MEMORANDUM

To: File No. S7-14-08

From: Smeeta Ramarathnam
Office of Commissioner Aguilar

Date: October 24, 2008

Re: Indexed Annuities and Certain Other Insurance Contracts – Release No. 33-8933

On September 9, 2008, Commissioner Aguilar and Smeeta Ramarathnam, Counsel to the Commissioner, met with John H. Matovina, Vice Chairman, American Equity Investment Life Holding Company, Kevin R. Wingert, President, American Equity Investment Life Insurance Company, Wendy L. Carlson, Chief Financial Officer and General Counsel, American Equity Investment Life Holding Company (American Equity Investment Life Holding Company and American Equity Investment Life Insurance Company, hereinafter "American Equity"), William R. Kunkel of Skadden, Arps, Slate, Meagher, and Flom LLP, and David A. Starr of Williams and Jensen, PLLC, and David Franasiak of Williams and Jensen, PLLC, to discuss concerns regarding the above-referenced proposal that American Equity intends to address in its comment letter.

At the meeting, American Equity provided the following materials: American Equity Investment Life Holding Company, "Proposed Rule 151 A" (Tab A) and National Association of Insurance Commissioners, "Closed Confirmed Consumer Complaints by Coverage Type As of June 23, 2008" (updated "Closed Confirmed Consumer Complaints by Coverage Type" available at www.naic.org/documents/cis_aggregate_complaints_by_coverage_types.pdf), a letter from American Equity to a Division of Investment Management Senior Special Counsel, Keith Carpenter, dated August 23, 2005 on this matter (Tab B), and a Financial Supplement for American Equity Investment Life Holding Company dated June 30, 2008 (Tab C).

Attachments

AMERICAN
EQUITY INVESTMENT LIFE
INSURANCE COMPANY

West Des Moines, IA 50266

American Equity Investment Life Holding Company

Proposed Rule 151A

Fixed Index Annuities = Fixed Annuities

IMSA
INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN
EQUITY INVESTMENT LIFE
INSURANCE COMPANY
West Des Moines, IA 50266

- Fixed Index Annuities ("FIA's) are fixed annuities.
- The 151A release incorrectly equates the purchase of an FIA with an investment in a market index.
- The only difference between a traditional declared rate annuity and an FIA is the manner in which annual interest is calculated.
- In both cases, full contract value, including premium plus interest credited in all prior years, is exposed to no investment risk.

Comparison of Annuities

IMSA INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY
West Des Moines, IA 50266

	Declared Rate Annuity	Fixed Index Annuity
Guarantee of premium and minimum interest	✓	✓
Annual interest at rates declared by the insurer	✓	
Annual interest linked to an external index		✓
Tax-deferred growth	✓	✓
No up front sales charges or annual fees	✓	✓
Penalty-free 10% annual withdrawals starting in yr 2	✓	✓
Penalty-free systematic interest withdrawals	✓	✓
Surrender charges apply for withdrawals above 10%, waived at death	✓	✓
Additional liquidity upon nursing home confinement or terminal illness	✓	✓

outside barometer

surrender charges 5 to 16 yrs. no prem bonus (bonus up front

Waiver — terminal illness or long-term confinement + penalty free benefits 3/4

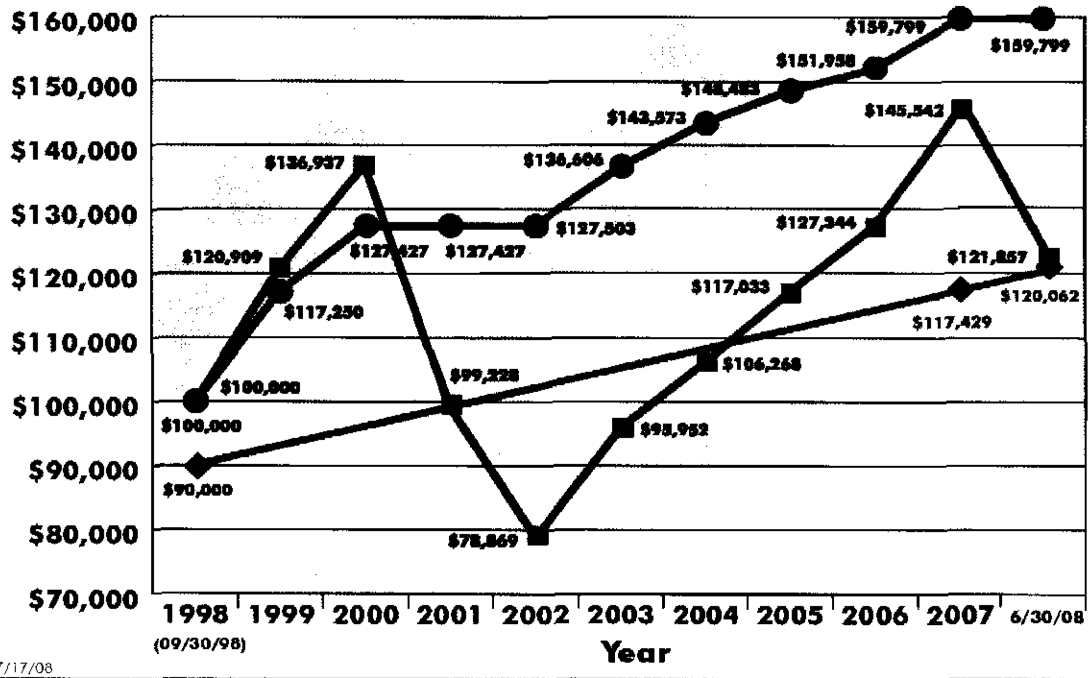
Understanding FIA Contract Values

INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY

The "REAL BENEFITS" of Indexed Annuities with the Annual Reset Design

A history of American Equity's Index-1*
(9/30/98 - 7/17/08)



Annual Monthly Average (Index-1)

S&P 500®

Minimum Guaranteed Contract Value

*This graph is based on actual credited rates for the period shown on the Index-I product which is no longer available for sale.

Past performance is not an indication of future results. Please call our Marketing Department for new product information.

risk ≠ MF VAs

0 - worse index rate they can get.

statutory ~~law~~ cap - Model law... state law...

license agreement Req. S+P

8109 07/17/08

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY

"Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500", and "500" are trademarks of the McGraw-Hill Companies, Inc. and have been licensed for use by American Equity Investment Life Insurance Company. This product is not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of purchasing this product. S&P 500® index does not contain dividends.

INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY

West Des Moines, IA 50266

Marketing/Consumer Demand

- The 151A release incorrectly states that FIA's are marketed and purchased primarily for market gains.
- FIA's are marketed and purchased primarily for safety of premium.
- FIA's offer consumers the opportunity to earn a somewhat higher interest rate than would be paid on a declared rate product.

Consumer Investment Risk

- The 151A release mistakenly states that an FIA purchaser assumes investment risk comparable to a variable annuity or mutual fund.
- FIA investment risk is limited to fluctuations in annual interest.
- Many insurance and bank products not regulated as securities have fluctuating levels of annual interest – including e.g. indexed certificates of deposit (prong 1 of 151A).
- Many insurance products not regulated as securities provide for "excess value" above guaranteed minimums (prong 2 of 151A).

IMSA
INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY

West Des Moines, IA 50266

Insurer Investment Risk

- Fixed annuity insurers manage their "general account" securities to fund guaranteed FIA contract values.
- None of the risk of loss on general account securities is passed through to consumers.
- Variable annuities are "separate account" products where all investment experience of securities within the account is passed through to consumers, whether gain or loss.

INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY
West Des Moines, IA 50266

Insurance Regulation of Sales Practices

- **The 151A release incorrectly states that the main focus of state insurance regulation is insurer financial solvency.**
- **State insurance regulation also covers (with some variation by state):**
  - Annuity disclosure requirements
  - Suitability reviews
  - “Free-look” periods
  - Advertising
  - Unfair trade practices
  - Regulation of “replacements”, or exchanges of annuities
  - Market conduct reviews of insurers
  - Levels of consumer guarantees in annuities/surrender charges
  - Agent licensing and training (specific FIA training in some states)
  - Insurance agent penalties for violations of sales rules

Complaints/Abusive Sales Practices

IMSA
INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY
West Des Moines, IA 50266

- The 151A release incorrectly states that complaints and abusive FIA sales practices are sharply increasing.
- NAIC complaint data shows fewer complaints regarding FIA's than VA's or other types of annuities.
- NASAA maintains no complaint data.
- The NBC Dateline segment on FIA's featured only one actual consumer.

IMSA
INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN
EQUITY INVESTMENT LIFE
INSURANCE COMPANY
West Des Moines, IA 50266

Protection of the Elderly

- The 151A release incorrectly states that fraud and abuse in sales to the elderly are closely linked to FIA's.
- Securities regulation has been no more and no less effective than state insurance regulation in protecting seniors from unscrupulous sales practices in sales of financial products.
- State insurance regulators are implementing new and enhanced protections for seniors, just as securities regulators are.

American Equity

INSURANCE MARKETPLACE STANDARDS ASSOCIATION

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY

West Des Moines, IA 50266

- No American Equity policyholder has ever lost a dime of contract value as a result of market volatility.
- American Equity requires the use of clear and concise disclosures in all sales in all states.
- American Equity conducts suitability reviews of all sales in all states.
- American Equity has a complaint ratio of less than 0.2% of all policyholders.
- American Equity trains its agents in suitability and disclosure in FIA sales.

AMERICAN
EQUITY INVESTMENT LIFE
HOLDING COMPANY

Wendy L. Carlson
Chief Financial Officer and General Counsel

August 23, 2005

received
9/4/08
HAA

By Federal Express

Keith Carpenter, Senior Special Counsel
Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street NE
Washington DC 20549-0506

Re: *American Equity Investment Life Insurance Company ("AEL")*
Index Annuity Contracts and Related Materials

Dear Mr. Carpenter:

As requested in your letter of July 20, 2005, we enclose herewith a variety of materials relating to our index annuity products. In addition, we enclose our legal analysis as to why registration of our products is not required. As a basis for our upcoming discussion, we have provided a description below of the essential elements of our index annuity business. We look forward to meeting with your group on Wednesday, August 31 at 1:00 p.m., to elaborate upon these materials and answer any questions you may have either about our products or our view of the index annuity market in general.

A. Fundamentals of Index Product Design

We have adhered to the following standards of index product design from the inception of our entrance into this market:

- All of our products provide a guarantee of premium, net of surrender charges, accumulated at a guaranteed rate of minimum interest. As discussed more fully in the enclosed memorandum, the levels of such guarantees meet or exceed the minimum levels established under state insurance laws, and, correspondingly, the levels of surrender charges are within the maximum levels established under such laws. Cash surrender values of our index annuities are very comparable to the cash surrender values of our traditional fixed-rate products. Surrender charges enable us to recoup sales commissions, premium bonuses and administrative costs related to these products in the event of premature, non-penalty free withdrawals. No other fees or charges are ever deducted from account values.

- We credit interest on all of the products once annually on the contract anniversary, and the applicable index for calculating the amount of the interest credit is reset annually. The crediting of interest "locks in" the increase to the policyholder's contract value, and the reset

5000 Westown Parkway, Suite 440•West Des Moines, IA 50266•Phone (515) 457-1824•Fax (515) 221-0744

protects the policyholder from losing any of that value when the index level decreases in the future. As a result of this feature, our index policyholders experienced *no decline in contract values* at any point during the volatile markets of the last several years because they assumed no market risk.

- Our products provide liquidity options to policyholders through (i) annual 10% penalty-free withdrawals; (ii) the ability to "annuitize" and receive a stream of payments for life and/or a specified period; (iii) a nursing home rider which permits annual 20% penalty-free withdrawals if the policyholder enters a nursing home; and (iv) a terminal illness rider which permits a withdrawal of up to 75% of contract value if the policyholder is terminally ill.

- We offer a death benefit equal to full contract value at death with no deduction for surrender charges. We view this as a component of the insurance provided by the products, and as an important element of maintaining high standards of market conduct.

B. Multi-Strategy Design

All of our current index products are "multi-strategy" products offering the policyholder the ability to allocate premium among several annual crediting strategies including a fixed-rate strategy, a bond index strategy and two or more equity index strategies. Policyholders may reallocate contract values once annually on the respective anniversary dates of their contracts, which coincides with the date on which annual interest is credited. Approximately one-third of the aggregate premiums received in connection with an index product are allocated to the fixed-rate strategy within the product. Some policyholders allocate *all* of their premium to the fixed-rate strategy, but retain the flexibility to re-allocate at each contract anniversary if they wish.

In the event of re-allocation, all previously credited interest remains locked in as a part of the contract value, including the death benefit, accumulation value, annuitization value, penalty-free withdrawal value and surrender value. Regardless of the strategy selected, interest is credited annually and once credited is never reduced by later, negative market performance. In addition, policyholders receive a guarantee of premium and minimum interest underlying the contract value which is based upon the minimum levels required under state insurance laws.

Initially, our index products were single strategy products in which the policyholder's annual interest credit above the minimum guaranteed rate was linked to one index using one method of calculation (such as one-year point-to point or one-year monthly averaging). During 2000, a number of our index policyholders expressed a desire to return to a traditional declared rate crediting strategy because the amount of their annual index credits had begun to decline (although guaranteed values continued to increase). As a result, we added a "transfer of value" rider to all existing index contracts to permit policyholders to transfer their contract values to a fixed-rate strategy on the contract anniversary dates. This concept led to our current generation of multi-strategy products.

C. Calculation Methods for Annual Interest Credits

For premiums allocated to an index strategy, whether a bond index strategy or an equity index strategy, certain contract features govern the calculation of the index-based interest credits. These include "participation rates", "caps" and/or "asset fees". A "participation rate" is the percentage of the annual gain in the applicable index. For example, if the participation rate is 70%, and if the applicable index increases 10% during the contract year, then 7% would be credited to the policyholder for that year. A "cap" is the upper limit on how much will be credited in any contract year. For example, if the cap is 6% and the applicable index increases 10% during the contract year, then 6% would be credited to the policyholder for that year. An "asset fee" is subtracted from the index increase and may operate as a floor below which no index-based interest will be credited (minimum guaranteed interest would be added to cash surrender value in any event). For example, if the asset fee is 2.5% and the applicable index increases 10% during the contract year, then 7.5% would be credited to the policyholder. Some contracts specify that the index gain will be averaged based upon monthly index levels; others measure the gain from the first day of the contract year to the last ("one year point to point").

The specific levels of participation rates, caps or asset fees are guaranteed for at least one year. We may change these levels once annually on the respective contract anniversary dates, subject to minimum guarantees applicable to these features which are specified in the contracts (such guarantees are in addition to minimum guaranteed cash surrender values) . The ability to change these rates helps us budget our "cost of money" on these products, just as the ability to change a declared rate once annually helps us budget our cost of money for traditional fixed-rate annuities.

D. Investment of Premiums in General Account

We invest all premiums from our fixed-rate and index products in our general account of invested assets. None of our index premiums are segregated in a separate account. Our general account consists primarily of fixed income securities of which over 99% are investment grade, and 75% consists of U.S. agency bonds. While we seek to minimize credit risk in our portfolio, we bear the risk that changing interest rates will impact the value of our assets. Should we sell assets to fund surrenders or withdrawals from our annuity liabilities, we and not our policyholders would bear the risk of loss on such sales.

We fund the annual interest credits on the premium allocated to index strategies through the purchase of one-year call options on the applicable indexes. We purchase these options weekly based upon the aggregate amounts of new and renewing premium in the various index-based strategies. Each week we solicit bids from a number of counterparties all of which must be rated A- or higher by a recognized rating agency.

We allocate a budgeted percentage equivalent to our fixed crediting rate to the purchase of the options. For example, if our crediting rate on fixed products is 3.25%, then we allocate 3.25% to the purchase of an option to fully fund the interest credit for that contract year. The level of our budget and of current option pricing determine where we set the participation rates, caps and/or asset fees in the products. We strive to fully hedge the index-based interest credits. *However*, even if we were not fully hedged, we would be obligated to credit the full amount of the index-based interest credits to the policyholders. Thus, we bear the risk of the effectiveness of our hedging process.

E. Marketing and Market Conduct

We market our products through approximately 49,000 independent licensed insurance agents, each of whom is recruited by and assigned to one of approximately 70 national marketing organizations ("NMOs"). The NMOs are independent agencies which act as "wholesalers" in the distribution of our products, and which assist us in recruiting, training and monitoring our sales agents.

We believe that sound market conduct practices begin with product design, and in marketing our products we emphasize the product features discussed above. We are careful to avoid product designs with hidden costs for the policyholder, and we avoid marketing "gimmicks". In connection with every sale, we obtain a "Benefit Disclosure Summary and Certificate" signed by both the policyholder and agent which clearly discloses contract terms including minimum guarantees, index-based interest credits and surrender charges. We have utilized this type of form for over 20 years, dating back to our experience with another life insurance organization previously operated by AEL's present management group. At the time a policy is delivered, a written receipt is obtained in most cases which is signed by the policyholder and which repeats disclosures concerning surrender charges. After policy delivery, the customer has a "free-look period" ranging from 10 to 30 days (depending on state law), during which he/she may return the contract to us and receive a full refund of premium (a prominent legend appears on the fact of every contract advising the purchaser of this right).

Our compliance department approves all materials we prepare for use in connection with the sales of our products, whether such materials are directed to the agents or the consumers. In addition, any material designed or used by our agents with the intent to create an interest in our products or in recruiting new agents must be submitted to our compliance department for its review and approval. We publish detailed advertising guidelines which are distributed to our entire agency force twice annually. These guidelines are within our "NMO Manual", a copy of which is included in the enclosed materials described below.

As set forth in the manual, an additional level of review is required for advertisements dealing with index annuities, and we provide a separate checklist with additional requirements and prohibitions for such advertisements. It is through this approval process that we monitor how our products are being sold, and specifically that they are being sold as insurance products, not securities. In all product disclosures, we require emphasis on (i) guarantees and premium safety; (ii) avoidance of promotion of non-guaranteed investment return; and (iv) absolutely no hypothetical projections of index returns to induce sales. We've enclosed copies of correspondence with certain agents within the last year regarding their index annuity advertisements to demonstrate our insistence on compliance with these requirements. We terminate agents who fail to comply.

As a result of all of the above-described standards of market conduct we employ, our complaint ratio is less than 0.2% by policy count. We believe this is a very strong record.

F. Products with Premium Bonuses

In 2004 we saw increased emphasis on first-year premium bonuses in the index annuity market. Such bonuses are added to premium at the outset of the applicable contract and form a part of the contract value. Annual interest credits are calculated on the entire contract value, including the bonus, and, similarly, surrender charges are based upon the entire contract value, including the bonus. This has the effect of *reducing* the surrender charge to a rate *less than* the stated surrender charge percentage. In addition, premium bonuses are included in the contract value payable at death, without deduction of surrender charges, and thus we assume a greater mortality risk upon premature deaths in connection with such products. We have identified below the products which offer such bonuses together with the levels of the bonuses.

G. Top Five AEL Index Annuities in 2005

The following table below summarizes our top five index annuities based upon sales volume in 2005. Minimum guaranteed contract values increase each year with the addition of minimum guaranteed interest. For illustration of such benefits, we have provided minimum guaranteed contract levels based on a $100,000 initial premium at specified points in time.

Table 1

Form No.	Premiums YTD 6/30/05	1st Year Bonus	Minimum Guaranteed Cash Surrender Values			
			1st Year	2nd Year	5th Year	10th Year
Index 1-05	$ 513,485,000	10%	$ 89,980	$ 92,004	$ 98,355	$ 109,929
Index 28	353,173,000		87,974	91,054	100,953	117,032
Index 26	275,639,000	7.5%	90,682	92,723	99,124	110,788
Index 30	94,350,000		93,150	96,410	106,891	123,916
Index T03	30,233,000	2%	95,790	98,663	111,290	126,328
	$ 1,266,880,000					

Certain changes in our 2005 product portfolio arose out of a relatively recent change in the Standard Nonforfeiture Law for Individual Deferred Annuities ("SNF") as adopted by the NAIC. For flexible annuities (i.e. those which permit multiple premium payments), this law *raised* the minimum premium guarantee levels from (i) 65% on first year premiums and (ii) 87.5% on subsequent premiums to 87.5% on all premiums. The revised law also *reduced* the minimum guaranteed interest rate from 3% per annum to a rate linked to the 5-Year Constant Maturity Rate reported by the Federal Reserve. As of July 28, 2005, all but three states have adopted some version of this law. As each state adopted the new law, we have withdrawn products which no longer comply, such as the Index 28.

The Index T03 was developed specifically to offer to our policyholders who previously purchased our SPDA-6 product, most of which was sold in 2001 and early 2002. The SPDA-6 was a fixed-rate product which offered a guaranteed rate for either a 3-year or 5-year period with a surrender charge period which matched the guaranteed rate period. Much of the 3-year business matured in 2004, and the Index T03 was presented as a new alternative to policyholders whose guaranteed rate had expired. It has also been sold as a stand alone product.

H. Other Index Products

The following table identifies all other index products which we currently offer which provide an initial guaranteed cash surrender value of less than 90%.

Table 2

Form No.	Premiums YTD 6/30/05	1st Year Bonus	Minimum Guaranteed Cash Surrender Values			
			1st Year	2nd Year	5th Year	10th Year
Index-4-05	$ 12,798,000		$ 89,425	$ 91,392	$ 97,557	$ 108,772
Index-29	10,192,000	1.5%	90,291	92,323	98,696	110,310
Index-27	9,014,000	3%	89,519	91,534	97,852	109,367
Index-3-05	6,428,000	1%/yr	88,403	91,231	100,097	116,222
Index-15	2,714,000	6%	90,073	92,775	101,378	117,525
Index-2002	1,227,000		90,640	93,889	105,493	131,703
	$ 42,373,000					

The Index-2002 is available only in the state of Indiana, and the Index-15 is available only in Minnesota. As a result of the above-described change in the SNF laws, we expect to phase out sales of the Index-29 and Index-27 in January, 2006. The entire group of contracts in Table 2 represent approximately 3% of our total index annuity sales in 2005.

I. Comparison to Fixed-Rate Annuities

The levels of guarantees in our index products are comparable to those in our traditional fixed-rate annuity business. The table below summarizes cash surrender values for our existing top two fixed-rate annuities and two products recently introduced.

Table 3

Form No.	Premiums YTD 6/30/05	1st Year Bonus	Minimum Guaranteed Cash Surrender Values			
			1st Year	2nd Year	5th Year	10th Year
FPDA-7	$ 36,659,000	2%	$ 87,935	$ 89,913	$ 99,473	$ 117,425
FPDA-8	14,194,000	6%	87,935	89,913	99,473	117,425
FPDA-10	353,000	2%	89,649	92,687	100,646	120,457
FPDA-11	154,000	6%	93,165	95,215	105,184	123,863
	$ 51,360,000					

I. Enclosures

With respect to the products listed in Table 1 above, we are delivering herewith a copy of each of the contract forms along with all related sales materials and disclosures. Because the products listed in Table 2 represent a very small portion of our sales, we've not included the contract forms and sales materials for these products. Should you desire to review these materials for all or any of these products, we will provide them to you.

In connection with every sale, we obtain a "Benefit Summary and Disclosure Certificate" signed by both the policyholder and the agent. These are state-specific since the requirements of each state's insurance laws differ in various respects. We've included all state variations of this form with each of the contracts.

We are also delivering a set of general materials we provide to our agents in connection with sales of our products, such as the NMO Manual discussed above, as well as our "new agents" kit. These materials either are not product specific or cover a set of products. Also included in this file is the only script we use, which was provided to a telemarketing firm for use in contacting non-producing agents (i.e., agents who are appointed with us but who have not submitted any business). The focus of this script was our Index-1-05 and Index-28 products.

Finally, we've enclosed a memorandum setting forth our legal analysis concerning the status of our products under the federal securities laws. It has always been our conclusion that no registration is required. We first conducted this analysis as a part of the due diligence surrounding the introduction of our first index product in 1997, and we have revisited it from time to time. Our analysis was tested in *Malone v. Addison Insurance Marketing, Inc.* 225 F. Supp. 2d 743 (W.D. Ky 2002), in which the court agreed with us that the product at issue in that case *was not* a "security" within the meaning of the Securities Act of 1933. The same analysis used by the *Malone* court would apply with equal force to our current generation of index products, as discussed in detail in the enclosed memorandum.

Please contact me should you have questions you'd like to raise in advance of our meeting.

Very truly yours,

Wendy L. Carlson

American Equity Investment Life Holding Company
Financial Supplement

June 30, 2008

A. **Financial Highlights**

B. **Product Summary**

C. **Investment Summary**

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2008 (Unaudited)	December 31, 2007
Assets		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value	$ 6,074,498	$ 5,008,772
Held for investment, at amortized cost	4,651,973	5,355,733
Equity securities, available for sale, at fair value	152,549	87,412
Mortgage loans on real estate	2,213,548	1,953,894
Derivative instruments	74,068	204,657
Policy loans	422	427
Total investments	13,167,058	12,610,895
Cash and cash equivalents	13,438	18,888
Coinsurance deposits	1,612,854	1,698,153
Accrued investment income	84,887	77,348
Deferred policy acquisition costs	1,362,312	1,272,108
Deferred sales inducements	687,595	588,473
Deferred income taxes	68,570	75,806
Other assets	56,555	52,701
Total assets	$ 17,053,269	$ 16,394,372

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
(Dollars in thousands)

	June 30, 2008	December 31, 2007
	(Unaudited)	
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	$ 15,202,225	$ 14,711,780
Other policy funds and contract claims	115,717	120,186
Notes payable	255,018	268,339
Subordinated debentures	268,383	268,330
Amounts due under repurchase agreements	499,247	257,225
Other liabilities	119,565	156,877
Total liabilities	16,460,155	15,782,737
Stockholders' equity:		
Common stock	51,598	53,556
Additional paid-in capital	366,110	387,302
Unallocated common stock held by ESOP	(6,575)	(6,781)
Accumulated other comprehensive loss	(88,425)	(38,929)
Retained earnings	270,406	216,487
Total stockholders' equity	593,114	611,635
Total liabilities and stockholders' equity	$ 17,053,269	$ 16,394,372

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Revenues:				
Traditional life and accident and health insurance premiums	$ 2,880	$ 3,190	$ 6,196	$ 6,247
Annuity product charges	11,845	11,453	23,943	20,447
Net investment income	202,080	175,719	397,568	345,077
Realized gains (losses) on investments	(30,019)	17	(32,438)	596
Change in fair value of derivatives	(73,313)	98,986	(230,678)	90,464
Total revenues	113,473	289,365	164,591	462,831
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	2,321	2,097	4,930	4,030
Interest credited to account balances	49,469	168,141	103,645	284,094
Amortization of deferred sales inducements	(4,479)	11,602	27,433	15,963
Change in fair value of embedded derivatives	17,745	14,984	(200,869)	8,353
Interest expense on notes payable	3,722	4,057	7,851	8,139
Interest expense on subordinated debentures	4,649	5,614	9,880	11,203
Interest expense on amounts due under repurchase agreements	2,024	3,060	4,996	7,078
Amortization of deferred policy acquisition costs	18,620	34,366	99,310	51,935
Other operating costs and expenses	12,100	14,083	24,818	25,494
Total benefits and expenses	106,171	258,004	81,994	416,289
Income before income taxes	7,302	31,361	82,597	46,542
Income tax expense	2,535	10,757	28,678	16,011
Net income	$ 4,767	$ 20,604	$ 53,919	$ 30,531
Earnings per common share	$ 0.09	$ 0.36	$ 0.99	$ 0.54
Earnings per common share - assuming dilution (a)	$ 0.09	$ 0.35	$ 0.95	$ 0.52
Weighted average common shares outstanding (in thousands):				
Earnings per common share	53,934	57,122	54,661	56,909
Earnings per common share - assuming dilution	56,856	60,309	57,518	60,342

(a) The numerator for earnings per common share - assuming dilution is equal to net income plus the after tax cost of interest on convertible subordinated debentures issued to a subsidiary trust. The after tax cost of such interest was $262 for the three months ended June 30, 2008, $262 for the three months ended June 30, 2007, $524 for the six months ended June 30, 2008 and $528 for the six months ended June 30, 2007.

Operating Income
Six months ended June 30, 2008 (Unaudited)

	As Reported	Realized Loss Adjustments	SFAS 133 Adjustments	Operating Income (a)
	(Dollars in thousands, except per share data)			
Revenues:				
Traditional life and accident and health insurance premiums	$ 6,196	$ –	$ –	$ 6,196
Annuity and single premium universal life product charges	23,943	–	–	23,943
Net investment income	397,568	–	–	397,568
Realized losses on investments	(32,438)	32,438	–	–
Change in fair value of derivatives	(230,678)	–	100,965	(129,713)
Total revenues	164,591	32,438	100,965	297,994
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	4,930	–	–	4,930
Interest credited to account balances	103,645	–	–	103,645
Amortization of deferred sales inducements	27,433	6,318	(13,266)	20,485
Change in fair value of embedded derivatives	(200,869)	–	200,869	–
Interest expense on notes payable	7,851	–	(564)	7,287
Interest expense on subordinated debentures	9,880	–	–	9,880
Interest expense on amounts due under repurchase agreements	4,996	–	–	4,996
Amortization of deferred policy acquisition costs	99,310	10,755	(44,122)	65,943
Other operating costs and expenses	24,818	–	182	25,000
Total benefits and expenses	81,994	17,073	143,099	242,166
Income before income taxes	82,597	15,365	(42,134)	55,828
Income tax expense	28,678	5,447	(14,708)	19,417
Net income	$ 53,919	$ 9,918	$ (27,426)	$ 36,411
Earnings per common share	$ 0.99			$ 0.67
Earnings per common share – assuming dilution	$ 0.95			$ 0.64

(a) In addition to net income, we have consistently utilized operating income, operating income per common share and operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate our financial performance. Operating income equals net income adjusted to eliminate the impact of net realized gains and losses on investments and the impact of SFAS 133, dealing with fair value changes in derivatives and embedded derivatives. Because these items fluctuate from quarter to quarter in a manner unrelated to core operations, we believe measures excluding their impact are useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income, provides information that may enhance an investor's understanding of our underlying results and profitability.

	As Reported	SFAS 133 Adjustments	Operating Income
Change in fair value of derivatives:			
Proceeds received at expiration or gains recognized upon early termination	$ 20,030	$ –	$ 20,030
Cost of money for index annuities	(149,320)	–	(149,320)
Change in the difference between fair value and remaining option cost at beginning and end of period	(101,388)	100,965	(423)
	$ (230,678)	$ 100,965	$ (129,713)
Index credits included in interest credited to account balances	$ 24,217		$ 24,217

Operating Income
Three months ended June 30, 2008 (Unaudited)

	As Reported	Realized Loss Adjustments	SFAS 133 Adjustments	Operating Income (a)
	(Dollars in thousands, except per share data)			
Revenues:				
Traditional life and accident and health insurance premiums	$ 2,880	$ –	$ –	$ 2,880
Annuity product charges	11,845	–	–	11,845
Net investment income	202,080	–	–	202,080
Realized losses on investments	(30,019)	30,019	–	–
Change in fair value of derivatives	(73,313)	–	6,052	(67,261)
Total revenues	113,473	30,019	6,052	149,544
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	2,321	–	–	2,321
Interest credited to account balances	49,469	–	–	49,469
Amortization of deferred sales inducements	(4,479)	6,083	8,286	9,890
Change in fair value of embedded derivatives	17,745	–	(17,745)	–
Interest expense on notes payable	3,722	–	(73)	3,649
Interest expense on subordinated debentures	4,649	–	–	4,649
Interest expense on amounts due under repurchase agreements	2,024	–	–	2,024
Amortization of deferred policy acquisition costs	18,620	10,133	7,603	36,356
Other operating costs and expenses	12,100	–	449	12,549
Total benefits and expenses	106,171	16,216	(1,480)	120,907
Income before income taxes	7,302	13,803	7,532	28,637
Income tax expense	2,535	4,893	2,532	9,960
Net income	$ 4,767	$ 8,910	$ 5,000	$ 18,677
Earnings per common share	$ 0.09			$ 0.35
Earnings per common share – assuming dilution	$ 0.09			$ 0.33

(a) In addition to net income, we have consistently utilized operating income, operating income per common share and operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate our financial performance. Operating income equals net income adjusted to eliminate the impact of net realized gains and losses on investments and the impact of SFAS 133, dealing with fair value changes in derivatives and embedded derivatives. Because these items fluctuate from quarter to quarter in a manner unrelated to core operations, we believe measures excluding their impact are useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income, provides information that may enhance an investor's understanding of our underlying results and profitability.

	As Reported	Realized Loss Adjustments	SFAS 133 Adjustments	Operating Income (a)
Change in fair value of derivatives:				
Proceeds received at expiration or gains recognized upon early termination	$ 7,263		$ –	$ 7,263
Cost of money for index annuities	(74,213)		–	(74,213)
Change in the difference between fair value and remaining option cost at beginning and end of period	(6,363)		6,052	(311)
	$ (73,313)		$ 6,052	$ (67,261)
Index credits included in interest credited to account balances	$ 7,807			$ 7,807

Operating Income/Net Income
Quarterly Summary – Most Recent 5 Quarters (Unaudited)

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007
	(Dollars in thousands, except per share data)				
Revenues:					
Traditional life and accident and health insurance premiums	$ 2,880	$ 3,316	$ 3,032	$ 3,344	$ 3,190
Annuity product charges	11,845	12,098	12,805	12,576	11,453
Net investment income	202,080	195,488	191,107	183,732	175,719
Change in fair value of derivatives	(67,261)	(62,452)	(7,249)	56,332	68,821
Total revenues	149,544	148,450	199,695	255,984	259,183
Benefits and expenses:					
Insurance policy benefits and change in future policy benefits	2,321	2,609	2,029	2,360	2,097
Interest credited to account balances	49,469	54,176	110,294	165,821	168,141
Amortization of deferred sales inducements	9,890	10,595	9,364	9,177	9,124
Interest expense on notes payable	3,649	3,638	3,772	3,770	3,793
Interest expense on subordinated debentures	4,649	5,231	5,644	5,673	5,614
Interest expense on amounts due under repurchase agreements	2,024	2,972	4,084	4,764	3,060
Amortization of deferred policy acquisition costs	36,356	29,587	27,712	27,776	28,405
Other operating costs and expenses	12,549	12,451	11,154	11,582	14,083
Total benefits and expenses	120,907	121,259	174,053	230,923	234,317
Operating income before income taxes	28,637	27,191	25,642	25,061	24,866
Income tax expense	9,960	9,457	8,622	8,639	8,539
Operating income (a)	18,677	17,734	17,020	16,422	16,327
Realized gains (losses) on investments, net of offsets	(8,910)	(1,008)	(2,283)	210	11
Net effect of SFAS 133, net of offsets	(5,000)	32,426	(19,735)	(13,189)	4,266
Net income (loss)	$ 4,767	$ 49,152	$ (4,998)	$ 3,443	$ 20,604
Operating income per common share (a)	$ 0.35	$ 0.32	$ 0.30	$ 0.29	$ 0.29
Operating income per common share – assuming dilution (a)	$ 0.33	$ 0.31	$ 0.29	$ 0.28	$ 0.28
Earnings (loss) per common share	$ 0.09	$ 0.89	$ (0.09)	$ 0.06	$ 0.36
Earnings (loss) per common share – assuming dilution	$ 0.09	$ 0.85	$ (0.08)	$ 0.06	$ 0.35
Weighted average common shares outstanding (in thousands):					
Earnings (loss) per common share	53,934	55,431	56,348	56,878	57,122
Earnings (loss) per common share - assuming dilution	56,856	58,221	59,154	59,774	60,309

(a) In addition to net income (loss), we have consistently utilized operating income, operating income per common share and operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate our financial performance. Operating income equals net income (loss) adjusted to eliminate the impact of net realized gains and losses on investments and the impact of SFAS 133, dealing with fair value changes in derivatives and embedded derivatives. Because these items fluctuate from quarter to quarter in a manner unrelated to core operations, we believe measures excluding their impact are useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income (loss), provides information that may enhance an investor's understanding of our underlying results and profitability.

Capitalization/ Book Value per Share

	June 30, 2008	December 31, 2007
	(Dollars in thousands, except per share data)	
Capitalization:		
Notes payable	$ 255,018	$ 268,339
Subordinated debentures payable to subsidiary trusts	268,383	268,330
Total debt	523,401	536,669
Total stockholders' equity	593,114	611,635
Total capitalization	1,116,515	1,148,304
Accumulated other comprehensive loss (AOCL)	88,425	38,929
Total capitalization excluding AOCL (a)	$ 1,204,940	$ 1,187,233
Total stockholders' equity	$ 593,114	$ 611,635
Accumulated other comprehensive loss	88,425	38,929
Total stockholders' equity excluding AOCL (a)	$ 681,539	$ 650,564
Common shares outstanding (b)	53,350,670	55,919,585
Book Value per Share: (c)		
Book value per share including AOCL	$ 11.12	$ 10.94
Book value per share excluding AOCL (a)	$ 12.77	$ 11.63
Book value per share excluding AOCL and SFAS 133 (a)	$ 12.89	$ 12.22
Debt-to-Capital Ratios: (d)		
Senior debt / Total capitalization	21.1%	22.6%
Adjusted debt / Total capitalization	28.4%	30.2%

(a) Total capitalization, total stockholders' equity and book value per share excluding AOCL, non-GAAP financial measures, are based on stockholders' equity excluding the effect of AOCL. Since AOCL fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments caused principally by changes in market interest rates, we believe these non-GAAP financial measures provide useful supplemental information. Book value per share excluding AOCL and SFAS 133 is a non-GAAP financial measure based on stockholders' equity excluding the effect of AOCL and the cumulative impact on stockholders' equity of SFAS 133, dealing with fair value changes in derivatives and embedded derivatives. Because the cumulative impact of SFAS 133 fluctuates in a manner unrelated to core operations, we believe this non-GAAP financial measure provides useful supplemental information.

(b) Common shares outstanding include shares held by the NMO Deferred Compensation Trust: 2008 - 2,353,053 shares; 2007 - 2,993,148 shares and exclude unallocated shares held by ESOP: 2008 - 600,228 shares; 2007 - 629,565 shares.

(c) Book value per share including and excluding AOCL is calculated as total stockholders' equity and total stockholders' equity excluding AOCL divided by the total number of shares of common stock outstanding. Book value excluding AOCL and the impact of SFAS 133 is calculated as total stockholders' equity excluding AOCL adjusted to eliminate the cumulative impact on stockholders' equity of SFAS 133 divided by the total number of shares of common stock outstanding.

(d) Debt-to-capital ratios are computed using total capitalization excluding AOCL. Adjusted debt includes notes payable and the portion of the total subordinated debentures payable to subsidiary trusts outstanding (qualifying trust preferred securities) that exceeds 15% of total capitalization including AOCL.

Annuity Deposits by Product Type

Product Type	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Year Ended December 31, 2007
	(Dollars in thousands)		
Index Annuities:			
Index Strategies	$ 724,619	$ 756,851	$ 1,578,347
Fixed Strategy	421,930	278,372	515,229
	1,146,549	1,035,223	2,093,576
Fixed Rate Annuities:			
Single-Year Rate Guaranteed	13,971	28,094	45,948
Multi-Year Rate Guaranteed	2,643	3,672	5,158
	16,614	31,766	51,106
Total before coinsurance ceded	1,163,163	1,066,989	2,144,682
Coinsurance ceded	971	1,075	1,779
Net after coinsurance ceded	$ 1,162,192	$ 1,065,914	$ 2,142,903

Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Net (of coinsurance) Account Values at June 30, 2008

Product Type	Surrender Charge: Avg. Years At Issue	Surrender Charge: Avg. Years Remaining	Surrender Charge: Avg. % Remaining	Net Account Value: Dollars in Thousands	Net Account Value: %
Index Annuities	14.1	11.1	15.0%	$11,635,231	86.1%
Single-Year Fixed Rate Guaranteed Annuities	10.6	4.9	7.7%	1,420,005	10.5%
Multi-Year Fixed Rate Guaranteed Annuities	7.1	2.7	5.7%	456,894	3.4%
Total	13.5	10.2	13.9%	$13,512,130	100.0%

Annuity Liability Characteristics

	Fixed Annuities Account Value	Index Annuities Account Value
	(Dollars in thousands)	
SURRENDER CHARGE PERCENTAGES (1):		
No surrender charge	$ 195,410	$ 100,699
0.0% < 2.0%	14,258	4,676
2.0% < 3.0%	87,919	22,285
3.0% < 4.0%	39,007	68,047
4.0% < 5.0%	134,103	151,550
5.0% < 6.0%	38,689	135,788
6.0% < 7.0%	245,079	427,004
7.0% < 8.0%	251,175	399,154
8.0% < 9.0%	295,533	343,809
9.0% < 10.0%	74,103	442,313
10.0% or greater	501,623	9,539,906
	$ 1,876,899	$ 11,635,231

	Fixed and Index Annuities Account Value	Weighted Average Surrender Charge
	(Dollars in thousands)	
SURRENDER CHARGE EXPIRATION BY YEAR		
Out of Surrender Charge	$ 296,109	0.00%
2008	58,526	5.01%
2009	351,910	6.43%
2010	397,736	5.30%
2011	370,565	5.93%
2012	546,550	6.90%
2013	699,812	7.35%
2014	652,531	8.52%
2015	608,795	10.77%
2016	821,502	11.69%
2017	1,019,196	12.68%
2018	838,365	14.19%
2019	513,629	13.87%
2020	632,552	15.04%
2021	643,363	16.69%
2022	1,266,013	18.55%
2023	2,573,911	19.53%
2024	1,200,400	19.88%
2025	20,665	20.00%
	$ 13,512,130	13.89%

Annuity Liability Characteristics

	Fixed Annuities Account Value	Index Annuities Account Value
	(Dollars in thousands)	
APPLICABLE GUARANTEE PERIOD:		
Annual reset (2)	$ 1,666,204	$ 11,507,042
Multi-year (3 - 5 years)	210,695	128,189
	$ 1,876,899	$ 11,635,231
ULTIMATE MINIMUM GUARANTEE RATE (3):		
2.00%	$ –	$ 1,500
2.20%	4,760	89,986
2.25%	–	1,439,338
2.25% (3)	231,842	1,156,991
3.00%	1,554,830	7,404,352
3.50% (4)	–	1,543,064
4.00%	85,467	–
	$ 1,876,899	$ 11,635,231
CREDITED RATE (INCLUDING BONUS INTEREST) VS. ULTIMATE MINIMUM GUARANTEED RATE DIFFERENTIAL (5) (6):		
No differential	$ 79,683	$ –
› 0.0% - 0.5%	1,267,472	1,957,268
› 0.5% - 1.0%	324,489	817,189
› 1.0% - 1.5%	139,473	122,424
› 1.5% - 2.0%	30,484	90
› 2.0% - 2.5%	22,134	–
› 2.5% - 3.0%	11,287	–
Greater than 3.0%	1,877	–
Index strategies	–	8,738,260
	$ 1,876,899	$ 11,635,231

(1) In addition, $1,155,764 (62%) of the Fixed Annuities Account Value have market value adjustment protection.
(2) The contract features for substantially all of the Index Annuities Account Value provide for the annual reset of contractual features that effect the cost of money. The contract features for less than .5% of the Index Annuities Account Value are reset every two years.
(3) Products have a guarantee of 2.25% for the first 10 years, and 3.00% thereafter.
(4) Rates applicable to the minimum guaranteed surrender value are 3.50% for the first 5 years, and 3.00% thereafter (applied to less than 100% of the annuity deposits received). Minimum guaranteed rates for amounts allocated to the fixed rate strategy are 2.25% for the first 10 years, and 3.00% thereafter.
(5) Recent issues may contain bonus interest rates ranging from 1.0% to 3.0%.
(6) Includes products with multi-year guarantees for which the credited rate cannot be decreased to the ultimate minimum guaranteed rate until the end of the multi-year period. The weighted average differential between the current credited rate and the ultimate minimum guaranteed rate on the multi-year guarantee fixed annuity account values was approximately 129 basis points.

Spread Results

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Year Ended December 31, 2007
Average yield on invested assets	6.17%	6.09%	6.11%
Cost of money:			
Aggregate	3.49%	3.38%	3.50%
Cost of money for index annuities	3.51%	3.34%	3.51%
Average crediting rate for fixed rate annuities:			
Annually adjustable	3.26%	3.27%	3.28%
Multi-year rate guaranteed	3.92%	4.22%	4.14%
Investment spread:			
Aggregate	2.68%	2.71%	2.61%
Index annuities	2.66%	2.75%	2.60%
Fixed rate annuities:			
Annually adjustable	2.91%	2.82%	2.83%
Multi-year rate guaranteed	2.25%	1.87%	1.97%

Summary of Invested Assets

	June 30, 2008		December 31, 2007	
	Carrying Amount	Percent	Carrying Amount	Percent
	(Dollars in thousands)			
Fixed maturity securities:				
United States Government full faith and credit	$ 20,262	0.2%	$ 19,882	0.2%
United States Government sponsored agencies	7,536,663	57.2%	8,208,909	65.1%
Corporate securities, including redeemable preferred stocks	1,521,857	11.5%	1,419,129	11.2%
Mortgage and asset-backed securities:				
Government	73,683	0.6%	75,353	0.6%
Non-Government	1,574,006	12.0%	641,232	5.1%
Total fixed maturity securities	10,726,471	81.5%	10,364,505	82.2%
Equity securities	152,549	1.2%	87,412	0.7%
Mortgage loans on real estate	2,213,548	16.8%	1,953,894	15.5%
Derivative instruments	74,068	0.5%	204,657	1.6%
Policy loans	422	–	427	–
	$ 13,167,058	100.0%	$ 12,610,895	100.0%

Credit Quality of Fixed Maturity Securities

NAIC Designation	Rating Agency Equivalent	June 30, 2008 Carrying Amount	June 30, 2008 Percent	December 31, 2007 Carrying Amount	December 31, 2007 Percent
		(Dollars in thousands)			
1	Aaa/Aa/A	$ 9,590,538	89.4%	$ 9,361,755	90.3%
2	Baa	1,036,540	9.7%	915,259	8.8%
3	Ba	60,778	0.6%	53,784	0.5%
4	B	24,387	0.2%	20,310	0.3%
5	Caa and lower	14,228	0.1%	13,397	0.1%
6	In or near default	–	–	–	–
		$ 10,726,471	100.0%	$ 10,364,505	100.0%

Watch List Securities - June 30, 2008

General Description	Amortized Cost	Unrealized Losses	Estimated Fair Value	Months Unrealized Losses Greater Than 20%
Corporate bonds:				
Finance, insurance and real estate companies	$ 18,376	$ (4,821)	$ 13,555	1 - 5
U.S. retail company	10,501	(2,241)	8,260	5
Consumer staple company	9,626	(1,863)	7,763	0
U.S. media company	5,750	(1,775)	3,975	5
Mortgage-backed securities	2,366	(840)	1,526	2
Common & preferred stock:				
Finance, insurance and real estate companies	101,484	(29,278)	72,206	1 - 5
Telecommunication and media companies	9,433	(2,713)	6,720	1 - 2
	$ 157,536	$ (43,531)	$ 114,005	

Mortgage Loans by Region and Property Type

	June 30, 2008		December 31, 2007	
	Carrying Amount	Percent	Carrying Amount	Percent
	(Dollars in thousands)			
Geographic distribution				
East	$ 512,269	23.1%	$ 458,418	23.5%
Middle Atlantic	160,348	7.2%	133,662	6.8%
Mountain	360,093	16.3%	310,244	15.9%
New England	45,311	2.0%	45,618	2.3%
Pacific	172,287	7.8%	141,264	7.2%
South Atlantic	390,697	17.7%	344,800	17.7%
West North Central	390,169	17.6%	356,334	18.2%
West South Central	182,374	8.3%	163,554	8.4%
	$ 2,213,548	100.0%	$ 1,953,894	100.0%
Property type distribution				
Office	$ 628,958	28.4%	$ 586,109	30.0%
Medical Office	134,473	6.1%	108,667	5.6%
Retail	523,954	23.7%	438,214	22.4%
Industrial/Warehouse	517,301	23.3%	453,654	23.2%
Hotel	139,971	6.3%	115,758	5.9%
Apartments	108,064	4.9%	105,431	5.4%
Mixed use/other	160,827	7.3%	146,061	7.5%
	$ 2,213,548	100.0%	$ 1,953,894	100.0%

Shareholder Information

Corporate Offices:

American Equity Investment Life Holding Company
5000 Westown Parkway Suite 440
West Des Moines, IA 50266

Inquiries:

D.J. Noble, Chairman
(515) 457-1703, dnoble@american-equity.com

Debra J. Richardson, Senior Vice President
(515) 273-3551, drichardson@american-equity.com

John M. Matovina, Vice Chairman
(515) 457-1813, jmatovina@american-equity.com

Common Stock and Dividend Information:

New York Stock Exchange symbol: "**AEL**"

	High	Low	Close	Dividend Declared
2008				
First Quarter	$10.21	$6.82	$9.28	$0.00
Second Quarter	$11.63	$7.61	$8.15	$0.00
2007				
First Quarter	$14.07	$12.17	$13.13	$0.00
Second Quarter	$13.97	$11.37	$12.08	$0.00
Third Quarter	$12.55	$9.51	$10.65	$0.00
Fourth Quarter	$11.25	$8.09	$8.29	$0.06
2006				
First Quarter	$14.34	$12.76	$14.34	$0.00
Second Quarter	$14.60	$10.66	$10.66	$0.00
Third Quarter	$12.55	$10.07	$12.27	$0.00
Fourth Quarter	$13.44	$11.90	$13.03	$0.05

Transfer Agent:

Computershare Trust Company, N.A.
P.O. Box 43010
Providence, RI 02940-0310
Phone: (877) 282-1169
Fax: (781) 575-2723
www.computershare.com

Annual Report and Other Information:

Shareholders may receive when available, without charge, a copy of American Equity's Annual Report, SEC filings and/or press releases by calling Julie L. LaFollette, Investor Relations, at (515) 273-3602 or by visiting our web site at www.american-equity.com.

Research Analyst Coverage

Steven Schwartz
Raymond James & Associates, Inc.
(312) 612-7686
steven.schwartz@raymondjames.com

Mark Finkelstein
Fox-Pitt Kelton
Cochran Caronia Waller
(312) 425-4079
mfinkelstein@ccwco.com

Elizabeth C. Malone
KeyBanc Capital Markets
(917) 368-2230
bmalone@keybanccm.com

Keith F. Walsh
Citigroup Investment Research
(212) 816-5452
keith.f.walsh@citigroup.com

Randy Binner
Friedman, Billings, Ramsey & Co., Inc.
(703) 312-1890
rbinner@fbr.com