

PEOPLE

SERVICE

FUTURE



# AMERICAN EQUITY

INVESTMENT LIFE INSURANCE COMPANY

## WHO IS AMERICAN EQUITY

In 1995, David Noble retired...for 3 days. He had spent almost a half century in the insurance industry and did not like how companies were losing touch with their customers and offering poor service. He formed a company that was going to focus on 2 crucial components: GREAT SERVICE AND SLEEP INSURANCE. To capitalize and give a strong foundation, Dave started by putting his net worth on the line and borrowed money on top of it. Next, he assembled a management team that had a minimum of 5 years working experience with him. He was able to hand pick some of the best talent in the industry who shared his passion for insurance. Additionally, each member was required to invest some of their own net worth into the company and have “skin in the game.”

Fast forward to today and American Equity’s accomplishments are amazing:

- Best Service in the Industry
- \$0-\$25Billion in Assets\*
- 0-22,000 Active Agents
- 0-400,000+ Active Policyholders
- 1-400 Active Employees
- Listed on the New York Stock Exchange (NYSE:AEL)
- #3 All-Time in Indexed Annuity Sales\*

Looking back it would seem impossible to achieve such results. But then Dave Noble is no ordinary CEO. He stuck to his business plan of “People, Service, and Future”. Today, American Equity is one of the few American-owned, American-operated insurance companies in the industry. Our profits remain on our soil!

*\*Source: AnnuitySpecs.com*

*\*Statutory numbers*



## DECEMBER 1995

Founded American Equity Investment Life Insurance Co.  
Developed 1<sup>st</sup> Business Plan

## 1996

- ★ Assembled Management Team
- ★ Acquired 100% of Century Life Ins. Company's Stock
- ★ 23 State Licenses plus District of Columbia
- ★ \$15.4 Million in Revenues
- ★ Over 1,000 Licensed Agents

## 1997

- ★ Received A-(Excellent) Rating from A.M. Best
- ★ Surpassed \$214 Million in Assets
- ★ \$150 Million in Liabilities

## 1998

- ★ Surpassed \$636M in Assets
- ★ \$378M in Annuity Production
- ★ Introduced 6 New Indexed Annuities
- ★ Over 10,000 Licensed Agents
- ★ \$555 Million in Liabilities

## 1999

- ★ Introduced the first Indexed Annuity linked to the Dow
- ★ Reached \$1.5 Billion in Assets
- ★ Achieved \$815M in Annuity Production
- ★ Received Insurance Marketplace Standards Assoc. (IMSA) designation
- ★ \$1.4 Billion in Liabilities

## 2000

- ★ Over 20,000 Licensed Agents
- ★ \$843M in Annuity Production
- ★ Reached \$2.1 Billion in Assets
- ★ Broadened State Licenses to 43 plus D.C.
- ★ \$2.0 Billion in Liabilities

## 2001

- ★ Over 30,000 Licensed Agents
- ★ \$2.4 Billion in Annuity Production
- ★ Surpassed \$3.9 Billion in Assets
- ★ Founded New York Subsidiary
- ★ \$3.7 Billion in Liabilities

## 2002

- ★ Over 40,000 Licensed Agents
- ★ \$2.4 Billion in Annuity Production
- ★ Surpassed \$5.4 Billion in Assets
- ★ \$5.2 Billion in Liabilities

## 2003

- ★ \$1.7 Billion in Annuity Production
- ★ Reached \$6.3 Billion in Assets
- ★ Ranked #1 Overall in Service by Advantage Group
- ★ Publicly traded on NY Stock Exchange - AEL (Dec. 4th)
- ★ \$5.9 Billion in Liabilities

## 2004

- ★ \$2.0 Billion in Annuity Production
- ★ \$7.9 Billion in Assets
- ★ \$7.4 Billion in Liabilities

## 2005

- ★ Largest Production Year to date
- ★ \$2.9 Billion in Annuity Production
- ★ Surpassed \$10 Billion in Assets
- ★ \$9.7 Billion in Liabilities

## 2006

- ★ \$1.9 Billion in Annuity Production
- ★ Surpassed \$11 Billion in Assets
- ★ Gold Eagle Program Begins
- ★ Completed Licensing for all 50 States & Washington DC
- ★ \$10.5 Billion in Liabilities

## 2007

- ★ \$2.1 Billion in Annuity Production
- ★ Surpassed \$12 Billion in Assets
- ★ \$11.7 Billion in Liabilities

## 2008

- ★ \$2.3 Billion in Annuity Production
- ★ Surpassed \$13 Billion in Assets
- ★ \$12.6 Billion in Liabilities

## 2009

- ★ \$3.7 Billion in Annuity Production
- ★ \$16.6 Billion in Assets
- ★ Formed Eagle Life Company
- ★ \$15.5 Billion in Liabilities

## 2010

- ★ \$4.7 Billion in Annuity Production
- ★ \$21.1 Billion in Assets
- ★ First Client Appreciation Event
- ★ Agent Sales Journal - #1 in Service
- ★ \$19.7 Billion in Liabilities

## 2011

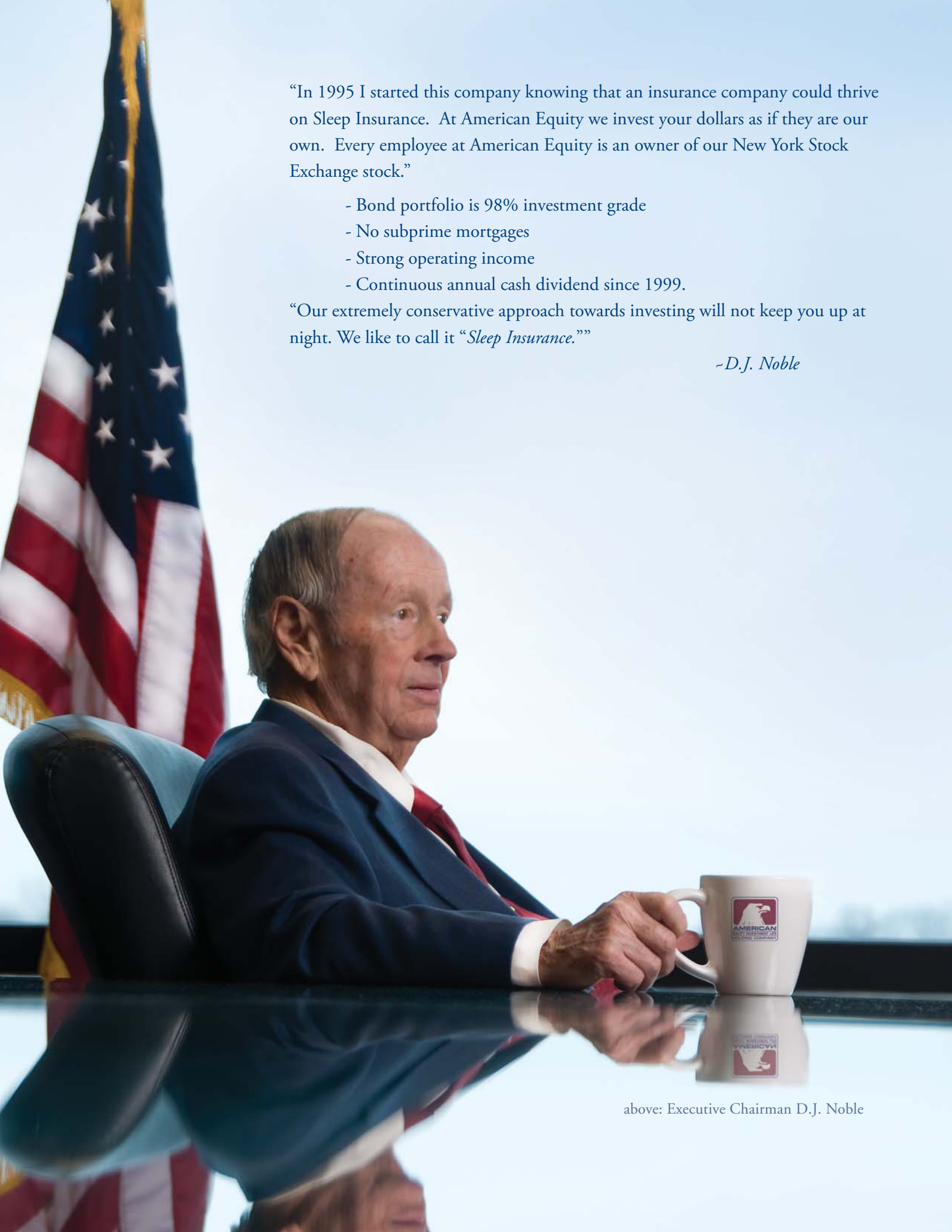
- ★ \$5.1 Billion in Annuity Production (New Record)
- ★ \$24.7 Billion in Assets
- ★ \$23.1 Billion in Liabilities

“In 1995 I started this company knowing that an insurance company could thrive on Sleep Insurance. At American Equity we invest your dollars as if they are our own. Every employee at American Equity is an owner of our New York Stock Exchange stock.”

- Bond portfolio is 98% investment grade
- No subprime mortgages
- Strong operating income
- Continuous annual cash dividend since 1999.

“Our extremely conservative approach towards investing will not keep you up at night. We like to call it “*Sleep Insurance.*””

*-D.J. Noble*



above: Executive Chairman D.J. Noble

## AMERICAN EQUITY IN COMPARISON TO OUR PEER GROUP

Insurance Carrier	Solvency <sup>1</sup>	Liquid Assets <sup>1</sup>	Capital & Surplus to Assets <sup>2</sup>	AM Best Rating <sup>3</sup>
American Equity Investment Life Insurance Company	\$106.92	\$87.81	6.47%	A-
Allianz Life Insurance Company of North American	\$105.89	\$93.16	5.56%	A
Aviva Life and Annuity Company	\$105.85	\$89.03	5.52%	A
ING USA Annuity and Life Insurance Company	\$103.21	\$81.34	3.11%	A
The Lincoln National Life Insurance Company	\$104.26	\$86.21	4.09%	A+
Midland National Life Insurance Company	\$106.56	\$96.95	6.15%	A+
Fidelity & Guaranty Financial Life Insurance Company	\$105.67	\$100.70	5.36%	B++

Financial Information and AM Best Rating current as of 12/31/11

INFORMATION GATHERED FROM: SNL Financial (2011 Statutory Financial Data)

<sup>1</sup>**Solvency:** Assets over Liabilities indicates financial soundness and a company's ability to meet all obligations as they become due. **Liquid Assets:** Assets in Bonds, Stocks, Cash and Short-Term Investments for each \$100 of Liabilities (excluding separate account liabilities). A high ratio may indicate a more liquid investment position to cover unforeseen emergency cash requirements that may arise.

<sup>2</sup>**Capital and Surplus to Assets:** Capital and surplus divided by total assets.

<sup>3</sup>A.M. Best's rating is a measure of performance in the areas of Investment Quality, Policy Reserves, Capital Adequacy, Cost Control and Management Experience. A.M. Best uses 15 rating categories ranging from A++ to F. An A- rating from A.M. Best is its fourth-highest rating.

American Equity Investment Life Insurance Company is solely responsible for the claims and benefit paying ability on its policies and contracts. Nothing shown is intended to imply that American Equity Investment Holding Company is responsible for such claims or benefits paying ability. Financial information shown on this page is for American Equity Investment Life Insurance Company and is on a Statutory Accounting basis.

## SOLVENCY\*-AMERICAN EQUITY IN COMPARISON TO THE TOP 25 COMPANIES

Assets for each \$100 of Liabilities

A high ratio of Assets over Liabilities is a significant safety factor. This indicates that a company has enough assets to cover its liabilities and to meet all obligations as they become due.

Assets for each \$100 of Liabilities as of Dec. 31, 2011

Aetna Life Insurance Company, CT .....	\$117.07	Monumental Life Insurance Co., IA.....	103.26
Allstate Life Insurance Company, IL.....	106.84	Nationwide Life Insurance Co., OH .....	103.73
American Family Life Assurance Co., GA.....	106.55	New York Life Insurance Company, NY.....	113.09
AXA Equitable Life Assurance Society, NY.....	103.56	Northwestern Mutual Life Ins. Co., WI .....	108.52
Connecticut General Life Ins. Co., CT .....	116.36	Pacific Life Insurance Company, CA .....	106.19
Guardian Life Ins. Co. of America, NY .....	114.96	Principal Life Insurance Company, IA.....	103.60
Hartford Life Insurance Company, CT .....	104.29	Protective Life Insurance Company, TN.....	108.86
Jackson National Life Ins. Company, MI.....	103.67	Prudential Insurance Co. of American, NJ .....	103.42
John Hancock Life Ins. Co. (USA); MA.....	102.33	Riversource Life Insurance Company, MN.....	103.03
Lincoln National Life Ins. Co., IN .....	104.26	State Farm Life Insurance Company, IL .....	114.53
Massachusetts Mutual Life Ins. Co., MA.....	109.09	Transamerica Life Insurance Company, IA .....	105.25
Metropolitan Life Insurance Co., NY.....	104.22	AVERAGE OF 25 OF THE LARGEST LIFE CO'S.	\$105.62
Midland National Life Insurance Co., SD .....	106.56	<b>AMERICAN EQUITY INVESTMENT .....</b>	<b>\$106.92</b>
Minnesota Mutual Life Ins. Co., MN .....	108.62		

\*2012 Standard Analytical Service, 2012 Independent Comparative Report

## FINANCIAL PERFORMANCE

	2011	2010	2009	2008	2007
		(dollars in thousands, except for per share data)			
Total assets	\$30,874,719	\$26,426,763	\$21,312,004	\$17,081,740	\$16,384,690
Total stockholders' equity	\$1,408,679	\$938,047	\$754,623	\$496,844	\$621,324
Operating income <sup>(a)</sup>	\$133,653	\$108,947	\$101,778	\$72,472	\$61,532

### Per Share Data

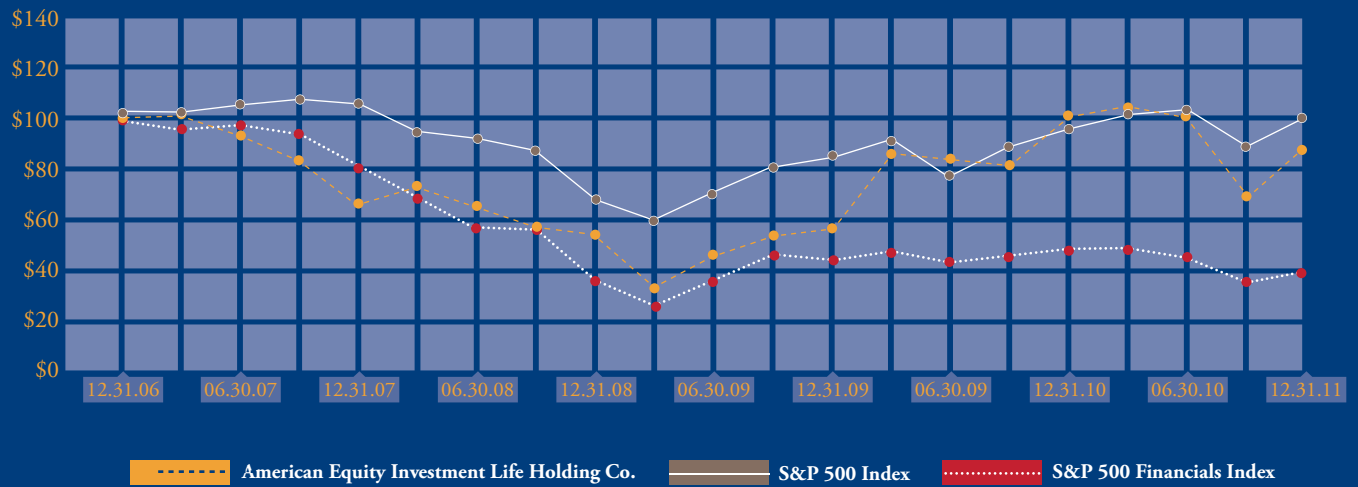
Book value per share	\$23.82	\$16.07	\$13.08	\$9.46	\$11.11
----------------------	---------	---------	---------	--------	---------

(a) In addition to net income, we have consistently utilized operating income, 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 on investments, including net OTTI losses recognized in operations and related deferred tax asset valuation allowance, (gain) loss on retirement of debt, fair value changes in derivatives and embedded derivatives, counterparty default on expired call options, and the net cost to settle a class action lawsuit. Because these items fluctuate from year to year 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.

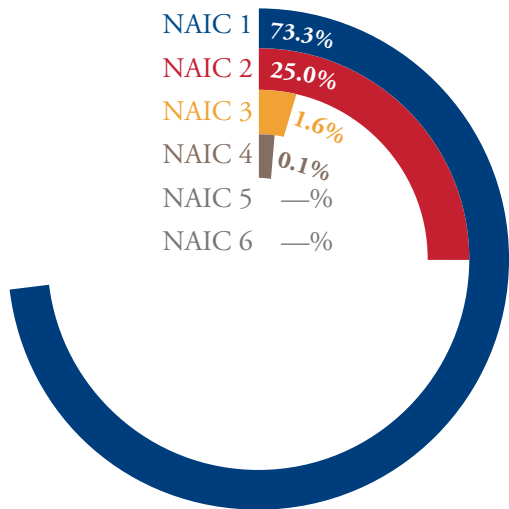
Financial Information shown is that of American Equity Investment Holding Company. American Equity Investment Life Insurance Company is a wholly-owned subsidiary of American Equity Investment Holding Company. Nothing shown is intended to imply that American Equity Investment Holding Company is responsible for the claims or benefits paying ability of American Equity Investment Life Insurance Company. Financial information shown is on a GAAP basis.



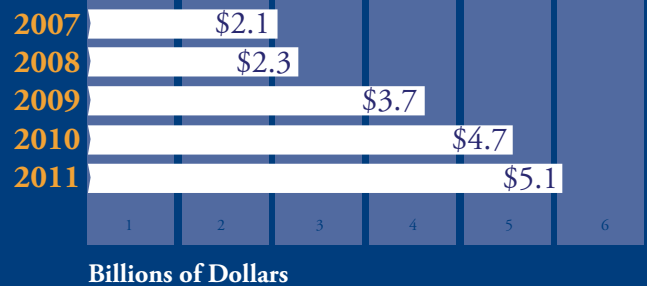
## COMPARISON OF CUMULATIVE FIVE-YEAR TOTAL RETURN



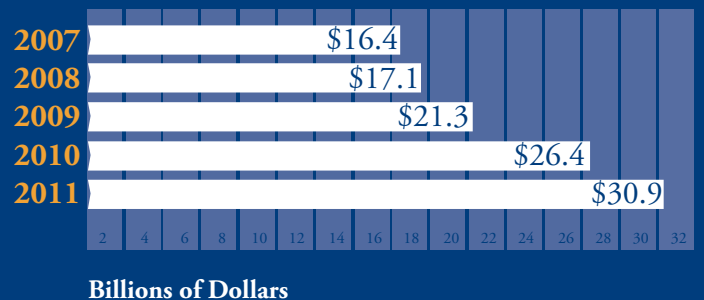
## CREDIT QUALITY OF FIXED MATURITY SECURITIES



## TOTAL ANNUITY DEPOSITS



## TOTAL ASSETS



## FINANCIAL RATING

American Equity's commitment to sound business principles has been recognized by A.M. Best, a nationally recognized industry rating authority.

A.M. Best's rating of "A-" (Excellent) for American Equity is a measure of performance in the areas of: Investment Quality • Policy Reserves • Capital Adequacy • Cost Control • Management Experience

A.M. Best uses 15 rating categories ranging from A++ to F. An A- rating from AM Best is its fourth highest rating.

*We're the One!*  
People Service Future



*Back Row: Left to Right*

**John M. Matovina,**  
CEO & President\*

**Terry A. Reimer,**  
Executive Vice President

**Jeff D. Lorenzen, CFA,**  
Senior Vice President  
& Chief Investment Officer

**Ted M. Johnson,**  
Chief Financial Officer & Treasurer

*Front Row: Left to Right*

**Debra J. Richardson,**  
Executive Vice President & Secretary

**D.J. Noble,**  
Founder & Executive Chairman

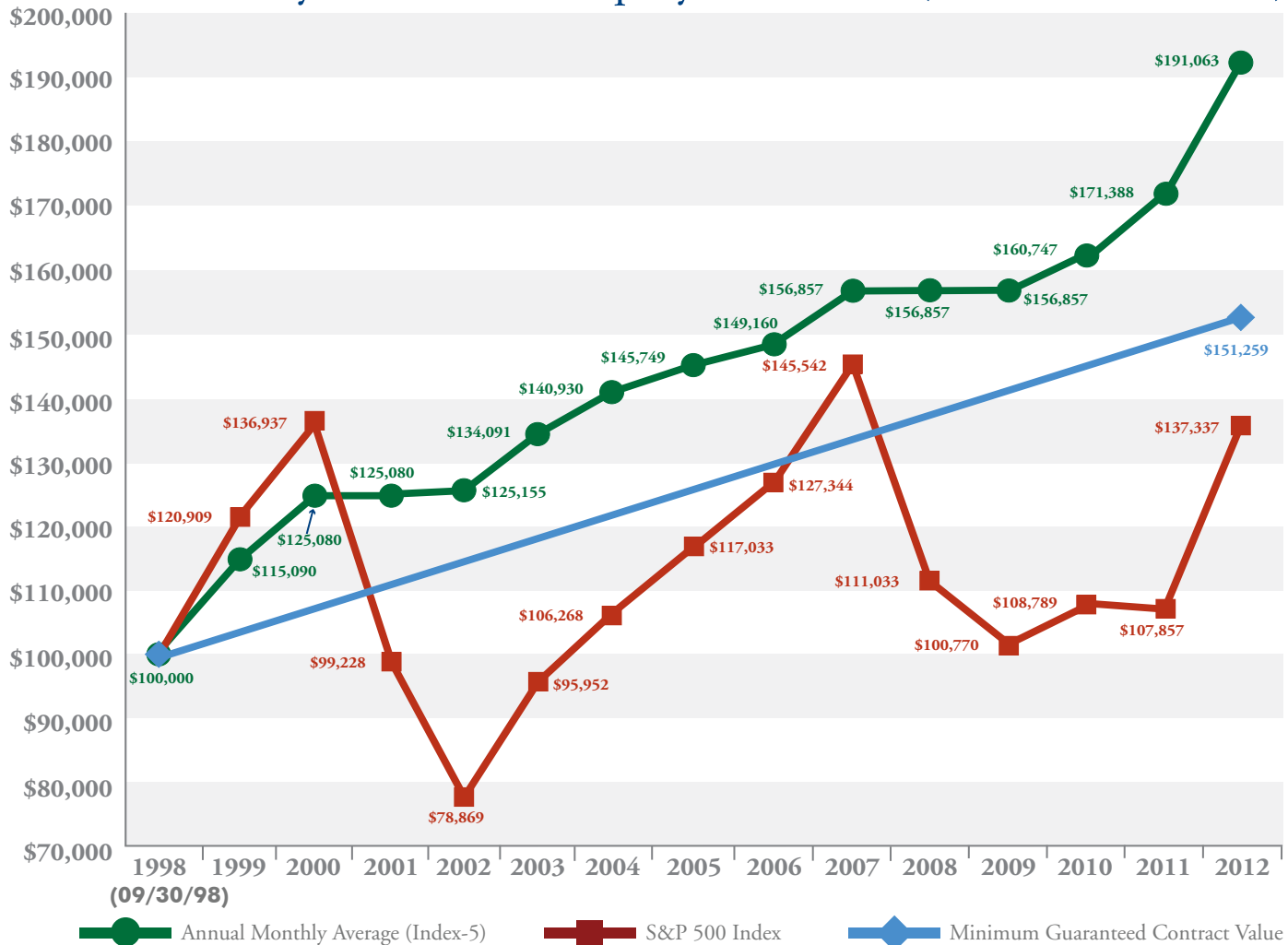
**Ronald J. Grensteiner,**  
President

\*American Equity Investment  
Life Holding Company



# REAL BENEFITS OF INDEXED ANNUITIES

A history of American Equity's Index-5\* (9/30/98 - 9/30/12)



This history of American Equity's Index-5 Indexed Annuity demonstrates the powerful benefits of Indexed Annuities. The Index-5 did exactly what it was supposed to do... gave the Contract Owner the opportunity to accumulate value based on the appreciation of the S&P 500® Index, without the risk of loss of Premium in years when the S&P 500® was negative. All of this supported by a Minimum Guarantee.

**THIS IS NOT AN ILLUSTRATION. THIS IS A DEPICTION OF AN ACTUAL POLICYHOLDER'S INDEX-5 ANNUITY.**

These results should not be an indication that Indexed Annuities will outperform the S&P 500®. This simply demonstrates the effectiveness of Indexed Annuities in years when the S&P 500® was negative.

\*This graph is based on actual credited rates for the period shown on the Index-5 product which is no longer available for sale.

Past performance is not an indication of future results. Please call your American Equity Agent for new product information. Check out product disclosure for specific information.

Surrender Charges apply to surrenders or withdrawals taken in excess of the free withdrawal provision during the Surrender Charge Period. Participation Rates apply, may change annually on Contract Anniversary.

Neither American Equity Investment Life Insurance Company nor any of our agents give legal, tax or investment advice. Consult your own personal advisor regarding these matters.

Indexed Annuities are products of the insurance industry and are not guaranteed by any bank, or insured by the FDIC. S&P 500® index does not contain dividends.

Claims paying ability based on the financial strength of American Equity Investment Life Insurance Company.

"Standard & Poors", "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.





## **THE DIFFERENCE**

American Equity was built on a foundation of great service. Our 400+ employee-owners are eager to serve you. We answer the phone with a live human voice in a very timely manner. Our call center is located in the heartland of America in West Des Moines, Iowa. Additionally, should you ever need to request funds from your contract, you will be happy to know that we will process your request within 3-5 business days.

American Equity consistently ranks high in service categories in several independent surveys. Most recently, American Equity ranked #1 in 7 out of 10 categories relating to service.\* We received top honors in “Best Line of Fixed Annuities,” “Best Line of Indexed Annuities,” and “Best Call Center/Telephone Support,” just to name a few.

Perhaps the best service American Equity provides is the support we lend to a variety of charity and nonprofit organizations.

*\* Agent Sales Journal, April 2010.*

## **CHARITIES AND CAUSES WE SUPPORT**

- |                              |                           |
|------------------------------|---------------------------|
| American Cancer Society      | Principal Charity Classic |
| American Heart Association   | Race for the Cure         |
| Blank Park Zoo               | Red Cross                 |
| Boy Scouts of America        | Red Shirt Friday          |
| Children & Families of Iowa  | Rock In Prevention        |
| Childserve                   | Shrine Bowl               |
| Employee & Family Resources  | Special Olympics          |
| Festival of Trees and Lights | Toys for Tots             |
| Food Bank of Iowa            | United Way                |
| Girl Scouts of America       | Variety Club              |
| Goodwill Industries          |                           |
| Make-A-Wish Foundation       |                           |
| Meals from the Heartland     |                           |
| On with Life                 |                           |



**AMERICAN EQUITY** is one of the leading insurers of U.S. National Guard Members



### **RED SHIRT FRIDAY TRADITION**

American Equity employees show their respect for the courageous men and women serving in our armed forces by wearing a red shirt each week on Friday. Since the 9/11 tragedy in 2001, the tradition of wearing a red shirt to work has grown to the point where Fridays are a sea of red clothing around our West Des Moines office. That even includes Executive Chairman David Noble, as this photo shows.

Red Shirt Fridays - it's become a tradition here now, and a sincere sign of our company-wide support for Americans who are serving their country and putting their lives on the line to help assure our freedom and security.

*"It was great to meet you and your staff and to hear you affirm American Equity's commitment to the policyholders and the conservative approach to running your company" - Phyllis B (Texas)*

*"You truly operate with a 'high class' operation with the highest of business ethics. I just wish every company was run 'top notch' like yours" -Karen R (Arizona)*

## CLIENT APPRECIATION EVENTS

American Equity is the first major life insurance company to offer client (policyholder) appreciation events. At a time of some of the worst financial unrest in history, American Equity has made it a priority to assure our clients that our company is financially sound and their retirement dollars are safe. Since inception, American Equity has never lost a penny of policyholder funds due to market volatility. Now that's Sleep Insurance!



President  
Ron Grensteiner

## SHAREHOLDER INFORMATION

To learn more about American Equity Investment Life Holding Company, you can request news releases, annual reports, financial supplements, and Forms 10-K and 10-Q at no cost by contacting:

Julie L. LaFollette  
Director of Investor Relations  
6000 Westown Parkway  
West Des Moines, IA 50266  
(515) 273-3602 | Fax (515) 221-9989  
jlafollette@american-equity.com

Debra J. Richardson  
Executive Vice President and Corporate Secretary  
6000 Westown Parkway  
West Des Moines, IA 50266  
(515) 273-3602 | Fax (515) 221-9989  
drichardson@american-equity.com

---

## STOCK LISTING

American Equity is listed on the New York Stock Exchange under the ticker symbol AEL.

### Website

American Equity's website, [www.american-equity.com](http://www.american-equity.com), is continuously updated and includes news releases, conference calls, stock price information, quarterly reports, SEC filings, management presentations and more.



## COMPANY HOURS & MAIN NUMBERS

### NORMAL BUSINESS HOURS:

**Monday - Thursday:**

8:00 am - 4:45 pm (CT)

**Friday:**

8:00 am - 1:00 pm (CT)

Some departments have coverage rotation on Friday's due to customer needs.

### MAIN PHONE NUMBER:

888-221-1234

515-221-9947 (fax)

### MAILING ADDRESS:

P.O. Box 71216

Des Moines, IA 50325

### STREET ADDRESS:

6000 Westown Pkwy

West Des Moines, IA 50266



Committee for the United Way Charity



WWII Veteran Send-Off to Washington, D.C.



Company Incentives for Good Service



Meals from the Heartland



Softball Outing



Golf Outing



Employee Appreciation



6000 Westown Parkway  
West Des Moines, Iowa 50266

515.221.0002 • 888.221.1234  
[www.american-equity.com](http://www.american-equity.com)

