AMERICAN EQUITY INVESTMENT LIFE HOLDING CO
Form 424B5
June 18, 2013

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-184162

Subject to completion, dated June 18, 2013

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Preliminary prospectus supplement
(To prospectus dated September 28, 2012)

American Equity Investment Life Holding Company

$250,000,000

% Notes due 2021

Interest payable and

Issue price: %

We are offering $250,000,000 aggregate principal amount of % Notes due 2021 (the "notes"). We will pay interest on the notes on and of each year, beginning , 2013. The notes will mature on , 2021.

We may redeem all or part of the notes at any time on or after , 2017, at the redemption prices set forth in this prospectus supplement plus accrued and unpaid interest, if any, to the redemption date. In addition, we may redeem up to 35% of the notes before , 2016 with the net cash proceeds from certain equity offerings. We may also redeem all or part of the notes at any time and from time to time prior to , 2017, at a price equal to % of the aggregate principal amount of the notes to be redeemed plus a make-whole premium and accrued interest, if any, to the redemption date. See "Description of the notes Optional redemption." In addition, we may be required to make an offer to purchase the notes upon the sale of certain assets or upon a change of control. See "Description of the notes Change of control" and "Description of the notes Certain covenants Limitations on sales of assets and subsidiary stock."

The notes will be our senior unsecured obligations and will rank equally in right of payment to all of our existing and future senior unsecured debt and senior in right of payment to all of our existing and future subordinated debt. The notes will be effectively subordinated to any of our existing and future secured debt to the extent of the value of the assets securing such debt. None of our subsidiaries will guarantee the notes as of the issue date, and the notes will be structurally subordinated to the liabilities of our subsidiaries. The notes will be guaranteed by certain of our wholly owned domestic subsidiaries (not including our insurance subsidiaries, other subsidiaries not permitted by law or regulation to guarantee the notes and certain immaterial subsidiaries) only under limited circumstances. See "Description of the notes Certain covenants Future subsidiary guarantors." The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 above that amount.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

Investing in the notes involves risks that are described under "Risk factors" beginning on page S-21 of this prospectus supplement.

	Per note	Total
Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us(1)	%	$

(1) Plus accrued interest, if any, from , 2013.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about , 2013.

Sole book-running manager

J.P. Morgan

Co-managers

SunTrust Robinson Humphrey **Citigroup** **Deutsche Bank Securities**

FBR **Raymond James**

, 2013

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Prospectus supplement

Prospectus

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part is the accompanying prospectus, dated September 28, 2012, which is part of our Registration Statement on Form S-3.

This prospectus supplement may add to, update or change the information in the accompanying prospectus or the documents incorporated by reference herein. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus or the documents incorporated by reference herein, the information in this prospectus supplement will apply and will supersede the information in the accompanying prospectus or the documents incorporated by reference herein, as the case may be.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in "Where you can find more information" in this prospectus supplement and the accompanying prospectus.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriters or any of them, to subscribe to or purchase any of the notes and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See "Underwriting."

Unless otherwise stated or the context otherwise requires, as used in this prospectus supplement, all references to "American Equity," the "Company," "we," "our" and similar references are to American Equity Investment Life Holding Company and its consolidated subsidiaries.

Cautionary note regarding forward-looking statements

This prospectus supplement and the accompanying prospectus contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal,"

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"target," "on track," "comfortable with," "optimistic" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. The "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on March 7, 2013 (and any updates of such section in any subsequent filings subsequently incorporated by reference herein), provides examples of risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things:

- changes in or sustained low interest rates causing reductions in returns on our invested assets, the spread on our annuity products, and sales of, and demand for, our products;
- fluctuations in interest rates and investment spread adversely affecting our financial condition, operating results and cash flows;
- periods of rising interest rates causing increased policy surrenders, withdrawals and requests for policy loans on deferred annuity products, which may lead to net cash outflows and affect our liquidity and financial condition;
- market uncertainty and continued financial instability of national, state and local governments and difficult conditions in the global capital markets;
- the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject;
- changes in the interpretation of the methodologies, estimates and assumptions included in our valuation of fixed maturity and equity securities;
- our ability to compete with companies that have greater financial resources, broader arrays of products, higher ratings and stronger financial performance to retain existing customers and attract new customers;
- the failure of our reinsurers to meet the obligations assumed by them;
- volatility in net income due to the application of fair value accounting to our derivative instruments;
- deviations from our assumptions regarding the probabilities that our annuity contracts will remain in force from one period to the next;
- our ability to effectively manage our growth as our historical growth rates may not be indicative of our future growth;
- our ability to obtain sufficient capital to support our business or to obtain sufficient capital on favorable terms;
- our ability to maintain effective controls over financial reporting;

- our ability to continue to attract and retain a qualified workforce, including members of senior management;
- our ability to maintain our financial strength ratings and the impact of our ratings on our business, our ability to access capital, and the cost of capital;
- regulatory changes or actions, including insurance holding company statutes, in the various states in which our life insurance subsidiaries transact business;
- changes in the U.S. federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products;
- the risk factors or uncertainties listed from time to time in our filings with the SEC; and
- the risk factors identified below under "Risk factors" beginning on page S-20.

Other factors and assumptions not identified above are also relevant to the forward-looking statements, and it is not possible for us to predict all of them; nor can we assess the impact of each such factor or the extent to which any factor, or combinations of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. Our forward-looking statements speak only as of the date made. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. You are advised, however, to consult any further disclosures we make on related subjects in reports we file with the SEC.

Market, ranking, industry data and forecasts

This prospectus supplement and the accompanying prospectus include market share, ranking, industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While we are not aware of any misstatements regarding the industry data presented in this prospectus supplement and the accompanying prospectus, we have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon by those sources. Neither we nor the underwriters can guarantee the accuracy or completeness of such information contained in this prospectus supplement and the accompanying prospectus.

Where you can find more information

We are subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read and copy any document that we file at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the public reference facilities may be obtained by calling the

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SEC at 1-800-SEC-0330. You may also inspect our annual, quarterly and current reports, any proxy statements and other information over the Internet at the SEC's home page at http://www.sec.gov.

The SEC allows us to "incorporate by reference" information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document that we have filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. Information that we file with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. Nothing in this prospectus supplement or the accompanying prospectus shall be deemed to incorporate by reference information furnished to, but not filed with, the SEC, unless specifically stated otherwise. We incorporate by reference the following documents (each with SEC file number 001-31911):

- our Annual Report on Form 10-K for the year ended December 31, 2012, filed on March 7, 2013 (our "2012 Form 10-K"), including our Definitive Proxy Statement on Schedule 14A, filed on April 22, 2013 (our "Proxy Statement") and incorporated by reference into our 2012 Form 10-K;

- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed on May 8, 2013 (our "Q1 2013 Form 10-Q");

- our Current Report on Form 8-K, dated March 11, 2013, filed on March 14, 2013;

- our Current Report on Form 8-K, dated April 15, 2013, filed on April 18, 2013;

- our Current Report on Form 8-K, dated June 6, 2013, filed on June 10, 2013; and

- our Current Report on Form 8-K, dated June 18, 2013, filed on June 18, 2013.

We will provide to each person, including any beneficial owner, to whom this prospectus supplement is delivered a copy of any or all of the information that we have incorporated by reference into this prospectus supplement or the accompanying prospectus but not delivered with this prospectus supplement, at no cost to the requestor. To receive a free copy of any of the documents incorporated by reference into this prospectus supplement or the accompanying prospectus, other than exhibits, unless they are specifically incorporated by reference into those documents, call or write:

American Equity Investment Life Holding Company
6000 Westown Parkway
West Des Moines, IA 50266
Attention: Corporate Secretary
Tel: (515) 221-0002

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Summary

This summary highlights selected information about us and this offering. It does not contain all of the information that may be important to you in deciding whether to purchase the notes. We encourage you to read the entire prospectus supplement, the accompanying prospectus and the documents that we have filed with the SEC that are incorporated by reference herein.

Overview

We are a leader in the development and sale of fixed index and fixed rate annuity products. We sell fixed index and fixed rate annuities and life insurance in all 50 states and the District of Columbia. Our business consists primarily of the sale of fixed index and fixed rate annuities, and our annuity sales for each of the year ended December 31, 2012 and the twelve months ended March 31, 2013, before coinsurance, were $3.9 billion. Our strategy is focused on growing our annuity business and earning returns by managing investment spreads and investment risk. We had an investment portfolio of $29.2 billion as of March 31, 2013. For the twelve months ended March 31, 2013, we generated total revenues of $1,724.0 million, Operating Income of $113.9 million and net income of $73.4 million. For the year ended December 31, 2012, we generated total revenues of $1,588.6 million, Operating Income of $110.2 million and net income of $57.8 million. See " Summary consolidated financial information" for a reconciliation of Operating Income, which is a non-GAAP financial measure, to net income.

We underwrite our fixed annuity and life insurance products through our wholly-owned life insurance subsidiaries, American Equity Investment Life Insurance Company ("American Equity Life"), American Equity Investment Life Insurance Company of New York and Eagle Life Insurance Company ("Eagle Life"). We market those products through a distribution network of approximately 60 national marketing organizations and, through them, approximately 24,000 independent agents.

Annuity market overview

Our target market includes the group of individuals ages 45-75 who are seeking to accumulate tax-deferred savings. We believe that significant growth opportunities exist for annuity products because of favorable demographic and economic trends. According to the U.S. Census Bureau, there were approximately 39 million Americans age 65 and older in 2010, representing 13% of the U.S. population. By 2030, this sector of the population is expected to increase to 20% of the total population. Our fixed index and fixed rate annuity products are particularly attractive to this group as a result of the guarantee of principal with respect to those products, competitive rates of credited interest, tax-deferred growth and alternative payout options.

According to AnnuitySpec's Index Sales & Market Report, total industry sales of fixed index annuities increased 27% to $34.0 billion in 2012 from $26.8 billion in 2008. Our wide range of fixed index and fixed rate annuity products has enabled us to enjoy favorable growth during volatile equity and bond markets.

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Our company strengths

Strong operating performance. We have a track record of consistent growth, with strong operating returns. From 2002 until 2012, we grew Operating Income and assets under management at a compounded annual growth rate ("CAGR") of 26% and 18%, respectively, and have maintained attractive operating returns on equity. Our operating earnings are derived primarily from our investment spread, which is the difference between what our investments yield and what we credit to policyholders. For at least the last five years, we have been a top three provider of indexed annuities by annual sales, based on AnnuitySpec's Index Sales & Market Report.

Strong distribution relationships. We have strong relationships with approximately 60 national marketing organizations and approximately 24,000 independent agents. Our innovative Gold Eagle program incentivizes our top agents by providing cash and equity-based incentives to agents selling $1 million or more of annuity premiums annually.

Conservative investment portfolio. Our investment portfolio is primarily comprised of fixed maturity investments that are highly rated and liquid. We seek to maintain policyholder and shareholder security while also maximizing investment income within risk parameters. As of March 31, 2013, 94% of our fixed maturity securities were rated investment grade.

Disciplined risk management. We sell annuity policies with tight controls on product design that reduce the risk of unexpected policyholder behavior. As of March 31, 2013, 96% of our annuity portfolio account value was protected by surrender charges. We manage our exposure to index appreciation by buying one-year customized call options continuously to match inflows and renewals and we have achieved highly effective outcomes. We manage our option program with strict counterparty concentration limits to reduce counterparty risk.

Future growth opportunities. Our products are attractive to retirees and pre-retirees because they offer principal guarantees, low volatility of returns, upside potential versus straight fixed income, tax deferred accumulation and lifetime retirement income. Our target market has favorable demographic trends. A majority of our policyholders are aged 60 and over. We have also begun to expand our distribution channels outside of independent agents to the broker-dealer channel.

Experienced management team with a proven track record. We benefit from a highly experienced and cohesive management team that has prudently managed the growth of our company since its founding in 1995. Our company was established by David Noble, the Executive Chairman of the Board. Most of the senior management team has been employed or associated with our company since 1996 and, before that, with The Statesman Group, Inc. Senior managers each have at least 20 years of insurance industry and/or professional experience.

Credit strengths

Significant liquidity and stable income generation of operating subsidiaries. American Equity Investment Life Holding Company, our holding company and the issuer of the notes offered hereby, has multiple forms of liquidity support, including:

- $22.6 million of cash and cash equivalents on hand as of March 31, 2013;

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- $165.6 million of dividend capacity as of December 31, 2012 that could be paid by our primary operating company, American Equity Life, during 2013 without prior approval of its regulator;

- the ability to receive investment advisory fees from our operating companies; and

- a $160.0 million bank credit facility, of which $145.0 million was available as of May 31, 2013.

American Equity Life has generated a statutory net gain from operations for each of the last five years, which is one of the bases for its capacity to pay dividends to the issuer. In addition, as the invested assets of our operating subsidiaries has grown from $12.7 billion as of December 31, 2008 to $29.2 billion as of March 31, 2013, the amount of investment advisory fees paid by our subsidiaries to the issuer under an intercompany advisory agreement has increased from $19.3 million in 2008 to $36.2 million in 2012.

Strong capital adequacy of operating subsidiaries. American Equity Life's total adjusted capital has grown each year since 2008, from $1.0 billion as of December 31, 2008 to $1.7 billion as of December 31, 2012, a CAGR of 14%. The average risk-based capital, or "RBC," ratio of our operating subsidiaries has been 340% since 2008. As of December 31, 2012, American Equity Life had approximately $298 million of adjusted capital in excess of the amount required to maintain an RBC ratio of 275%, as required by our bank credit facility. Although we may adjust our targets as circumstances require, our current strategy is to seek to maintain an RBC ratio in the range of 300% to 350% and to maintain a ratio of Adjusted Debt to total capitalization excluding accumulated other comprehensive income of no more than 25%. For more information on how we calculate these ratios, see " Summary consolidated financial information." In order to support our business and its future growth, we have historically retained most of our statutory earnings at American Equity Life. Since 2008, American Equity Life paid $10 million of cumulative dividends to the issuer, and American Equity Life retained the remainder of its earnings to support business growth. We also use reinsurance to further support our capital base and manage our risks.

Strong and improving credit profile. Our retained earnings have supported a steady deleveraging of our company since 2008. Stockholders' equity excluding accumulated other comprehensive gain/loss has grown from $644.2 million as of December 31, 2008 to $1.1 billion as of March 31, 2013, a CAGR of 11%. Our ratio of debt to total capitalization excluding accumulated other comprehensive income has fallen from 44.5% as of December 31, 2008 to 34.3% as of March 31, 2013. Our ratio of Adjusted Debt to total capitalization excluding accumulated other comprehensive income has fallen from 29.5% as of December 31, 2008, to 19.3% as of March 31, 2013. Our ratio of earnings to fixed charges excluding interest sensitive and index product benefits and amortization of deferred sales inducements has improved from 2.6x as of December 31, 2008, to 4.8x as of March 31, 2013. Our ratio of earnings to fixed charges including interest sensitive and index product benefits and amortization of deferred sales inducements was 1.3x as of December 31, 2008 and 1.1x as of March 31, 2013. For information on how we calculate these ratios, see " Summary consolidated financial information" and "Ratio of earnings to fixed charges."

Quality balance sheet. We maintain an investment portfolio primarily comprised of fixed maturity investments that are highly rated and liquid. We are disciplined in our risk

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management, using appropriate options and other strategies to manage the liabilities we write while mitigating counterparty risk.

Our strategy

Our business strategy is to grow our annuity business and earn predictable returns by managing investment spreads and investment risk. Key elements of this strategy include the following:

Enhance our current independent agency network. We believe that our successful relationships with approximately 60 national marketing organizations represent a significant competitive advantage. Our objective is to improve the productivity and efficiency of our core distribution channel by focusing our marketing and recruiting efforts on those independent agents capable of selling $1 million or more of annuity premium annually. This level of production qualifies them for our Gold Eagle program, which we introduced in 2007. We believe the Gold Eagle program has been effective as evidenced by the number of qualified Gold Eagle agents during the last three calendar years ranging from 945 in 2012 to as many as 1,227 in 2011. Our Gold Eagle agents accounted for 59% of total production in 2012 and 57% of total production in 2011 and 2010. Gold Eagle qualifiers receive a combination of cash and equity-based incentives as motivation for producing business for us. We believe the equity-based incentive compensation component of our Gold Eagle program is unique in our industry and distinguishes us from our competitors. Our continuing focus on relationships and efficiency will ultimately reduce our independent agents to a core group of professional annuity producers. We also seek opportunities to establish relationships with national marketing organizations and agents not presently associated with us and to provide all of our marketers with the highest quality service possible.

Continue to introduce innovative and competitive products. We intend to be at the forefront of the fixed index and fixed rate annuity industry in developing and introducing innovative and competitive products. We were one of the first companies to offer a fixed index annuity that allows a choice among interest crediting strategies that includes both equity and bond indices as well as a traditional fixed rate strategy. We were also one of the first companies to include a living income benefit rider with our fixed index annuities. We enhanced our living income benefit rider to provide policyholders with protection against inflation and an additional death benefit. We believe that our continued focus on anticipating and responding to the product needs of our independent agents and policyholders will lead to increased customer loyalty, revenues and profitability.

Use our expertise to achieve targeted spreads on annuity products. Historically, we have had a successful track record in achieving the targeted spreads on our annuity products. This historical success has been challenged in the current extended low interest rate environment. However, we intend to continue to leverage our experience and expertise in managing the investment spread during a range of interest rate environments to achieve, or work towards achieving, our targeted spreads. The target investment spread for our products ranges from 250 to 310 basis points. Our investment spread declined from 314 basis points in the first quarter of 2011 to 259 basis points in the fourth quarter of 2012. We have undertaken initiatives to increase our investment spread to 300 basis points, including managing crediting rates to policyholders and reinvesting excess cash balances. As a result of these

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initiatives and other factors, our investment spread increased to 268 basis points in the first quarter of 2013.

Maintain our profitability focus and improve operating efficiency. We are committed to improving our profitability by advancing the scope and sophistication of our investment management and spread capabilities and continuously seeking out efficiencies within our operations. We have implemented competitive incentive programs for our national marketing organizations, agents and employees to stimulate performance.

Take advantage of the growing popularity of index products. We believe that the growing popularity of fixed index annuity products that allow equity and bond market participation without the risk of loss of the premium deposit presents an attractive opportunity to grow our business. We intend to capitalize on our reputation as a leading provider of fixed index annuities in this expanding segment of the annuity market.

Focus on high quality service to agents and policyholders. We have maintained high quality personal service as one of our highest priorities since the inception of our business and continue to strive for an unprecedented level of timely and accurate service to both our agents and policyholders. We believe this is one of our strongest competitive advantages.

Expand our distribution channels. We formed our Eagle Life subsidiary with the goal of developing a network of broker-dealer firms and registered investment advisors to distribute our fixed index annuity products. We believe this to be the most effective means of building a core distribution channel of selling firms with representatives capable of selling $1 million or more of annuity premium annually.

Products

Annuities offer our policyholders a tax-deferred means of accumulating retirement savings, as well as a reliable source of income during the payout period. When our policyholders contribute cash to annuities, we account for these receipts as policy benefit reserves in the liability section of our consolidated balance sheet. The annuity deposits collected, by product type, during the three most recent years and the most recent quarter are as follows:

(Dollars in thousands)	Three months ended March 31, 2013 Deposits collected	Deposits as a % of total	Year ended December 31, 2012 Deposits collected	Deposits as a % of total	2011 Deposits collected	Deposits as a % of total	2010 Deposits collected	Deposits as a % of total
Fixed index annuities:								
Index strategies	$604,641	65%	$2,225,902	56%	$2,839,295	56%	$2,401,891	51%
Fixed strategy	243,129	26%	1,208,324	31%	1,377,987	27%	1,551,007	33%
	847,770	91%	3,434,226	87%	4,217,282	83%	3,952,898	84%
Fixed rate annuities	67,166	7%	348,049	9%	567,229	11%	544,193	12%
Single premium immediate annuities	14,980	2%	164,657	4%	305,603	6%	171,628	4%

	$929,916	100%	$3,946,932	100%	$5,090,114	100%	$4,668,719	100%

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Fixed index annuities

Fixed index annuities allow policyholders to earn index credits based on the performance of a particular index without the risk of loss of their principal. Most of these products allow policyholders to transfer funds once a year among several different crediting strategies, including one or more index based strategies and a traditional fixed rate strategy. Approximately 97%, 97%, 95% and 95% of our fixed index annuity sales for the three months ended March 31, 2013, and the years ended December 31, 2012, 2011 and 2010, respectively, were "premium bonus" products. The initial annuity deposit on these policies is increased at issuance by a specified premium bonus ranging from 3% to 10%. Generally, there is a compensating adjustment in the surrender charges on the policy or the commission paid to the agent to offset the premium bonus.

The annuity contract value is equal to the sum of premiums paid, premium bonuses and interest credited ("index credits"), which is based upon an overall limit (or "cap") or a percentage (the "participation rate") of the annual appreciation (based in certain situations on monthly averages or monthly point-to-point calculations) in a recognized index or benchmark. Caps and participation rates limit the amount of annual interest the policyholder may earn in any one contract year and may be adjusted by us annually subject to stated minimums.

Fixed rate annuities

Fixed rate deferred annuities include annual reset and multi-year rate guaranteed products. Our annual reset fixed rate annuities have an annual interest rate (the "crediting rate") that is guaranteed for the first policy year. After the first policy year, we have the discretionary ability to change the crediting rate once annually to any rate at or above a guaranteed minimum rate. Our multi-year rate guaranteed annuities are similar to our annual reset products except that the initial crediting rate is guaranteed for up to a seven-year period before it may be changed at our discretion.

The initial crediting rate is largely a function of the interest rate we can earn on invested assets acquired with new annuity deposits and the rates offered on similar products by our competitors. For subsequent adjustments to crediting rates, we take into account the yield on our investment portfolio, annuity surrender assumptions, competitive industry pricing and crediting rate history for particular groups of annuity policies with similar characteristics.

Single premium immediate annuities

We also sell single premium immediate annuities ("SPIAs"). Our SPIAs are designed to provide a series of periodic payments for a fixed period of time or for life, according to the policyholder's choice at the time of issue. The amounts, frequency and length of time of the payments are fixed at the outset of the annuity contract. SPIAs are often purchased by persons at or near retirement age who desire a steady stream of payments over a future period of years. The implicit interest rate on SPIAs is based on market conditions when the policy is issued.

Withdrawal options fixed index and fixed rate annuities

Policyholders are typically permitted penalty-free withdrawals of up to 10% of the contract value in each year after the first year, subject to limitations. Withdrawals in excess of allowable penalty-free amounts are assessed a surrender charge during a penalty period which ranges from 5 to 17 years for fixed index annuities and 3 to 15 years for fixed rate annuities from the

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date the policy is issued. This surrender charge initially ranges from 4.7% to 20% for fixed index annuities and 8% to 25% for fixed rate annuities of the contract value and generally decreases by approximately one to two percentage points per year during the surrender charge period. Surrender charges are set at levels aimed at protecting us from loss on early terminations and reducing the likelihood of policyholders terminating their policies during periods of increasing interest rates. This practice lengthens the effective duration of the policy liabilities and enhances our ability to maintain profitability on such policies. The policyholder may elect to take the proceeds of the annuity either in a single payment or in a series of payments for life, for a fixed number of years or a combination of these payment options.

Beginning in July 2007, substantially all of our fixed index annuity policies were issued with a lifetime income benefit rider. This rider provides an additional liquidity option to policyholders. With the lifetime income benefit rider, a policyholder can elect to receive guaranteed payments for life from their contract without requiring them to annuitize their contract value. The amount of the living income benefit available is determined by the growth in the policy's income account value as defined in the rider (4.5% to 8.0%) and the policyholder's age at the time the policyholder elects to begin receiving living income benefit payments. Living income benefit payments may be stopped and restarted at the election of the policyholder.

Life insurance

These products include traditional ordinary and term, universal life and other interest-sensitive life insurance products. We have approximately $2.4 billion of life insurance in force as of March 31, 2013. We intend to continue offering life insurance products for individual and group markets. Premiums related to this business accounted for 1% or less of revenues for the three months ended March 31, 2013 and the years ended December 31, 2012, 2011 and 2010.

Investments and spread management

Investment activities are an integral part of our business, and net investment income is a significant component of our total revenues. Profitability of many of our products is significantly affected by spreads between interest yields on investments, the cost of options to fund the annual index credits on our fixed index annuities and the rates credited on our fixed rate annuities. We manage the index-based risk component of our fixed index annuities by purchasing call options on the applicable indices to fund the annual index credits on these annuities and by adjusting the caps, participation rates and asset fees on policy anniversary dates to reflect the change in the cost of such options which varies based on market conditions. All options are purchased to fund the index credits on our fixed index annuities on their respective anniversary dates, and new options are purchased at each of the anniversary dates to fund the next annual index credits. All crediting rates on non-multi-year rate guaranteed fixed rate deferred annuities may be changed annually, subject to minimum guarantees. Changes in caps, participation rates and asset fees on fixed index annuities and crediting rates on fixed rate annuities may not be sufficient to maintain targeted investment spreads in all economic and market environments. In addition, competition and other factors, including the potential for increases in surrenders and withdrawals, may limit our ability to adjust or to maintain caps, participation rates, asset fees and crediting rates at levels necessary to avoid narrowing of spreads under certain market conditions.

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For additional information regarding the composition of our investment portfolio and our interest rate risk management, see "Management's discussion and analysis of financial condition and results of operations Financial condition Investments," "Management's discussion and analysis of financial condition and results of operations Market risk" and Note 3 to our audited and unaudited consolidated financial statements included elsewhere in this prospectus supplement.

Marketing

We market our products through a variable cost brokerage distribution network of approximately 60 national marketing organizations and, through them, approximately 24,000 independent agents. We emphasize high quality service to our agents and policyholders along with the prompt payment of commissions to our agents. We believe this has been significant in building excellent relationships with our existing agency force.

We actively recruit new agents and terminate those agents who have not produced business for us in recent periods and are unlikely to sell our products in the future. In our recruitment efforts, we emphasize that agents have direct access to our executive officers, giving us an edge in recruiting over larger and foreign-owned competitors. We also emphasize our products, service and our Gold Eagle program which provides unique cash and equity-based incentives to those agents selling $1 million or more of annuity premium annually. Our Gold Eagle agents accounted for 59% of total production in 2012 and 57% of total production in 2011 and 2010. We also have favorable relationships with our national marketing organizations.

The insurance distribution system is comprised of insurance brokers and marketing organizations. We are pursuing a strategy to increase the efficiency of our distribution network by strengthening our relationships with key national and regional marketing organizations, and we seek opportunities to establish relationships with organizations not presently associated with us. These organizations typically recruit agents for us by advertising our products and our commission structure through direct mail advertising or seminars for insurance agents and brokers. These organizations bear most of the cost incurred in marketing our products. We compensate marketing organizations by paying them a percentage of the commissions earned on new annuity policy sales generated by the agents recruited by such organizations. We also conduct incentive programs for marketing organizations and agents from time to time, including equity-based programs for our leading national marketers and those agents qualifying for our Gold Eagle program. We generally do not enter into exclusive arrangements with these marketing organizations.

In addition, we formed our Eagle Life subsidiary with the goal of developing a network of broker-dealer firms and registered investment advisors to distribute our fixed index annuity products. We believe this to be the most effective means of building a core distribution channel of selling firms with representatives capable of selling $1 million or more of annuity premium annually.

Three of our national marketing organizations accounted for more than 10% of the annuity deposits and insurance premiums collected during 2012, and we expect these organizations to continue as marketers for American Equity Life with a focus on selling our products. The states

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with the largest share of direct premiums collected during 2012 were: Florida (9.3%), California (8.7%), Illinois (6.4%), Texas (6.4%) and Pennsylvania (5.4%).

Recent developments

Redemption of December 2024 notes

On March 25, 2013, we issued a notice of mandatory redemption (the "redemption") for our existing convertible notes due December 2024 (the "December 2024 Notes"). Holders of $25.8 million principal amount of the December 2024 Notes exercised their conversion rights prior to the April 30, 2013 mandatory redemption date. The holders of these December 2024 Notes received the principal amount of their December 2024 Notes in cash and the conversion premium in shares of our common stock. The final number of shares issued in connection with the exercise of conversion rights of the December 2024 Notes was 216,729. The balance of the convertible notes ($2.5 million principal amount) was redeemed for cash. In connection with the redemption, on May 14, 2013, we drew $15.0 million on our existing revolving credit facility (our "existing revolving credit facility").

Related transaction

Exchange offer for December 2029 notes

Following completion of this offering, we intend to commence an offer to exchange (the "Exchange Offer") any and all of our outstanding 5.25% Contingent Convertible Senior Notes due 2029 (the "December 2029 Notes") for cash and newly issued shares of our common stock. This offering is not conditioned upon the commencement or completion of the Exchange Offer. Our decision to commence an offer for the December 2029 Notes will depend on market conditions and other factors. In the alternative or in addition, we may use the net proceeds of the offering of the notes for one or more of the other purposes described in "Use of proceeds." This prospectus supplement is not an offer to exchange the December 2029 Notes, and any exchange offer will be made only by and pursuant to the terms of the Exchange Offer prospectus.

We may file a registration statement (including a prospectus) with the SEC for the Exchange Offer for the December 2029 Notes. Before you invest, you should read the prospectus in that registration statement and other documents we have filed with the SEC for more complete information about us and any such exchange offer. You may get these documents for free by visiting EDGAR on the SEC website at http://www.sec.gov. Alternatively, we will arrange to send you any prospectus after filing if you request it by calling 1-800-245-8812.

Additional information

Our company is incorporated under the laws of the State of Iowa. Our principal executive offices are located at 6000 Westown Parkway, West Des Moines, IA 50266, and our telephone number is (515) 221-0002. Our principal website is located at http://www.american-equity.com. The contents of our website are not a part of this prospectus supplement.

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The offering

Issuer	American Equity Investment Life Holding Company.
Securities offered	$250,000,000 aggregate principal amount of % Notes due 2021, which we refer to herein as the "notes."
Maturity	The notes will mature on , 2021.
Interest	Interest on the notes will accrue from , 2013 at a rate of % and will be payable semi-annually in arrears on and of each year, commencing , 2013.
Optional redemption	We may redeem all or part of the notes beginning on , 2017, at the redemption prices described under "Description of the notes Optional redemption," plus accrued and unpaid interest, if any, to the date of redemption. In addition, we may redeem up to 35% of the notes before , 2016 with the net cash proceeds from certain equity offerings at a redemption price equal to % of the principal amount of each note to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem all or part of the notes at any time and from time to time prior to , 2017, at a price equal to 100% of the aggregate principal amount of the notes to be redeemed plus a make-whole premium described under "Description of the notes Optional redemption," and accrued and unpaid interest, if any, to the date of redemption.
Change of control	If we experience certain kinds of changes of control, we must offer to purchase the notes at 101% of their principal amount, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase. See "Description of the notes Change of control."
Asset disposition offer	If we or our restricted subsidiaries sell assets, under certain circumstances, we will be required to use the net proceeds to make an offer to purchase notes at an offer price in cash in an amount equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to the repurchase date. See "Description of the notes Certain covenants Limitation on sales of assets and subsidiary stock."

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No guarantees on the issue date; future subsidiary guarantees	None of our subsidiaries will guarantee the notes as of the issue date, and the notes will be structurally subordinated to the liabilities of our subsidiaries. See " Ranking" below. The notes will be guaranteed only by: any wholly owned domestic subsidiary that we form or acquire after the issue date (other than any insurance subsidiary, any other subsidiary not permitted by law or regulation to guarantee the notes or certain immaterial subsidiaries that hold less than 5% of our consolidated total assets or account for less than 5% of our consolidated revenues); any restricted subsidiary that guarantees any other indebtedness of our company or any subsidiary guarantor; and if our risk-based capital ratio is less than 225% as of the last day of any fiscal year or fiscal quarter of the Company, any other wholly owned domestic subsidiary (other than any insurance subsidiary, any other subsidiary not permitted by law or regulation to guarantee the notes or certain immaterial subsidiaries that have assets with a fair market value less than $2.5 million or have revenues less than $2.5 million for the most recently ended period of four consecutive quarters). To the extent any of our subsidiaries guarantee the notes in the future, those subsidiary guarantors may be released from their subsidiary guarantees under certain circumstances without the consent of the holders of notes. See "Description of the notes Certain covenants Future subsidiary guarantors."
Ranking	The notes will be our senior unsecured obligations and will: rank senior in right of payment to all of our existing and future subordinated indebtedness; rank equally in right of payment with all of our existing and future senior indebtedness; be effectively subordinated to any of our existing and future secured debt, to the extent of the value of the assets securing such debt; and

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be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries, except to the extent any such subsidiary guarantees the notes in the future, as described in " No guarantees on the issue date; future subsidiary guarantees" above.

For the twelve months ended March 31, 2013, our subsidiaries:

represented approximately 99.8% of our total revenues;

represented approximately 124.8% of Operating Income (which is a non-GAAP financial measure); and

represented approximately 142.2% of our net income.

As of March 31, 2013, our subsidiaries:

represented 99.7% of our total assets; and

had $34.5 billion of total liabilities, including trade payables but excluding intercompany liabilities.

As of March 31, 2013, after giving effect to this offering and our use of the net proceeds therefrom (including the Exchange Offer):

we would have had approximately $719.6 million of total indebtedness (including the notes), of which $200.0 million would have ranked equally with the notes and of which $269.6 million would have been subordinated to the notes;

we would have had commitments available to be borrowed under our existing revolving credit facility of $160.0 million; and

our subsidiaries would have had approximately $34.5 billion of total liabilities (including trade payables but excluding intercompany liabilities), all of which would have been structurally senior to the notes.

Certain covenants

The Indenture governing the notes will contain certain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness or, in the case of our restricted subsidiaries, issue preferred stock;

pay dividends, make certain investments or make other restricted payments;

create liens;

sell assets;

enter into transactions with affiliates;

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	enter into mergers, consolidations, or sales of all or substantially all of our assets; and
	allow limitations on any restricted subsidiary's ability to pay dividends, make loans or sell assets to American Equity Investment Life Holding Company or other restricted subsidiaries.
	These covenants are subject to important exceptions and qualifications, which are described in "Description of the notes Certain covenants."
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $244.0 million after deducting the underwriting discounts and our expenses related to the offering. We intend to use the net proceeds of this offering (1) to pay the consideration required to exchange the December 2029 Notes tendered in connection with the Exchange Offer for any and all of our outstanding December 2029 Notes if we commence the Exchange Offer, including the payment of any applicable accrued and unpaid interest on such December 2029 Notes, (2) to repay all amounts outstanding under our existing revolving credit facility, (3) to pay related fees and expenses and (4) for general corporate purposes. Our decision to commence an offer for the December 2029 Notes will depend on market conditions and other factors. In the alternative or in addition, we may use the net proceeds of the offering of the notes for one or more of the other purposes described in footnote (1) of the table set forth in "Use of proceeds."
Further issuances	We may from time to time, without notice to or the consent of the holders of the notes, create and issue further notes having the same ranking and terms and conditions as the notes offered hereby, except for the issue date, the public offering price and, in some cases, the first interest payment date, as described under "Description of the notes General." Any additional notes having such similar terms, together with the notes, will constitute a single series of securities under the indenture.

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Absence of public market for the notes	The notes are a new issue of securities and there is currently no established trading market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or an automated dealer quotation system. Accordingly, a liquid market for the notes may not develop. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market making with respect to the notes may be discontinued without notice.
Denomination and form	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or "DTC." Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, *société anonyme* and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the Indenture. The notes will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 above that amount.
Trustee	Wells Fargo Bank, National Association
Governing law	New York

Risk factors

In evaluating an investment in the notes, prospective investors should carefully consider, along with the other information in this prospectus supplement and the accompanying prospectus, the specific factors set forth under "Risk factors" for risks involved with an investment in the notes.

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Summary consolidated financial information

The following table sets forth our summary consolidated financial information as of and for the years ended December 31, 2012, 2011 and 2010 and as of and for the three months ended March 31, 2013 and 2012. The information as of and for the years ended December 31, 2012, 2011 and 2010 was derived from our audited annual consolidated financial statements. The information as of and for the three months ended March 31, 2013 and 2012 was derived from our unaudited interim consolidated financial statements and includes, in the opinion of management, all normal and recurring adjustments necessary to present fairly the information for such periods. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results to be expected for the full year ending December 31, 2013.

The summary unaudited historical statements of operations and other financial data for the twelve months ended March 31, 2013 have been calculated by subtracting the applicable unaudited consolidated statements of operations and other financial data for the three months ended March 31, 2012 from the sum of (1) the applicable audited consolidated statements of operations data for the year ended December 31, 2012 and (2) the applicable unaudited consolidated statements of operations data for the three months ended March 31, 2013.

You should read the following summary consolidated financial information together with "Management's discussion and analysis of financial condition and results of operations" and our audited consolidated financial statements and unaudited consolidated financial statements, including the related notes, included elsewhere in this prospectus supplement.

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(Dollars in thousands)	Twelve months ended March 31, 2013(a)	Three months ended March 31, 2013	2012	Year ended December 31, 2012	2011	2010
	(unaudited)	(unaudited)				
Consolidated statements of operations data:						
Revenues:						
Traditional life insurance premiums	$ 12,353	$ 2,698	$ 3,222	$ 12,877	$ 12,151	$ 11,982
Annuity product charges	91,094	21,481	19,393	89,006	76,189	69,075
Net investment income	1,289,703	329,690	326,910	1,286,923	1,218,780	1,036,106
Change in fair value of derivatives	335,939	373,962	259,161	221,138	(114,728)	168,862
Net realized gains (losses) on investments, excluding other than temporary impairment ("OTTI") losses	10,207	10,585	(6,076)	(6,454)	(18,641)	23,726
Net OTTI losses recognized in operations	(15,288)	(3,237)	(2,881)	(14,932)	(33,976)	(23,867)
Loss on extinguishment of debt						(292)
Total revenues	1,724,008	735,179	599,729	1,588,558	1,139,775	1,285,592
Benefits and expenses:						
Insurance policy benefits and change in future policy benefits	7,693	1,735	2,117	8,075	7,870	8,251
Interest sensitive and index product benefits	904,773	225,809	139,123	818,087	775,757	733,218
Change in fair value of embedded derivatives	291,105	363,272	359,066	286,899	(105,194)	130,950
Amortization of deferred sales inducements and policy acquisition costs	276,143	75,061	50,994	252,076	215,259	196,261
Interest expense on notes payable and subordinated debentures	41,613	10,257	10,581	41,937	45,610	37,031
Interest expense on amounts due under repurchase agreements					30	
Other operating costs and expenses	93,302	19,520	21,713	95,495	67,529	114,615
Total benefits and expenses	1,614,629	695,654	583,594	1,502,569	1,006,861	1,220,326
Income before income taxes	109,379	39,525	16,135	85,989	132,914	65,266
Income tax expense	36,021	13,494	5,664	28,191	46,666	22,333
Net income	$ 73,358	$ 26,031	$ 10,471	$ 57,798	$ 86,248	$ 42,933

Non-GAAP financial measures (unaudited)(b):						
Reconciliation of net income to Operating Income:						
Net income	$ 73,358	$ 26,031	$ 10,471	$ 57,798	$ 86,248	$ 42,933
Net realized (gains) losses and net OTTI losses on investments, net of offsets(c)	2,297	(2,804)	3,547	8,648	18,354	379
Net effect of derivatives and embedded derivatives, net of offsets(c)	28,656	10,237	15,742	34,161	29,051	38,167
Convertible debt extinguishment, net of income taxes						171
Litigation reserve, net of offsets(c)	9,580			9,580		27,297
Operating Income(d)	$ 113,891	$ 33,464	$ 29,760	$ 110,187	$ 133,653	$ 108,947

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(Dollars in thousands)	As of and for the three months ended March 31, 2013	2012	As of and for the year ended December 31, 2012	2011	2010
	(unaudited)				
Consolidated balance sheet data:					
Total investments	$ 29,245,856	$ 24,034,739	$ 27,537,210	$ 24,383,451	$ 19,816,931
Total assets	36,852,969	33,038,533	35,133,478	30,874,719	26,426,763
Policy benefit reserves	32,937,308	29,255,621	31,773,988	28,118,716	23,655,807
Notes payable	313,043	300,567	309,869	297,608	330,835
Subordinated debentures	245,913	268,574	245,869	268,593	268,435
Accumulated other comprehensive income ("AOCI")	661,663	408,747	686,807	457,229	81,820
Total stockholders' equity	1,730,229	1,373,584	1,720,237	1,408,679	938,047
Statutory financial data:					
Life subsidiaries' statutory capital and surplus and asset valuation reserve	1,769,118	1,676,839	1,741,637	1,655,205	1,456,679
Life subsidiaries' statutory net gain from operations before income taxes and realized capital gains (losses)	44,403	35,632	182,057	344,538	322,133
Life subsidiaries' statutory net income	25,441	12,034	79,644	167,925	172,865
Other data (unaudited):					
Adjusted Debt to total capitalization ratio(e)	19.3%	22.1%	20.0%	22.3%	26.2%
Debt to total capitalization ratio(e)	34.3%	37.1%	35.0%	37.3%	41.2%
Risk-based capital ("RBC") ratio(f)	330%	343%	332%	346%	339%
Ratio of consolidated earnings to fixed charges(g)	1.1x	1.1x	1.1x	1.1x	1.1x
Ratio of consolidated earnings to fixed charges, both excluding interest-sensitive and index product benefits and amortization of deferred sales inducements(g)	4.8x	2.5x	3.0x	3.9x	2.7x

	For the twelve months ended March 31, 2013	2012	For the year ended December 31, 2012	2011	2010
			(Dollars in thousands)		
Other data (unaudited) (continued):					
Operating Income Return on Average Equity Excluding Average AOCI(h)	11.2%	14.3%	11.1%	14.8%	13.3%
Net Income Return on Average Equity Excluding Average AOCI(h)	7.2%	7.0%	5.8%	9.5%	5.2%

(a) The statement of operations and other financial data for the twelve months ended March 31, 2013 have been calculated in the manner described in the introduction to the table. This presentation is not in accordance with U.S. generally accepted accounting principles, or GAAP. We believe that this presentation provides useful information to investors regarding our recent financial performance, and we view this presentation of the four most recently completed quarters as a key measurement period for investors to assess our historical results. In addition, our management uses trailing four-quarter financial information to evaluate the financial performance of the company for ongoing planning purposes. This presentation has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

(b) In addition to net income, we have consistently utilized Operating Income, a non-GAAP financial measure commonly used in the life insurance industry, as an economic measure to evaluate our financial performance. Operating Income equals net income adjusted to eliminate the impact of net realized gains (losses) on investments, including net OTTI losses recognized in operations, fair value changes in derivatives and embedded derivatives, (gain) loss on extinguishment of convertible debt and litigation reserves. 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.

Operating Income is not a substitute for net income determined in accordance with GAAP. The adjustments made to derive Operating Income are important to understanding our overall results from operations, and, if evaluated without proper context, Operating Income possesses material limitations:

As an example, we could produce a low level of net income in a given period, despite strong operating performance, if in that period we generate significant net realized losses from our investment portfolio. We could also produce a high level of

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net income in a given period, despite poor operating performance, if in that period we generate significant net realized gains from our investment portfolio.

Another limitation of Operating Income is that it does not include the decrease in cash flows expected to be collected as a result of credit loss OTTI.

Therefore, our management and board of directors also separately review net realized investment gains (losses) and analyses of our net investment income, including impacts related to OTTI write-downs, in connection with their review of our investment portfolio. In addition, our management and board of directors examine net income as part of their review of our overall financial results. The adjustments made to net income to arrive at Operating Income for the three months ended March 31, 2013 and 2012, for the years ended December 31, 2012, 2011 and 2010 and for the twelve months ended March 31, 2013 are set forth in the table above.

(c) The adjustments to net income to arrive at Operating Income are presented net of related adjustments to amortization of deferred sales inducements ("DSI") and deferred policy acquisition costs ("DAC") and net of income taxes, as set forth in the table below (unaudited):

(Dollars in thousands)	**Twelve months ended March 31, 2013**	**Three months ended March 31, 2013**	**2012**	**Year ended December 31, 2012**	**2011**	**2010**
Net realized (gains) losses and net OTTI losses on investments, net of offsets:						
Net realized (gains) losses on investments, including OTTI	$ 5,081	$ (7,348)	$ 8,957	$ 21,386	$ 52,617	$ 141
Amortization of DAC and DSI	(1,446)	3,093	(3,450)	(7,989)	(24,117)	446
Income taxes	(1,338)	1,451	(1,960)	(4,749)	(10,146)	(208)
	$ 2,297	$ (2,804)	$ 3,547	$ 8,648	$ 18,354	$ 379
Net effect of derivatives and embedded derivatives, net of offsets:						
Change in fair value of derivatives and embedded derivatives	$ 128,325	$ 35,680	$ 59,050	$ 151,695	$ 125,721	$ 146,682
Amortization of DAC and DSI	(83,883)	(20,240)	(34,663)	(98,306)	(80,858)	(87,545)
Income taxes	(15,786)	(5,203)	(8,645)	(19,228)	(15,812)	(20,970)
	$ 28,656	$ 10,237	$ 15,742	$ 34,161	$ 29,051	$ 38,167
Litigation reserve, net of offsets:						
Litigation reserve recorded in other operating costs	$ 17,532	$	$	$ 17,532	$	$ 48,000
Amortization of DAC and DSI	(2,656)			(2,656)		(5,712)
Income taxes	(5,296)			(5,296)		(14,991)

	$ 9,580	$	$	$ 9,580	$	$ 27,297

(d) Operating Income reflects the following expenses and adjustments for the periods indicated:

Revised DAC accounting guidance: The year ended December 31, 2012 includes $9.1 million of expense related to the impact of the prospective adoption (effective January 1, 2012) of revised accounting guidance for deferred policy acquisition costs. This change, including the impact on related amortization expense, decreased Operating Income for the year ended December 31, 2012 by $5.8 million.

Unlocking: The year ended December 31, 2012 and the twelve months ended March 31, 2013 include expense from unlocking, which decreased Operating Income by $6.3 million. The year ended December 31, 2011 includes benefit from unlocking, which increased Operating Income by $12.5 million. The year ended December 31, 2010 includes expense from unlocking, which decreased Operating Income by $1.1 million. For an explanation of the unlocking process, see "Management's discussion and analysis of financial condition and results of operations Results of operations for the three years ended December 31, 2012 Net income" and " Operating Income, a non-GAAP financial measure."

Reserves held for living income benefit riders: The year ended December 31, 2012 and the twelve months ended March 31, 2013 include a benefit from the revision of assumptions used in determining reserves held for living income benefit riders consistent with unlocking for deferred policy acquisition costs and deferred sales inducements. The impact reduced interest sensitive and index product benefits by $2.2 million and increased Operating Income by $1.4 million for the year ended December 31, 2012 and the twelve months ended March 31, 2013.

Adjustment to SPIA reserves: The year ended December 31, 2011 includes an adjustment to single premium immediate annuity reserves, which reduced interest-sensitive and index product benefits by $4.2 million, and increased net income and Operating Income by $2.7 million.

(e) The Adjusted Debt to total capitalization ratio is calculated by dividing Adjusted Debt by total capitalization excluding AOCI. Adjusted Debt is the sum of notes payable and the portion of the total subordinated debentures payable to statutory trusts outstanding (qualifying trust preferred securities) that exceeds 15% of total capitalization excluding AOCI. The debt to total capitalization ratio is calculated by dividing the sum of notes payable and subordinated debentures by total capitalization excluding AOCI.

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In addition to total debt in accordance with GAAP, we use Adjusted Debt, a non-GAAP financial measure, as an alternate measure of our leverage. Adjusted Debt is the sum of notes payable and the portion of total subordinated debentures payable to statutory trusts outstanding that exceeds 15% of total capitalization excluding AOCI. Because rating agencies and certain analysts and investors give equity credit to a portion of our subordinated debentures in analyzing our leverage and financial condition, we use Adjusted Debt as a supplemental measure in evaluating our leverage.

Total capitalization excluding AOCI, a non-GAAP financial measure, is the sum of total debt and total stockholders' equity *minus* AOCI. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, we believe that total capitalization excluding AOCI provides useful supplemental information in evaluating our total capitalization.

In addition, our existing revolving credit facility requires us to maintain a ratio of Adjusted Debt to total capitalization excluding AOCI below a specified level. We also use these measures, therefore, in evaluating our leverage and ongoing compliance with our existing revolving credit facility.

The table below demonstrates how we calculate Adjusted Debt and sets forth a reconciliation of our Adjusted Debt to our total debt for the periods indicated, as well as the components for the calculation of the debt to total capitalization ratio and the Adjusted Debt to total capitalization ratio (unaudited):

	As of March 31,		As of December 31,		
(Dollars in thousands)	**2013**	**2012**	**2012**	**2011**	**2010**
Notes payable	$ 313,043	$ 300,567	$ 309,869	$ 297,608	$ 330,835
Portion of total subordinated debentures payable to statutory trusts outstanding that exceeds 15% of total capitalization excluding AOCI (A)	1,785	38,477	7,494	40,945	50,110
Adjusted Debt	314,828	339,044	317,363	338,553	380,945
Remaining portion of total subordinated debentures (B)	244,128	230,097	238,375	227,648	218,325
Total subordinated debentures (A+B)	245,913	268,574	245,869	268,593	268,435
Total debt	558,956	569,141	555,738	566,201	599,270
Total stockholders' equity	1,730,229	1,373,584	1,720,237	1,408,679	938,047
Total capitalization	2,289,185	1,942,725	2,275,975	1,974,880	1,537,317
AOCI	661,663	408,747	686,807	457,229	81,820
Total capitalization excluding AOCI	$1,627,522	$1,533,978	$1,589,168	$1,517,651	$1,455,497

(f) The risk-based capital (RBC) ratio is calculated by dividing total adjusted statutory capital by regulatory required capital. Total adjusted statutory capital is calculated based on a formula specified by the National Association of Insurance Commissioners ("NAIC") that includes American Equity Life's statutory capital and surplus and asset valuation reserve and certain other adjustments. For more information about American Equity Life's statutory capital and surplus, see Note 12 to our audited consolidated financial statements included in this prospectus supplement.

The table below sets forth the components for our calculation of the RBC ratio (unaudited):

	As of March 31,		As of December 31,		
(Dollars in thousands)	**2013**	**2012**	**2012**	**2011**	**2010**
American Equity Life's statutory capital and surplus and asset valuation reserve	$1,769,201	$1,676,839	$1,741,638	$1,655,205	$1,456,679
Regulatory required capital	536,501	488,808	524,928	479,023	430,064

(g) For information on how we calculate these ratios, see " Ratio of earnings to fixed charges" later in this prospectus supplement.

(h) Return on Average Equity Excluding Average AOCI is calculated by dividing net income and Operating Income for the trailing twelve months by average equity excluding average AOCI. We use Return on Average Equity Excluding Average AOCI as a supplemental measure of evaluating the net income and Operating Income we generate as a percentage of our equity. In that calculation, we use average equity over the applicable twelve-month period to mitigate the effects of fluctuations in our equity during that period. In addition, we exclude AOCI because AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments. We believe that Return on Average Equity Excluding Average AOCI

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provides useful supplemental information regarding our financial performance to analysts and investors. The table demonstrates how we calculate Average Equity Excluding Average AOCI for the periods indicated (unaudited):

	Twelve months ended March 31,		Year ended December 31,		
(Dollars in thousands)	**2013**	**2012**	**2012**	**2011**	**2010**
Average Stockholders' Equity:					
Average equity including average AOCI	$1,551,907	$1,167,380	$1,564,458	$1,173,363	$846,335
Average AOCI	535,205	238,163	572,018	269,525	25,682
Average equity excluding average AOCI	1,016,702	929,217	992,440	903,838	820,653
Net income	73,358	65,376	57,798	86,248	42,933
Operating Income	113,891	132,839	110,187	133,653	108,947
Return on Average Equity Excluding Average AOCI:					
Net income	7.2%	7.0%			