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AMERICAN EQUITY™

Strategic Partnership with Brookfield

Accelerating AEL 2.0 Value Creation Strategy

October 18, 2020

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Benefits of Strategic Partnership

1. Release over $300Mn of capital from AEL's in-force through $5bn in-force reinsurance transaction

2. Start to generate stable, recurring "fee-like" income and grow it with follow-on new business reinsurance transactions

3. Establishes Brookfield as a long-term shareholder at a floor price of $37 per share with strong alignment

4. Positions AEL for growth and accelerates conversion into an "ROA" business model

Brookfield Partnership: Compelling Terms

Equity Investment	▪ Initial investment of 9.9% at $37 per share ▪ Subsequent 10% investment at greater of adjusted book value[1] or $37 per share
Reinsurance Arrangement	▪ Initial $5 billion of reserves ▪ Follow-on $5 billion of future flow business[2]

Establishes long-term, committed shareholder at a compelling floor price of $37 per share

Transitions AEL from a traditional "ROE" insurer into a capital-light, "ROA" business model

[1] Excluding AOCI and the net impact of fair value accounting for derivatives and embedded derivatives.
[2] Certain reinsurance terms referenced in this presentation remain subject to finalization.

Highly Attractive Economics

	PV of Pre-Tax Profits[1]	Commentary
PV of Insurance Cede	3.2%	▪ Attractive terms ▪ Comparable to precedent market transactions
PV of Asset Mgmt. Fee	1.2%	▪ Stable, additive fee-based earnings stream
1 *Subtotal (Pre-Tax)*	*4.4%*	

2 ***Capital Release of 6-7%***

+

3 ***Incremental Upside from Realizing Portfolio Gains***

[1] At a 10% discount rate and based on fee-earning assets equal to initial statutory cash surrender value.

Business Model Transformation through Reinsurance Capital & Investment Management: Key Elements

In-force $5 Billion Only

Return on Equity ("ROE") Model

$320-350Mn

$5.0Bn of FA Statutory Liabilities

	%	$Mn
Spread Earnings[1]	0.7%-0.8%	$35-40
Required Capital	6.0-7.0%	$320-350
Return on Equity (%)[2]	*10-12%*	

Return on Assets ("ROA") Model

$4.7Bn of Fee Earning Assets[2]

	%	$Mn
Insurance Cede[1]	0.51%	$24
Asset Mgmt. Fee[1]	0.20%	$9
Total[1]	*0.71%*	*$33*
Required Capital	*0%*	*~$0*

Manufacture $33Mn of earnings for 7 years plus significant capital release up front

[1] Spread, cede and fee parameters shown on after-tax basis (21% tax rate).
[2] Fee-earning assets equal to initial statutory cash surrender value.

Strategic Partnership Allows for Significant Capital Release and Ongoing Generation of Attractive Recurring Free Cash Flow

In-force $5 Billion Only

Overview of Illustrative Economics

(In $Mn)	Upfront	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
One-Time Transaction Items								
Statutory Capital Release	$320-350							
Recurring Cash Earnings								
Insurance Cede[1]		$24	$24	$24	$24	$24	$24	$24
Asset Mgmt. Fee[2]		$9	$9	$9	$9	$9	$9	$9
Total Earnings		***$33***	***$33***	***$33***	***$33***	***$33***	***$33***	***$33***

[1] Insurance ceding commission of 65bps of fee-earning assets, adjusted for 21% tax rate.
[2] Asset management fee of 25bps of fee-earning assets, adjusted for 21% tax rate. Includes fees related to asset-liability allocation services provided by AEL and excludes potential performance fee upside.

AEL 2.0 Strategy for Driving Growth and Value

Go-to-market Strategy

- Improved sales execution, producer loyalty, and enhanced data analytics to support marketing. Targeted to reduce cost of funds on new liabilities from ~3.5% to below 3% in order to create a sustainable model in a continuing low interest rate environment

Investment Management

- Work toward increasing yield on new investments from ~3.5% to above 4% to ensure existing book of business remains profitable in low interest rate environment. Diversified portfolio to include alpha-producing specialty sub-sectors through asset management partnerships and / or joint ventures

Capital Structure

- Improve capital structure through offshore reinsurance entities
  - Create a level playing field with competitors
  - Benefit from more principles-based reserve and capital regimes
  - Add more fee-based earnings to complement current spread-driven earnings, providing a less cyclical revenue stream

Foundational Capabilities

- Enhance digital customer experience, analytics, technology and talent to meet the rapidly evolving expectations of policyholders, producers and distribution partners