GCT Semiconductor, Mr. Price was focused on the Company's planned IPO and developing the finance and accounting organization. From 2004 to 2011, Mr. Price served in various roles including VP of Finance & Corporate Controller at Tessera Technologies. During his tenure at Tessera Technologies, Mr. Price developed the finance and accounting organization, integrated multiple domestic and international acquisitions, structured accounting systems and managed corporate compliance including internal control testing compliant with the Sarbanes Oxley Act. Prior to Tessera Technologies, Mr. Price served various roles at Ernst & Young LLP. Mr. Price served nearly three years in the San Jose, California office providing audit services to public and private technology companies. Mr. Price also served

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nearly five years in the Pittsburgh, Pennsylvania office providing audit and consulting services to financial services and entrepreneurial services clients. Mr. Price has been a certified public accountant (currently inactive) since 2000 and attended Pennsylvania State University, where he earned a Bachelor's of Science Degree in Accounting.



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James Greenwell has served as our Chief Operating Officer since May 2014. Mr. Greenwell served as an independent director on our Board of Directors from July 2012 to May 2014. From March 20, 2013 to April 12, 2014, Mr. Greenwell was the Vice-President of Voice Technology for Intelligrated Systems (Intelligrated is one of the largest material handling automation companies in the U.S.). From September 2000 until acquired by Intelligrated (March 2013), Mr. Greenwell was the Chief Executive Officer of Datria Systems Inc., a Venture Capital backed speech recognition application software company. He has also served as Chairman of the Board of Datria Systems from 2002 until the acquisition by Intelligrated. In prior employment, he served as a technology executive and operations executive in a number of private and public companies including Decision One (NASDAQ) and Mohawk Data Sciences (NYSE). Mr. Greenwell also has been active in the non-profit community serving on the Board of the Cherry Creek School Foundation from September 2010 until April 2014 and he was a founding member of Friends of Denver Fire and served on its Board from 2007 through 2010. Mr. Greenwell served on the Board of the Denver Chapter of the American Heart Association from 2002 through 2008 and was Chairman of the Board in 2007. He also served on the Board of Trustees of the Bonfils Blood Center Foundation from 1999 through 2003. Mr. Greenwell earned a BS from the College of Business at Michigan State University and an MBA degree from Saint Mary's College of California.

Cory Gregory is the Co-founder of MusclePharm and has served as a named executive officer since the Company's inception in 2008 and is our Executive Vice President of Brand Awareness and Social Media. Prior to joining us, Mr. Gregory served as President, managing member, and owner of T3 Personal Training LLC, or T3. T3 was a personal training service that managed and oversaw over 40 clients using seven trainers over a ten-year period. During the same period, Mr. Gregory served as President of the Ohio Natural Bodybuilding Federation, a federation founded by Mr. Gregory in 2004 which hosted 14 bodybuilding competitions over a six-year period. He consulted for Agile Enterprises, a nutritional supplement company from January 2006 through January 2008. Mr. Gregory purchased the Old School Gym, located in Pataskala, Ohio, which he continues to own.

## **Executive Officers and Family Relationships**

Our executive officers are designated by, and serve at the discretion of, our Board of Directors. There are no family relationships among our directors or executive officers.

### **RYAN DREXLER**

#### **DIRECTOR**

Ryan Drexler is currently the Chief Executive Officer of Consac, LLC (Consac), a privately held firm that invests in the securities of publicly traded and venture-stage companies. Previously, Mr. Drexler served as President of Country Life Vitamins, a family owned nutritional supplements and natural products company he joined in 1993. In addition to developing strategic objectives and overseeing acquisitions for Country Life, Mr. Drexler created new brands that include the BioChem family of sports and fitness nutrition products. Mr. Drexler negotiated and led the process which resulted in the sale of Country Life in 2007 to the Japanese conglomerate Kikkoman Corp. Mr. Drexler graduated from Northeastern University, where he earned a BA in political science.

### **WILLIAM BUSH**

#### **DIRECTOR**

Since January 2010, Mr. Bush has served as the chief financial officer of Borrego Solar Systems, Inc., which is one of the nation's leading financiers, designers and installers of commercial and government grid-connected solar electric

power systems. From October 2008 to December 2009, Mr. Bush served as the chief financial officer of Solar Semiconductor, Ltd., a private vertically integrated manufacturer and distributor of quality photovoltaic modules and systems targeted for use in industrial, commercial and residential applications with operations in India helping it reach \$100 million in sales in its first 15 months of operation. Prior to that

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Mr. Bush served as CFO and corporate controller for a number of high growth software and online media companies as well as being one of the founding members of Buzzsaw.com, Inc, a spinoff of Autodesk. Prior to his work with Buzzsaw.com, Mr. Bush served as corporate controller for Autodesk, Inc (NasdaqGM: ADSK), the fourth largest software applications company in the world. His prior experience includes seven years in public accounting with Ernst & Young, and Price Waterhouse. Bill holds a BS in Business Administration from U.C. Berkeley and is a Certified Public Accountant. Mr. Bush serves on the Board of Directors of Towestream Corporation (NASDAQ: TWER) a supplier of fixed wireless services to commercial customers since 2007.

## **MICHAEL DORON**

### **DIRECTOR**

Michael J. Doron has served as a director since November 5, 2012. He has been the Managing Director of DDR & Associates, LLC since January 2009, and Evolution Capital Partners, LLC since October 2009. From January 2007 to December 2008, he served as Chief Operating Officer and director of Toyshare, Inc. From February 2006 to January 2007, Mr. Doron served as Chief Operating Officer and Chief Financial Officer of Frontgate Sundance Alliance. From September 2005 to January 2007, he served as Vice President - Private Banking of the Bank of the West. Mr. Doron earned a BA from the University of Maryland and a Masters of Science from American University.

## **STACEY JENKINS**

### **DIRECTOR**

Mr. Jenkins currently serves as a senior attorney with Medicity, Inc., a global leader in healthcare enablement software and services, where he focuses upon contract negotiation, technology and communication, and regulatory matters. Prior to joining Medicity, Inc. Mr. Jenkins focused on his private practice, providing general corporate legal services, securities guidance, human resources consulting, and litigation support. From 2010 to 2012, Mr. Jenkins served as General Counsel for Opinionology, Inc., an online global data collection and survey company, where he focused on contract negotiation, telecommunications regulatory issues, and complex HR issues. Additionally, he helped prepare and guide Opinionology through a merger with Sampling International. Prior to joining Opinionology, Jenkins developed his own legal private practice and consultancy, providing corporate guidance and oversight, as well as technology assistance to struggling companies. Prior to his private practice, Jenkins managed IT infrastructure for Moen Faucets. Mr. Jenkins years of experience and grasp of regulatory and corporate governance issues, as well as his contract negotiation, human resources, and technology background provide ideal expertise to join the Company's Board. Mr. Jenkins received his law degree from the University of Utah SJ Quinney College of Law, and attended college at Montana State University and the University of Phoenix.

## **NOEL THOMPSON**

### **DIRECTOR**

Mr. Thompson currently serves as the CEO and Chief Investment Officer of Thompson Global LLC, and owner and operator of Thompson Global LP, which is engaged in investment and advisory services of client and proprietary assets. Mr. Thompson also currently operates Thompson Global Sports which provides advisory, financing, and consulting services to investors and companies in the sports industry and Thompson Global Special Situations which participates as adviser, lender, and principle in commodity, energy, infrastructure projects globally. Mr. Thompson currently serves on the Board of Directors for the World Anti-Doping Agency Charitable Foundation. Mr. Thompson also serves on the Board of Trustees for The United States Olympic and Para Olympic Foundation, as an Executive

Board member of the Board of Governors for the National Wrestling Hall of Fame, and on the Board Directors of Hofstra University Athletics and the Titan Mercury Wrestling Club. Mr. Thompson also sits on The Board of Directors for Beat The Streets NY, which develops the full athletic potential for inner city kids in NYC using wrestling as a vehicle. Prior to Thompson Global, from 2010 to 2011 Mr. Thompson worked at JP Morgan Securities and from 2005 until 2010, Mr. Thompson served in various roles including as a Global Futures and Commodities Trader for Goldman Sachs & Co. Mr. Thompson graduated from Hofstra University.

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We believe, based on the experiences listed in each of our Director biographies provided above, that each member of our Board of Directors is qualified to serve in such capacity.

## **Board of Directors**

Our Board of Directors may establish the authorized number of directors from time to time by resolution. The current authorized number of directors is seven (7). Our current directors, if elected, will continue to serve as directors until the next annual meeting of stockholders and until his successor has been elected and qualified, or until his or her earlier death, resignation, or removal.

Our Board of Directors held four (4) meetings during 2014. The Board of Directors also acted ten (10) times by unanimous written consent. No member of our Board of Directors attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors (held during the period for which he was a director) and the total number of meetings held by all committees of the Board of Directors on which such director served (held during the period that such director served). Members of our Board of Directors are invited and encouraged to attend each annual meeting of stockholders.

On May 21, 2015, the Board of Directors appointed Mr. Michael Doron as the Lead Director of the Board. On May 22, 2015 the Board appointed Noel Thompson and Stacey Jenkins to serve as independent members of the Board and on May 27, 2015 the Board appointed William Bush to serve as independent member of the Board. On May 21, 2015, Messrs. Gregory Macosko, Daniel McClory and Andrew Lupo resigned from the Board of the Company. In connection with their resignations, Messrs. Macosko, McClory and Lupo executed individual separation agreements. On June 24, 2015, the Board appointed Ryan Drexler to serve as independent member of the Board and elected Mr. Drexler as Chairman of the Board.

## ***Board Leadership Structure***

Brad Pyatt, our founder and CEO, served as Chairman of our Board of Directors until June 2015 when Ryan Drexler was named Chairman of the Board. Brad presided over meetings of the Board of Directors, and held such other powers and carried out such other duties as are customarily carried out by the Chairman of the Board of Directors. Ryan Drexler brings valuable insight to our Board of Directors related to the perspective and experience he brings as our Chairman of the Board.

## ***Director Independence***

The rules of NASDAQ generally require that a majority of the members of a listed company's Board of Directors be independent. In addition, the listing rules generally require that, subject to specified exceptions, each member of a listed company's audit, compensation, and governance committees be independent. Although we are an over-the-counter bulletin board listed company we have nevertheless opted under our Corporate Governance Guidelines to comply with certain NASDAQ corporate governance rules requiring director independence. The Board of Directors has determined that all of the Company's directors nominated for election, other than Mr. Pyatt and Mr. Estalella, are each independent directors as such term is defined in NASDAQ Marketplace Rule 5605(a)(2). Additionally, we have compensation, nominating and governance, and audit committees comprised solely of independent directors.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (Exchange Act). In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of

the audit committee, the Board of Directors, or any other board committee: accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or be an affiliated person of the listed company or any of its subsidiaries.

Our Board of Directors has determined that none of our non-employee directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and

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that each of these directors is independent as that term is defined under the rules of NASDAQ. Our Board of Directors has also determined that past and present Directors, who comprised and comprise our audit committee, compensation committee, and our nominating and governance committee, satisfied and satisfy the independence standards for those committees established by applicable SEC rules, NASDAQ rules and applicable rules of the Internal Revenue Code of 1986, as amended (Code).

## **Involvement in Certain Legal Proceedings**

Except as outlined below, to our knowledge, during the past ten (10) years, none of our directors, executive officers, promoters, control persons, or nominees has been:

the subject of any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law

Mr. Pyatt filed for protection under Chapter 7 of the federal bankruptcy laws in 2008. He received a discharge relating to the matter in 2008.

## **Scientific Advisory Board**

MusclePharm has a Scientific Advisory Board currently consisting of five members, which serves to advise management with respect to product formulations, product ideas, marketing and related matters. Members of the Scientific Advisory Board do not meet on a formal or regular basis. Our management team consults with one or more members of the Scientific Advisory Board as needed, from time to time, by means of meetings or telephone conference calls.

Following is a brief description of the background of our advisory board members:

**Dr. Eric Serrano Chief Formulator Medical Advisor.** Dr. Serrano has been practicing medicine in the State of Ohio for over 23 years and is considered one of the leading sports nutrition doctors in the country. His clients include a wide array of athletes from the NFL, NHL, and MLB, in addition to many elite amateur athletes. Dr. Serrano was a professor of family practice medicine at Ohio State University, where he was awarded Professor of The Year and Preceptor of The Year. Dr. Serrano currently lectures across the country to universities, medical groups and health and fitness conferences on the topics of sports nutrition, performance enhancement, and injury prevention. He has formulated numerous nutritional supplements for some of the leading nutritional companies on the market and also

been a contributing writer for some of the leading U.S. health and fitness magazines, including *Muscle & Fitness*. Dr. Serrano has been involved in the formulations for each of our products. Dr. Serrano received his B.A. from Kansas State University in Biology, his M.A. from Kansas State University in Exercise Physiology, and his M.D. from the University of Kansas Medical School.

***Dr. Roscoe M. Moore, Jr.*** **Chief Scientific Director.** A Former U.S. Assistant Surgeon General, Dr. Moore served with the United States Department of Health and Human Services (HHS) and was, for the last 12 years of his career there, the principal person responsible for global development support within the Office of the Secretary, HHS, with primary emphasis on Continental Africa and other less developed countries of the



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world. He was the principal liaison person between the HHS and Ministries of Health in Africa with regard to the development of infrastructure and technical support for the delivery of preventive and curative health needs for the continent. Dr. Moore received his undergraduate and Doctor of Veterinary Medicine degrees from Tuskegee Institute; his Master of Public Health degree in Epidemiology from the University of Michigan; and his Doctor of Philosophy degree in Epidemiology from the Johns Hopkins University. He was awarded the Doctor of Science degree (Honoris Causa) in recognition of his distinguished public health career by Tuskegee University. Dr. Moore was a career officer within the Commissioned Corps of the United States Public Health Service (USPHS) entering with the U.S. National Institutes of Health and rising to the rank of Assistant United States Surgeon General (Rear Admiral, USPHS) within the Immediate Office of the Secretary, HHS. He was selected as Chief Veterinary Medical Officer, USPHS, by Surgeon General C. Everett Koop.

**Dr. Phillip Frost Member of MusclePharm Scientific Advisory Board.** Dr. Frost has served as the CEO and Chairman of OPKO Health, Inc. (NASDAQ: OPK) since March 27, 2007. Dr. Frost was named the Chairman of the Board of Teva Pharmaceutical Industries, Limited, or Teva, (NYSE:TEVA) in March 2010 and had previously been Vice Chairman since January 2006 when Teva acquired IVAX Corporation, or IVAX. Dr. Frost had served as Chairman of the Board of Directors and Chief Executive Officer of IVAX Corporation since 1987. He was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1986. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Key Pharmaceuticals by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services Inc. (NYSE Amex:LTS), an investment banking, asset management, and securities brokerage firm providing services through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc., in July 2006 and has been a director of Ladenburg Thalmann from 2001 until 2002 and again since 2004. Dr. Frost also serves as Chairman of the board of directors of PROLOR Biotech, Inc. (NYSE Amex: PBTH), a development stage biopharmaceutical company. He serves as a member of the Board of Trustees of the University of Miami and as a Trustee of each of the Scripps Research Institute, the Miami Jewish Home for the Aged, and the Mount Sinai Medical Center. Dr. Frost is also a director of Castle Brands (NYSE Amex:ROX), a developer and marketer of premium brand spirits. Dr. Frost previously served as a director for Continucare Corporation, Northrop Grumman Corp., Ideation Acquisition Corp., Protalix Bio Therapeutics, Inc., and SafeStitch Medical Inc., and as Governor and Co-Vice-Chairman of the American Stock Exchange (now NYSE Amex).

Dr. Frost has successfully founded several pharmaceutical companies and overseen the development and commercialization of a multitude of pharmaceutical products. This combined with his experience as a physician and chairman and/or chief executive officer of large pharmaceutical companies has given him insight into virtually every facet of the pharmaceutical business and drug development and commercialization process. He is a demonstrated leader with keen business understanding and is uniquely positioned to help guide our Company through its transition from a development stage company into a successful, multinational biopharmaceutical and diagnostics company.

**Dr. Stephen Liu, MD,** was born in 1960 in Taiwan and currently resides in Beverly Hills, CA. He received his MD from the Keck School of Medicine at USC and his BA from UCLA. Post-graduate training includes a USC orthopedic surgery residency, a Hughston Sports Medicine Fellowship, and training with the Anderson School of Management Physician Executive Program. Dr. Liu's work experience includes jobs with the UCLA School of Medicine as well as their athletics program where he was Team Physician, partnership with Pac Rim Capital Group, and Board of Directorships with Cardo Medical and AM International Bank. Currently he is a Senior Advisor to OPKO Health and is a Frost Group investor. He has co-authored seven books on Sports Medicine, written 45 peer-reviewed articles and given over 100 lectures in 25 different countries. In addition, he has held guest professorships at organizations in 16 countries and served in leadership roles with the Chinese-American Bankers Association, World Affairs Council and Center Theater Group. Awards and honors include the 1997 Cabaud Award for basic sport science research, fellowships with the American Academy Ortho Sports Medicine Society and the Asia Shoulder Society, and the

Verdugo Hills Hospital Foundation Humanitarian Award.

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***Dr. Michael Kim, D.O. Executive Director of Medicine, Research and Education.*** Dr. Kim has been our Executive Director of Medicine, Research and Education since August 2011. Dr Kim is responsible for the MusclePharm Sports Science Institute, MusclePharm University, oversees our product efficacy and new product innovation and research. He analyzes formulations, research protocols and strength and performance protocols. He also advises our athlete endorsers regarding nutrient, diet and supplementation. He received a B.A. in Economics from University of California Davis, and a Doctor of Osteopathy degree from Touro University.

**Board Committees**

Our Board of Directors has established an audit committee, a compensation committee, a nominating and governance committee, and a strategic initiative committee each of which have the composition and responsibilities described below. Members serve on these committees until their resignations or until otherwise determined by our Board of Directors. The Board of Directors has further determined that Mr. William Bush, a member of the Audit Committee of the Board of Directors, is an Audit Committee Financial Expert, as such term is defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC, by virtue of his relevant experience listed in his biographical summary provided above in the section entitled Proposal 1 Election of Directors. Each of these committees has a written charter. Current copies of the charters of the audit committee, compensation committee, and governance and nominating committee are available on our website at [ir.musclepharmcorp.com/governance-documents](http://ir.musclepharmcorp.com/governance-documents)

*Audit Committee.* The Audit Committee reviews the work of our internal accounting and audit processes and the Independent Registered Public Accounting Firm. The Audit Committee has sole authority for the appointment, compensation and oversight of our Independent Registered Public Accounting Firm and to approve any significant non-audit relationship with the Independent Registered Public Accounting Firm. The Audit Committee is also responsible for preparing the report required by the rules of the SEC to be included in our annual proxy statement. The Audit Committee is currently comprised of Mr. Bush as the Chair, Mr. Doron, and Mr. Jenkins. Mr. Bush joined the Audit Committee as chairman in May 2015 and Mr. Jenkins joined the Audit Committee as a member in May 2015. During 2014, the Audit Committee held eight (8) meetings.

*Compensation Committee.* The Compensation Committee approves our goals and objectives relevant to compensation, stays informed as to market levels of compensation and, based on evaluations submitted by management, recommends to our Board of Directors compensation levels and systems for the Board of Directors and our officers that correspond to our goals and objectives. The Compensation Committee, with the assistance of Longnecker, also produces an annual report on executive compensation for inclusion in our proxy statement. The Compensation Committee is currently comprised of Mr. Doron as the Chair, Mr. Thompson and Mr. Bush. Mr. Doron joined the Compensation Committee as chairman in May 2015 and Mr. Thompson and Mr. Bush joined the Compensation Committee in May 2015. During 2014, the Compensation Committee held seven (7) meetings.

*Nominating & Governance Committee.* The Nominating & Governance Committee is responsible for recommending to our Board of Directors individuals to be nominated as directors and committee members. This includes evaluation of new candidates as well as evaluation of current directors. In evaluating the current directors the committee conducted a thorough self-evaluation process, which included the use of questionnaires and a third-party expert that interviewed each of the directors and provided an analysis of the results of the interviews to the committee. This committee is also responsible for developing and recommending to the Board of Directors our corporate governance guidelines, as well as reviewing and recommending revisions to the guidelines on a regular basis. The Nominating & Governance Committee is currently comprised of Mr. Jenkins as the Chair, Mr. Thompson and Mr. Doron. Mr. Jenkins and Mr. Thompson joined the Nominating & Governance Committee in May 2015. During 2014, the Nominating & Governance Committee held seven (7) meetings.

*Strategic Initiative Committee.* The Strategic Initiative Committee evaluates and assists the board of directors in overseeing the Company's implementation of key strategic initiatives. The Strategic Initiative Committee is currently comprised of Mr. Thompson as the Chair, Mr. Estalella, Mr. Doron and Mr. Jenkins.

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### **Director Nominations**

The director qualifications developed to date focus on what the Board believes to be essential competencies to effectively serve on the Board. The Nominating & Governance Committee may consider the following criteria in recommending candidates for election to the board:

experience in corporate governance, such as an officer or former officer of a publicly held company;

experience in the Company's industry;

experience as a board member of other publicly held companies; and

technical expertise in an area of the Company's operations.

The Nominating & Governance Committee evaluates each individual in the context of the Board as a whole, with the objective of assembling a Board that can best perpetuate the success of the Company and represent shareholder interests through the exercise of sound judgment using its diversity of experience.

Prior to each annual meeting of stockholders at which directors are to be elected, and whenever there is otherwise a vacancy on the Board of Directors, the Nominating & Governance Committee will consider incumbent Board members and other well-qualified individuals as potential director nominees. The Nominating & Governance Committee will determine whether to retain an executive search firm to identify Board candidates, and if so, will identify the search firm and approve the search firm's fees and other retention terms and will specify for the search firm the criteria to use in identifying potential candidates, consistent with the director qualification criteria described above. The Nominating & Governance Committee will review each potential candidate. Management may assist the Nominating & Governance Committee in the review process at the Nominating & Governance Committee's direction. The Nominating & Governance Committee will select the candidate or candidates believed are the most qualified to recommend to the Board for selection as a director nominee. Our Nominating & Governance Committee will consider candidates recommended by our stockholders in accordance with the procedures set forth in the Nominating & Governance Committee Charter. Such recommendations must be submitted in writing to the Chairman of the Nominating & Governance Committee, c/o the Corporate Secretary, 4721 Ironton Street, Denver, CO 80239 no later than 120 days prior to the anniversary of the date on which the Company's proxy statement was mailed or made available to stockholders in connection with the previous year's annual meeting of stockholders. The recommendations must be accompanied by the following information: the name and address of the nominating stockholder, a representation that the nominating stockholder is a record holder, a representation that the nominating stockholder intends to appear in person or by proxy at the annual meeting to nominate the person or persons specified, information regarding each nominee that would be required to be included in a proxy statement, a description of any arrangements or understandings between the nominating stockholder and the nominee, and the consent of each nominee to serve as a director, if elected. Candidates recommended by the stockholders are evaluated in the same manner as candidates identified by a Nominating & Governance Committee member.

Each of the nominees for election as director at the 2015 Annual Meeting is recommended by the Nominating & Governance Committee and each nominee is presently a director and stands for re-election by the stockholders.

Stockholders who wish to nominate persons for election to the Board of Directors at an annual meeting must be a stockholder of record both at the time of giving the notice and at the meeting, must be entitled to vote at the meeting and must comply with the notice provisions in our bylaws. A stockholder's notice of nomination to be made at an annual meeting must be delivered to our principal executive offices not less than 90 days nor more than 120 days before the anniversary date of the immediately preceding annual meeting. However, if an annual meeting is more than 30 days before or more than 60 days after such anniversary date, the notice must be delivered no later than the 90th day prior to such annual meeting or, if later, the 10th day following the day on which the first public announcement of the date of such annual meeting was made. A stockholder's notice of

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nomination to be made at a special meeting at which the election of directors is a matter specified in the notice of meeting must be delivered to our principal executive offices not earlier than the 120th day prior to and not later than the 90th day prior to such special meeting or, if later, the 10th day following the day on which first public announcement of the date of such special meeting was made. The stockholder's notice must include the following information for the person making the nomination:

name and address;

the class and number of shares of the Company owned beneficially or of record;

disclosure regarding any derivative, swap or other transactions which give the nominating person economic risk similar to ownership of shares of the Company or provide the opportunity to profit from an increase in the price or value of shares of the Company;

any proxy, agreement, arrangement, understanding or relationship that confers a right to vote any shares of the Company;

any agreement, arrangement, understanding or relationship, engaged in to mitigate economic risk related to, or the voting power with respect to, shares of the Company;

any rights to dividends on the shares that are separate from the underlying shares;

any performance related fees that the nominating person is entitled to based on any increase or decrease in the value of any shares of the Company; and

any other information relating to the nominating person that would be required to be disclosed in a proxy statement filed with the SEC.

The stockholder's notice must also include the following information for each proposed director nominee:

description of all direct and indirect financial or other relationships between the nominating person and the nominee during the past three years;

the same information as for the nominating person (see above); and

all information required to be disclosed in a proxy statement in connection with a contested election of directors.

The stockholder's notice must be updated and supplemented, if necessary, so that the information required to be provided in the notice is true and correct as of the record date for the meeting and as of the date that is ten business days prior to the meeting.

The chairman of the meeting will determine if the procedures in the bylaws have been followed, and if not, declare that the nomination be disregarded. The nominee must be willing to provide any other information reasonably requested by the Nominating & Governance Committee in connection with its evaluation of the nominee's independence.

#### **Stockholder Communications with the Board of Directors**

Stockholders may send correspondence to the Board of Directors or any member of the Board of Directors, c/o the Corporate Secretary at our principal executive offices at the address set forth above. The Corporate Secretary will review all correspondence addressed to the Board, or any individual Board member, for any inappropriate correspondence and correspondence more suitably directed to management. However, the Corporate Secretary will summarize all correspondence not forwarded to the Board and make the correspondence available to the Board for its review at the Board's request. The Corporate Secretary will forward stockholder communications to the Board prior to the next regularly scheduled meeting of the Board of Directors following the receipt of the communication.



**Table of Contents****Director Compensation*****Non-Employee Director Compensation Arrangements***

The Board of Directors has adopted a non-employee director compensation policy that provides annual retainer fees. All Board members receive an annual retainer of \$42,500, the Chairman of the Board receives an additional \$40,000, and the lead Director receives an additional \$25,000, each paid quarterly. Additionally, Committee members receive annual retainers, each paid quarterly, as follows:

<b>Committee</b>	<b>Chairman</b>	<b>Member</b>
Audit Committee	20,000	8,500
Compensation Committee	15,000	6,500
Nominating & Governance Committee	7,500	5,000
Strategic Initiative Committee	7,500	5,000

We also reimburse our non-employee directors for their travel expense. Members of the Board who also are our employees do not receive any compensation as director, our directors do not receive Board meeting fees.

Each of our non-employee directors annually receives \$80,000 of restricted common stock distributed quarterly with the number of shares for the quarterly award determined by dividing \$20,000 by the average closing price of MusclePharm's common stock for the first fifteen days of the first month of each quarter. These restricted common stock awards vest quarterly without forfeiture.

*2014 Director Compensation.* The table below sets forth the compensation paid to each current non-employee member of our Board of Directors during the fiscal year ended December 31, 2014:

	<b>Fees Earned</b>		
	<b>or Paid in Cash (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Tot</b>
Doron (2)	\$ 57,000	\$ 80,000	\$ 1
McClory (Former) (2) (8)	\$ 57,000	\$ 80,000	\$ 1
Macosko (Former) (3) (4) (5) (8)	\$ 31,154	\$ 41,770	\$
Lupo (Former) (5) (8)	\$ 15,000	\$ 19,995	\$
Greenwell (Former) (2) (7)	\$ 60,000	\$ 80,000	\$ 1

70 days before the 2007 Annual Meeting; and  
10 days after we make the first public  
announcement of the date of the 2007 Annual Meeting.

**May I recommend or nominate individuals to  
directors?**

If you formally submit any director nomination for consideration at the 2007 Annual Meeting, your notice to our Corporate Secretary must meet the timing requirements that we have described above under the heading “**What is the deadline to propose actions for consideration at the 2007 Annual Meeting?**” In addition, if the number of directors to be elected to the Board is increased and we make no public

propose director candidates for consideration of the Corporate Governance and Nominating Committee. You should direct such proposals to George G. O'Brien, Chief Legal Officer and Corporate Secretary, Bristol West Holdings, Inc., 5701 Stirling Road, Davie, FL 33314.

To submit any director nomination for consideration at the 2007 Annual Meeting, your notice to our Corporate Secretary must meet the requirements that are described above under the heading **"What is the procedure for proposing actions for consideration at the 2007 Annual Meeting?"** In addition, your notice to our Corporate Secretary must include all information relating to that person that is required by Item 14A under the Securities Exchange Act of 1934, as amended (which we refer to as the **"Exchange Act"**). The Exchange Act requires us to include in our proxy materials to be distributed in connection with the solicitation of proxies for the election of directors at the 2007 Annual Meeting, including the nominee's written consent to being named in the proxy statement as a nominee and to being named as a director if elected.

#### **What is the deadline to propose or nominate individuals to serve as directors?**

You may send an informal recommendation regarding a potential director candidate to our Corporate Governance and Nominating Committee and Board at any time. Generally, such proposed candidates are considered at the Board meeting prior to the next annual meeting of stockholders. You should direct such informal recommendations either to (1) George G. O'Brien, Chief Legal Officer and Corporate Secretary, Bristol West Holdings, Inc., 5701 Stirling Road, Davie, FL 33314, Attention: Corporate Governance Hotline, or (2) our Corporate Governance Hotline at 1-800-999-9714.

announcements naming all of the nominees for director or specifying the size of the increased Board by at least February 28, 2007, which is 80 days before the first anniversary of the date of the 2006 Annual Meeting, we must receive notice of a director nomination not later than 10 days after we make the first public announcement naming all of the nominees for director or specifying the size of the increased Board. A description of such nominations will not be included in our proxy materials to be distributed in connection with the 2007 Annual Meeting under Rule 14a-8.

#### **How may I obtain a copy of Bristol West's by-law provisions regarding director nominations and other stockholder proposals?**

To receive a copy of the relevant by-law provisions regarding the requirements for making stockholder proposals and nominating director candidates, you may send your request to George G. O'Brien, Chief Legal Officer and Corporate Secretary, Bristol West Holdings, Inc., 5701 Stirling Road, Davie, FL 33314.

## ITEM 1

### ELECTION OF DIRECTORS

#### of Directors

ard currently has 11 members each of whom serve until the 2006 Annual Meeting or until their successors qualified and elected, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Two of our directors have advised us that they do not intend to stand for re-election at the 2006 Annual Meeting and will retire from the Board at that time, as described below under the heading “***Election of Directors - Recommendation of the Board of Directors.***” At this time, the Board has elected to fill one of the two vacancies by nominating a new director to serve until the 2007 Annual Meeting or until their successors are qualified and elected, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Our Board is authorized to fill the existing vacancy after the 2006 Annual Meeting. The Board will consider potential nominees to fill the vacancy or to increase the size of the Board to 10 directors. Our Board is also authorized to increase the size of the Board and is authorized to fill the vacancies created by the increase. Directors elected by the Board to fill any such vacancies will stand for re-election at the next annual meeting of stockholders after their election.

We do not believe that any of the 10 nominees for director will be unwilling or unable to serve as director. However, at the time of the 2006 Annual Meeting any of the nominees should be unwilling or unable to serve, proxies will be voted as recommended by the Board to do one of the following:

- To elect substitute nominees recommended by the Board.
- To allow the vacancy created to remain open until filled by the Board.
- To reduce the number of directors for the ensuing year.

Under the current charter, however, can a proxy be voted to elect any more than 10 nominees for director.

#### Recommendation of the Board of Directors

The Board recommends that you vote “FOR” each of the following individuals proposed for election, including incumbent directors proposed for re-election (proxies returned without instructions will be voted “FOR” each of the following individuals):

#### Nominees for Election

##### James R. Fisher

Mr. Fisher, age 50, has been our Chief Executive Officer and Chairman of the Board since September 2000 and has been a Bristol West director since July 1998. Mr. Fisher has been the managing member of Fisher Capital Corp. since March 1997. From 1986 through March 1997, Mr. Fisher held various executive positions at American International Corporation. Currently, Mr. Fisher is a director of Willis Group Holdings Limited (which we refer to as “Willis”) (retiring April 2006), Alea Group Holdings (Bermuda) Ltd. (which we refer to as “**Alea (Bermuda)**”) and a trustee of Lafayette College in Easton, Pennsylvania. On February 21, 2006, Mr. Fisher notified the Board that, as part of our ongoing management succession process, he would like to relinquish his title as Chief Executive Officer effective as of July 1, 2006. Mr. Fisher recommended the promotion of Jeffrey J. Dailey, Bristol West’s President and Chief Operating Officer, to the position of Chief Executive Officer. The Board accepted Mr. Fisher’s recommendations. Effective July 1, 2006, Mr. Fisher will continue to serve as Executive Chairman of the Board.

**Cary Blair**

Mr. Blair, age 66, has been a Bristol West director since March 2004. Mr. Blair retired as Chairman and Chief Executive Officer of the Westfield Group in August 2003. He served his entire career at the Westfield Group from August 1998 through August 2003. Currently, Mr. Blair is a director of First Merit Corporation and Davey Tree Expert Co., Chairman of the Westfield Foundation.

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**Frederick J. Dailey**

Mr. Dailey, age 49, is not currently a Bristol West director. Mr. Dailey has been our President since December 2003 and Chief Operating Officer since April 2001. Mr. Dailey has 26 years of experience in the insurance industry. Prior to joining Bristol West in 2001, Mr. Dailey was the Chief Executive Officer of Reliant Insurance. Prior to joining Reliant in 1996, Mr. Dailey spent 14 years with The Progressive Corporation, holding numerous executive positions including as President of Progressive's Northeast Division. On February 21, 2006, James R. Fisher, Bristol West's Chairman and Chief Executive Officer, notified the Board that, as part of our ongoing management succession planning, he would like to relinquish his title as Chief Executive Officer effective as of July 1, 2006. Mr. Fisher recommended that Mr. Dailey be promoted to the position of Chief Executive Officer and that he be nominated to the Board. The Board accepted Mr. Fisher's recommendations. Accordingly, the Board has nominated Mr. Dailey to serve on the Board.

**Richard T. Delaney**

Mr. Delaney, age 67, has been a Bristol West director since March 2004. Mr. Delaney has worked as an independent consultant since January 2000. From 1994 through January 2000, Mr. Delaney held the positions of President and Chief Operating Officer of Am-Re Consultants, Inc. and Vice Chairman of Am-Re Global Services, Inc. From January 2000 through November 2003, Mr. Delaney was a director of Alea Group Holdings Ltd. (which we refer to as "Alea"). From January 2002 through June 2004, Mr. Delaney was a director of Associated Industries Insurance Company, Inc. Mr. Delaney is a member of the CPCU Society.

**David A. Fisher**

Mr. Fisher, age 40, has been a Bristol West director since February 1998. Mr. Fisher has been a member of KKR & Co. L.L.C. since January 1, 2001. Mr. Fisher was an executive of KKR & Co. L.L.C. from June 1993 to December 31, 2000. Mr. Fisher was an associate at Goldman Sachs & Co. from July 1992 to June 1993. Currently, Mr. Fisher is a director of Alea (Bermuda), Rockwood Holdings, Inc., Koninklijke Vendex KBB B.V., and Duales Deutschland AG.

**Henry Golkin**

Mr. Golkin, age 52, has been a Bristol West director since February 1998. Mr. Golkin has been a member of KKR & Co. L.L.C. since January 1, 1996. Mr. Golkin was a general partner of KKR & Co. L.L.C. from 1995 to January 1996. Prior to 1995, he was an executive of KKR & Co. L.L.C. Currently, Mr. Golkin is a director of Alea (Bermuda), PRIMEDIA, Inc., Rockwood Holdings, Inc., and Willis.

**Barbara R. Hennessy**

Ms. Hennessy, age 53, has been a Bristol West director since March 2004. Since January 2006, Ms. Hennessy has been an independent consultant to the insurance and reinsurance industries. From May 2002 through December 2005, Ms. Hennessy was employed as a consultant with Webb Associates of Haddonfield, New Jersey. From January 2000 through May 2002, Ms. Hennessy was the Chief Executive Officer and President of Overseas American Insurance Company, Ltd. From November 1996 through April 1999, Ms. Hennessy was President and Chief Operating Officer of TIG Holdings. Prior to serving at TIG, Ms. Hennessy held various executive positions at American Re Group from 1988 to 1996. Ms. Hennessy has been a Fellow of the Casualty Actuarial Society since 1981.

**Robert Hilton**

Dr. Hilton, age 59, has been a Bristol West director since March 2004. Dr. Hilton has been the Chief Executive Officer and President of Biomedical Research Alliance of New York since 1998. Dr. Hilton has been an attending physician at Long Island Jewish Medical Center since 1985. Dr. Hilton is currently a Fellow with the American College of Physicians and the Infectious Disease Society of America and a member of the American Society of Tropical Medicine, the Long Island Infectious Disease Society and the New York Society of Infectious Disease.

**James N. Meehan**

Mr. Meehan, age 60, has been a Bristol West director since March 2004. Mr. Meehan was a Managing Director of Bank of America in Chicago, Illinois, from June 1987 through May 2002. Since his retirement in May 2002, he has been an independent consultant. Prior to serving at Bank of America, Mr. Meehan was Vice President of First National Bank of Chicago. Currently, Mr. Meehan is a director of the Delphi Financial Group, American Fuji Fire Insurance Company, and Reassure America Life Insurance Company, a subsidiary of Swiss Re.

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## thur J. Rothkopf

thkopf, age 70, has been a Bristol West director since March 2004. Mr. Rothkopf has been Senior Vice President of the U.S. Chamber of Commerce since July 2005. Prior to serving at the U.S. Chamber of Commerce, Mr. Rothkopf served as President of Lafayette College in Easton, Pennsylvania, from 1993 until 2005. He also has served as the Deputy Secretary and General Counsel of the United States Department of Transportation and was a partner in the law firm of Hogan & Hartson in Washington, D.C. Currently, Mr. Rothkopf is a director of Insurance Company of North America, Inc.

## g Directors

the following incumbent directors has advised us that they do not intend to stand for re-election at the Annual Meeting and will retire from the Board at that time:

## er-Jeet S. Gujral

Mr. Gujral, age 47, has been a Bristol West director since March 2004. In January 2000, Mr. Gujral founded and is currently Chairman of OneShield, Inc. and also founded Firemark Partners, LLC. Mr. Gujral is currently Chairman of Firemark Sensors, Inc. and a director of Quosa, Inc. and SSI Corp. Mr. Gujral was an Executive Vice President of SSI Corp. from April 2003 until June 30, 2005.

## ott C. Nuttall

Mr. Nuttall, age 33, has been a Bristol West director since August 2000. Mr. Nuttall has been a member of KKR & Co. L.L.C. since June 1, 2005. Mr. Nuttall was an executive of KKR & Co. L.L.C. from November 1996 to June 1, 2005. Mr. Nuttall was an executive at The Blackstone Group from January 1995 to November 1996. Currently, Mr. Nuttall is a director of Alea (Bermuda), Willis (retiring April 2006), KKR Financial Corporation and Masonite International Corporation.

## ate Governance

*Corporate Governance Guidelines.* As required by the NYSE, the Board has adopted Corporate Governance Guidelines (which we refer to as our “**Corporate Governance Guidelines**”) that meet the corporate governance standards of the NYSE. We have posted our Corporate Governance Guidelines on our Internet website at [www.bristolwest.com](http://www.bristolwest.com).

*Director Independence.* Our Board annually conducts an assessment of the independence of each director in accordance with our Corporate Governance Guidelines, applicable rules and regulations of the SEC, and the corporate governance standards of the NYSE. An independent director is free of any relationship with Bristol West management that impairs the director’s ability to make independent judgments.

Our Board has adopted categorical standards as part of our Corporate Governance Guidelines to assist it in determining the independence of each of its directors (which we refer to as the “**Categorical Standards**”). The Categorical Standards are attached hereto as **Appendix A**. The Board adopted the Categorical Standards to assist it in determining whether or not certain relationships between our directors and Bristol West (either directly or indirectly, as owner, stockholder or officer of an organization that has a relationship with Bristol West) constitute “material conflicts of interest.” The Categorical Standards establish thresholds at which such relationships are deemed to be not independent. With respect to directors who have a business or other relationship that does not fit within the Categorical Standards, the Board assesses each director’s independence with respect to that relationship by reviewing any potential conflicts of interest and significant outside relationships. In determining any such director’s independence, the Board broadly considers all relevant facts and circumstances, including specific criteria included in the NYSE’s corporate governance standards. For these purposes, the NYSE requires the Board to consider certain relationships that have existed during a three-year look-back period. The Board considers the issue not merely from the standpoint of a

but also from the standpoint of persons or organizations with which the director has an affiliation.

ard conducted an assessment of the independence of each director at its regularly scheduled meeting  
ary. Based on this assessment, the Board affirmatively determined that the following Board members were  
dent: R. Cary Blair, Richard T. Delaney, Mary R. Hennessy, Eileen Hilton, James N. Meehan and Arthur J.  
of. Except with respect to the relationships described below, the Board affirmatively determined that these  
members were independent because they met the requirements of the Categorical Standards:

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**Information:** Partnerships affiliated with Kohlberg Kravis Roberts & Co. L.P. (which we refer to as “**KKR**”) 40.5% and 38.5% of our Common Stock as of December 31, 2005 and 2004, respectively, and were ant stockholders as of December 31, 2003 before our initial public offering. For more information regarding tionships with KKR, see the information below under the caption entitled “***Certain Relationships and Transactions - Consulting Services Fees.***” Partnerships affiliated with KKR owned approximately 40.7%, and 40.6% of Alea at December 31, 2005, 2004 and 2003, respectively.

**T. Delaney:** Mr. Delaney was a director of Alea from January 1, 2002 to October 16, 2003, prior to joining rd. After he resigned from Alea’s board of directors through the end of 2004, Mr. Delaney continued ng for Alea. In 2004, he received consulting fees from Alea totalling \$150,000 plus grants for 26,964 shares stock. In late 2004 and early 2005, Mr. Delaney consulted briefly with KKR in connection with a potential ion, but he did not bill KKR for that work. None of Mr. Delaney’s consulting work for Alea or KKR involved West or any of its subsidiaries. The Board did not consider these relationships, individually or in the te, to be material for purposes of determining Mr. Delaney’s independence.

**Hennessy:** In late 2004 and 2005, Ms. Hennessy performed consulting services for KKR in connection with io investment and a potential acquisition. The total consulting fees that Ms. Hennessy received for this work ted less than 10% of her 2005 total income. None of Ms. Hennessy’s consulting work for KKR involved West or any of its subsidiaries. The Board did not consider this consulting relationship to be material for s of determining Ms. Hennessy’s independence.

**L. Meehan:** Mr. Meehan’s son is an employee of Deloitte Consulting LLP, a member firm of Deloitte Touche su. Deloitte & Touche LLP, our independent auditors, is also a member firm of Deloitte Touche Tohmatsu. ehah’s son is not a partner of Deloitte Consulting LLP, does not work in any audit, assurance or tax nce practice of Deloitte Touche Tohmatsu or any of its member firms, and has never worked on the audit of West’s financial statements. The Board did not consider this relationship to be material for purposes of ing Mr. Meehan’s independence.

**L. Rothkopf:** Mr. Rothkopf is a director of Insurance Services Office (which we refer to as “**ISO**”). ISO is a that provides services to Bristol West. Our payments to ISO in 2005, 2004 and 2003 were approximately 000, \$823,000, and \$788,000, respectively. The payments we made to ISO in 2005, which exceeded on, also did not exceed 2% of ISO’s consolidated gross revenues for 2005. The Board did not consider this ship to be material for purposes of determining Mr. Rothkopf’s independence.

**Committee Membership Criteria.** In accordance with the NYSE’s corporate governance standards, our te Governance Guidelines provide that no member of the Audit Committee may serve simultaneously on the ommittees of more than three other public company boards, unless the Board determines that such eous service would not impair such director’s ability to effectively serve on the Audit Committee and that nation is disclosed in our annual proxy statement. Directors are required to advise the Chief Executive and the Chairman of the Board and the Chairman of the Corporate Governance and Nominating Committee ey accept an invitation to serve on the audit committee of any public company board.

**Self-Evaluation.** Our Corporate Governance Guidelines address evaluation of the performance of the Board rd committees. Our Board, acting through the Corporate Governance and Nominating Committee, conducts al self-evaluation to determine whether it is functioning effectively. Each Board committee, other than the ve committee, conducts an annual self-evaluation to determine whether it is functioning effectively and he results to the Board, acting through the Corporate Governance and Nominating Committee.

**ings of Non-Management and Independent Directors.** Our non-management directors meet in separate e sessions without senior management for a portion of each meeting. At least once per year, the independent

s meet in a separate executive session without senior management and non-independent directors for a of the meeting. The NYSE corporate governance standards define non-management directors to include any s who are not executive officers of our Company, including any directors who are not independent by virtue erial relationship, former status or family relationship, or for any other reason.

*g Director.* The directors at each executive session of non-management or independent directors determine rman for the executive session.

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*Communications with Stockholders and Other Constituencies.* Our CEO is responsible for establishing effective communications with our stakeholder groups, including stockholders, the press, clients, suppliers, governments and representatives of the communities in which it operates. It is our policy to appoint individuals to communicate and deal fully with these stakeholders and the Board will look to senior management to speak for Bristol West. This does not preclude outside directors from communicating directly with stockholders or other constituencies on Bristol West matters, but any such communications will generally be held at the request of the Board or senior management with senior management present.

*Communicating with Our Directors.* So that our stockholders and other interested parties may make their concerns known, we have established a method for communicating with our directors, including non-management directors. Any stockholder may communicate with the non-management directors or propose an individual to the Corporate Governance and Nominating Committee for its consideration as a nominee for election to the Board either (1) by writing to the Chief Legal Officer and Corporate Secretary at Bristol West Holdings, Inc., 5701 Stirling Road, Fort Lauderdale, Florida 33314, Attention: Corporate Governance Hotline, or (2) by calling our Corporate Governance Hotline at 819-9714. Communications intended specifically for our non-management directors should be marked **“Attention: Non-Management Director Communications.”** Communications intended specifically for our Audit Committee should be marked **“Attention: Audit Committee.”** All other director communications should be marked **“Attention: Director Communications.”** Our Corporate Governance Hotline will forward to the Audit Committee all communications specifically directed to that committee and will forward all other Hotline communications to our Chief Legal Officer and Corporate Secretary. Our Chief Legal Officer and Corporate Secretary will facilitate all communications. We have posted a summary of this method of communicating with our directors on our website at [www.bristolwest.com](http://www.bristolwest.com). More information regarding stockholder submissions of recommendations for director candidates is included below under the caption **“Election of Directors - Director Nominations - Stockholder Nominations.”**

## Code of Conduct and Business Ethics

*Code of Conduct and Business Ethics.* The Board adopted a Code of Conduct and Business Ethics for all of our directors, officers and employees. Failure to comply with the Code of Conduct and Business Ethics is a serious offense and will result in appropriate disciplinary action. We will disclose, to the extent and in the manner required by applicable law or NYSE corporate governance standard, any waiver of any provision of this Code of Conduct and Business Ethics.

*Code of Conduct and Business Ethics Policy for Chief Executive Officer and Senior Financial Officers.* The Board adopted a Code of Conduct and Business Ethics Policy for our principal executive officer (our Chairman and Chief Executive Officer) and our principal financial and principal accounting officer (our Chief Financial Officer) as well as our Corporate Controller and other senior financial officers. These officers are expected to adhere at all times to the Code of Conduct and Business Ethics Policy. Failure to comply with this Code of Conduct and Business Ethics Policy is a serious offense and will result in appropriate disciplinary action. Our Board has the authority to promptly approve, in their sole discretion, any such disciplinary action as well as any amendment to and any material departure from a provision of this Code of Conduct and Business Ethics Policy. We will disclose on our website at [www.bristolwest.com](http://www.bristolwest.com), to the extent and in the manner permitted by Item 5.05 of Form 8-K under the Exchange Act, the nature of any amendment to this Code of Conduct and Business Ethics Policy (other than technical, administrative, or other non-substantive amendments), our approval of any material departure from a provision of this Code of Conduct and Business Ethics Policy, and our failure to take action within a reasonable period of time regarding any material departure from a provision of this Code of Conduct and Business Ethics Policy that has been made known to any of our executive officers.

We have posted copies of each of these codes of conduct and business ethics on our website at [www.bristolwest.com](http://www.bristolwest.com). Copies of these codes of conduct and business ethics are also available, without charge, at the

request of any shareholder of record. Requests for copies should be mailed to: Bristol West Holdings, Inc.,  
rling Road, Davie, Florida 33314, Attention: Corporate Secretary.

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## Members of the Board of Directors

The Board held five meetings during 2005. It is expected that the Board will hold at least five meetings during 2006.

Of the incumbent directors who held office in 2005 attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings held by all Board committees on which he or she served during his or her period of office. Our Corporate Governance Guidelines provide that all directors should make every effort to attend meetings of our stockholders, either in person or by telephone or video conference. All 11 of the directors attended the annual meeting of our stockholders held on May 12, 2005, either in person or by video conference.

## Committees of the Board of Directors

### Independent Board Committees

The Board has an audit committee, a compensation committee, and a corporate governance and nominating committee. The Board has determined that each member of these three committees is independent. See “**Election of Directors — Corporate Governance — Director Independence**” below.

**Audit Committee.** The Audit Committee of the Board (which we refer to as the “**Audit Committee**”) is composed of three directors: James N. Meehan (Chairman), Richard T. Delaney and Mary R. Hennessy. The Board has determined that James N. Meehan qualifies as an “audit committee financial expert” as that term is defined in Rule 101(h) of Regulation S-K under the Securities Act of 1933, as amended (which we refer to as the “**Securities Act**”). All members of the Audit Committee qualify as “financially literate” pursuant to the NYSE’s corporate governance standards.

The principal duties and responsibilities of the Audit Committee are set forth in its charter, which was adopted by the Board. See “**Copies of Committee Charters**” below. The Audit Committee’s purpose is to have direct responsibility for the duties and responsibilities that are set forth in its charter and are otherwise delegated to the committee by the Board. These duties and responsibilities include the following: (a) review the integrity of our financial reporting and both internal and external; (b) retain and terminate the independent auditors and approve all engagement terms; (c) oversee the work of the independent auditors and any other registered public accounting firm employed by Bristol West; (d) review the qualifications, performance and independence of the independent auditors; (e) review and discuss the responsibilities, budget and staffing of Bristol West’s internal audit function; (f) discuss Bristol West’s guidelines and policies with respect to risk assessment and risk management; and (g) review and approve related party transactions to which Bristol West is a party.

The Audit Committee held 15 meetings during 2005. The report of the Audit Committee is included below under the “**Audit Committee Report**.”

**Compensation Committee.** The Compensation Committee of the Board (which we refer to as the “**Compensation Committee**”) is composed of three directors: R. Cary Blair (Chairman), Richard T. Delaney and William J. Hilton.

The principal duties and responsibilities of the Compensation Committee are set forth in its charter, which was adopted by the Board. See “**Copies of Committee Charters**” below. The Compensation Committee’s purpose is to have direct responsibility for the duties and responsibilities that are set forth in its charter and are otherwise delegated to the committee by the Board. These duties and responsibilities include the following: (a) establish and review our compensation philosophy; (b) review and approve corporate goals and objectives relevant to the compensation of our CEO and other executive officers, including annual performance objectives; (c) evaluate the

ance of our CEO and other executive officers in light of these goals and objectives and, based on this on, determine and approve the annual salary, bonus, stock options and other benefits of the CEO and other ve officers; (d) oversee the development and implementation of our executive compensation programs; and ew and make recommendations to the Board with respect to our incentive compensation plans and ased plans and oversee the activities of the individuals responsible for administering these plans.

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Compensation Committee held five meetings during 2005. The report of the Compensation Committee is included in this proxy statement under the heading “*Compensation Committee Report.*”

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee (which is referred to as the “**Corporate Governance and Nominating Committee**”) is composed of four directors: Arthur J. Hennessy (Chairman), R. Cary Blair, Mary R. Hennessy and James N. Meehan.

The principal duties and responsibilities of the Corporate Governance and Nominating Committee are set forth in its charter, which was adopted by the Board. See “*Copies of Committee Charters*” below. The Corporate Governance and Nominating Committee’s purpose is to have direct responsibility for the duties and responsibilities that are set forth in its charter and are otherwise delegated to the committee by the Board. These duties and responsibilities include the following: (a) identify individuals believed to be qualified to serve on the Board and select, or recommend that the Board select, candidates to be nominated for election to the Board; (b) evaluate candidates for nomination to the Board, including those recommended by stockholders; (c) review and make recommendations regarding the composition and size of the Board; (d) recommend members of the Board to serve on Board committees and as the chair of each committee; (e) review the adequacy of Bristol West’s charter and by-laws and propose amendments, as appropriate; (f) develop and recommend to the Board corporate governance principles for Bristol West and propose amendments, as appropriate; and (g) oversee and approve our management continuity planning process.

The Corporate Governance and Nominating Committee selects and evaluates director nominees using a process that is described below under the heading “*Election of Directors - Director Nominations*.” In addition, the Corporate Governance and Nominating Committee develops and recommends to the Board corporate governance principles applicable to Bristol West’s directors, officers and employees. The Corporate Governance and Nominating Committee will also consider and evaluate candidates properly submitted for nomination by stockholders in accordance with the procedures set forth in our by-laws, which are described below under the heading “*Election of Directors - Director Nominations - Stockholder Nominations.*”

The Corporate Governance and Nominating Committee held four meetings during 2005.

*Copies of Committee Charters.* We have posted on our Internet website at [www.bristolwest.com](http://www.bristolwest.com) copies of the charters of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. A copy of the Audit Committee charter is also attached to this proxy statement as **Appendix B**. Copies of the other charters are also available, without charge, at the written request of any shareholder of record. Requests for copies should be mailed to: Bristol West Holdings, Inc., 5701 Stirling Road, Davie, Florida 33314, Attention: Corporate Secretary.

## Director Nominations

As provided in its charter, our Corporate Governance and Nominating Committee is responsible for evaluating and recommending candidates for the Board, including incumbent directors whose terms are expiring and potential new directors. The committee takes into account all factors it considers appropriate in identifying candidates for directorship on the Board, which may include (1) ensuring that the Board as a whole is diverse and consists of directors with various and relevant knowledge, skills, experience and expertise; (2) minimum individual qualifications, including strength of character, mature judgment, familiarity with our business and industry, independence of thought and an ability to work collegially; and (3) present needs on the Board. The committee periodically assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to expiration or otherwise. If no vacancies are anticipated, the committee considers the current qualifications of incumbent directors whose terms are expiring. If vacancies arise or the committee anticipates vacancies, the committee considers various potential candidates for director.

*lder Nominations.* The Corporate Governance and Nominating Committee will consider all stockholder nominations for director candidates, which should be sent to the committee, c/o George G. O'Brien, Chief Officer and Corporate Secretary, Bristol West Holdings, Inc., 5701 Stirling Road, Davie, FL 33314. Different provisions apply with respect to submitting shareholder proposals (including director nominations) for inclusion in the Proxy Statement and with respect to other proposals (including director nominations) to be considered at an Annual Meeting of Stockholders, as described above under the heading "***General Information - Stockholder Proposals, Director Nominations And Related By-law Provisions.***" Our Corporate Secretary received no stockholder nominations for consideration at the 2006 Annual Meeting.

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*Director Selection Process.* In addition to considering candidates suggested by stockholders, the Committee considers candidates recommended by current directors, company officers, employees, professional search firms the Committee may seek to engage, or other persons. Nine of the nominees that the Board has recommended for election are incumbent directors whose terms are expiring. The Board has also nominated Jeffrey J. Fisher as our President and Chief Operating Officer. The Board nominated Mr. Dailey at the recommendation of Mr. Fisher. The Board's recommendations are described above under the heading "***Election of Directors - Recommendation of the Board of Directors.***"

State laws do not establish a mandatory retirement age for directors. As described above under the heading "***Election of Directors - Retiring Directors.***," two of our directors have advised us that they do not intend to stand for reelection at the 2006 Annual Meeting and will retire from the Board at that time. At this time, the Board has no intention to fill only one of these vacancies, as described above under the heading "***Election of Directors - Recommendation of the Board of Directors.***"

With respect to stockholder recommendations for director candidates, the Corporate Governance and Nominating Committee first will confirm that the recommending stockholders have met the applicable requirements with respect to stockholder nominations, which are described above under the heading "***General Information - Stockholder Nominations, Director Nominations and Related By-law Provisions.***" The committee will then aggregate and consider all stockholder nominations. The committee screens all candidates in the same manner regardless of the source of the nomination. The Corporate Governance and Nominating Committee uses the Director Selection Process described in our Corporate Governance Guidelines in performing its selection function. We have posted our Corporate Governance Guidelines on our Internet website at [www.bristolwest.com](http://www.bristolwest.com). The committee reviews written materials provided with respect to the candidate. If a stockholder provides materials in connection with the nomination of a director candidate, our Corporate Secretary will forward such materials to the committee. The committee determines whether the candidate meets all of the qualifications applicable to Bristol West director candidates and whether it is appropriate to request additional information or an interview.

The Board, based on the recommendation of the Corporate Governance and Nominating Committee, will select new directors for the position of director by reference to the Director Qualification Standards included in our Corporate Governance Guidelines, which, at a minimum, include the following factors: integrity, reputation, judgment, knowledge, experience, maturity, skills and personality, and commitment. The Board also considers the candidate's independence, as described above under the heading "***Election of Directors - Corporate Governance - Director Independence.***" Based on its evaluation of any director candidates nominated by stockholders, the Board will determine whether to include the candidate in its recommended slate of director nominees.

## Director Compensation

In accordance with the schedule for non-employee director compensation approved by the Compensation Committee and the Board, in 2005, the directors, other than Mr. James R. Fisher, received annual directors' fees of \$40,000. Mr. N. Meehan received an additional annual fee of \$15,000 in 2005 for his duties as Chairman of the Audit Committee. Mr. Richard T. Delaney and Ms. Mary R. Hennessy each received an additional annual fee of \$7,500 in 2005 for their duties as members of the Audit Committee. The directors are entitled to receive currently any portion of their fees in the form of Common Stock and to defer receipt of any portion of their fees under the Bristol West Corporation Non-Employee Directors' Deferred Compensation and Stock Award Plan (which we refer to as the "***Non-Employee Directors' Plan***"), and some of the directors have made such an election. Directors were also reimbursed for their reasonable out-of-pocket expenses in attending meetings. Mr. James R. Fisher received no compensation in 2005 for his services as a director.

*Employee Director Compensation Table for 2005*

Following table provides information on compensation for non-employee directors who served during 2005:

	Annual Cash Retainer	Committee Chair Retainer	Committee Membership Retainer	Total 2005 Compensation	Received in 2005	Dividends Credited in 2005 as Phantom Stock (#)	Deferred 2005 to Phantom Account (1)	Value of Aggregate Phantom Stock Holdings at 12/31/2005 (2)
Blair	\$40,000	--	--	\$40,000	\$40,000	--	--	--
T. Delaney	40,000	--	\$7,500	47,500	47,500 <sup>(3)</sup>	--	--	--
Fisher	40,000	--	--	40,000	--	2,267	\$533 <sup>(4)</sup>	\$65,023
Polkin	40,000	--	--	40,000	--	2,267	533 <sup>(4)</sup>	65,023
et S. Gujral	40,000	--	--	40,000	--	2,267	533 <sup>(4)</sup>	65,023
Hennessy	40,000	--	7,500	47,500	--	2,692	633 <sup>(5)</sup>	77,215
Hilton	40,000	--	--	40,000	40,000	--	--	--
J. Meehan	40,000	\$15,000	--	55,000	27,500	1,558	367 <sup>(6)</sup>	44,704
Nuttall	40,000	--	--	40,000	--	2,267	533 <sup>(4)</sup>	65,023
. Rothkopf	40,000	--	--	40,000	20,000	1,133	267 <sup>(7)</sup>	32,512

Director has voting power with respect to phantom shares of Common Stock. This column reflects dividends credited for the benefit of, but not yet received by, the directors with respect to the phantom shares. We pay such dividends when the director elects to receive the deferred compensation.

Values are based on the last reported closing price per share of Common Stock of \$19.03 on December 30, 2005, the last trading day of 2005, as reported on the NYSE.

Delaney elected to receive all of his 2005 fees in Common Stock. During 2005, he received 2,692 shares of Common Stock at the following price per share for each quarter, which was determined based on the average fair market value of the shares over the quarter, in accordance with the Non-Employee Directors' Plan: \$18.28 for the first quarter, \$16.53 for the second quarter, \$17.37 for the third quarter, \$18.55 for the fourth quarter.

Amount reflected was invested in Common Stock as follows: approximately \$56 at \$15.72 per share on March 10, 2005, approximately \$117 at \$17.71 per share on June 9, 2005, approximately \$160 at \$17.42 per share on September 1, 2005, and approximately \$201 at \$18.74 per share on November 25, 2005, with each per share representing the last reported closing price per share of Common Stock on that date as reported on the NYSE.

Amount reflected was invested in Common Stock as follows: approximately \$67 at \$15.72 per share on March 10, 2005, approximately \$139 at \$17.71 per share on June 9, 2005, approximately \$190 at \$17.42 per share on September 1, 2005, and approximately \$238 at \$18.74 per share on November 25, 2005, with each per share representing the last reported closing price per share of Common Stock on that date as reported on the NYSE.

Amount reflected was invested in Common Stock as follows: approximately \$39 at \$15.72 per share on March 10, 2005, approximately \$80 at \$17.71 per share on June 9, 2005, approximately \$110 at \$17.42 per share on September 1, 2005, and approximately \$138 at \$18.74 per share on November 25, 2005, with each per share representing the last reported closing price per share of Common Stock on that date as reported on the NYSE.

representing the last reported closing price per share of Common Stock on that date as reported on the E.

amount reflected was invested in Common Stock as follows: approximately \$28 at \$15.72 per share on n 10, 2005, approximately \$58 at \$17.71 per share on June 9, 2005, approximately \$80 at \$17.42 per share ptember 1, 2005, and approximately \$100 at \$18.74 per share on November 25, 2005, with each per share representing the last reported closing price per share of Common Stock on that date as reported on the E.

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*ed Stock Awards Granted, Dividends Paid and Aggregate Number and Value of Holdings*

Following table sets forth certain information concerning restricted stock held by non-employee directors during

	<b>Aggregate Restricted Stock Holdings at December 31, 2005 <sup>(1)</sup> (#)</b>	<b>Dividends Credited in 2005 on Aggregate Restricted Stock Holdings <sup>(2)</sup> (\$)</b>	<b>Value of Aggregate Restricted Stock Holdings at 12/31/2005 <sup>(3)</sup> (\$)</b>
Blair	2,174	\$565	\$41,371
T. Delaney	2,174	565	41,371
Fisher	--	--	--
Polkin	--	--	--
et S. Gujral	2,174	565	41,371
Hennessy	2,174	565	41,371
Hilton	2,174	565	41,371
T. Meehan	2,174	565	41,371
Nuttall	--	--	--
. Rothkopf	2,174	565	41,371

restricted stock awards will be forfeited if the director's service with Bristol West terminates prior to the vesting date, except for death or disability. The vesting of these restricted stock awards is accelerated in full for certain mergers, sales or other business combinations and for death or disability. Each director has sole voting power with respect to shares of restricted stock, but does not have investment power or the right to receive dividends with respect to the shares until the shares are vested pursuant to the terms of the restricted stock grants.

This column reflects dividends accrued for the benefit of, but not received by, the directors for the restricted stock awards. We pay such accrued dividends to the directors upon the vesting of the restricted stock.

The values are based on the last reported closing price per share of Common Stock of \$19.03 on December 30, 2005, the last trading day of 2005, as reported on the NYSE.

*Employee Director Compensation Schedule*

Bristol West's employee directors receive no separate compensation for serving on our Board. In February 2006, the Compensation Committee and the Board approved the following schedule for non-employee director compensation, which may change from time to time as determined by the Compensation Committee and the Board:

For 2006: Bristol West's non-employee directors will receive the following fees payable quarterly in arrears for 2006:

Annual Cash Retainer: The non-employee directors will each receive annual directors' fees of \$40,000.

or

Audit Committee Retainers:

Committee Chair Retainer: The Chairperson of the Audit Committee will receive an additional annual fee of \$10,000.

*Audit Committee Member Retainer:* The other members of the Audit Committee will each receive an additional annual fee of \$7,500.

*Compensation Committee Chair Retainer:* The Chairperson of the Compensation Committee will receive an additional annual fee of \$7,500.

*Corporate Governance and Nominating Committee Chair Retainer:* The Chairperson of the Corporate Governance and Nominating Committee will receive an additional annual fee of \$7,500.

*Policy of Awards:* Each non-employee director will receive such fees in cash unless he or she elects to receive all or a portion of such fees in the form of Common Stock issued pursuant to the 2004 Stock Incentive Plan and the Non-Employee Directors' Plan. The non-employee directors are also entitled to defer receipt of all or a portion of such fees in phantom shares of Common Stock under the Non-Employee Directors' Plan.

*Restricted Stock Awards.* The Compensation Committee awarded the following directors restricted stock in the amount of \$40,000 in February 2006: R. Cary Blair, Richard T. Delaney, Inder-Jeet S. Gujral, Mary R. Hennessy, James N. Hilton, James N. Meehan and Arthur J. Rothkopf. These directors are non-employee directors who are not affiliated with KKR. These restricted stock awards will cliff vest on February 21, 2008 and will be forfeited if the director ceases to serve as a director prior to the vesting date, except for death or disability. The vesting of these restricted stock awards is accelerated in full for certain mergers, sales or other business combinations and for death or disability. The Compensation Committee also approved the making of such awards every other year on a regular

will also be reimbursed for their reasonable out-of-pocket expenses in attending meetings.

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**EXECUTIVE OFFICERS**

Below are the names, ages and current positions of our executive officers.

	<b>Age</b>	<b>Position</b>
J. Fisher	50	Chief Executive Officer and Chairman of the Board
J. Dailey	49	President and Chief Operating Officer
J. Noonan	42	Executive Vice President—Actuarial/Product
J. Bandi	49	Senior Vice President—Operations
N. Christensen	60	Senior Vice President—Business Integration
Dwyer	49	Senior Vice President—Product Research and Development
Eisenacher	58	Senior Vice President—Chief Financial Officer
Harrison	42	Senior Vice President—Human Resources
E. Latva	41	Senior Vice President—Product Management
G. O'Brien	50	Senior Vice President—Chief Legal Officer and Corporate Secretary
Ondeck	46	Senior Vice President—Chief Information Officer
J. Oster	37	Senior Vice President—General Counsel
D. Sadler	42	Senior Vice President—Marketing
Sclafani, Jr.	46	Senior Vice President—Claims
E. Sylvan	42	Senior Vice President—Product Management

**J. Fisher.** Mr. Fisher has been our CEO and Chairman of the Board since September 2000 and has been a West director since July 1998. Mr. Fisher has been the managing member of Fisher Capital Corp. L.L.C. since March 1997. From 1986 through March 1997, Mr. Fisher held various executive positions at American Reinsurance. Currently, Mr. Fisher is a director of Willis (retiring April 2006) and Alea (Bermuda) and a trustee of the College in Easton, Pennsylvania. On February 21, 2006, Mr. Fisher notified our Board that, as part of our management succession process, he would like to relinquish his title as CEO effective as of July 1, 2006. The Board accepted Mr. Fisher's recommendations. Effective July 1, 2006, Mr. Fisher will continue to serve as Vice Chairman of the Board.

**J. Dailey.** Mr. Dailey has been our President since December 2003 and Chief Operating Officer since April 2003. Mr. Dailey has 26 years of experience in the insurance industry. Prior to joining Bristol West in 2001, Mr. Dailey was the Chief Executive Officer of Reliant Insurance. Prior to joining Reliant in 1996, Mr. Dailey spent 10 years with The Progressive Corporation, holding numerous executive positions culminating as President of Progressive's Northeast Division. On February 21, 2006, James R. Fisher notified our Board that, as part of our management succession process, he would like to relinquish his title as CEO effective as of July 1, 2006. Mr. Fisher recommended the promotion of Mr. Dailey to the position of CEO. The Board accepted Mr. Fisher's recommendations.

**J. Noonan, FIA, MAAA.** Mr. Noonan has been our Executive Vice President—Actuarial/Product since May 2005. He served as our Senior Vice President—Actuarial/Product from April 2002 to May 2005. Prior to joining Bristol West in 2002, Mr. Noonan was the Chief Executive Officer of Metis Financial LLC, a consulting firm specializing in the property and casualty insurance market, since November of 1997. Prior to joining Metis, Mr. Noonan served as a Senior Manager and Director in the insurance practice of KPMG from 1991 through 1997. On February 21, 2006, James R. Fisher, our CEO and Chairman of the Board, notified our Board that, as part of our management succession process, he would like to relinquish his title as CEO effective as of July 1, 2006. Mr. Fisher recommended the promotion of Mr. Dailey, our President and Chief Operating Officer, to the position of CEO. Mr. Fisher also recommended that, effective as of July 1, 2006, Mr. Noonan succeed Mr. Dailey to the

of Chief Operating Officer. The Board accepted Mr. Fisher's recommendations.

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*M. Bandi.* Ms. Bandi has been our Senior Vice President—Operations since April 2001. Ms. Bandi has 16 years of insurance operations experience. Prior to joining Bristol West, Ms. Bandi had been the Senior Vice President of Operations at Reliant Insurance since February 1996. Prior to joining Reliant, Ms. Bandi spent 16 years at The Progressive Corporation in a variety of operations management positions.

*N. Christensen.* Mr. Christensen has been our Senior Vice President—Business Integration since April 2001. Mr. Christensen joined Bristol West in 1978 and has served in various roles since that time, including Chief Information Officer.

*R. Dwyer.* Mr. Dwyer has been our Senior Vice President—Product Research and Development since August 2001. Mr. Dwyer has 16 years of insurance industry experience. Prior to joining Bristol West, Mr. Dwyer served in various management roles for The Progressive Corporation from 1989 through 2002, including Regional Marketing Manager and General Manager. Prior to joining The Progressive Corporation, Mr. Dwyer served as a senior manager with Ernst & Whinney, a major accounting firm.

*T. Eisenacher.* Mr. Eisenacher has been our Senior Vice President—Chief Financial Officer since June 1, 2004. From December 2003 until June 1, 2004, he was our Senior Vice President—Corporate Finance. Prior to joining Bristol West in December 2003, Mr. Eisenacher was a Managing Director with Century Capital Management, Inc., an investment management firm engaged in public and private equity investing with a focus on companies engaged in insurance and financial services. From 1996 through 1999, Mr. Eisenacher was Vice President of General Insurance Corp. Prior to 1996, Mr. Eisenacher held several senior management positions at insurance and financial companies, including Treasurer and Controller of the CIGNA Property and Casualty Group, Vice President—Finance of American Re-Insurance Company and Senior Vice President and Chief Financial Officer of American Reinsurance Company.

*M. Harrison.* Ms. Harrison has been our Senior Vice President—Human Resources since April 2001. Ms. Harrison has 21 years of human resources experience. Prior to joining Bristol West, Ms. Harrison was the Senior Vice President, Human Resources for Reliant. Prior to joining Reliant in April 1996, Ms. Harrison was in the insurance industry, where she spent 12 years in human resources management positions with Fabri-Centers of America and Limited Brands Inc.

*E. Latva.* Mr. Latva has been our Senior Vice President—Product Management since May 2004. From August 2003 until May 2004, he was a Vice President and National Product Manager for Bristol West. Mr. Latva has over 15 years of insurance product management experience. Prior to joining Bristol West, he served as an Assistant Vice President at Allmerica Financial from 1997 to 2000. From 1986 through 1997, he held various pricing and product management positions at Great American Insurance.

*G. O'Brien.* Mr. O'Brien has been our Senior Vice President—Chief Legal Officer and Corporate Secretary since March 2004. Prior to joining Bristol West, Mr. O'Brien had his own litigation practice since 1994. He began working with Bristol West in March 2003. From 1980 until 1994, Mr. O'Brien was a partner with the law firm of Price & Rhoads, and from 1980 until 1988 he was an associate with that firm.

*J. Ondeck.* Mr. Ondeck has been our Senior Vice President—Chief Information Officer since May 2002. Mr. Ondeck has over 14 years of information technology experience. Prior to joining Bristol West in 2002, Mr. Ondeck was President of Armstrong and Lures, Inc., a software consulting firm from 2001 to 2002 and 1998 to 2001. Mr. Ondeck was a Vice President of Sales and Operations for Digital Day, a software development firm, from 2001 to 2002. From 1990 through 1997, Mr. Ondeck held management positions at Oracle Corporation and Kraft Foods.



*. Oster.* Ms. Oster has been our Senior Vice President—General Counsel since April 2001. Ms. Oster has experience in the insurance industry. Prior to joining Bristol West in 2001, Ms. Oster served as General Counsel for Reliant. Prior to joining Reliant in 1996, Ms. Oster was corporate counsel of USF&G Insurance, with a focus on regulatory matters, company licensing and general corporate legal matters.

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*D. Sadler.* Mr. Sadler has been our Senior Vice President—Marketing since April 2001. Prior to joining Bristol West in 2001, Mr. Sadler was the Chief Financial Officer for Reliant Insurance. Mr. Sadler was with Reliant Insurance from May 1996 through March 2001. Prior to joining Reliant, Mr. Sadler served as the Chief Financial Officer of Agency Insurance Company and as a manager for Ernst & Young in their insurance practice.

*M. Sclafani, Jr.* Mr. Sclafani has been our Senior Vice President—Claims since January 2003. Mr. Sclafani has extensive experience in automobile claims management. Prior to joining Bristol West, Mr. Sclafani was Vice President and world-wide manager of liability claims for Enterprise Rent-A-Car. Prior to joining Enterprise in 1994, Mr. Sclafani was with The Progressive Corporation for 10 years holding various claim management positions.

*E. Sylvan.* Ms. Sylvan has been our Senior Vice President-Product Management since May 2004. From May 2001 through May 2004, Ms. Sylvan was our Vice President-Product Management. Ms. Sylvan has 18 years of experience in Product Management. Prior to joining Bristol West, Ms. Sylvan was Senior Vice President of Product Management for Reliant Insurance. Prior to joining Reliant in 1996, Ms. Sylvan was a Product Manager at The Progressive Corporation for eight years, where she managed both Specialty and Auto Products.

## SECURITY OWNERSHIP

Reporting the beneficial ownership of the shares of our Common Stock that is reflected in the two tables on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under SEC regulations, a person beneficially owns a security if that person, directly or indirectly, has or shares voting power (the power to vote or direct the voting) or investment power (the power to dispose or direct the disposition) with respect to that security. Under SEC regulations, more than one person may be considered to jointly own the same securities and a person may be considered to beneficially own securities as to which that person has no economic interest. A person also beneficially owns securities if the person has a right to acquire beneficial ownership of the security within 60 days. In computing the number of shares of our Common Stock that are beneficially owned and the percentage of beneficial ownership of that person, we have included in the table with respect to each person any shares of Common Stock that the person may acquire through the exercise of options that are currently exercisable or exercisable within 60 days after the Record Date. However, these potentially owned shares are not deemed outstanding for purposes of computing percentage beneficial ownership of our Common Stock. Except as indicated in the footnotes to the table, each of the shareholders named in the table below (upon exercise will have) sole voting power and sole investment power with respect to the shares of Common Stock shown as beneficially owned by them.

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## Ownership of 5% Holders

The table below shows, as of April 3, 2006, the Record Date, with respect to each person known to us to be the beneficial owner of more than 5% of the outstanding shares of Common Stock, how many shares of our Common Stock each person beneficially owned:

Beneficial Owner Address	Number of Shares	Percentage of Shares <sup>(1)</sup>
Bristol West Associates LLC <sup>(2)</sup> Bristol West Associates LLC & Co. 57 <sup>th</sup> St New York, NY 10019	12,434,318 <sup>(3)</sup>	41.2%
Stadium Capital Management LLC <sup>(4)</sup> Stadium Capital Management LLC Village Office Suite 101 New York, NY 10019	3,045,400	10.1%
KKR Associates 1996 L.P. <sup>(5)</sup> KKR Associates 1996 L.P. Pratt Street Baltimore, MD 21202	1,972,150	6.5%

The amounts in this column are based on an aggregate of 30,160,493 shares of Common Stock issued and outstanding as of April 3, 2006.

According to a Schedule 13G filed with the SEC on February 15, 2005, KKR 1996 GP, L.L.C. (which we refer to as “**KKR 1996 GP**”) is the general partner of KKR Associates 1996 L.P. (which we refer to as “**KKR Associates 1996 L.P.**”), which is the general partner of KKR 1996 Fund L.P. (which we refer to as “**KKR 1996 Fund**”), which is the managing member of Bristol West Associates LLC (which we refer to as “**BW Associates**”). Further, according to Schedule 13G, Messrs. Henry R. Kravis, George R. Roberts, Paul E. Raether, Michael W. Michelson, and H. Greene, Jr., Edward A. Gilhuly, Perry Golkin, Scott M. Stuart, Johannes P. Huth, Alex Navab and David A. Fisher, as members of KKR 1996 GP, may be deemed to share beneficial ownership of any shares beneficially owned by KKR 1996 GP, but disclaim such beneficial ownership. Accordingly, as of December 31, 2005, each of BW Associates, KKR 1996 Fund, KKR Associates 1996, and KKR 1996 GP had shared voting and shared dispositive power for 12,257,368 shares of Common Stock (approximately 40.6% of the outstanding shares) (See Note <sup>(1)</sup>). The address of Bristol West Associates LLC and of each individual listed in this footnote is Bristol West Associates LLC, 9 West 57<sup>th</sup> Street, Suite 4200, New York, New York, 10019.

The amount includes 176,950 shares owned by Aurora Investments II LLC, an affiliate of Bristol West Associates LLC. (which we refer to as “**Aurora II**”).

According to a Schedule 13G filed with the SEC on February 13, 2006, Stadium Capital Management LLC (which we refer to as “**SCM**”), is an investment adviser whose clients have the right to receive or the power to direct receipt of dividends from, or the proceeds from the sale of, the shares reported. Accordingly, as of December 31, 2005, SCM had shared voting and shared dispositive power for all of the shares reported. SCM is the general partner of Stadium Relative Value Partners, L.P., which is also a client of SCM and as of December 31, 2005, had

and voting power and shared dispositive power for 1,629,042 of the shares reported (approximately 5.4% of the outstanding Common Stock)(See Note <sup>(1)</sup>). Each of Alexander M. Seaver and Bradley R. Kent is a managing member of SCM and is reported to have had shared voting and shared dispositive power for all of the shares reported as of December 31, 2005.

According to a Schedule 13G filed with the SEC on February 14, 2006, these securities are owned by various individuals which T. Rowe Price Associates Inc. (which we refer to as “**Price Associates**”) serves as investment manager with power to direct investments and/or sole power to vote the securities. As of December 31, 2005, Price Associates had sole voting power for 251,300 of the shares reported and shared dispositive power for all of the shares reported. For purposes of the reporting requirements of the Exchange Act, Price Associates expressly claims that it is, in fact, the beneficial owner of such securities.

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## Ownership of Directors and Management

The table below shows, as of April 3, 2006, how many shares of our Common Stock each of the following is beneficially owned: our directors, our nominees for director, our NEOs (as defined below under “*Executive Compensation — Summary Compensation Table*”) and our directors and executive officers as a group:

	Number of Shares <sup>(A)</sup>	Percentage of Shares <sup>(B)</sup>
Mr. Fisher	1,053,485 <sup>(1)</sup>	3.5%
Mr. Blair	6,313 <sup>(2)</sup>	*
Mr. T. Delaney	12,649 <sup>(3)</sup>	*
Mr. Fisher <sup>(4)</sup>	12,434,318 <sup>(5)(6)</sup>	41.2%
Mr. Polkin <sup>(4)</sup>	12,434,318 <sup>(5)(7)</sup>	41.2%
Mr. et S. Gujral	82,474 <sup>(8)</sup>	*
Mr. Hennessy	4,313 <sup>(9)</sup>	*
Mr. Hilton	4,313 <sup>(10)</sup>	*
Mr. Meehan	24,313 <sup>(11)</sup>	*
Mr. Nuttall	-- <sup>(12)</sup>	*
Mr. Rothkopf	4,313 <sup>(13)</sup>	*
Mr. Dailey	433,043 <sup>(14)</sup>	1.4%
Mr. Eisenacher	85,258 <sup>(15)</sup>	*
Mr. Noonan	170,776 <sup>(16)</sup>	*
Mr. Sciafani, Jr.	109,294 <sup>(17)</sup>	*
Directors and executive officers as a group (25 persons)	15,351,133	49.3%

Less than 1%.

The shares reported in this column include restricted stock awards that the Compensation Committee granted under the 2004 Stock Incentive Plan to our executive officers, some of which had not vested as of April 3, 2006. If such person has sole voting power with respect to the shares, but does not have investment power with respect to the shares. We pay accrued dividends to the holder only after the shares of restricted stock are vested pursuant to the terms of such awards. The shares reported in this column also include, for each individual and for directors and executive officers as a group, the number of shares of Common Stock issuable upon exercise by such individual and all members of the group of outstanding stock options that are or will become exercisable prior to June 2, 2006.

The percentages in this column are based on an aggregate of 30,160,493 shares of Common Stock issued and outstanding as of April 3, 2006. For each individual, the issued and outstanding shares also are deemed to include the number of shares of Common Stock issuable upon exercise by that individual of outstanding stock options that are or will become exercisable prior to June 2, 2006. For all directors and executive officers as a group, the issued and outstanding shares also are deemed to include the number of shares of Common Stock issuable upon exercise by all members of the group of outstanding stock options that are or will become exercisable prior to June 2, 2006.

The amount includes 14,749 shares of restricted stock issued under the 2004 Stock Incentive Plan for Bristol-Myers Squibb Holdings, Inc. and Subsidiaries (which we refer to as the “**2004 Stock Incentive Plan**”) that vest on February 1, 2007. Mr. Fisher has sole voting power and no investment power with respect to these restricted shares during

restriction period. Also, Mr. Fisher is the managing member of Fisher Capital Corp. LLC. As such, Mr. Fisher is deemed to beneficially own 65,190 shares and 873,546 currently exercisable options to purchase shares of Common Stock at an exercise price of \$3.83 that are held by Fisher Capital; Mr. Fisher disclaims beneficial ownership of these securities, except to the extent of his pecuniary interest therein. Mr. Fisher also has an interest in KKR. Mr. Fisher does not beneficially own, 26,076 shares of Common Stock as an investor through an affiliate of KKR.

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amount includes 2,174 shares of restricted stock that vest on May 14, 2006 and 2,139 shares of restricted stock that vest on February 21, 2008.

amount includes 5,000 shares held by Mr. Delaney's spouse. This amount also includes 2,174 shares of restricted stock that vest on May 14, 2006 and 2,139 shares of restricted stock that vest on February 21, 2008.

address of each of Mr. Todd A. Fisher and Mr. Golkin is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West Street, Suite 4200, New York, New York, 10019.

This amount also includes 12,257,368 shares owned by BW Associates and 176,950 shares owned by Aurora II. KKR 1996 GP is the general partner of KKR Associates 1996, which is the general partner of KKR 1996 Fund, which is the managing member of BW Associates. Mr. Todd A. Fisher and Mr. Golkin, as members of KKR 1996 GP, may be deemed to share beneficial ownership of any shares beneficially owned by KKR 1996 GP, but disclaim such beneficial ownership. As of December 31, 2004, each of BW Associates, KKR 1996 Fund, KKR Associates 1996, and KKR 1996 GP had shared voting and shared dispositive power for 12,257,368 shares of Common Stock (see table above under the heading "**Security Ownership of 5% Holders**").

amount does not include approximately 3,966 phantom shares held by Mr. Todd A. Fisher under the Employee Directors' Plan.

amount does not include approximately 3,966 phantom shares held by Mr. Golkin under the Non-Employee Directors' Plan.

amount includes 2,174 shares of restricted stock that vest on May 14, 2006 and 2,139 shares of restricted stock that vest on February 21, 2008. This amount also includes 78,161 shares of Common Stock that are held by Firemark Partners LLC. We entered into a services agreement with Firemark Partners LLC (which we refer to as "**Firemark**"), a service company created by Mr. Gujral. Pursuant to the Firemark services agreement, we granted Firemark options to purchase 521,520 shares of our Common Stock (which we refer to as the "**Firemark Options**"). Twenty-five percent of the Firemark Options vested in the first year of the Firemark services agreement. On November 21, 2005, Firemark assigned to OneShield 15% of the Firemark Options, representing options to purchase 78,228 shares of Common Stock. Subsequently, on March 24, 2006, Firemark exercised vested Firemark options to purchase 110,823 shares of Common Stock. Firemark settled the exercise price of \$424,452 for these shares by foregoing 22,662 shares of Common Stock at a per share market close price of \$18.73 per share. As of March 3, 2006, Firemark held unvested Firemark Options to purchase 332,469 shares of Common Stock. See **Principal Relationships and Related Transactions - OneShield.** Mr. Gujral as a member and partner of Firemark may be deemed to share beneficial ownership of any shares beneficially owned by Firemark but disclaims such beneficial ownership except to the extent of his pecuniary interest therein. This amount does not include approximately 3,966 phantom shares held by Mr. Gujral under the Non-Employee Directors' Plan.

This amount includes 2,174 shares of restricted stock that vest on May 14, 2006 and 2,139 shares of restricted stock that vest on February 21, 2008. This amount does not include approximately 4,710 phantom shares held by Ms. Hennessy under the Non-Employee Directors' Plan.

amount includes 2,174 shares of restricted stock that vest on May 14, 2006 and 2,139 shares of restricted stock that vest on February 21, 2008.

amount includes 2,174 shares of restricted stock that vest on May 14, 2006 and 2,139 shares of restricted stock that vest on February 21, 2008. This amount does not include approximately 2,727 phantom shares held by Mr. Meehan under the Non-Employee Directors' Plan.

amount does not include approximately 3,966 phantom shares held by Mr. Nuttall under the Non-Employee Directors' Plan.

amount includes 2,174 shares of restricted stock that vest on May 14, 2006 and 2,139 shares of restricted stock that vest on February 21, 2008. This amount does not include approximately 2,033 phantom shares held by Rothkopf under the Non-Employee Directors' Plan.

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amount includes options to purchase 292,172 shares that are currently exercisable or become exercisable by Dailey within 60 days. This amount also includes 4,204 shares of restricted stock that vest on February 22, 2007; 54,348 shares of restricted stock that vest on May 14, 2009; 8,850 shares of restricted stock that vest on February 22, 2010; and 18,717 shares of restricted stock that vest on February 21, 2011.

amount includes options to purchase 19,557 shares that are currently exercisable or become exercisable by Eisenacher within 60 days and 2,500 shares held by Mr. Eisenacher's son. This amount also includes 1,029 shares of restricted stock that vest on February 22, 2007; 1,029 shares of restricted stock that vest on February 21, 2008; 27,174 shares of restricted stock that vest on May 14, 2009; 5,900 shares of restricted stock that vest on February 22, 2010; and 16,043 shares of restricted stock that vest on February 21, 2011.

amount includes options to purchase 97,623 shares that are currently exercisable or become exercisable by Noonan within 60 days. This amount also includes 2,139 shares of restricted stock that vest on February 22, 2007; 1,003 shares of restricted stock that vest on February 21, 2008; 27,174 shares of restricted stock that vest on May 14, 2009; 5,900 shares of restricted stock that vest on February 22, 2010; and 17,380 shares of restricted stock that vest on February 21, 2011.

amount includes options to purchase 52,103 shares that are currently exercisable or become exercisable by Sclafani within 60 days. This amount also includes 1,106 shares of restricted stock that vest on February 22, 2007; 869 shares of restricted stock that vest on February 21, 2008; 18,098 shares of restricted stock that vest on May 14, 2009; 5,900 shares of restricted stock that vest on February 22, 2010; and 13,369 shares of restricted stock that vest on February 21, 2011.

## ITEM 2

### RATIFICATION OF SELECTION OF DELOITTE & TOUCHE LLP AS INDEPENDENT AUDITOR FOR 2006

The Audit Committee has selected Deloitte & Touche LLP as the independent registered public accounting firm to conduct the audit of our financial statements for the fiscal year ending December 31, 2006. The Board has ratified this selection. Deloitte & Touche LLP acted as our independent auditor for the fiscal year ended December 31, 2005. Representatives of Deloitte & Touche LLP will attend the 2006 Annual Meeting, will have an opportunity to make a presentation if they desire to do so and will be available to answer any appropriate questions.

#### Recommendation of the Board of Directors

The Board recommends that you vote **FOR this proposal**. Proxies returned without instructions will be voted in favor of the ratification of the Audit Committee's selection of Deloitte & Touche LLP as the independent auditor for 2006.

#### Independent Auditor Information

##### *Deloitte & Touche LLP*

The Board delegates the determination of the audit fees of Deloitte & Touche LLP and their respective affiliates (which we refer to collectively as "**Deloitte**") to the Audit Committee. Deloitte has billed us for the following fees and expenses for professional services rendered to us for the fiscal years ended December 31, 2005 and December 31, 2004:

2005 <sup>(5)</sup>	2004 <sup>(5)</sup>
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es (1)	\$1,348,750	\$1,344,420
lated fees (2)	695,900	37,700
s (3)	88,237	98,737
r fees (4)	--	--
es	\$2,132,887	\$1,480,857

fees consist primarily of fees and expenses related to professional services rendered for the audit of our financial statements and the review of interim financial statements included in our quarterly reports on 10-Q during fiscal years ended December 31, 2005 and December 31, 2004, accounting consultations to the extent necessary for Deloitte to fulfill its responsibility under generally accepted auditing standards, as well as fees that are normally provided by Deloitte in connection with other statutory and regulatory filings or requirements for those fiscal years. The amounts reflected for this fee category for fiscal 2005 and 2004 include audit fees and expenses regardless of when billed.

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-related fees consist primarily of fees and expenses related to professional services rendered for assurance related services that are reasonably related to the performance of the audit or review of our annual financial statements for the fiscal years ended December 31, 2005 and December 31, 2004, that are not included in the amounts disclosed as audit fees above. For 2005, audit-related fees represent internal control advisory services outside the scope of the audit (\$660,500) as well as fees associated with the audit of our retirement plan. For 2004, audit-related fees represent fees associated with the audit of our retirement plan. The amounts reflected for this fee category for fiscal 2005 and 2004 include the audit-related fees and expenses billed in 2005 and 2004.

Other fees consist primarily of fees and expenses related to professional services rendered for tax compliance, tax consulting, and tax planning for the fiscal years ended December 31, 2005 and December 31, 2004. The amounts reflected for this fee category for fiscal 2005 and 2004 include the tax fees and expenses billed in 2005 and 2004.

All other fees consist primarily of fees and expenses related to products and professional services for the fiscal years ended December 31, 2005 and December 31, 2004, that are not included in the amounts disclosed in the other categories above. Deloitte did not perform any such services for which it billed us during 2005 or 2004.

The Audit Committee approved 100% of Deloitte's services and the fees and expenses reflected in the line items for Audit fees, Audit-related fees, Tax fees and All other fees.

#### *Committee Pre-Approval of Services by the Independent Auditor*

The Audit Committee approves in advance any audit or non-audit engagement or relationship between Bristol West and its independent auditor, other than prohibited non-auditing services. The Audit Committee has adopted procedures for the approval of audit and non-audit services between regularly scheduled Audit Committee meetings. The Chief Financial Officer is required to contact the Audit Committee Chairperson to request such approval. The Chairperson or another member of the Audit Committee designated by the Chairperson is required to approve in writing such services that in the aggregate will not exceed \$100,000. The entire Audit Committee at the next regularly scheduled meeting is required to review and affirm this engagement. This procedure applies only to pre-approval of engagements by our independent auditor.

### **AUDIT COMMITTEE REPORT**

The Audit Committee of Bristol West's Board of Directors is composed of three directors each of whom is "independent" in accordance with the corporate governance standards of the NYSE, applicable rules and regulations of the SEC and Bristol West's Corporate Governance Guidelines. The Audit Committee operates pursuant to a charter, a copy of which is attached to this proxy statement as **Appendix B** and is available on Bristol West's Internet website at [www.bristolwest.com](http://www.bristolwest.com). The Audit Committee met 15 times in 2005. Audit Committee members also engaged in discussions with management, Bristol West's independent auditors, Deloitte & Touche LLP, and each other throughout the year.

The Audit Committee's purpose is to have direct responsibility for the duties and responsibilities that are set forth in the charter and are otherwise delegated to the committee by the Board. These duties and responsibilities include (a) monitor the integrity of Bristol West's financial reporting process, both internal and external; (b) retain and terminate independent auditors and approve all engagement fees and terms; (c) oversee the work of the independent auditors and any other registered public accounting firm engaged by Bristol West; (d) review the qualifications, competence and independence of the independent auditors; (e) review and discuss the responsibilities, budget and performance of Bristol West's internal audit function; (f) discuss Bristol West's guidelines and policies with respect to risk management and risk management; and (g) review and approve related party transactions to which Bristol West is a

West's executive management is responsible for the financial statements and overall reporting process, including the system of internal control over financial reporting. The independent auditors are responsible for performing annual audits and quarterly reviews of the financial statements and conducting an annual audit of management's assessment that Bristol West maintained effective internal control over financial reporting as of the end of the year. The independent auditors report directly to the Audit Committee, consistent with the committee's responsibilities. The independent auditors are responsible for expressing an opinion as to whether the consolidated financial statements present fairly in all material respects Bristol West's financial position, results of operations and cash flows as of and for the periods presented in conformity with generally accepted accounting principles.

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performance of its oversight function, the Audit Committee discussed with Bristol West's internal auditors and independent auditors the overall scope and plans for their respective audits. The Audit Committee met with Bristol West's internal auditors and the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of Bristol West's internal control over financial reporting, and the quality of Bristol West's financial reporting. The Audit Committee also reviewed and discussed with management and the independent auditors the fiscal 2005 audited financial statements and management's assessment of Bristol West maintained effective internal control over financial reporting as of December 31, 2005.

The Audit Committee monitored the progress and results of testing of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee has been updated no less than quarterly on management's process to assess the adequacy of the system of internal control over financial reporting, the network used to make the assessment, and management's conclusions regarding the effectiveness of internal control over financial reporting. The Audit Committee has also discussed with the independent auditors Bristol West's internal control assessment process, management's assessment with respect thereto and the independent auditors' evaluation of the system of internal control over financial reporting.

The Audit Committee also received from the independent auditors the required communications, including the required disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, as amended. The Audit Committee also discussed with the independent auditors the independent auditors' independence and the matters required to be discussed by the Institute of Certified Public Accountants' Auditing Standards No. 61, *Communication with Audit Committees*, as amended.

It is the duty or responsibility of the Audit Committee to conduct auditing or accounting reviews or procedures. In performing their oversight responsibility, members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Audit Committee's review, discussions and recommendations do not assure that the audit of Bristol West's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles, or that management's assessment that Bristol West maintained effective internal control over financial reporting as of the end of the year is correct.

Based on the review and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee Charter, the Audit Committee recommended to the Board that the audited financial statements be included in Bristol West's Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the SEC, and selected Deloitte & Touche LLP to be Bristol West's independent auditor for 2006.

James N. Meehan (Audit Committee Chairperson)  
 Richard T. Delaney (Audit Committee member)  
 Mary R. Hennessy (Audit Committee member)

***This report should not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed to be incorporated by reference into any filing under the Securities Act or to be filed under such Acts.***

**EXECUTIVE COMPENSATION****Executive Compensation Table**

Following table sets forth cash and other compensation paid or accrued for services rendered in 2005, 2004, and 2003 for our CEO and each of our four most highly compensated executive officers other than the CEO (whom we collectively with our CEO, as the “NEOs”).

Name and Position	Year	Annual Compensation			Long Term Compensation Awards		
		Salary (\$)	Bonus (\$) <sup>(A)</sup>	Other Annual Compensation (\$) <sup>(B)</sup>	Restricted Stock Awards (\$) <sup>(C)</sup>	Securities Underlying Options (#) <sup>(D)</sup>	All Other Compensation (\$) <sup>(E)</sup>
J. Fisher <sup>(1)</sup>	2005	\$700,000	-- <sup>(2)</sup>	--	--	--	--
President and Chief	2004	700,000	\$175,000 <sup>(3)</sup>	--	\$ 250,000 <sup>(4)</sup>	--	--
Executive Officer	2003	-	--	\$ 25,000 <sup>(1)</sup>	--	-- <sup>(1)</sup>	--
J. Dailey	2005	\$390,000	-- <sup>(2)</sup>	--	\$ 150,000 <sup>(5)</sup>	--	\$6,000
President and Chief	2004	390,000	\$213,750	\$ 56,138 <sup>(6)</sup>	1,071,250 <sup>(5)</sup>	--	2,340
Managing Officer	2003	387,115	232,500	--	--	3,706 <sup>(7)</sup>	398
J. Noonan	2005	\$293,305	\$ 56,250	--	\$ 118,750 <sup>(8)</sup>	--	\$6,000
Executive Vice	2004	282,692	108,750	--	536,250 <sup>(8)</sup>	--	6,000
Chief Financial/Product	2003	260,096	112,500	--	--	1,793 <sup>(9)</sup>	4,456
J. Eisenacher	2005	\$280,553	\$ 57,750	--	\$ 119,250 <sup>(10)</sup>	--	\$6,000
Executive Vice	2004	275,000	90,000	--	530,000 <sup>(10)</sup>	--	--
Chief Financial	2003	10,577	150,000 <sup>(11)</sup>	\$202,580 <sup>(12)</sup>	--	--	--
J. Sclafani, Jr.	2005	\$291,906	\$ 48,750	--	\$ 116,250 <sup>(13)</sup>	--	\$2,322
Executive Vice	2004	283,077	56,250	--	351,750 <sup>(13)</sup>	--	2,054
Chief Financial	2003	266,538	284,353 <sup>(14)</sup>	--	--	1,255 <sup>(15)</sup>	--

Twenty-five percent of the annual bonus awards with respect to each of 2005 and 2004 was in the form of restricted stock awards. These restricted stock awards are included in the “*Restricted Stock Awards*” column of this table and not in this column. Twenty-five percent of the annual bonus awards with respect to 2003 was in the form of stock option awards. These stock option awards are included in the “*Securities Underlying Options*” column of this table and not in this column.

As reported in this column, the aggregate amount of perquisites and other personal benefits for any fiscal year did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus reported for a named executive officer.

amounts shown equal the number of shares of restricted stock multiplied by the closing market price of our Common Stock on the dates of grant (i.e., \$18.70 on February 21, 2006, \$16.95 on February 22, 2005, and \$18.40 on May 14, 2004). These restricted stock awards will be forfeited if the NEO's employment with Bristol West terminates prior to the vesting date, except for death or disability. The vesting of these restricted stock awards is accelerated in full for certain mergers, sales or other business combinations and for death or disability. Each NEO has no voting power with respect to shares of restricted stock, but does not have investment power with respect to such shares. We pay accrued dividends to the holder only after the shares of restricted stock are vested pursuant to the terms of such awards.

The stock option awards vested 50% on April 5, 2005 and 50% on April 5, 2006, the first and second anniversaries of the grant date, respectively. These stock option awards will expire on the following dates, among others, (1) April 5, 2014, the tenth anniversary of the grant date; (2) the first anniversary of the date on which the NEO's employment with Bristol West terminates by reason of death, permanent disability or retirement; (3) immediately on the date on which Bristol West terminates the NEO's employment for cause, or (4) 90 days after the date on which the NEO's employment with Bristol West terminates for any other reason.

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Amounts reflected in this column represent matching contributions to the NEO's 401(k) account under The Bristol West Retirement Plan (the "**401(k) Plan**"). These matching contributions vest 20% per year over a five year period provided that the participant is credited with at least 1,000 hours of service (as defined in the 401(k) Plan) each year. The vesting of matching contributions under the 401(k) Plan is accelerated in full when a participant reaches age 65.

For the year ended December 31, 2003, James R. Fisher was not a direct employee of Bristol West. Mr. Fisher served as Chairman and Chief Executive Officer in 2003 pursuant to an agreement with Fisher Capital Corp., LLC (which we refer to as "**Fisher Capital**") to provide to us management, consulting and certain other services (which we refer to as the "**Fisher Capital Contract**"), which is also described below under the heading "**Certain Relationships and Related Party Transactions.**" We paid to Fisher Capital all compensation for services provided by Mr. Fisher in 2003 pursuant to the Fisher Capital Contract. Mr. Fisher is the managing member of Fisher Capital, and received 86.5% of all compensation we paid to Fisher Capital in 2003 for his services. For the year ended December 31, 2003, the fee we paid to Fisher Capital as compensation for Mr. Fisher's services was \$25,000. In addition, for the year ended December 31, 2003, we granted Fisher Capital options to purchase 46 shares at an exercise price of \$3.83 per option share. Mr. Fisher may be deemed to beneficially own these shares, as described above under the heading entitled "**Security Ownership - Security Ownership of Directors and Executive Officers.**" In 2003, Mr. Fisher directly received a \$25,000 annual fee for serving on the Board as a non-employee director. Effective January 1, 2004, we entered into an employment agreement with Mr. Fisher pursuant to which he became a direct employee of Bristol West and we pay his compensation directly to him, as described below under the heading "**Executive Compensation - Chairman and CEO Employment Agreement.**" As a direct employee, Mr. Fisher is no longer eligible to receive fees for serving on the Board.

Mr. Fisher and Mr. Dailey recommended that they receive no bonus awards for 2005. The Compensation Committee believed that both men had earned a bonus award, but, after discussion, concurred with their recommendation despite their successful management of Bristol West in a very competitive market.

We paid Mr. Fisher a one-time signing bonus of \$175,000 for entering into his employment agreement effective January 1, 2004.

Mr. Fisher received \$250,000 in a restricted stock award as a bonus for 2004 performance. This restricted stock award vests on February 22, 2007, two years after the grant date. The number and value of the aggregate restricted stock holdings of Mr. Fisher as of December 31, 2005 are disclosed below under the caption "**Executive Compensation - Restricted Stock Holdings, Dividends Paid and Value of Holdings.**"

In 2005, Mr. Dailey received a restricted stock award of \$150,000, which cliff vests on February 22, 2010, five years after the grant date and a restricted stock award of \$71,250 as a bonus for 2004 performance, which cliff vests on February 22, 2007, two years after the grant date. In 2004, Mr. Dailey received a restricted stock award of \$1,000,000, which cliff vests on May 14, 2009, five years after the grant date. The number of shares and value of the aggregate restricted stock holdings of Mr. Dailey as of December 31, 2005 are disclosed below under the caption "**Executive Compensation - Restricted Stock Holdings, Dividends Paid and Value of Holdings.**"

The amount in this column for 2004 includes \$22,388 of expenses paid by us in connection with an automobile provided to Mr. Dailey for personal use and \$33,750 in expenses paid by us to Mr. Dailey for unused paid time.

In 2004, Mr. Dailey received a stock option award to purchase 3,706 shares of Common Stock as a bonus for performance.



2006, Mr. Noonan received a restricted stock award of \$18,750 as a bonus for 2005 performance, which cliff vests on February 21, 2008, two years after the grant date. In 2005, Mr. Noonan received a restricted stock award of \$100,000, which cliff vests on February 22, 2010, five years after the grant date, and a restricted stock award of \$50 as a bonus for 2004 performance, which cliff vests on February 22, 2007, two years after the grant date. In 2004, Mr. Noonan received a restricted stock award of \$500,000, which cliff vests on May 14, 2009, five years after the grant date. The number of shares and value of the aggregate restricted stock holdings of Mr. Noonan as of December 31, 2005 are disclosed below under the caption “***Executive Compensation - Restricted Stock Holdings, Dividends Paid and Value of Holdings.***”

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2004, Mr. Noonan received a stock option award to purchase 1,793 shares of Common Stock as a bonus for performance.

2006, Mr. Eisenacher received a restricted stock award of \$19,250 as a bonus for 2005 performance, which cliff vests on February 21, 2008, two years after the grant date. In 2005, Mr. Eisenacher received a restricted stock award of \$100,000, which cliff vests on February 22, 2010, five years after the grant date, and a restricted stock award of \$30,000 as a bonus for 2004 performance, which cliff vests on February 22, 2007, two years after the grant date. In 2004, Mr. Eisenacher received a restricted stock award of \$500,000, which cliff vests on May 14, 2009, five years after the grant date. The number of shares and value of the aggregate restricted stock holdings of Mr. Eisenacher as of December 31, 2005 are disclosed below under the caption “**Executive Compensation - Restricted Stock Holdings, Dividends Paid and Value of Holdings.**”

Mr. Eisenacher began his employment with Bristol West in December 2003 and received a one-time signing bonus of \$150,000.

This amount consists of expenses paid by us in connection with the relocation of Mr. Eisenacher.

2006, Mr. Sclafani received a restricted stock award of \$16,250 as a bonus for 2005 performance, which cliff vests on February 21, 2008, two years after the grant date. In 2005, Mr. Sclafani received a restricted stock award of \$100,000, which cliff vests on February 22, 2010, five years after the grant date, and a restricted stock award of \$8,750 as a bonus for 2004 performance, which cliff vests on February 22, 2007, two years after the grant date. In 2004, Mr. Sclafani received a restricted stock award of \$333,000, which cliff vests on May 14, 2009, five years after the grant date. The number of shares and value of the aggregate restricted stock holdings of Mr. Sclafani as of December 31, 2005 are disclosed below under the caption “**Executive Compensation - Restricted Stock Holdings, Dividends Paid and Value of Holdings.**”

This amount includes a one-time signing bonus of \$205,603 in 2003.

2004, Mr. Sclafani received a stock option award to purchase 1,255 shares of Common Stock as a bonus for performance.

#### **Executive Compensation - Restricted Stock Holdings, Dividends Paid and Value of Holdings**

The following table sets forth certain information concerning restricted stock held by the NEOs during 2005:

	<b>Aggregate Restricted Stock Holdings at December 31, 2005 (#)</b>	<b>Dividends Credited in 2005 on Aggregate Restricted Stock Holdings<sup>(1)</sup> (\$)</b>	<b>Value of Aggregate Restricted Stock Holdings at 12/31/2005 <sup>(2)</sup> (\$)</b>
Mr. Fisher	14,749	\$ 3,835	\$ 280,673
Mr. Dailey	67,402	17,525	1,282,660
Mr. Noonan	35,213	9,155	670,103
Mr. Eisenacher	34,844	9,059	663,081
Mr. Sclafani, Jr.	25,104	6,527	477,729

Mr. NEO has sole voting power with respect to shares of restricted stock, but does not have investment power with respect to the shares. We pay accrued dividends to the holder only after the shares of restricted stock are sold pursuant to the terms of such awards. This column reflects market rate dividends accrued for the benefit of,

not received by, the NEOs for the restricted stock awards.

values are based on the last reported closing price per share of Common Stock of \$19.03 on December 30, the last trading day of 2005, as reported on the NYSE.

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**ated Option Exercises and Fiscal Year-End Option Value**

Os exercised no stock options during 2005. The following table shows the number and value of specified ised options at December 31, 2005. The actual amount, if any, realized upon exercise of stock options will upon the market price of the underlying shares of Common Stock relative to the exercise price per share at e the stock option is exercised. There can be no assurance that any of the NEOs will realize the values of ised in-the-money stock options reflected in this table.

	Shares Acquired On Exercise (#)	Value Realized (\$)	Number of Securities		Value of Unexercised	
			Underlying Unexercised		in-the-Money Options/SARs	
			Options/SARs at 12/31/2005		at 12/31/2005 <sup>(1)</sup> (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
. Fisher	--	--	873,546 <sup>(2)</sup>	--	\$13,277,899	--
. Dailey	--	--	238,167	54,005	3,560,681	\$792,710
. Noonan	--	--	96,726	897	1,444,098	--
Eisenacher	--	--	19,557	29,336	72,165	108,250
Sclafani, Jr.	--	--	34,525	51,477	515,250	772,905

These amounts are presented pursuant to SEC rules and reflect the difference between:  
r market value of the shares of Common Stock underlying the options held by each NEO based on the last  
ed closing price per share of Common Stock of \$19.03 on December 30, 2005, the last trading day of 2005,  
orted on the NYSE, and

• the aggregate exercise price of such options.

sts of options to purchase Common Stock that we granted to Fisher Capital, as discussed above under the  
n entitled “*Security Ownership - Security Ownership of Directors and Management.*”

**Compensation Plan Information**

e below shows information with respect to our equity compensation plans as of December 31, 2005:

Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available For Future Issuance (1)
compensation plans ed by security	--	--	--
compensation plans roved by security			

Stock Option Plan	1,330,606	\$ 4.50	114,692
Stock Incentive Plan	22,212	\$20.91	2,502,547
	1,352,818	\$ 4.77	2,617,239

Amounts reflected in this column exclude securities reflected in the column entitled “*Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights.*”

The 1998 Stock Option Plan and the 2004 Stock Incentive Plan were not subject to stockholder approval because Bristol West was privately held until its initial public offering on February 12, 2004.

## Chairman and CEO's Employment Agreement

Effective as of January 1, 2004, we entered into an employment agreement with James R. Fisher. Under this agreement, Mr. Fisher will serve as our Chairman and Chief Executive Officer for a term expiring on June 30, 2006. In connection with entering into this agreement, Mr. Fisher received a one-time signing bonus of \$175,000 in 2004. While employed under this agreement, Mr. Fisher will receive an annual base salary of \$700,000 and will be eligible to receive an annual bonus in an amount determined by the Compensation Committee of the Board. Effective July 1, 2006, Mr. Fisher will relinquish his position as Bristol West's Chief Executive Officer and will continue to serve as our Chairman, as discussed above under the heading "*Executive Officers*." At that time, Mr. Fisher's annual base salary will be reduced to \$350,000. If, during the term of his employment agreement, we terminate Mr. Fisher's employment without cause (as defined in the employment agreement), Mr. Fisher will be entitled to receive his base salary and group health insurance coverage (at the same rates as he paid immediately prior to the termination) for the remainder of the applicable term of his employment, which will terminate on the following June 30<sup>th</sup>.

Mr. Fisher is subject to a non-competition provision under this agreement, which requires him to fulfill his duties and responsibilities to Bristol West, he is permitted to provide services to KKR and its affiliates and to manage and direct his personal investments without limitation. KKR and its affiliates are not subject to any non-competition agreements with us. In addition, Mr. Fisher is permitted to engage in certain investment and business activities related to his position with Fisher Capital.

## Employment Agreements for the Other NEOs

We entered into Employee Stockholder Agreements with each of our other NEOs, Messrs. Dailey, Noonan, Mr. Fisher and Sclafani, on or about the time that they became employees (which we refer to as the "**Employee Stockholder Agreements**"). Each Employee Stockholder Agreement provides for the grant of shares of Common Stock and options to purchase Common Stock under our 1998 Stock Option Plan for Management and Key Executives (which we refer to as the "**1998 Stock Option Plan**") and the 2004 Stock Incentive Plan. These agreements impose restrictions on the executives' ability to transfer shares of Common Stock prior to the fifth anniversary of the date on which the executive acquired the shares. We waived these transfer restrictions with respect to each executive on a pro rata basis relative to the percentage of shares Bristol West Associates LLC sold in our initial public offering in February 2004.

Under the Employee Stockholder Agreements with Messrs. Dailey, Noonan and Eisenacher, in the case of termination of the executive officers and in exchange for a promise not to compete with us for 12 months or disclose confidential information, each will receive payments and benefits in an amount equal to 12 months' salary and benefits due him. Under the Employee Stockholder Agreement with Mr. Sclafani, in the case of termination and in exchange for a promise not to compete with us for 12 months or disclose our confidential information, he will receive payments and benefits in an amount equal to 36 months' salary and benefits due him.

Under the Employee Stockholder Agreements with Messrs. Dailey and Sclafani, other than options granted in connection with annual bonus awards, options granted under the 1998 Stock Option Plan become exercisable by the executives in installments over a five-year period: 20% of the stock subject to the option becomes exercisable on each of the first five anniversaries of the grant date of the particular option. Under the Employee Stockholder Agreement with Mr. Noonan, options granted under the 1998 Stock Option Plan become exercisable by Mr. Noonan in installments over a two-year period: 50% of the stock subject to the options becomes exercisable on each of the first two anniversaries of the grant of the particular option.

In addition, Messrs. Dailey, Noonan, Eisenacher and Sclafani have entered into sale participation agreements with us that provide that if we sell shares of Common Stock other than in a qualified public offering (as defined in the Employee Stockholder Agreements), they have a right to participate in that sale.

## COMPENSATION COMMITTEE REPORT

### of the Compensation Committee on Executive Compensation

Compensation Committee, which consists entirely of independent directors as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended (which is referred to as the “**Code**”), oversees a management compensation program designed to further the attainment of Bristol West’s strategic goals of growth and profitability and to increase shareholder value. For each executive officer, the Compensation Committee is responsible for the determination of base salary, as well as the award level for the annual Incentive Compensation Program (which is referred to as the “**ICP**”). The Compensation Committee is also responsible for the award level and administration of other executive programs for executive officers, as well as recommendations regarding other executive benefits and plans, and to the approval of the Board.

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## *Compensation Philosophy*

Bristol West's vision is to be the insurer of choice for its distribution force and policyholders. To achieve this vision, Bristol West must align all of its business processes to create value for policyholders and producers. Bristol West continually refine its sales practices and technology to make it easier for producers and policyholders to do business with the Company. Bristol West must strive to provide insureds with faster, higher quality and more consistent service when interacting with its representatives. To accomplish these goals, Bristol West must recruit and retain highly competent executives.

In this context, the three major objectives for Bristol West's executive compensation program are:

**Performance:** Link executive compensation rewards with growth in earnings and strategic operational performance that ultimately results in sustainable increases in shareholder value.

**Retention:** Motivate executives to be accountable for and accomplish Bristol West's financial and strategic operational objectives.

**Retention and Attraction:** Retain and attract key executives to drive increases in shareholder value.

Bristol West's total compensation philosophy encompasses the following:

**Pay levels and salary increases** that reflect position responsibilities, competitive market rates, strategic importance of the position, and individual performance and contributions.

**Annual incentive payments**, based on Bristol West's performance relative to its earnings goals and other strategic objectives and individual performance.

**Long-term incentives**, provided through restricted stock and stock option grants, that reward key executives for performance related to increasing shareholder value, vest over time, and encourage executive stock ownership.

**Benefit programs** provided to all employees in which Bristol West's executives are eligible to participate.

## *Compensation Methodology*

The purpose of Bristol West's compensation program is to enable it to appropriately compete for talented and experienced executives with companies of similar size within the property and casualty insurance industry. Bristol West seeks to attract and retain high performing executives and reward them for above average performance. To determine competitive compensation levels, the Compensation Committee reviews data regarding rates for compensation and compensation plan structures employed by peer companies and other companies of similar size in the insurance industry. The data is derived from analysis of publicly available information and proprietary sources.

Each year, total compensation was comprised of fixed compensation (annual base salary), variable compensation (ICP awards, paid 75% in cash and 25% in restricted stock), and long-term incentive in the form of restricted stock. In general, the Compensation Committee's objective is to structure total cash compensation (base salary plus portion of ICP awards) paid to executive officers to be within the third quartile (50% to 75%) of companies of similar size within the property and casualty insurance industry, subject to Bristol West's needs and the experience and performance of the executive officers. The Compensation Committee works closely with the CEO and the Chief Financial Officer in evaluating the individual performances of the other executive officers.

The specific components of the Bristol West's compensation program and how these components function are set forth below:



lary

ent with the compensation philosophy discussed above, annual base salaries for Bristol West's executive are designed to be competitive with companies of similar size within the property and casualty insurance . The Compensation Committee determines salaries and any increases for executive officers after the close scal year based on a combination of individual performance and competitive compensation data.

#### *Incentive Compensation Program*

ard each year adopts a business plan with earnings goals and other strategic objectives. The purpose of the P bonus awards was to pay each of Bristol West's executive officers a maximum award at levels ranging 0% to 100% of their individual annual base salary based upon the executive officer's position and abilities, Bristol West's performance relative to its earnings goals and other strategic objectives and the ve officer's individual performance. In assessing Bristol West's performance in 2005 for the purpose of ICP awards to the Company's executive officers, the Compensation Committee considered Bristol West's n equity, net income, gross written premium and combined ratio relative to business plan objectives and in a very competitive market and the Company's maintenance of its underwriting discipline in that market. The sation Committee approved the payment of the 2005 ICP awards 75% in cash and 25% in restricted stock pursuant to the 2004 Stock Incentive Plan. These restricted stock awards will cliff vest in February 2008 and forfeited if the executive's employment with Bristol West terminates prior to the vesting date, except for r disability. ICP restricted stock award vesting is accelerated for certain mergers, sales or other business ations and for death or disability.

#### *Term Restricted Stock Awards*

West's success is dependent upon its senior management team. From time to time, the Compensation ttee grants restricted stock awards under the 2004 Stock Incentive Plan for the purpose of retaining key ees over a long-term period, providing them direct ownership in Common Stock with a view toward ng shareholder value, and encouraging decisions related to increased shareholder value in the future.

the Compensation Committee granted such restricted stock awards to certain key employees, including all executive officers other than James R. Fisher, the CEO. The total value of these grants was \$2 million, which d aggregate awards of \$1.25 million to executive officers. These restricted stock awards will cliff vest on y 21, 2011 and will be forfeited if the executive officer's employment with Bristol West terminates prior to ng date, except for death or disability. The vesting of these restricted stock awards is accelerated for certain , sales or other business combinations and for death or disability.

#### *ation of the Chief Executive Officer's Compensation*

. Fisher has served as the CEO since September 2000. Mr. Fisher's compensation package for 2003 through detailed in this proxy statement in the section above entitled "***Executive Compensation.***"

her's base salary for 2005 was set at \$700,000 per annum. Mr. Fisher's annual base salary was not increased e level established in 2004 in his employment agreement with Bristol West dated as of January 1, 2004. Mr. ecommended that the Compensation Committee not consider awarding him any ICP bonus with respect to r any long-term restricted stock grants. After discussing the recommendation with Mr. Fisher, the ttee concurred with his recommendation despite his successful management of Bristol West in a very tive market.

#### *bility of Executive Compensation*

compensation Committee has reviewed the applicability of Code Section 162(m). In certain circumstances, Section 162(m) may deny a federal income tax deduction for compensation in excess of \$1 million paid in any year to a company's CEO or other four most highly compensated executive officers (which is referred to as **covered officers**). No compensation that Bristol West paid during 2005 to any covered officer was subject to the Section 162(m) deduction limitation.

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compensation that qualifies as “performance based” and is approved by stockholders may be exempt from the 162(m) limit. The Compensation Committee intends that Bristol West qualify certain compensation paid to executive officers for deductibility under the Code, including Section 162(m). The Compensation Committee also intends that the interests of Bristol West and its stockholders may sometimes be best served by providing compensation that is not deductible in order to attract, retain, motivate and reward executive talent. Accordingly, the Compensation Committee intends to retain the flexibility to provide for payments of compensation that is not deductible.

Bristol West is seeking stockholder approval of the Executive Officer Incentive Plan (which is referred to as the Plan) pursuant to this proxy statement, as discussed below under the heading entitled “***Approval of the Executive Officer Incentive Plan.***” It is the Compensation Committee’s intention that, if approved by Bristol West’s stockholders, awards under the EIP will meet the conditions necessary for deductibility under Code Section 162(m). Performance goals for awards to be approved by the Compensation Committee and issued under the EIP are set forth below under the heading “***Approval of the Executive Officer Incentive Plan - Individual Bonus Targets and Performance Goals.***”

R. Cary Blair (Compensation Committee Chairperson)  
Richard T. Delaney (Compensation Committee member)  
Eileen Hilton (Compensation Committee member)

*Nothing in this proxy statement should be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act or under the Exchange Act, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed to be incorporated by reference into any filing under such Acts.*

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**COMPARISON OF CUMULATIVE TOTAL STOCKHOLDER RETURN**

Common Stock has been traded on the NYSE under the ticker symbol “BRW” since Bristol West’s initial public offering on February 12, 2004. The initial public offering price of the Common Stock was \$20.00 per share. The following chart reflects cumulative stockholder return (assuming the reinvestment of dividends) on our Common Stock compared with the total return on the S&P 500 Index and the S&P 500 Property and Casualty Insurance Index (which we refer to as the “**S&P 500 - P&C**”). The graph reflects the investment of \$100 in our Common Stock, the S&P 500 Index and the S&P 500 - P&C Index at the close of trading on February 12, 2004, and the reinvestment of dividends.

	02/12/2004	12/31/2004	12/31/2005
Bristol West Holdings, Inc. Common Stock	\$100.00	\$ 88.42	\$ 85.26
S&P 500 Property & Casualty Insurance Index <sup>(1)</sup>	\$100.00	\$106.80	\$119.27
S&P 500 Index <sup>(1)</sup>	\$100.00	\$103.61	\$112.05

Source: Index Services, Standard & Poor’s Company

*Stock price performance graph shall not be deemed incorporated by reference by any general statement made herein. By filing this proxy statement with the SEC, we are not incorporating by reference this proxy statement into any filing under the Securities Act or under the Exchange Act to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed to be soliciting material or to be filed under such Acts.*

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### ing Services Fees

performs consulting and certain other services for us pursuant to an agreement to provide management, ng and certain other services (the “**KKR Contract**”). Pursuant to the KKR Contract, we agreed to pay KKR 0 per year, plus reasonable expenses incurred to provide the services. The KKR Contract continues in effect ar to year unless KKR agrees with us to amend or terminate the contract. Partnerships affiliated with KKR 0.5% of our Common Stock as of December 31, 2005. Pursuant to the KKR Contract, during 2005, we paid KKR of \$500,000 and reimbursed KKR for expenses in the amount of approximately \$21,800. We owed es of \$125,000 as of December 31, 2005.

t to the Fisher Capital Contract, Fisher Capital performs management, consulting and certain other services Pursuant to the Fisher Capital Contract, we agreed to pay Fisher Capital \$95,000 per year, plus reasonable s incurred to provide the services. The Fisher Capital Contract continues in effect from year to year unless Capital agrees with us to amend or terminate the contract. James R. Fisher, our CEO, is the managing r of Fisher Capital. Pursuant to the Fisher Capital Contract, during 2005, we paid fees to Fisher Capital of and reimbursed Fisher Capital for expenses incurred on our behalf in the amount of approximately \$42,870. er did not receive any portion of the fees paid to Fisher Capital in 2005. We owed no fees to Fisher Capital cember 31, 2005.

### igation Expenses

each of KKR; Gary Colton, a member of Fisher Capital; and James R. Fisher, our CEO, incurred separate s in connection with governmental investigations by the SEC and the United States Attorney for the n District of New York relating to our reinsurance agreements. Please see the disclosure under the heading **Legal Proceedings**” of our Annual Report on Form 10-K with respect to the fiscal year ended December 31, at we filed with the SEC on March 14, 2006. We and these individuals and entities are cooperating with vestigations. In 2005, we paid on behalf of KKR legal fees and related expenses associated with these ations of approximately \$479,600. In 2005, we paid on behalf of Mr. Colton legal fees and related expenses ed with these investigations of approximately \$89,200. In 2005, we paid on behalf of James R. Fisher legal related expenses associated with these investigations of approximately \$214,700.

### rk Services Agreement and OneShield

red into a services agreement, dated July 24, 2002, as corrected and amended on November 8, 2005 (which r to as the “**Firemark Agreement**”), with Firemark, a service company created by Inder-Jeet Gujral. rjal is one of the founders of OneShield Inc. (which we refer to as “**OneShield**”), the developer of our o® software. He is also the Chairman of the Board of Directors of OneShield and a controlling partner of k. Mr. Gujral became a Bristol West director on March 24, 2004. Mr. Gujral has advised us that he does not o stand for re-election at the 2006 Annual Meeting and will retire from the Board at that time, as described nder the heading “**Election of Directors - Retiring Directors.**” As of December 31, 2005, Mr. Gujral owned f OneShield’s shares on a fully diluted basis. Certain members and employees of KKR, Fisher Capital and . Fisher also have interests in OneShield through Aurora Investments LLC (which we refer to as “**Aurora**”). ecember 31, 2005, Aurora’s interest in OneShield was 13.0% on a fully diluted basis. In addition, Mr. Fisher n granted vested rights to purchase common stock equal to 0.02% of the fully diluted capital of OneShield in ion with his role on its strategic advisory board. Jeffrey J. Dailey, our President and Chief Operating Officer, a director of OneShield on November 25, 2003.

OneShield and Firemark collectively approximately \$3,411,000 for services and license fees under the Firemark Agreement in 2005. Pursuant to the Firemark Agreement, we agreed to pay Firemark during 2006 license fees of \$900,000 and to pay OneShield fees for consulting services provided during 2006 plus reasonable expenses. Pursuant to the Firemark Agreement, in exchange for providing development and implementation assistance to us with respect to OneStep, we granted Firemark options to purchase 521,520 shares of our Common Stock at a price of \$19.39 per share. Twenty-five percent of the Firemark Options vested in the first year of the Firemark Agreement and the remaining 75% of the Firemark Options will vest based upon delivery of the OneStep system and future product and process improvements in our underwriting expense ratio, as measured against the underwriting expense ratio for the same periods prior to the effective date of the Firemark Agreement. On November 21, 2005, Firemark assigned OneShield 15% of the Firemark Options, representing options to purchase 78,228 shares of Common Stock, based on OneShield's 15% ownership interest in Firemark. Subsequently, on November 21, 2005, OneShield exercised its Firemark Options to purchase 19,557 shares of Common Stock. OneShield settled the exercise price of \$19.39 for these options by foregoing 3,863 shares of Common Stock at a per share market close price of \$19.39 per share. As of December 31, 2005, Firemark held Firemark Options to purchase 443,292 shares of Common Stock and OneShield held Firemark Options to purchase 58,671 shares of Common Stock. Please also see the disclosure under the heading "***Security Ownership - Security Ownership of Directors and Management.***"

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consideration for OneShield being chosen as the subcontractor for the Firemark Agreement, OneShield granted warrants to purchase OneShield common stock equal to 2% of the then fully diluted capital stock of OneShield. In connection with the recapitalization, we purchased 8.0 million shares of Series D preferred stock of OneShield. Our total ownership of OneShield common stock, including the warrants, represented 6.2% of the fully diluted capital stock of OneShield as of December 31, 2005. As of December 31, 2005, we had loans receivable, including accrued interest receivable, from OneShield of approximately \$290,300. Effective March 30, 2006, OneShield completed a recapitalization and an equity financing with the consent of its stockholders, including Bristol West. Pursuant to the recapitalization, our 8.0 million shares of OneShield Series D preferred stock were converted into 1.6 million shares of OneShield Series D preferred stock and 1.6 million shares of OneShield Series C-2 common stock. Our warrants to purchase OneShield common stock also were converted into warrants to purchase OneShield Series C-3 common stock. Pursuant to the recapitalization and the financing, OneShield authorized and issued Series E-1 preferred stock with voting preferences senior to the Series E-2 preferred stock. As of March 31, 2006, taking into account the recapitalization and financing, our total ownership of OneShield stock (including the warrants but excluding debt securities) represented 6.6% of the fully diluted capital stock of OneShield.

## SECTION 16 (a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors and persons who own more than 1% of our Common Stock to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the SEC and the NYSE, and to furnish us with copies of all such forms which they file. To our knowledge, based on representations to us by such persons and a review of the copies of reports furnished to us, all of our directors and executive officers made all required filings on time during 2005 except for Craig E. Eisenacher, one of our executive officers, who filed late in April 2006 a statement of changes in beneficial ownership on Form 4 to report his purchase of 10,000 shares of Common Stock in June 2004.

## ITEM 3

### APPROVAL OF THE EXECUTIVE OFFICER INCENTIVE PLAN

We are providing the following description of the Bristol West Executive Officer Incentive Plan in connection with the solicitation of proxies for approval of the EIP. The following description is a summary of the material terms of the plan and does not purport to be complete. The summary is qualified in its entirety by reference to the text of the plan which is attached hereto as **Appendix C**.

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In certain circumstances, Code Section 162(m) may deny a federal income tax deduction for compensation in excess of \$1 million per year that we pay to any of our CEO or our other four most highly compensated executive officers (which we refer to as our “**covered officers**”). See the related discussion above under the heading entitled “**Compensation Committee Report - Deductibility of Executive Compensation.**” We can only deduct compensation in excess of that amount if it qualifies as “performance-based compensation” under Code Section 162(m).

As a result, we have not paid compensation to any covered officer that has been subject to the Code Section 162(m) deduction limitation. Through 2005, the Compensation Committee approved annual incentive bonus payments to the NEOs and our other executive officers under Bristol West’s previously disclosed annual Incentive Compensation Program (which we refer to as the “**ICP**”). Effective for fiscal 2006, the Compensation Committee approved the ICP with both the EIP, subject to the approval of our stockholders, and the Bristol West Holdings, Inc. Management Incentive Plan (the “**MIP**”). The MIP is an exhibit to our Current Report on Form 8-K that we filed with

on February 27, 2005. The Compensation Committee will award bonuses to our executive officers under and the MIP. Annually, with respect to each executive officer, the Compensation Committee will establish, applicable fiscal year, the executive officer's individual bonus target as a participant under the EIP and the eighty percent of the executive officer's individual bonus target will be based on achievement of performance under the EIP. Twenty percent of the executive officer's individual bonus target will be based upon individual performance determined under the MIP, as measured by the executive officer's achievement of his or her performance objectives and contributions to achievement of our strategic objectives.

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Compensation Committee adopted the EIP to permit us to pay incentive compensation that qualifies as performance-based compensation, thereby permitting us to receive a federal income tax deduction for the payment of incentive compensation. As described above under the heading entitled “**Compensation Committee Report - Eligibility of Executive Compensation**,” the Compensation Committee believes that the interests of Bristol West stockholders may sometimes be best served by providing compensation that is not deductible in order to retain, motivate and reward executive talent. Accordingly, the Compensation Committee intends to retain the right to provide in certain instances compensation that is not deductible. The Compensation Committee does not expect MIP bonuses to qualify as performance-based compensation under Code Section 162(m).

In order for incentive compensation under the EIP to qualify as performance-based compensation under Code Section 162(m), our stockholders must approve the EIP. On February 21, 2006, our Compensation Committee adopted the EIP subject to the approval of our stockholders pursuant to Code Section 162(m). To approve the EIP, a quorum is present at the 2006 Annual Meeting, the “FOR” votes must exceed the “AGAINST” votes cast at the Annual Meeting.

The purpose of the EIP is to establish and maintain a result and profit oriented environment and to motivate and reward eligible employees by making a portion of their compensation dependent on the achievement of certain performance goals related to the performance of Bristol West and our affiliates and operating units. The EIP aims to align the interests of management and Bristol West towards the completion of our strategic objectives, while providing incentives to constantly expand our earning power. The EIP also seeks to have direct ties to our business and encourage teamwork in accomplishing our goals. The EIP is designed to preserve the income tax deductibility of incentives paid under the EIP to covered officers who are subject to the limitations of Code Section 162(m) and the regulations and interpretations promulgated under Code Section 162(m).

#### *Administration*

The EIP is administered by our Compensation Committee, each member of which is an “outside director” within the meaning of Code Section 162(m).

#### *Eligible Individuals*

Our 15 executive officers, including our CEO, and other key employees will be eligible to participate in the EIP for any fiscal year. Our Compensation Committee has the discretionary authority to designate for each fiscal year which executive officers and key employees will be participants in the EIP for such fiscal year.

#### *Annual Bonus Targets and Performance Goals*

Each year, our Compensation Committee will establish individual bonus targets and performance goals for each participant in compliance with Code Section 162(m). The Compensation Committee will establish the performance goals during the first quarter while the outcome of the performance goals is substantially uncertain.

The Compensation Committee will establish each participant’s individual bonus target and performance goal(s) for each fiscal year. The Compensation Committee may provide that performance goals for any fiscal year will be determined based on factors that relate to unusual or extraordinary items. The performance goals will include one or more objective measurable performance factors as determined by the Compensation Committee with respect to each fiscal year based upon one or more factors of the following factors: (1) gross written premium; (2) net written premium; (3) underwriting income; (4) operating income; (5) earnings (including earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization (EBITDA), and earnings before interest, taxes,

ation and amortization and other non-cash items); (6) net income; (7) cash flow; (8) loss ratio; (9) expense  
(10) combined ratio; (11) return on equity; (12) return on assets; (13) earnings or net income per share;  
book value or book value per share; and/or (15) stock price, each with respect to the Bristol West and/or one or  
our affiliates or operating units. For purposes of the EIP, such criteria may be measured by comparing  
results in a current period to either or both of the following: (i) comparable estimates in our business plan or  
comparable actual results in prior periods.

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*t of Bonus Award*

Compensation Committee will determine whether the terms and conditions underlying the payment of each participant's bonus award under the EIP have been satisfied in compliance with Code Section 162(m). No EIP bonus shall become payable to a participant with respect to any fiscal year until the Compensation Committee has determined in writing (in the manner prescribed under applicable regulations under Code Section 162(m)) that the terms and conditions underlying the payment of the award have been satisfied. Finally, our Compensation Committee, in its sole discretion, may reduce or eliminate (but not increase) the bonus award payable under the EIP to any participant. Payments of EIP awards may be made either in cash and/or in the form of any award available under the 2004 Stock Incentive Plan, as determined by the Committee in its sole discretion.

*m Annual Individual Bonus*

Maximum annual bonus awards payable under the EIP to any participant during any fiscal year cannot exceed the limit set forth in the plan document.

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The Board may terminate the EIP at any time, provided such termination will not affect the payment of any awards payable under the EIP before the date of the termination. The Board may, at any time, or from time to time, amend, modify, suspend, and, if suspended, reinstate, the EIP in whole or in part, provided however, that any amendment of the EIP shall be subject to the approval of our stockholders to the extent required to comply with the requirements of Code Section 162(m), or any other applicable laws, regulations or rules.

*2006 Participants, Performance Goal and Estimate of Benefits*

At its meeting on February 21, 2006, our Compensation Committee selected our CEO and our other executive officers to participate in the EIP. Subject to our stockholders approving the EIP, the Compensation Committee has established performance goals for the EIP participants. The 2006 EIP performance goal includes a range of potential payouts based on Bristol West's 2006 Adjusted Pre-Tax Underwriting Income (as defined below) measured as pre-tax underwriting income as set forth in Bristol West's 2006 business plan. For purposes of the EIP in 2006, the term "Adjusted Pre-Tax Underwriting Income" will mean an amount equal to the following measured for fiscal year 2006: (1) pre-tax income, plus (2) interest expense, less (3) investment income, less (4) realized gains on investments, plus (5) realized losses on investments, and adjusted to reflect (6) the effect of unusual or extraordinary items, unless the Compensation Committee determines such adjustments to be inconsistent with the requirements of Code Section 162(m)(4)(C). In 2006, each EIP award will be paid 75% in cash and 25% in restricted stock issued under the 2004 Stock Incentive Plan that cliff vests in two years.

Following table sets forth the maximum 2006 EIP award that would be payable to each NEO and the maximum EIP awards that would be payable to all current executive officers as a group if Bristol West achieves the 2006 performance goal at the top end of the range and the Compensation Committee does not exercise its discretion to increase or eliminate the EIP award otherwise payable to any participant. We have assumed for purposes of the following table that salaries for the 2006 fiscal year remain as established by the Compensation Committee on May 21, 2006, including the scheduled changes for Messrs. Fisher, Dailey and Noonan effective July 1, 2006, as discussed above under the heading “*Executive Officers*.”

#### Maximum 2006 Potential Awards Under the Bristol West Executive Officer Incentive Plan

Individual Position	Maximum Total EIP Bonus (\$)	Maximum EIP Cash Bonus Portion (\$)	Maximum EIP Restricted Stock Award Portion (\$)
Mr. Fisher .....	\$ 630,000	\$ 472,500	\$157,500
President and Chief Executive Officer			
Mr. Dailey .....	\$ 563,538	\$ 422,654	\$140,885
President and Chief Operating Officer			
Mr. Noonan .....	\$ 279,404	\$ 209,553	\$ 69,851
Vice President-Actuarial/Product Eisenacher .....	\$ 245,933	\$ 184,450	\$ 61,483
Vice President-Chief Financial Officer Sclafani, Jr .....	\$ 179,253	\$ 134,440	\$ 44,813
Vice President-Claims			
Current executive officers as a group .....	\$3,329,862	\$2,497,397	\$832,466
Current directors who are not executive officers as a group .....	--	--	--
Current employees, including current officers who are not executive officers, as a group .....	--	--	--

#### Recommendation of the Board of Directors

The Board recommends that you vote **FOR** the proposal to approve the EIP. Proxies returned without instructions will be voted FOR the approval of the EIP.

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ix	Categorical Standards
ix	Audit Committee Charter
ix	Bristol West Executive Officer Incentive Plan

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## Appendix A

### Categorical Standards

Categorical Standards provide as follows:

Board and the Corporate Governance and Nominating Committee will broadly consider all relevant facts and circumstances and will apply the following standards.

A director will not be considered independent if,

director is, or has been within the last three years, an employee of the Company, or an immediate family member is or has been within the last three years, an executive officer, of the Company; or

director or an immediate family member of the director, has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service with the Company); except that compensation received by an immediate family member of the director for services as a non-executive employee of the Company need not be considered in determining independence under this test; or

director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; or the director is a current employee of such a firm; or the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not consulting) practice; or the director or an immediate family member was within the last three years (but is not currently) a partner or employee of such a firm and personally worked on the Company's audit within that time frame; or the director, or an immediate family member of the director, is or has been within the last three years, employed as an executive officer of another company where any of the Company's present executives at the same time serves or served on that company's compensation committee; or

director, or an immediate family member of the director, is or has been within the last three years, employed as an executive officer of another company where any of the Company's present executives at the same time serves or served on that company's compensation committee; or

director is a current employee, or an immediate family member is a current executive officer, of a company (other than a charitable organization) 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 1% of such other company's consolidated gross revenues; provided, however, that in applying this test, both the Company's and the consolidated gross revenues to be measured will be those reported in the last completed fiscal year and provided, further, that this test applies solely to the financial relationship between the Company and the director's (or immediate family member's) current employer - the former employment of the director or immediate family member need not be considered.

A director will only be appointed as a member of the Board Audit Committee if he or she also satisfies the independence criteria laid down in SEC Rule 10A-3.

The following relationships will not be considered to be material relationships that would impair a director's independence:

**Commercial Relationship:** If a director of the Company is an executive officer or an employee, or whose immediate family member is an executive officer, of another company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, does not exceed the greater of (a) \$1,000,000 or (b) 2% of such other company's consolidated gross revenues:

**Indebtedness Relationship:** If a director of the Company is an executive officer of another company which is indebted to the Company, or to which the Company is indebted, and the total amount of either company's

edness is less than 2% of the consolidated assets of the company wherein the director serves as an executive  
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y Relationship: If the director is an executive officer of another company in which the Company owns a common stock interest, and the amount of the common stock interest is less than 10% of the total shareholders' of the company where the director serves as an executive officer; or

Charitable Relationship: If a director of the Company, or the spouse of a director of the Company, serves as a director, officer or trustee of a charitable organization, and the Company's contributions to the organization in any single fiscal year are less than the greater of (a) \$1,000,000 or (b) 2% of that organization's gross revenues.

relationships that do not meet the categorical standards of immateriality set forth in section (c) above, or for relationships that are covered, but as to which the Board believes a director may nevertheless be considered independent, the determination of whether the relationship is material or not, and therefore whether the director should be independent, will be made by the directors who satisfy the independence guidelines set forth in sections (a) to (c) above. The Company will explain in its proxy statement any Board determination that a relationship was immaterial in the event that it did not meet the categorical standards of immateriality set forth in section (c) above.

For the purposes of these standards, an "immediate family member" includes a person's spouse, parents, children, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law and any other person (other than domestic employees) who shares such person's home; except that when applying the independence tests described above, the Company need not consider individuals who are no longer immediate family members as a result of legal separation or divorce or those who have died or have become incapacitated.

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**Appendix B**

**BRISTOL WEST HOLDINGS, INC.**

**AUDIT COMMITTEE OF  
THE BOARD OF DIRECTORS CHARTER**

**I. PURPOSE**

The Audit Committee's (the "Committee") purpose shall be to have direct responsibility for those duties and responsibilities set forth in Section IV of this Charter, as well as any other duties and responsibilities delegated to the Committee by the Board of Directors from time to time.

**II. STRUCTURE AND OPERATIONS**

**Composition and Qualifications**

The Committee shall be comprised of three or more members of the Board of Directors, each of whom is determined by the Board of Directors to be "independent" under the rules of the New York Stock Exchange, Inc. and the Sarbanes-Oxley Act. No member of the Committee may serve on the audit committee of more than three public companies, including the corporation, unless the Board of Directors (i) determines that such simultaneous service will not impair the ability of such member to effectively serve on the Committee and (ii) discloses such information in the annual proxy statement.

Members of the Committee shall have a working familiarity with basic finance and accounting practices (or such familiarity within a reasonable period after his or her appointment) and at least one member must be a "financial expert" under the requirements of the Sarbanes-Oxley Act. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the corporation or by outside consultant.

Members of the Committee shall receive compensation other than (i) director's fees for service as a director of the corporation, including reasonable compensation for serving on the Committee and regular benefits that other directors receive and (ii) a pension or similar compensation for past performance, provided that such compensation is conditioned on continued or future service to the corporation.

**Appointment and Removal**

Members of the Committee shall be appointed by the Board of Directors and shall serve until such member's term is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

**Chairman**

When a Chairman is elected by the full Board of Directors, the members of the Committee shall designate a Chairman by the majority vote of the full Committee membership.

Chairman shall be entitled to cast a vote to resolve any ties. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

### III. MEETINGS

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its goal to foster communication, the Committee shall periodically meet separately with each of management, the director of the auditing department and the independent auditors to discuss any matters that the Committee or each of these believe would be appropriate to discuss privately. In addition, the Committee should meet with the independent auditors and management quarterly to review the corporation's financial statements in a manner consistent with that outlined in Section IV of this Charter. The Chairman of the Board or any member of the Committee may call meetings of the Committee. All meetings of the Committee may be held telephonically.

Non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, management of the corporation or other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also invite to its meetings any persons it deems appropriate in order to carry out its responsibilities.

### IV. RESPONSIBILITIES AND DUTIES

The following functions shall be the common recurring activities of the Committee. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention.

The Committee shall be given full access to the corporation's internal audit group, Board of Directors, corporate records and independent accountants as necessary to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board of Directors.

Notwithstanding the foregoing, the Committee is not responsible for certifying the corporation's financial statements or for guaranteeing the auditor's report. The fundamental responsibility for the corporation's financial statements and internal controls rests with management and the independent auditors.

## Contents/Reports Review

Review with management and the independent auditors prior to public dissemination the corporation's annual audited financial statements and quarterly financial statements, including the corporation's disclosures under management's Discussion and Analysis of Financial Condition and Results of Operations" and a discussion with independent auditors of the matters required to be discussed by Statement of Auditing Standards No. 61.

Review and discuss with management and the independent auditors the corporation's earnings press releases giving particular attention to the use of any "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which the corporation may provide earnings guidance.

Perform any functions required to be performed by it or otherwise appropriate under applicable law, rules or regulations, the corporation's by-laws and the resolutions or other directives of the Board, including review of any certification required to be reviewed in accordance with applicable law or regulations of the SEC.

## Independent Auditors

4. Retain and terminate independent auditors and approve all audit engagement fees and terms.

Require each registered public accounting firm performing work for the corporation that such firm shall report directly to the Committee.

Review the work of any registered public accounting firm employed by the corporation, including the resolution of any disagreement between management and the auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or related work.

Approve in advance any significant audit or non-audit engagement or relationship between the corporation and independent auditors, other than "prohibited non-auditing services".

Following shall be "prohibited non-auditing services": (i) bookkeeping or other services related to the accounting or financial statements of the audit client; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service that the Public Company Accounting Oversight Board prohibits through regulation.

standing the foregoing, pre-approval is not necessary for minor audit services if: (i) the aggregate amount of non-audit services provided to the corporation constitutes not more than five percent of the total amount of fees paid by the corporation to its auditor during the fiscal year in which the non-audit services are provided; (ii) the services were not recognized by the corporation at the time of the engagement to be non-audit services; and (iii) the services are promptly brought to the attention of the Committee and approved prior to the completion of the engagement by the Committee or by one or more members of the Committee who are members of the Board to whom the authority to grant such approvals has been delegated by the Committee. The Committee may delegate to one or more members the authority to approve in advance all significant audit or non-audit services to be provided by the independent auditors so long as it is presented to the full Committee at a later time.

Furthermore, at least annually, the qualifications, performance and independence of the independent auditors. In conducting its review and evaluation, the Committee should:

1. Obtain and review a report by the corporation's independent auditor describing: (i) the auditing firm's internal control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) to assess the auditor's independence, all relationships between the independent auditor and the corporation;

2. Ensure the rotation of the lead audit partner at least every five years, and consider whether there should be rotation of the audit firm itself.

3. Rotate the firm with any independent auditor retained to provide audit services for any fiscal year that the lead (or managing) audit partner (having primary responsibility for the audit), or the audit partner responsible for overseeing the audit, has not performed audit services for the corporation in each of the five previous fiscal years of the corporation.

4. Take into account the opinions of management and the corporation's internal auditors (or other personnel responsible for the internal audit function).

#### Financial Reporting Process

In consultation with the independent auditors, management and the internal auditors, review the integrity of the corporation's financial reporting processes, both internal and external. In that connection, the Committee should meet and discuss with management and the independent auditor reports from management and the independent auditor regarding: (i) all critical accounting policies and practices to be used by the corporation; (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the corporation's management, the ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the independent auditor; (iii) major issues regarding accounting principles and financial

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ent presentations, including any significant changes in the corporation's selection or application of accounting principles; (iv) major issues as to the adequacy of the corporation's internal controls and any specific steps adopted in light of material control deficiencies; and (v) any other material written communications from the independent auditor and the corporation's management.

view periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the corporation.

view with the independent auditor (i) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or access to requested information, and any significant disagreements with management and (ii) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditor (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" as immaterial or otherwise, (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the corporation.

view and discuss with the independent auditor the responsibilities, budget and staffing of the corporation's internal audit function.

#### Compliance / General

view periodically, with the corporation's counsel, any legal matter that could have a significant impact on the corporation's financial statements.

Discuss with management and the independent auditors the corporation's guidelines and policies with respect to risk assessment and risk management. The Committee should discuss the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

clear hiring policies for employees or former employees of the independent auditors. At a minimum, these policies should provide that any registered public accounting firm may not provide audit services to the corporation if the CEO, controller, CFO, chief accounting officer or any person serving in an equivalent capacity for the corporation was employed by the registered public accounting firm and participated in the audit of the corporation within one year of the initiation of the current audit.

Establish procedures for: (i) the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the corporation of concerns regarding questionable accounting or auditing matters.

17. Review and approve all related party transactions to which the corporation is a party.

prepare all reports required to be included in the corporation's proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC.

19. Report regularly to the full Board of Directors including:

with respect to any issues that arise with respect to the quality or integrity of the corporation's financial statements, the corporation's compliance with legal or regulatory requirements, the performance and independence of the corporation's independent auditors or the performance of the internal audit function;

(ii) following all meetings of the Committee; and

with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

The Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.

20. Maintain minutes or other records of meetings and activities of the Committee.

#### V. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct evaluations and reviews in such manner as it deems appropriate.

Revision

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**Appendix C**

**BRISTOL WEST HOLDINGS, INC.  
EXECUTIVE OFFICER INCENTIVE PLAN  
As Adopted by the Board of Directors on February 21, 2006**

**1. PURPOSE**

purpose of the Plan is to establish and maintain a result and profit oriented environment and to motivate and eligible employees by making a portion of their compensation dependent on the achievement of certain Performance Goals related to the performance of Bristol West Holdings, Inc. (the “**Company**”) and its affiliates and operating units. The Plan aims to align the interests of management and the Company towards the completion of the Company’s strategic objectives, while providing incentives to constantly expand the Company’s earning power. The Plan seeks to have direct ties to the Company’s business plan and encourage teamwork in accomplishing the Company’s goals. The Plan is designed to preserve the income tax deductibility of incentives paid hereunder to executive officers who are subject to the limitations of Section 162(m) of the Internal Revenue Code of 1954, as amended, and the regulations and interpretations promulgated thereunder (the “**Code**”). Accordingly, the Plan is subject to the approval of the Company’s stockholders pursuant to Code Section 162(m).

**2. DEFINITIONS**

Following definitions shall be applicable throughout the Plan:

**“Award”** means the amount of bonus payable under the Plan to a Participant with respect to a Fiscal Year.

**“Board”** means the Board of Directors of the Company.

**“Business Plan”** means the Company’s Business Plan as approved by the Board from time to time (but in no event more than 90 days after the commencement of the applicable Fiscal Year).

**“Committee”** means the Compensation Committee of the Board or another Committee designated by the Board comprised of two or more “outside directors” as defined in Code Section 162(m).

**“Covered Employees”** means those persons who are (or who in the Committee’s sole discretion may become) subject to the limitations of Code Section 162(m).

**“Fiscal Year”** means the Company’s fiscal year.

**“Individual Bonus Target”** means a Participant’s incentive target with respect to a Fiscal Year.

**“Participant”** means each Covered Employee and any officer or key employee of the Company who is designated as a Participant by the Committee.

**Performance Goals**” means one or more objective measurable performance factors as determined by the Committee with respect to each Fiscal Year based upon one or more factors, including, but not limited to: (1) gross premium; (2) net written premium; (3) underwriting income; (4) operating income; (5) earnings (including earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation and amortization (EBITDA), earnings before interest, taxes, depreciation and amortization and other non-cash items); (6) net income; (7) cash flow; (8) loss ratio; (9) expense ratio; (10) combined ratio; (11) return on equity; (12) return on assets; (13) earnings per share; (14) book value or book value per share; and/or (15) stock price, each with respect to the Company and/or one or more of its affiliates or operating units. For purposes of the Plan, such criteria may be determined by comparing actual results in a current period to either or both of the following: (i) comparable estimates in the Business Plan, or (ii) comparable actual results in prior periods.

**Plan**” means this Bristol West Holdings, Inc. Executive Officer Incentive Plan, as amended from time to time.

### **3. ADMINISTRATION**

The Plan shall be administered by the Committee, which shall have the discretionary authority to interpret the provisions of the Plan and to take any actions and make any other determinations that it deems necessary or appropriate for the administration of the Plan to the extent any such action would be permitted under Code Section 162(m), including, without limitation, all decisions on eligibility to participate, participation, the determination of payment targets and the amount and terms of the Awards payable under the Plan. The decisions of the Committee shall be final and binding on all parties making claims under the Plan.

### **4. ELIGIBILITY**

Officers and key employees of the Company shall be eligible to participate in the Plan as determined at the sole discretion of the Committee.

### **5. AMOUNT OF BONUS**

With respect to each Participant, the Committee will establish the Participant’s Individual Bonus Target for the Fiscal Year and the Participant’s Performance Goal or Goals for the Fiscal Year (increased or decreased, in each case in accordance with factors adopted by the Committee with respect to the Fiscal Year that relate to unusual or extraordinary items). With respect to each Participant, the Committee will also determine whether the terms and conditions underlying the payment of the Participant’s Award have been satisfied. The selection and adjustment of individual Performance Goals and Individual Bonus Targets and determination of Awards for Participants shall be in compliance with the rules of Code Section 162(m). The maximum amount of any Awards that can be paid under the Plan to any Participant during any Fiscal Year is \$1,000,000. The Committee reserves the right, in its sole discretion, to reduce or eliminate the amount of an Award otherwise payable to a Participant with respect to any Fiscal Year in its sole discretion.



## 6. PAYMENT OF BONUS

ess otherwise determined by the Committee, a Participant must be on the Company's payroll on the date the s to be paid. The Committee may make exceptions to this requirement in the case of retirement, death or y or under other circumstances, as determined by the Committee in its sole discretion.

ments of Awards may be made (i) in cash; and/or (ii) in the form of any award available under the Bristol oldings, Inc. 2004 Stock Incentive Plan as it may be replaced, modified, amended or supplemented from time (the "**Stock Incentive Plan**"), as determined by the Committee in its sole discretion. The number of shares ng any award granted under the Stock Incentive Plan shall be determined by dividing the applicable cash to be converted into a stock award by the fair market value of the shares on the applicable grant date. Fair /value for such purpose shall be determined based on any objective and appropriate method determined by the tee in its sole discretion.

distribution or payment made under the Plan shall occur within a reasonable period of time after the end of al Year in which the Participant has earned the Award (but in no event later than two and one-half months ng the Fiscal Year in which the Award is no longer subject to a substantial risk of forfeiture as determined ode Section 409A and all applicable guidance and Treasury regulations); provided, that no Award shall payable to a Participant with respect to any Fiscal Year until the Committee has certified in writing (in the prescribed under applicable regulations under Code Section 162(m)) that the terms and conditions ng the payment of such Award have been satisfied. The Committee, in its sole discretion, may permit a ant to defer receipt of cash that would otherwise be delivered to the Participant under the Plan. Any such elections shall be subject to such rules and procedures as determined by the Committee in its sole discretion.

Participant entitled to the payment of an Award under the Plan dies prior to the distribution of such Award, ibution shall be made to the Participant's beneficiary or legal representative in accordance with Section 7(d) an within the same time period in which the Award otherwise would have been paid to the Participant.

## 7. GENERAL

K WITHHOLDING. The Company shall have the right to deduct from all Awards paid in cash any federal, local income and/or payroll taxes required by law to be withheld with respect to such payments. In the case ds settled by an award granted under the Stock Incentive Plan, the terms of the Stock Incentive Plan g tax withholding shall govern or, if the Stock Incentive Plan does not address tax withholding, the person g such common stock may be required to pay to the Company the amount of any such taxes which the y is required to withhold with respect to such common stock or, at the Committee's sole discretion, the y may withhold a number of shares of Company common stock which have a fair market value equal to the of such withholdings. The Company also may withhold from any other amount payable by the Company or iate to the Participant an amount equal to the taxes required to be withheld from any Award.

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AIM TO AWARDS AND EMPLOYMENT RIGHTS. Nothing in the Plan shall confer on any Participant the continued employment with the Company or any of its affiliates, or affect in any way the right of the Company or any affiliate to terminate the Participant's employment at any time, and for any reason, or change the Participant's responsibilities. Awards represent unfunded and unsecured obligations of the Company and a holder of an Award hereunder in respect of any Award shall have no rights other than those of a general unsecured creditor to the Company.

BENEFICIARIES. To the extent the Committee permits beneficiary designations, any payment of Awards due under the Plan to a deceased Participant shall be paid to the beneficiary duly designated by the Participant in accordance with the Company's practices. If no such beneficiary has been designated or survives the Participant, payment shall be made to the Participant's legal representative. A beneficiary designation may be changed or revoked by a Participant at any time, provided the change or revocation is filed with the Company prior to the Participant's death.

NONTRANSFERABILITY. A person's rights and interests under the Plan, including any Award previously received by such person or any amounts payable under the Plan, may not be assigned, pledged, or transferred except, in the event of a Participant's death, to a designated beneficiary as provided in the Plan, or in the absence of such designation, by will or the laws of descent and distribution.

INDEMNIFICATION. Each person who is or shall have been a member of the Committee and each employee of the Company or an affiliate who is delegated a duty under the Plan shall be indemnified and held harmless by the Company from and against any loss, cost, liability or expense that may be imposed upon or reasonably incurred by or on the person in connection with or resulting from any claim, action, suit or proceeding to which he may be a party or in which he may be involved by reason of any action or failure to act under the Plan and against and from any and all damages, claims, suits, losses, costs, liabilities or expenses paid by him in satisfaction of judgment in any such action, suit or proceeding against him, provided such action, suit, loss, cost, liability or expense is not attributable to such person's willful misconduct. Any person seeking indemnification under this provision shall give the Company prompt notice of any claim and shall give the Company every opportunity, at its own expense, to handle and defend the same before the person undertakes to handle and defend the same on his own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, or any other instrument of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

EXPENSES. The expenses of administering the Plan shall be borne by the Company.

PRONOUNS. Masculine pronouns and other words of masculine gender shall refer to both men and women.

TITLES AND HEADINGS. The titles and headings of the sections in the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

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ENT. The intention of the Company and the Committee is to administer the Plan in compliance with Code Section 162(m) so that the Awards paid under the Plan to Covered Employees will be treated as performance-based compensation under Code Section 162(m)(4)(C). If any provision of the Plan applicable to Covered Employees does not comply with the requirements of Code Section 162(m), then such provision shall be construed or deemed amended to the extent necessary to conform to such requirements. The Company and/or the Committee, in their sole discretion, may pay bonuses outside of and independent of the Plan to any Participant.

GOVERNING LAW. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any Award shall be determined in accordance with the laws of the State of Delaware (without giving effect to principles of conflicts of laws thereof) and applicable Federal law.

AMENDMENTS AND TERMINATION. The Board may terminate the Plan at any time, provided such termination shall not affect the payment of any Awards accrued under the Plan prior to the date of the termination. The Board may, at any time, or from time to time, amend or suspend and, if suspended, reinstate, the Plan in whole or in part, provided however, that any amendment of the Plan shall be subject to the approval of the Company's Board of Directors to the extent required to comply with the requirements of Code Section 162(m), or any other applicable regulations or rules.

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**BRISTOL WEST HOLDINGS, INC.**  
**PROXY FOR ANNUAL MEETING OF STOCKHOLDERS MAY 19, 2006**  
**SOLICITED BY THE BOARD OF DIRECTORS**

Stockholder(s) whose signature(s) appear(s) on the reverse side of this Proxy Card hereby appoints James R. Chief Executive Officer and Chairman of the Board, Jeffrey J. Dailey, President and Chief Operating Officer, and Craig E. Eisenacher, Chief Financial Officer, the proxies, and each of them (with power to act without limitation and with power of substitution) the proxy of the stockholder(s), for and in the name of the stockholder(s), at the Annual Meeting of Stockholders of Bristol West Holdings, Inc., (the "Meeting") to be held at Bristol West Holdings, Inc., 5701 Stirling Road, Davie, Florida 33314, on the 19<sup>th</sup> day of May, 2006 at 1:30 p.m., and at any adjournment thereof, the shares of stock which the stockholder(s) would be entitled to vote if personally present.

Stockholder(s) hereby ratifies all actions of said proxies, or any of them, or their or his substitutes or substitute hereof; and hereby revokes any authorization to vote such shares heretofore given by the stockholder(s) to any other person. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders dated April 13, 2006, and the Proxy Statement furnished therewith.

**Proxy will be voted as directed, or, if the stockholder(s) fails to specify herein how this proxy is to be voted, this proxy shall be voted "FOR" proposals (1), (2) and (3) and in the discretion of the proxy holders with respect to any other matter.**

(over)

BRISTOL WEST HOLDINGS, INC.  
P.O. BOX 11364  
NEW YORK, NY 10203-0364

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**DETACH PROXY CARD HERE**

**ate and Return the Proxy Card Promptly Using the Enclosed Envelope.**

**x**  
**Votes MUST be indicated**  
**(x) in Black or Blue ink.**

**D OF DIRECTORS RECOMMENDS VOTES “FOR” PROPOSALS (1), (2) and (3).**

**SECTION OF DIRECTORS:**

**FOR    AGAINST    ABSTAIN**

**FOR ALL NOMINEES o**

**HOLD ALL o**

**LL EXCEPT o**

**ees:**

**es R. Fisher, 02-R. Cary Blair, 03- Jeffrey J. Dailey,**

**ard T. Delaney, 05-Todd A. Fisher, 06-Perry Golkin,**

**y R. Hennessy, 08-Eileen Hilton, 09-James N.**

**n, 10-Arthur J. Rothkopf**

**2. THE  
RATIFICATION  
OF THE  
SELECTION OF  
DELOITTE &  
TOUCHE LLP AS  
INDEPENDENT  
AUDITOR  
FOR 2006.**

<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**INSTRUCTIONS: To withhold authority to vote for any  
ual nominee, mark “For All Except” and write the  
ee’s number on the line below.**

**LL**

**PT\_\_\_\_\_**

**3. APPROVAL  
OF THE  
BRISTOL WEST  
EXECUTIVE  
OFFICER  
INCENTIVE  
PLAN.**

To change your  
address, please  
mark this box. ☐  
Attend Meeting  
mark here. ☐

**In their  
discretion, the  
Proxies are  
authorized to  
vote upon all  
other business  
that may  
properly come  
before the  
Meeting with all  
the powers the**

**undersigned  
would possess if  
personally  
present.**

NOTE: The signature(s) should correspond with the name of the stockholder(s) as it appears hereon



Date

Stockholder sign here

Co-owner sign here

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