

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 5, 2010**

**AMERICAN EQUITY  
INVESTMENT LIFE HOLDING COMPANY**  
(Exact Name of Registrant as Specified in its Charter)

**IOWA**  
(State or Other Jurisdiction  
of Incorporation)

**001-31911**  
(Commission File Number)

**42-1447959**  
(IRS Employer  
Identification No.)

**6000 Westown Parkway, West Des Moines, Iowa**  
(Address of Principal Executive Offices)

**50266**  
(Zip Code)

**(515) 221-0002**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

**Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:**

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**Item 7.01 Regulation FD Disclosure**

Attached and incorporated herein by reference as Exhibit 99.1 is a copy of the Press Release and Financial Supplement issued by the American Equity Investment Life Holding Company (the “Company”) with respect to the first quarter ending March 31, 2010. The information in this report, including the Exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

99.1 Press Release dated May 5, 2010 and Financial Supplement dated March 31, 2010

---

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 5, 2010

**AMERICAN EQUITY  
INVESTMENT LIFE HOLDING COMPANY**

By: /s/ Wendy C. Waugaman  
Wendy C. Waugaman  
President and  
Chief Executive Officer

## EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release dated May 5, 2010 and Financial Supplement dated March 31, 2010

## NEWS RELEASE



*For more information, contact:*

**Wendy C. Waugaman, Chief Executive Officer**  
(515) 457-1824, [wcwaugaman@american-equity.com](mailto:wcwaugaman@american-equity.com)

**John M. Matovina, Chief Financial Officer**  
(515) 457-1813, [jmatovina@american-equity.com](mailto:jmatovina@american-equity.com)

**Julie L. LaFollette, Director of Investor Relations**  
(515) 273-3602, [jlafollette@american-equity.com](mailto:jlafollette@american-equity.com)

**Debra J. Richardson, Executive Vice President**  
(515) 273-3551, [drichardson@american-equity.com](mailto:drichardson@american-equity.com)

**FOR IMMEDIATE RELEASE**

**May 5, 2010**

**American Equity Reports First Quarter 2010 Operating Earnings of  
\$25.8 Million or \$0.43 Per Diluted Common Share**

WEST DES MOINES, Iowa (May 5, 2010) – American Equity Investment Life Holding Company (NYSE: AEL), a leading underwriter of index and fixed rate annuities, today reported 2010 first quarter operating income<sup>1</sup> of \$25.8 million, or \$0.43 per diluted common share, a 10% increase over 2009 first quarter operating income of \$23.3 million, or \$0.42 per diluted common share. Performance highlights for the first quarter of 2010 include:

- § Annuity sales (before coinsurance) increased 30% to \$846.9 million compared to \$653.1 million for the first quarter 2009.
- § Invested assets at March 31, 2010 increased 26% to \$16.5 billion compared to \$13.1 billion at March 31, 2009.
- § Investment spread on annuity liabilities reached a record 3.17% compared to 2.97% for the first quarter of 2009.
- § Book value per share including accumulated other comprehensive income of \$13.99 compared to \$13.08 at December 31, 2009.
- § American Equity held its 4<sup>th</sup> annual Million Dollar Producer Forum which was attended by 422 independent agents

Net income for the first quarter of 2010 was \$14.9 million, compared to net income of \$26.5 million for the same period in 2009. Net income for the first quarter of 2010 was reduced by \$13.3 million for the impact of fair value accounting for index annuity derivatives and embedded derivatives compared to an increase of \$2.5 million for the same period in 2009. The change in the impact of this item during the first quarter of 2010 reflects a decline from the preceding quarter in the risk-adjusted discount rate utilized in the fair value measurement of index annuity embedded derivative liabilities as a result of the general narrowing of corporate credit spreads.

---

<sup>1</sup> In addition to net income, American Equity has consistently utilized operating income, a non-GAAP financial measure commonly used in the life insurance industry, as an economic measure to evaluate its financial performance. See accompanying tables for the reconciliation of net income to operating income and a description of reconciling items.

## **SALES MOMENTUM CONTINUES**

The strong sales growth American Equity achieved in 2009 continued into the first quarter of 2010 with sales increasing 30% year over year. The heightened demand for index and fixed rate annuities reflects continuing low interest rates on competing savings products as well as increased consumer aversion to market risk in the aftermath of the global financial crisis, particularly among retirees. The principal protection and guaranteed income streams offered by index and fixed rate annuities have attained new prominence in retirement savings markets.

American Equity continues to receive recognition among its licensed, independent producers as the company which best meets agents overall needs in the annuity market. Commented David J. Noble, Executive Chairman of the company: "Our culture of service to agents and policyholders is our number one competitive advantage. From inception, American Equity has relentlessly maintained superior standards of service, and we believe this focus will help boost our growth for many years to come."

## **STRONG INVESTMENT SPREAD**

American Equity achieved a record aggregate investment spread (defined as the yield on invested assets over the cost of money on annuity liabilities) of 3.17% in the first quarter of 2010 compared to 2.97% for the same period last year. This improvement was due primarily to a reduction in the cost of money on index annuity liabilities to 2.91% compared to 3.31% for the first quarter of 2009. The cost of money on index annuities includes: (i) the average crediting rates on amounts allocated by policyholders to fixed rate strategies within the products; (ii) the allocable cost of one year call options purchased to fund index linked interest on index strategies; (iii) the net hedging result for index linked interest on index strategies; and (iv) where applicable, minimum guaranteed interest credited. During 2009 policyholders elected to transfer more funds than in prior years from an index strategy to the fixed rate strategy after contract anniversary dates when call options were purchased. As a result, the company had excess options which expired with gains due to recent improvements in the level of equity market indexes, which reduced the cost of money on index annuities by approximately \$4.9 million or 0.13%.

The average yield on invested assets for the first quarter of 2010 was 6.13% compared to 6.30% for the same period last year. The yield for the first quarter of 2010 was impacted by a lag in reinvestment of proceeds from bonds called for redemption into new assets causing excess liquidity. During the first quarter of 2010, \$1.5 billion of bonds with an average yield of 6.35% were called, sold or prepaid, and the company's average daily cash balance was \$335 million. Based on yields received for purchases of fixed maturity securities during this period (discussed below), the company estimates that approximately \$4.9 million in net investment income was foregone in the first quarter of 2010 as a result of higher liquidity and that its average yield on invested assets for the first quarter of 2010 would have been 6.25% if such income had been earned in the quarter.

---

Fixed maturity securities aggregating \$2.4 billion were purchased during the first quarter of 2010 at an average yield of 5.86%, reflecting the low levels of market rates currently available as well as a general tightening of credit spreads. During this period the company also funded \$45.3 million of new commercial mortgage loans at an average yield of 6.76%.

#### **RISK BASED CAPITAL REMAINS WELL ABOVE TARGET**

American Equity's estimated risk based capital ratio ("RBC") at March 31, 2010 was 359%, compared to 337% at December 31, 2009. The company remains well capitalized through this period of increasing sales growth. Present and projected RBC levels indicate that American Equity should be able to continue to fuel higher sales growth in 2010 and 2011 without a need for outside capital or additional reinsurance to maintain RBC targets. The company remains opportunistic in its consideration of capital alternatives to support longer range growth.

#### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future operations, strategies, financial results or other developments, and are subject to assumptions, risks and uncertainties. Statements such as "guidance," "expect," "anticipate," "believe," "goal," "objective," "target," "may," "should," "estimate," "projects," or similar words as well as specific projections of future results qualify as forward-looking statements. Factors that may cause our actual results to differ materially from those contemplated by these forward looking statements can be found in the company's Form 10-K filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date the statement was made and the company undertakes no obligation to update such forward-looking statements. There can be no assurance that other factors not currently anticipated by the company will not materially and adversely affect our results of operations. Investors are cautioned not to place undue reliance on any forward-looking statements made by us or on our behalf.

---

## CONFERENCE CALL

American Equity will hold a conference call to discuss first quarter 2010 earnings on Thursday, May 6, 2010, at 10 a.m. CDT. The conference call will be webcast live on the Internet. Investors and interested parties who wish to listen to the call on the Internet may do so at [www.american-equity.com](http://www.american-equity.com). The call may also be accessed by telephone at 1-866-831-6162, passcode 89781533 (international callers, please dial 1-617-213-8852). An audio replay will be available shortly after the call on AEL's web site. An audio replay will also be available via telephone through May 27, 2010 by calling 1-888-286-8010, passcode 83838032 (international callers will need to dial 1-617-801-6888).

## ABOUT AMERICAN EQUITY

American Equity Investment life Holding Company, through its wholly-owned operating subsidiaries, is a full service underwriter fixed annuity and life insurance products, with a primary emphasis on the sale of index and fixed rate index annuities. The company's headquarters are located at 6000 Westown Parkway, West Des Moines, Iowa, 50266. The mailing address of the company is: P.O. Box 71216, Des Moines, Iowa 50325.

###

---

**Net Income/Operating Income (Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Dollars in thousands, except per share data)</b>	
<b>Revenues:</b>		
Traditional life and accident and health insurance premiums	\$ 3,287	\$ 3,486
Annuity product charges	15,518	15,051
Net investment income	242,910	220,654
Change in fair value of derivatives	82,015	(43,823)
Net realized gains on investments, excluding other than temporary impairment ("OTTI") losses	9,903	760
OTTI losses on investments:		
Total OTTI losses	(12,584)	(55,391)
Portion of OTTI losses recognized in other comprehensive income	9,361	41,953
Net OTTI losses recognized in operations	(3,223)	(13,438)
<b>Total revenues</b>	<b>350,410</b>	<b>182,690</b>
<b>Benefits and expenses:</b>		
Insurance policy benefits and change in future policy benefits	2,332	2,199
Interest sensitive and index product benefits	196,869	59,763
Amortization of deferred sales inducements	13,089	13,711
Change in fair value of embedded derivatives	63,875	14,183
Interest expense on notes payable	4,651	4,276
Interest expense on subordinated debentures	3,685	4,208
Interest expense on amounts due under repurchase agreements	-	242
Amortization of deferred policy acquisition costs	27,268	34,644
Other operating costs and expenses	15,985	14,464
<b>Total benefits and expenses</b>	<b>327,754</b>	<b>147,690</b>
Income before income taxes	22,656	35,000
Income tax expense	7,771	8,525
<b>Net income</b>	<b>14,885</b>	<b>26,475</b>
Net realized gains and net OTTI losses on investments, net of offsets	(2,369)	(678)
Net effect of derivatives and other index annuity, net of offsets	13,267	(2,465)
<b>Operating income (a)</b>	<b>\$ 25,783</b>	<b>\$ 23,332</b>
<b>Earnings per common share</b>	<b>\$ 0.26</b>	<b>\$ 0.50</b>
<b>Earnings per common share - assuming dilution</b>	<b>\$ 0.25</b>	<b>\$ 0.48</b>
<b>Operating income per common share (a)</b>	<b>\$ 0.44</b>	<b>\$ 0.44</b>
<b>Operating income per common share - assuming dilution (a)</b>	<b>\$ 0.43</b>	<b>\$ 0.42</b>
<b>Weighted average common shares outstanding (in thousands):</b>		
Earnings per common share	58,225	52,965
Earnings per common share - assuming dilution	61,138	55,700



Operating Income

Three months ended March 31, 2010 (Unaudited)

		Adjustments		
	As Reported	Realized Gains	Derivative and Other Index Annuity	Operating Income (a)
	(Dollars in thousands, except per share data)			
Reserves:				
Traditional life and accident and health insurance premiums	\$ 3,287	\$ -	\$ -	\$ 3,287
Annuity product charges	15,518	-	-	15,518
Net investment income	242,910	-	-	242,910
Change in fair value of derivatives	82,015	-	(15,244)	66,771
Net realized gains on investments, excluding other than temporary impairment ("OTTI") losses	9,903	(9,903)	-	-
Net OTTI losses recognized in operations	(3,223)	3,223	-	-
Total revenues	350,410	(6,680)	(15,244)	328,486
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	2,332	-	-	2,332
Interest sensitive and index product benefits	196,869	-	(1,585)	195,284
Amortization of deferred sales inducements	13,089	(1,260)	10,945	22,774
Change in fair value of embedded derivatives	63,875	-	(63,875)	-
Interest expense on notes payable	4,651	-	-	4,651
Interest expense on subordinated debentures	3,685	-	-	3,685
Amortization of deferred policy acquisition costs	27,268	(1,750)	18,657	44,175
Other operating costs and expenses	15,985	-	-	15,985
Total benefits and expenses	327,754	(3,010)	(35,858)	288,886
Income before income taxes	22,656	(3,670)	20,614	39,600
Income tax expense	7,771	(1,301)	7,347	13,817
Net income	\$ 14,885	\$ (2,369)	\$ 13,267	\$ 25,783
Earnings per common share	\$ 0.26			\$ 0.44
Earnings per common share - assuming dilution	\$ 0.25			\$ 0.43

- (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 including net OTTI losses recognized in operations and 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.

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY  
Financial Supplement

March 31, 2010

A.	<b><u>Financial Highlights</u></b>	
	<i>Condensed Consolidated Balance Sheets</i>	1
	<i>Consolidated Statements of Operations</i>	2
	<i>Operating Income</i>	
	<i>Three Months Ended March 31, 2010</i>	3
	<i>Quarterly Summary – Most Recent 5 quarters</i>	4
	<i>Capitalization/ Book Value per Share</i>	5
B.	<b><u>Product Summary</u></b>	
	<i>Annuity Deposits by Product Type</i>	6
	<i>Surrender Charge Protection and Account Values by Product Type</i>	6
	<i>Annuity Liability Characteristics</i>	7
	<i>Spread Results</i>	9
C.	<b><u>Investment Summary</u></b>	
	<i>Summary of Invested Assets</i>	9
	<i>Credit Quality of Fixed Maturity Securities</i>	10
	<i>Watch List Securities</i>	10
	<i>Summary of Residential Mortgage Backed Securities</i>	11
	<i>Mortgage Loans by Region and Property Type</i>	12
D.	<b><u>Shareholder Information</u></b>	13
E.	<b><u>Research Analyst Coverage</u></b>	14

---

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

	March 31, 2010	December 31, 2009
<b>Assets</b>		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value	\$ 12,365,666	\$ 10,704,131
Held for investment, at amortized cost	1,030,490	1,635,083
Equity securities, available for sale, at fair value	87,981	93,086
Mortgage loans on real estate	2,461,975	2,449,778
Derivative instruments	497,469	479,272
Other investments	15,565	12,760
Total investments	16,459,146	15,374,110
Cash and cash equivalents	704,166	528,002
Coinsurance deposits	2,420,411	2,237,740
Accrued investment income	131,248	113,658
Deferred policy acquisition costs	1,611,704	1,625,785
Deferred sales inducements	1,028,192	1,011,449
Deferred income taxes	86,826	85,661
Income taxes recoverable	–	103,684
Other assets	66,057	231,915
Total assets	\$ 22,507,750	\$ 21,312,004
<b>Liabilities and Stockholders' Equity</b>		
Liabilities:		
Policy benefit reserves	\$ 20,152,906	\$ 19,336,221
Other policy funds and contract claims	132,572	119,403
Notes payable	317,957	316,468
Subordinated debentures	268,383	268,347
Income taxes payable	24,098	–
Other liabilities	803,934	516,942
Total liabilities	21,699,850	20,557,381
Stockholders' equity:		
Common stock	56,428	56,203
Additional paid-in capital	424,525	422,225
Unallocated common stock held by ESOP	(5,498)	(5,679)
Accumulated other comprehensive income (loss)	5,230	(30,456)
Retained earnings	327,215	312,330
Total stockholders' equity	807,900	754,623
Total liabilities and stockholders' equity	\$ 22,507,750	\$ 21,312,004

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

	Three Months Ended March 31,	
	2010	2009
<b>Revenues:</b>		
Traditional life and accident and health insurance premiums	\$ 3,287	\$ 3,486
Annuity product charges	15,518	15,051
Net investment income	242,910	220,654
Change in fair value of derivatives	82,015	(43,823)
Net realized gains on investments, excluding other than temporary impairment ("OTTI") losses	9,903	760
OTTI losses on investments:		
Total OTTI losses	(12,584)	(55,391)
Portion of OTTI losses recognized in other comprehensive income	9,361	41,953
Net OTTI losses recognized in operations	(3,223)	(13,438)
Total revenues	350,410	182,690
<b>Benefits and expenses:</b>		
Insurance policy benefits and change in future policy benefits	2,332	2,199
Interest sensitive and index product benefits	196,869	59,763
Amortization of deferred sales inducements	13,089	13,711
Change in fair value of embedded derivatives	63,875	14,183
Interest expense on notes payable	4,651	4,276
Interest expense on subordinated debentures	3,685	4,208
Interest expense on amounts due under repurchase agreements	–	242
Amortization of deferred policy acquisition costs	27,268	34,644
Other operating costs and expenses	15,985	14,464
Total benefits and expenses	327,754	147,690
Income before income taxes	22,656	35,000
Income tax expense	7,771	8,525
Net income	\$ 14,885	\$ 26,475
Earnings per common share	\$ 0.26	\$ 0.50
Earnings per common share - assuming dilution (a)	\$ 0.25	\$ 0.48
Weighted average common shares outstanding (in thousands):		
Earnings per common share	58,225	52,965
Earnings per common share - assuming dilution	61,138	55,700

(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 \$259 for the three months ended March 31, 2010 and 2009.

**Operating Income**  
**Three months ended March 31, 2010 (Unaudited)**

		<b>Adjustments</b>		
	<b>As Reported</b>	<b>Realized Gains</b>	<b>Derivatives and Other Index Annuity</b>	<b>Operating Income (a)</b>
		<b>(Dollars in thousands, except per share data)</b>		
<b>Revenues:</b>				
Traditional life and accident and health insurance premiums	\$ 3,287	\$ –	\$ –	\$ 3,287
Annuity product charges	15,518	–	–	15,518
Net investment income	242,910	–	–	242,910
Change in fair value of derivatives	82,015	–	(15,244)	66,771
Net realized gains on investments, excluding other than temporary impairment (“OTTI”) losses	9,903	(9,903)	–	–
Net OTTI losses recognized in operations	(3,223)	3,223	–	–
<b>Total revenues</b>	<b>350,410</b>	<b>(6,680)</b>	<b>(15,244)</b>	<b>328,486</b>
<b>Benefits and expenses:</b>				
Insurance policy benefits and change in future policy benefits	2,332	–	–	2,332
Interest sensitive and index product benefits	196,869	–	(1,585)	195,284
Amortization of deferred sales inducements	13,089	(1,260)	10,945	22,774
Change in fair value of embedded derivatives	63,875	–	(63,875)	–
Interest expense on notes payable	4,651	–	–	4,651
Interest expense on subordinated debentures	3,685	–	–	3,685
Amortization of deferred policy acquisition costs	27,268	(1,750)	18,657	44,175
Other operating costs and expenses	15,985	–	–	15,985
<b>Total benefits and expenses</b>	<b>327,754</b>	<b>(3,010)</b>	<b>(35,858)</b>	<b>288,886</b>
Income before income taxes	22,656	(3,670)	20,614	39,600
Income tax expense	7,771	(1,301)	7,347	13,817
<b>Net income</b>	<b>\$ 14,885</b>	<b>\$ (2,369)</b>	<b>\$ 13,267</b>	<b>\$ 25,783</b>
Earnings per common share	\$ 0.26			\$ 0.44
Earnings per common share – assuming dilution	\$ 0.25			\$ 0.43

(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 including net OTTI losses recognized in operations and 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.

Change in fair value of derivatives:				
Proceeds received at expiration	\$ 125,844	\$ –	\$ 125,844	
Cost of money for fixed index annuities	(58,441)	–	(58,441)	
Change in the difference between fair value and remaining option cost at beginning and end of period	14,612	(15,244)	(632)	
	<u>\$ 82,015</u>	<u>\$ (15,244)</u>	<u>\$ 66,771</u>	
Index credits included in interest credited to account balances	<u>\$ 133,558</u>		<u>\$ 133,558</u>	

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

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
	(Dollars in thousands, except per share data)				
<b>Revenues:</b>					
Traditional life and accident and health insurance premiums	\$ 3,287	\$ 3,135	\$ 3,166	\$ 2,867	\$ 3,486
Annuity product charges	15,518	15,857	15,835	16,615	15,051
Net investment income	242,910	243,244	241,471	226,803	220,654
Change in fair value of derivatives	66,771	6,597	(56,805)	(53,476)	(59,718)
Total revenues	328,486	268,833	203,667	192,809	179,473
<b>Benefits and expenses:</b>					
Insurance policy benefits and change in future policy benefits	2,332	1,979	2,737	1,974	2,199
Interest sensitive and index product benefits	195,284	140,704	74,697	76,515	62,822
Amortization of deferred sales inducements	22,774	20,772	20,209	17,986	17,082
Interest expense on notes payable	4,651	3,565	3,370	3,642	4,276
Interest expense on subordinated debentures	3,685	3,741	3,841	4,029	4,208
Interest expense on amounts due under repurchase agreements	—	190	100	2	242
Amortization of deferred policy acquisition costs	44,175	41,732	41,472	39,231	38,445
Other operating costs and expenses	15,985	11,950	13,961	16,380	14,464
Total benefits and expenses	288,886	224,633	160,387	159,759	143,738
Operating income before income taxes	39,600	44,200	43,280	33,050	35,735
Income tax expense	13,817	15,486	15,127	11,471	12,403
Operating income (a)	25,783	28,714	28,153	21,579	23,332
Net realized gains and net OTTI losses on investments, net of offsets	2,369	12,293	(11,491)	(141)	678
Convertible debt retirement, net of income taxes	—	(2,207)	—	1,520	—
Net effect of derivatives and other index annuity, net of offsets	(13,267)	(2,779)	(19,640)	(13,946)	2,465
Net income (loss)	\$ 14,885	\$ 36,021	\$ (2,978)	\$ 9,012	\$ 26,475
Operating income per common share (a)	\$ 0.44	\$ 0.49	\$ 0.49	\$ 0.39	\$ 0.44
Operating income per common share – assuming dilution (a)	\$ 0.43	\$ 0.48	\$ 0.47	\$ 0.38	\$ 0.42
Earnings (loss) per common share	\$ 0.26	\$ 0.62	\$ (0.05)	\$ 0.16	\$ 0.50
Earnings (loss) per common share – assuming dilution	\$ 0.25	\$ 0.60	\$ (0.04)	\$ 0.16	\$ 0.48
Weighted average common shares outstanding (in thousands):					
Earnings (loss) per common share	58,225	58,143	58,030	55,336	52,965
Earnings (loss) per common share - assuming dilution	61,138	60,946	60,833	58,105	55,700

(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 including net OTTI losses recognized in operations and related deferred tax valuation allowance, gain (loss) on retirement of convertible debt, fair value changes in derivatives and embedded derivatives and the Lehman counterparty default on expired call options. 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

	March 31, 2010	December 31, 2009
	(Dollars in thousands, except per share data)	
<b>Capitalization:</b>		
Notes payable	\$ 317,957	\$ 316,468
Subordinated debentures payable to subsidiary trusts	268,383	268,347
<b>Total debt</b>	<b>586,340</b>	<b>584,815</b>
<b>Total stockholders' equity</b>	<b>807,900</b>	<b>754,623</b>
<b>Total capitalization</b>	<b>1,394,240</b>	<b>1,339,438</b>
Accumulated other comprehensive (income) loss (AOCL)	(5,230)	30,456
<b>Total capitalization excluding AOCL (a)</b>	<b>\$ 1,389,010</b>	<b>\$ 1,369,894</b>
<b>Total stockholders' equity</b>	<b>\$ 807,900</b>	<b>\$ 754,623</b>
Accumulated other comprehensive (income) loss	(5,230)	30,456
<b>Total stockholders' equity excluding AOCL (a)</b>	<b>\$ 802,670</b>	<b>\$ 785,079</b>
Common shares outstanding (b)	57,756,637	57,698,687
<b>Book Value per Share: (c)</b>		
Book value per share including AOCL	\$ 13.99	\$ 13.08
Book value per share excluding AOCL (a)	\$ 13.90	\$ 13.61
<b>Debt-to-Capital Ratios: (d)</b>		
Senior debt / Total capitalization	22.9%	23.1%
Adjusted debt / Total capitalization	27.2%	27.7%

- (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, we believe these non-GAAP financial measures provide useful supplemental information.
- (b) Common shares outstanding include shares held by the NMO Deferred Compensation Trust: 2010 -1,855,835 shares; 2009 - 2,022,800 shares and exclude unallocated shares held by ESOP: 2010 - 527,272; 2009 - 527,272 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.
- (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 excluding AOCL.

**Annuity Deposits by Product Type**

Product Type	Three Months Ended March 31,		Year Ended December 31,
	2010	2009 (Dollars in thousands)	2009
Fixed Index Annuities:			
Index Strategies	\$ 403,124	\$ 244,530	\$ 1,535,477
Fixed Strategy	337,782	354,746	1,849,833
	740,906	599,276	3,385,310
Fixed Rate Annuities:			
Single-Year Rate Guaranteed	52,768	10,450	113,511
Multi-Year Rate Guaranteed	53,181	43,407	178,737
	105,949	53,857	292,248
Total before coinsurance ceded	846,855	653,133	3,677,558
Coinsurance ceded	189,122	300	749,260
Net after coinsurance ceded	\$ 657,733	\$ 652,833	\$ 2,928,298

**Surrender Charge Protection and Account Values by Product Type**

Annuity Surrender Charges and Net (of coinsurance) Account Values at March 31, 2010

Product Type	Surrender Charge			Net Account Value	
	Avg. Years At Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in Thousands	%
Fixed Index Annuities	14.3	10.9	15.7%	\$ 15,295,102	89.8%
Single-Year Fixed Rate Guaranteed Annuities	11.1	4.5	7.3%	1,273,489	7.5%
Multi-Year Fixed Rate Guaranteed Annuities	7.7	2.5	5.4%	467,213	2.7%
Total	14.0	10.2	14.8%	\$ 17,035,804	100.0%



Annuity Liability Characteristics

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	(Dollars in thousands)	
<u>SURRENDER CHARGE PERCENTAGES (1):</u>		
No surrender charge	\$ 310,437	\$ 252,466
0.0% < 2.0%	53,855	83,620
2.0% < 3.0%	63,026	82,254
3.0% < 4.0%	41,174	94,163
4.0% < 5.0%	158,556	284,683
5.0% < 6.0%	67,375	369,389
6.0% < 7.0%	253,951	367,997
7.0% < 8.0%	103,882	243,873
8.0% < 9.0%	112,417	243,755
9.0% < 10.0%	195,172	226,951
10.0% or greater	380,857	13,045,951
	<u>\$ 1,740,702</u>	<u>\$ 15,295,102</u>
	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
	(Dollars in thousands)	
<u>SURRENDER CHARGE EXPIRATION BY YEAR</u>		
Out of Surrender Charge	\$ 562,903	0.00%
2010	222,251	2.98%
2011	296,892	3.59%
2012	446,657	4.85%
2013	610,323	5.55%
2014	642,034	6.69%
2015	598,046	8.41%
2016	744,072	9.74%
2017	943,818	10.83%
2018	902,582	12.99%
2019	651,291	13.49%
2020	649,686	14.02%
2021	625,550	15.48%
2022	1,130,572	17.65%
2023	4,049,460	19.84%
2024	2,461,364	19.45%
2025	1,212,080	19.83%
2026	283,301	19.99%
2027	2,922	20.00%
	<u>\$ 17,035,804</u>	14.75%

Annuity Liability Characteristics

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
(Dollars in thousands)		
<u>APPLICABLE GUARANTEE PERIOD:</u>		
Annual reset (2)	\$ 1,565,440	\$ 15,257,643
Multi-year (3 - 7 years)	175,262	37,459
	<u>\$ 1,740,702</u>	<u>\$ 15,295,102</u>
<u>ULTIMATE MINIMUM GUARANTEE RATE (3):</u>		
2.00%	\$ 175,562	\$ 1,235
2.20%	4,306	78,898
2.25%	–	3,276,033
2.25% (3)	203,406	1,016,273
3.00%	1,288,283	10,144,492
3.50% (4)	–	778,171
4.00%	69,145	–
	<u>\$ 1,740,702</u>	<u>\$ 15,295,102</u>
<u>CREDITED RATE (INCLUDING BONUS INTEREST) VS.</u>		
<u>ULTIMATE MINIMUM GUARANTEED RATE DIFFERENTIAL</u>		
<u>(5) (6)</u>		
No differential	\$ 65,273	\$ 17,810
> 0.0% - 0.5%	1,103,336	4,198,061
> 0.5% - 1.0%	320,968	2,103,222
> 1.0% - 1.5%	98,755	59,222
> 1.5% - 2.0%	87,402	86
> 2.0% - 2.5%	20,658	–
> 2.5% - 3.0%	42,717	–
Greater than 3.0%	1,593	–
Index strategies	–	8,916,701
	<u>\$ 1,740,702</u>	<u>\$ 15,295,102</u>

- (1) In addition, \$973,610 (56%) of the Fixed Annuities Account Value have market value adjustment protection.
- (2) The contract features for substantially all of the Fixed 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 Fixed 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 175 basis points.

## Spread Results

	Three Months Ended March 31,		Year Ended December 31,
	2010	2009	2009
Average yield on invested assets	6.13%	6.30%	6.30%
Cost of money:			
Aggregate	2.96%	3.33%	3.26%
Cost of money for fixed index annuities	2.91%	3.31%	3.24%
Average crediting rate for fixed rate annuities:			
Annually adjustable	3.26%	3.26%	3.26%
Multi-year rate guaranteed	3.78%	3.88%	3.88%
Investment spread:			
Aggregate	3.17%	2.97%	3.04%
Fixed index annuities	3.22%	2.99%	3.06%
Fixed rate annuities:			
Annually adjustable	2.87%	3.04%	3.04%
Multi-year rate guaranteed	2.35%	2.42%	2.42%

## Summary of Invested Assets

	March 31, 2010		December 31, 2009	
	Carrying Amount	Percent	Carrying Amount	Percent
	(Dollars in thousands)			
Fixed maturity securities:				
United States Government full faith and credit	\$ 3,424	–	\$ 3,310	–
United States Government sponsored agencies	5,998,278	36.5%	5,557,971	36.2%
United States municipalities, states and territories	528,379	3.2%	355,634	2.3%
Corporate securities	4,330,454	26.3%	3,933,198	25.6%
Residential mortgage backed securities	2,535,621	15.4%	2,489,101	16.2%
Total fixed maturity securities	13,396,156	81.4%	12,339,214	80.3%
Equity securities	87,981	0.5%	93,086	0.6%
Mortgage loans on real estate	2,461,975	15.0%	2,449,778	15.9%
Derivative instruments	497,469	3.0%	479,272	3.1%
Other investments	15,565	0.1%	12,760	0.1%
	<u>\$ 16,459,146</u>	<u>100.0%</u>	<u>\$ 15,374,110</u>	<u>100.0%</u>

Credit Quality of Fixed Maturity Securities - March 31, 2010

NAIC Designation	Carrying Amount	Percent	Rating Agency Rating	Carrying Amount	Percent
	(Dollars in thousands)			(Dollars in thousands)	
1	\$ 10,257,259	76.6%	Aaa/Aa/A	\$ 9,431,356	70.4%
2	2,743,291	20.4%	Baa	2,720,315	20.3%
3	340,780	2.5%	Ba	335,494	2.5%
4	24,236	0.2%	B	343,348	2.6%
5	7,650	0.1%	Caa and lower	546,725	4.1%
6	22,940	0.2%	In or near default	18,918	0.1%
	<u>\$ 13,396,156</u>	<u>100.0%</u>		<u>\$ 13,396,156</u>	<u>100.0%</u>

Watch List Securities - March 31, 2010

General Description	Amortized Cost	Unrealized Losses	Fair Value	Months Below Amortized Cost
Corporate bonds:				
Finance, insurance and real estate companies	\$ 24,488	\$ (5,804)	\$ 18,684	23 - 55
U.S. retail company	10,486	(1,436)	9,050	58
	<u>\$ 34,974</u>	<u>\$ (7,240)</u>	<u>\$ 27,734</u>	

Summary of Residential Mortgage Backed Securities

Collateral Type	NAIC Designation	Principal Amount	Amortized Cost	Fair Value
(Dollars in thousands)				
<b>OTTI has not been recognized</b>				
Government agency	1	\$ 68,217	\$ 67,455	\$ 72,284
Prime	1	1,713,832	1,602,181	1,619,615
	2	127,337	126,596	106,156
	3	1,474	1,471	981
Alt-A	1	14,253	12,912	11,324
	2	46,456	47,282	38,206
		<u>\$ 1,971,569</u>	<u>\$ 1,857,897</u>	<u>\$ 1,848,566</u>
<b>OTTI has been recognized</b>				
Prime	1	\$ 190,038	\$ 171,567	\$ 140,038
	2	221,188	210,518	159,879
	3	45,001	43,207	35,903
Alt-A	1	273,389	235,361	193,767
	2	111,571	96,537	73,881
	3	130,979	112,247	80,778
	6	5,237	4,555	2,809
		<u>\$ 977,403</u>	<u>\$ 873,992</u>	<u>\$ 687,055</u>
<b>Total by collateral type</b>				
Government agency		\$ 68,217	\$ 67,455	\$ 72,284
Prime		2,298,870	2,155,540	2,062,572
Alt-A		581,885	508,894	400,765
		<u>\$ 2,948,972</u>	<u>\$ 2,731,889</u>	<u>\$ 2,535,621</u>
<b>Total by NAIC designation</b>				
	1	\$ 2,259,729	\$ 2,089,476	\$ 2,037,028
	2	506,552	480,933	378,122
	3	177,454	156,925	117,662
	6	5,237	4,555	2,809
		<u>\$ 2,948,972</u>	<u>\$ 2,731,889</u>	<u>\$ 2,535,621</u>

**Mortgage Loans by Region and Property Type**

	March 31, 2010		December 31, 2009	
	Carrying Amount	Percent	Carrying Amount	Percent
	(Dollars in thousands)			
<b>Geographic distribution</b>				
East	\$ 548,648	22.3%	\$ 555,294	22.7%
Middle Atlantic	166,768	6.8%	168,246	6.9%
Mountain	392,903	15.9%	388,940	15.9%
New England	44,065	1.8%	44,541	1.8%
Pacific	227,096	9.2%	216,382	8.8%
South Atlantic	471,841	19.2%	463,773	18.9%
West North Central	410,765	16.7%	410,883	16.8%
West South Central	199,889	8.1%	201,719	8.2%
	<u>\$ 2,461,975</u>	<u>100.0%</u>	<u>\$ 2,449,778</u>	<u>100.0%</u>

<b>Property type distribution</b>				
Office	\$ 669,305	27.2%	\$ 664,397	27.1%
Medical Office	144,366	5.8%	145,390	5.9%
Retail	566,451	23.0%	564,023	23.0%
Industrial/Warehouse	607,595	24.7%	606,317	24.8%
Hotel	150,256	6.1%	155,594	6.4%
Apartments	127,297	5.2%	122,854	5.0%
Mixed use/other	196,705	8.0%	191,203	7.8%
	<u>\$ 2,461,975</u>	<u>100.0%</u>	<u>\$ 2,449,778</u>	<u>100.0%</u>

## Shareholder Information

---

### Corporate Offices:

American Equity Investment Life Holding Company  
6000 Westown Parkway  
West Des Moines, IA 50266

### Inquiries:

D. J. Noble, Executive Chairman  
(515) 457-1703, [dnoble@american-equity.com](mailto:dnoble@american-equity.com)

Debra J. Richardson, Executive Vice President and Secretary  
(515) 273-3551, [drichardson@american-equity.com](mailto:drichardson@american-equity.com)

John M. Matovina, Vice Chairman, Chief Financial Officer and Treasurer  
(515) 457-1813, [jmatovina@american-equity.com](mailto:jmatovina@american-equity.com)

### Common Stock and Dividend Information:

New York Stock Exchange symbol: “AEL”

	High	Low	Close	Dividend Declared
<b>2010</b>				
First Quarter	\$ 10.99	\$ 6.65	\$ 10.65	\$ 0.00
<b>2009</b>				
First Quarter	\$ 7.40	\$ 2.96	\$ 4.16	\$ 0.00
Second Quarter	\$ 8.86	\$ 4.01	\$ 5.58	\$ 0.00
Third Quarter	\$ 8.65	\$ 5.24	\$ 7.02	\$ 0.00
Fourth Quarter	\$ 8.40	\$ 6.10	\$ 7.44	\$ 0.08
<b>2008</b>				
First Quarter	\$ 10.21	\$ 6.82	\$ 9.28	\$ 0.00
Second Quarter	\$ 11.63	\$ 7.61	\$ 8.15	\$ 0.00
Third Quarter	\$ 10.75	\$ 7.27	\$ 7.50	\$ 0.00
Fourth Quarter	\$ 7.75	\$ 3.65	\$ 7.00	\$ 0.07

### 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](http://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](http://www.american-equity.com).

## Research Analyst Coverage

---

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

Mark Finkelstein, Paul Sarra  
Macquarie (USA) Equities Research  
(312) 660-9179 mark.finkelstein@macquarie.com  
(312) 660-9137 paul.sarra@macquarie.com

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

Edward Shields  
Sandler O'Neill & Partners  
(312) 281-3487  
eshields@sandleroneill.com

Mark Hughes  
SunTrust Robinson Humphrey  
(615) 748-5680  
mark\_hughes@rhco.com