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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): September 26, 2008

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

|   |                                       |  |
|---|---------------------------------------|--|
| IOWA<br>(State or Other Jurisdiction<br>of Incorporation) | 001-31911<br>(Commission File Number) | 42-1447959<br>(IRS Employer<br>Identification No.) |
|---|---------------------------------------|--|

|  |                     |
|--|---------------------|
| 5000 Westown Parkway, Suite 440, West Des Moines, Iowa<br>(Address of Principal Executive Offices) | 50266<br>(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 8.01. Other Events

The following information is provided in response to inquiries about American Equity Investment Life Holding Company's (the Company) exposure to certain investments in securities issued by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), Lehman Brothers Holdings Inc. and its affiliates ("Lehman Brothers"), Washington Mutual Inc. ("Washington Mutual") and American International Group, Inc. and its affiliates ("AIG"). In addition, a FAQ disclosure posted to our website to address policyholder and sales agent inquiries concerning related matters is attached hereto.

The total amortized cost of the Company's investments in Fannie Mae, Freddie Mac, Lehman Brothers, Washington Mutual and AIG represents 0.5% of the Company's total invested assets on an amortized cost basis as of June 30, 2008.

In connection with the action taken by the United States Treasury Department and the Federal Housing Finance Agency, the Company will record an other-than-temporary impairment in the third quarter 2008 related to its investments in perpetual preferred securities issued by Fannie Mae and Freddie Mac. Amortized cost of the Company's investments in Fannie Mae and Freddie Mac perpetual preferred securities is approximately \$41.7 million. These securities currently trade at five to twelve percent of par value. The Company does not hold any common stock or any other equity securities issued by Fannie Mae or Freddie Mac.

In connection with the filing on September 15, 2008 by Lehman Brothers of a Chapter 11 bankruptcy petition, the Company will record an other-than-temporary impairment in the third quarter 2008 on its investment in preferred stock issued by Lehman Brothers. The amortized cost of these securities held by the Company is \$1.3 million.

In connection with the appointment of the Federal Deposit Insurance Corporation as receiver for Washington Mutual Bank on September 25, 2008, the Company will record an other-than-temporary impairment in the third quarter 2008 on its investment in \$20 million principal amount of senior unsecured debt securities issued by Washington Mutual. The amortized cost of these securities was \$18.9 million and their fair value on September 26, 2008 was \$4.4 million. The ultimate recoverable value on these securities is not known at this time.

Due to recent developments concerning AIG, the Company will be evaluating the status of its investments in AIG and its affiliates to determine the extent, if any, of other-than-temporary impairments to be recorded on these securities in the third quarter 2008. The amortized cost of the Company's investments in AIG and its affiliates is approximately \$5 million and \$15 million, respectively. The fair value of these securities on September 23, 2008 was \$1.3 million and \$10.3 million, respectively.

The ultimate charges taken for impairments arising from any of the above investments may be offset by related reductions in amortization of deferred sales inducements and deferred policy acquisition costs and income taxes. The amount of such reductions cannot be reasonably determined or estimated at this time.

In addition, the Company has unsecured counterparty exposure to affiliates of Lehman Brothers in connection with derivative transactions, of which the aggregate market value was approximately \$27 million as of September 23, 2008. The Company is currently evaluating the recoverability of such unsecured amounts and the replacement of the derivative positions with other counterparties to the extent reasonably possible or desirable. The Company expects this to result in a charge to net income in the third quarter 2008 which will be excluded from operating income. The amount of such charge cannot be reasonably determined or estimated at this time.

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.

Item 9.01 Exhibits.

(d) Exhibits

99.1 Frequently Asked Questions

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: September 26, 2008

AMERICAN EQUITY  
INVESTMENT LIFE HOLDING COMPANY

By: /s/ Wendy L. Carlson  
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Wendy L. Carlson  
Chief Financial Officer and  
General Counsel

EXHIBIT INDEX

Exhibit  
Number  
99.1

Description  
FAQ dated September 23, 2008

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Frequently Asked Questions  
September 23, 2008

Is my money safe?

- |X| Your contract with American Equity is safe and backed by over \$13 billion of predominantly high quality assets.

How much money have I lost in my American Equity contract?

- |X| Not one single dollar. Money used to purchase an American Equity annuity contract is never exposed to stock market or bond losses.

What is going to happen to the money allocated to the Lehman Aggregate and Lehman Treasury index strategies?

- |X| The crediting strategies that use the "Lehman Aggregate Bond Index" and the "Lehman Treasury Index" are not affected by the financial situation of Lehman Brothers. These indexes are benchmarks for the calculation of your annual interest credit on the premium allocated to this crediting strategy. They do not represent investments in Lehman itself or in the bonds included within the Lehman Indexes. American Equity's assets back your contract value and the addition of annual interest using any of the indexed interest rates offered under the terms of your contract. Should either of the Lehman Indexes cease to be published, American Equity will substitute another bond index or other appropriate alternative.

Is my American Equity Fixed Indexed Annuity still a good place to have my money during these upheavals on Wall Street?

- |X| The "crisis" on Wall Street amplifies the advantages of owning your American Equity Fixed Indexed Annuity. The indexed interest rates in each of your contract's crediting strategies only use positive changes in the index you select as a basis for determining your annual interest credit. Your contract value never goes down because we never pass index "losses" through to you. You never have a negative index credit, and your annual index credit is never less than zero. This is why we say, "We sell sleep insurance".

Is American Equity affiliated with AIG?

- |X| No

Is American Equity invested in mortgage/sub-prime mortgages?

- |X| American Equity does not have any investments in sub-prime mortgages. A portion of American Equity's investment portfolio is commercial mortgages that we have underwritten ourselves. None of these mortgages or our Mortgage Backed Securities ("MBS") are in default or past due. To make this point clear, American Equity went on public record when it filed with the SEC an 8K, "Report of unscheduled material events or corporate event" on Nov. 15, 2007. The material facts in that filing remain the same today. You can find the filing on our web site, [www.american-equity.com](http://www.american-equity.com), click on "Investor Relations", then click on "SEC Filings".

Is American Equity in financial trouble? How stable is American Equity?

- |X| American Equity is sound and stable.
- |X| One example of American Equity's stability is the fact that most of the management team has been together over 20 years running American Equity and another insurance company. This same management group owns a meaningful portion of outstanding American Equity stock.
- |X| Another example of our stability is the fact that more than 73% of American Equity's investments are rated A or higher and 17% is in commercial mortgages. Again none of our commercial mortgages are past due or delinquent.

Why won't American Equity fall into the same situation as AIG and Lehman Brothers?

- |X| American Equity has not taken the risks associated with questionable mortgage loans and other assets that apparently caused firms to incur large losses. Some companies chose to take more risk with its investments and incurred larger than expected losses on property and casualty business due to hurricanes in the South, floods in the Midwest and fires in the West. American Equity does not write property and casualty insurance and our investment philosophy is very conservative.

What does American Equity invest in?

- |X| American Equity intentionally has a conservative investment strategy that focuses on high quality credit assets. We invest primarily in financial instruments that are highly rated by rating agencies like Moody's.
- |X| American Equity does not have any investments in sub-prime mortgages. A portion of American Equity's investment portfolio is commercial mortgages that we have underwritten ourselves. None of these mortgages are in default or past due.
- |X| You may go to our web site, [www.american-equity.com](http://www.american-equity.com), and click on "Investor Relations", then click on "Investor Presentations" for more information.