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American Equity Wins Partial Victory in Lawsuit Opposing Rule 151A

WEST DES MOINES, Iowa (July 22, 2009) — American Equity Investment Life Holding Company (NYSE: AEL), a leading underwriter of fixed index annuities (FIAs), was successful in obtaining a remand of Rule 151A adopted by the Securities and Exchange Commission earlier this year. Rule 151A, which was to become effective in 2011, expands the SEC's jurisdiction to include regulatory oversight of FIAs and would require sales agents of FIAs to have securities licenses as well as insurance licenses. American Equity, along with a coalition of industry participants, filed a lawsuit in the U.S. Court of Appeals for the D.C. Circuit opposing Rule 151A on several grounds, including that FIAs and sales agents are already extensively regulated under state law.

FIAs provide consumers with a guaranty of principal and minimum interest comparable to other types of fixed annuities which are regulated solely under state insurance law. FIA's also offer consumers the opportunity to earn interest credits linked to a securities index without exposing their contract value to market risk. In adopting Rule 151A, the SEC asserted that the probability of earning contract gains above guaranteed minimums was "investment risk" justifying federal oversight of the products. In its ruling, the Court concluded that the SEC's assessment of "investment risk" was not unreasonable, and thus the SEC may choose to regulate these products.

However, the Court also concluded that the SEC failed to fulfill its legal obligation to analyze the effect of the rule upon "efficiency, competition and capital formation." The Rule was remanded to the SEC for further consideration of this requirement. American Equity believes the Rule will have a chilling effect on competition and that the efficiency of the Rule which duplicates consumer protections already provided by state insurance laws is questionable.

The future of Rule 151A remains uncertain. The remand to the SEC for further consideration will add to a growing list of issues facing the SEC, and whether addressing the flaws in Rule 151A will be given high priority is unknown. At a time when the global financial crisis has wiped out trillions of dollars of savings in the securities markets, the focus may be on the issues contributing to those losses rather than on regulating FIAs, which protected their holders from such losses.

American Equity will continue to oppose Rule 151A and to support the efforts of the FIA coalition through any later phases of the regulatory and judicial processes. In addition, American Equity strongly supports the bills recently introduced in the U.S. House of Representative and Senate to overturn Rule 151A.

ABOUT AMERICAN EQUITY

American Equity Investment Life Holding Company, through its wholly-owned operating subsidiaries, is a full-service underwriter of a broad line of annuity and insurance products with a primary emphasis on the sale of fixed-rate and index annuities. The company's headquarters are located at 5000 Westown Parkway, West Des Moines, Iowa, 50266. The mailing address of the company is: P.O. Box 71216, Des Moines, Iowa, 50325. For more information, visit our website www.american-equity.com.

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