AMERICAN EQUITY INVESTMENT LIFE HOLDING CO
Form S-4/A
August 27, 2013

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**Subject to completion, as filed with the Securities and Exchange Commission on August 26, 2013**

**Registration No. 333-190810**

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

## Pre-Effective
## Amendment No. 1
**to**
## FORM S-4
**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

## AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Iowa** | **6311** | **42-1447959** |
| (State or other jurisdiction of incorporation) | (Primary Standard Industrial Classification Code Number) | (IRS Employer Identification Number) |

**6000 Westown Parkway**
**West Des Moines, Iowa 50266**
**(515) 221-0002**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

**William R. Kunkel**
**Executive Vice President Legal and General Counsel**
**6000 Westown Parkway**
**West Des Moines, Iowa 50266**
**(512) 221-0002**
(Name, address, including zip code, and telephone number, including are code, of agent for service)

**Copies to:**

**Shilpi Gupta**
**Skadden, Arps, Slate, Meagher & Flom LLP**

**155 North Wacker Drive**
**Chicago, Illinois 60606**
**(312) 407-0700**

**Approximate date of commencement of proposed sale of the securities to the public:**
**The offering of the securities registered hereby is to commence promptly following the initial filing of this Registration Statement. No tendered securities will be accepted for exchange until this Registration Statement has been declared effective.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer o | Accelerated filer ý | Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

**CALCULATION OF REGISTRATION FEE**

| **Title of each class of securities to be registered** | **Amount to be registered** | **Proposed maximum aggregate offering price(2)** | **Amount of registration fee(2)** |
|---|---|---|---|
| Common stock, par value $1.00 per share | (1) | $96,476,000 | $13,159.33 |

(1)
This Registration Statement registers shares of the Registrant's common stock that may be issued in connection with the exchange offer by the Registrant as a portion of the consideration for all of the Registrant's outstanding 3.50% Convertible Senior Notes due 2015 (the "Notes"). The number of shares is not

included in the "Calculation of Registration Fee Table" in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

(2) Estimated in accordance with Rules 457(f)(1) and (f)(3) and Rule 457(o) under the Securities Act, solely for the purpose of calculating the registration fee, based on the average of the bid and asked prices as of August 22, 2013. Filing fee has been previously paid by the registrant.

# Explanatory Note

This Pre-Effective Amendment No. 1 to the American Equity Investment Life Holding Company Registration Statement on Form S-4 (Registration No. 333-190810) (the "Registration Statement") originally filed with the Securities and Exchange Commission on August 23, 2013, is being filed for the sole purpose of clarifying the defined term "Daily VWAP" which appears on page vi and page 30 of the prospectus, to make clear that the Bloomberg page being used to determine the "Daily VWAP" for the purposes of the Exchange Offer page is not limited to trades occurring on the New York Stock Exchange. No other changes have been made to Part I of the Registration Statement and no changes have been made to Part II of the Registration Statement.

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**Subject to completion, dated August 26, 2013**

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

**Prospectus**

# American Equity Investment Life Holding Company

## *Offer to exchange cash and common stock for any and all of our 3.50% Convertible Senior Notes due 2015*

***(CUSIP 025676AJ6)***

We are offering to exchange cash and, in certain circumstances, newly issued shares of our common stock, upon the terms and subject to the conditions set forth in this prospectus and the related letter of transmittal (the "letter of transmittal"), any and all of our outstanding 3.50% Contingent Convertible Senior Notes due 2015 (the "Notes"). We refer to our offer to exchange the Notes upon the terms and subject to the conditions set forth in this prospectus and the letter of transmittal as the "Exchange Offer" and we refer to the cash amount of up to $1,150 per $1,000 principal amount of Notes accepted for exchange, and common stock to be issued in exchange for our Notes as the "Offer Consideration."

The total value of the Offer Consideration per $1,000 principal amount of Notes accepted for exchange will equal (i) $143.92 plus (ii) ninety-five percent (95%) of the product of the Average VWAP multiplied by 80.9486. The Offer Consideration will be paid by a cash payment of up to $1,150 per $1,000 principal amount of Notes accepted for exchange in this Exchange Offer. In the event that the Offer Consideration deliverable exceeds $1,150, the Offer Consideration will be paid by delivery of (i) a cash payment of $1,150 per $1,000 principal amount of Notes accepted for exchange in this Exchange Offer and (ii) a number of shares of our common stock equal to the quotient of the total value of the Offer Consideration less the $1,150 cash payment, divided by the Average VWAP. In no event will the total value of the Offer Consideration paid in this Exchange Offer be less than $1,150 per $1,000 principal amount of Notes accepted for exchange in this Exchange Offer. In addition, holders whose Notes are accepted for exchange will also be entitled to receive a cash payment for accrued and unpaid interest on such Notes to, but excluding, the settlement date.

Throughout the Exchange Offer, an indicative Offer Consideration will be available at *www.gbsc-usa.com/american-equity.com* and from the Information Agent (as defined herein), which may be contacted at one of its telephone numbers listed on the back cover of this prospectus. We will determine the final Offer Consideration promptly after the close of trading on the New York Stock Exchange (the "NYSE") on October 21, 2013 (as such date may be extended, the "Expiration Date"). We will announce the final Offer Consideration no later than 4:30 p.m., New York City time, on the Expiration Date, and details regarding the final Offer Consideration will also be available by that time and thereafter at *www.gbsc-usa.com/american-equity.com* and from the Information Agent. See "The Exchange Offer Expiration Date; Extensions; Amendments."

**The Exchange Offer will expire at 12:00 midnight, New York City time, at the end of the Expiration Date, unless the Exchange Offer is extended or earlier terminated by us. Notes must be validly tendered for exchange in the Exchange Offer (and not validly withdrawn) on or prior to the Expiration Date to be eligible to receive the Offer Consideration. Notes tendered for exchange in the Exchange Offer may be withdrawn at any time prior to the Expiration Date of the Exchange Offer. Upon the terms and subject to the conditions of the Exchange Offer, all Notes validly tendered in the Exchange Offer and not validly withdrawn prior to 12:00 midnight, New York City time, at the end of the Expiration Date will be accepted for exchange in the Exchange Offer. You should carefully review the procedures for tendering Notes beginning on page 38 of this prospectus.**

As of the date of this prospectus, $200,000,000 aggregate principal amount of Notes was outstanding. The Notes are not listed on any securities exchange. Our common stock is listed on the NYSE under the symbol "AEL." The last reported sale price of our common stock on August 22, 2013 was $19.84 per share. We expect shares of common stock issued pursuant to the Exchange Offer will be listed on the NYSE.

The Exchange Offer is subject to the conditions discussed under "The Exchange Offer  Conditions of the Exchange Offer," including, among other things, the effectiveness of the registration statement of which this prospectus forms a part.

**Both acceptance and rejection of this Exchange Offer involve risks. Some of the risks associated with the Exchange Offer and an investment in our common stock offered through this prospectus are described under the caption "Risk Factors" beginning on page 20 of this prospectus and in our filings with the Securities and Exchange Commission (the "SEC") incorporated by reference herein.** We urge you to carefully read the "Risk Factors" section and our filings with the SEC incorporated by reference herein before you make any decision regarding the Exchange Offer.

Neither we, our management, our board of directors, the Dealer Managers, the Information Agent, the Exchange Agent nor any other person is making any recommendation as to whether or not you should tender your Notes in the Exchange Offer. You must make your own decision whether to tender Notes in the Exchange Offer, and, if you decide to tender Notes, the principal amount of Notes to tender.

**Neither the SEC nor any state securities commission has approved or disapproved of our common stock or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

*The Dealer Managers for the Exchange Offer are:*

**J.P. Morgan** **Raymond James**

The date of this prospectus is , 2013

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# Important information

Except as otherwise indicated or as the context otherwise requires, all references in this prospectus to the "Company," "we," "us," or "our" mean American Equity Investment Life Holding Company.

The Notes were issued in book-entry form, and all of the Notes are currently represented by one or more global certificates held for the account of The Depository Trust Company ("DTC").

Should you have any questions as to the procedures for tendering your Notes, please call your broker, dealer, commercial bank, trust company or other nominee, or call the Information Agent at its telephone number set forth on the back cover page of this prospectus.

You may tender your Notes through DTC's Automated Tender Offer Program ("ATOP") or by following the other procedures described under "The Exchange Offer  Procedures for Tendering Notes."

We are not providing for guaranteed delivery procedures, and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC on or prior to the Expiration Date. If you hold your Notes through a broker, dealer, commercial bank, trust company or other nominee, you should consider that such entity may require you to take action with respect to the Exchange Offer a number of days before the Expiration Date in order for such entity to tender Notes on your behalf on or prior to the Expiration Date. Tenders not completed on or prior to 12:00 midnight, New York City time, at the end of the Expiration Date will be disregarded and of no effect.

Notwithstanding any other provision of the Exchange Offer, our obligation to purchase, and to pay the Offer Consideration for, any Notes validly tendered and not validly withdrawn pursuant to the Exchange Offer are subject to and conditioned upon the satisfaction of, or where applicable, waiver by us of, all conditions of the Exchange Offer described under "The Exchange Offer  Conditions of the Exchange Offer."

You may direct questions and requests for assistance, including requests for additional copies of this prospectus or the accompanying letter of transmittal, to Global Bondholder Services Corporation, as information agent for the Exchange Offer (the "Information Agent"), and you may also direct questions regarding the Exchange Offer to J.P. Morgan Securities LLC and Raymond James & Associates, Inc., as the dealer managers for the Exchange Offer (the "Dealer

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Managers"), at their respective addresses and telephone numbers listed on the back cover page of this prospectus. Global Bondholder Services Corporation is also acting as the exchange agent for the Exchange Offer (the "Exchange Agent").

Subject to applicable law (including Rule 13e-4(d)(2) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which requires that material changes in the Exchange Offer be promptly disseminated to holders in a manner reasonably designed to inform them of such changes), delivery of this prospectus shall not under any circumstances create any implication that the information contained in or incorporated by reference in this prospectus is correct as of any time after the date of this prospectus or that there has been no change in the information included or incorporated by reference herein or in our affairs or the affairs of any of our subsidiaries since the date hereof. You should assume that the information contained or incorporated by reference in this prospectus is accurate only as of the date of this prospectus or the date of the document incorporated by reference, as applicable.

You should rely only on the information contained or incorporated by reference in this prospectus or the letter of transmittal. None of us, our management, our board of directors, the Dealer Managers, the Information Agent or the Exchange Agent makes any recommendation to any holder of Notes as to whether or not to exchange any Notes. None of us, our management, our board of directors, the Dealer Managers, the Information Agent or the Exchange Agent has authorized any person to give any information or to make any representation in connection with the Exchange Offer other than the information and representations contained in this prospectus or the letter of transmittal. If anyone makes any recommendation or representation or gives any such information, you should not rely upon that recommendation, representation or information as having been authorized by us, our management, our board of directors, the Dealer Managers, the Information Agent or the Exchange Agent.

Each holder must comply with all applicable laws and regulations in force in any jurisdiction in which it participates in the Exchange Offer or possesses or distributes this prospectus and must obtain any consent, approval or permission required by it for participation in the Exchange Offer under the laws and regulations in force in any jurisdiction to which it is subject, and we shall not have any responsibility therefor.

We are not making an offer of these securities, and this prospectus 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.

## Cautionary note regarding forward-looking statements

This prospectus and the documents incorporated by reference herein contain forward-looking statements. 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," "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;

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- 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 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.

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# Questions and answers about the Exchange Offer

*These answers to questions that you may have as a holder of our Notes are highlights of selected information included elsewhere or incorporated by reference in this prospectus. To understand the terms and conditions of the Exchange Offer fully, as well as other considerations that may be important to your decision whether to participate in it, you should carefully read each of this prospectus and the related letter of transmittal in their entireties, including the section in this prospectus entitled "Risk Factors," and the information incorporated by reference in this prospectus. See "Where You Can Find More Information About the Company."*

***Why are we making the Exchange Offer for the Notes?***

The principal purpose of the Exchange Offer is to purchase, cancel and retire the Notes, thereby reducing the dilutive impact of the Notes on our outstanding equity, on an as-converted basis, after giving effect to any shares of common stock that may be issued in this Exchange Offer.

***Does the Company plan to offer to acquire the Company's 5.25% Contingent Convertible Notes due 2029?***

The present Exchange Offer is being made only with respect to the Notes. The Company intends to commence concurrently with this Exchange Offer an exchange offer (the "2029 Exchange Offer") for its $115.8 million principal amount of 5.25% Contingent Convertible Notes due 2029 (the "2029 Convertible Notes"). Nothing contained herein constitutes an offer to purchase or exchange the 2029 Convertible Notes or the solicitation of an offer to sell such notes.

***What aggregate principal amount of Notes is being sought in the Exchange Offer?***

We are offering to purchase any and all of our outstanding Notes. As of the date of this prospectus, $200 million aggregate principal amount of Notes are outstanding.

***What will I receive in the Exchange Offer if I tender my Notes and they are accepted for exchange?***

Upon the terms and subject to the conditions of the Exchange Offer, holders of Notes who validly tender and do not validly withdraw their Notes on or prior to 12:00 midnight, New York City time, the end of the Expiration Date, and whose Notes are accepted for exchange will receive the Offer Consideration.

The total value of the Offer Consideration per $1,000 principal amount of Notes accepted for exchange will equal (i) $143.92 plus (ii) ninety-five percent (95%) of the product of the Average VWAP (as defined herein) multiplied by 80.9486. The conversion rate presently applicable to the Notes is 80.9486 shares per $1,000 principal amount of Notes. As of the date of this prospectus, the Notes were convertible in accordance with their terms.

The Offer Consideration will be paid by a cash payment of up to $1,150 per $1,000 principal amount of Notes accepted for exchange in this Exchange Offer. In the event that the Offer Consideration exceeds $1,150, the Offer Consideration deliverable will be paid by delivery of (i) a cash payment of $1,150 per $1,000 principal amount of Notes accepted for exchange in

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this Exchange Offer and (ii) a number of shares of our common stock equal to the quotient of the total value of the Offer Consideration less the $1,150 cash payment, divided by the Average VWAP. In no event will the total value of the Offer Consideration paid in this Exchange Offer be less than $1,150 per $1,000 principal amount of Notes accepted for exchange in this Exchange Offer. We will not issue fractional shares of our common stock in the Exchange Offer. Instead, we will pay cash for all fractional shares on the settlement date based upon the Average VWAP. In addition, holders whose Notes are accepted for exchange will also be entitled to receive a cash payment for accrued and unpaid interest on the Notes to, but excluding, the settlement date. All amounts payable pursuant to the Exchange Offer will be rounded to the nearest cent.

For the avoidance of doubt, upon the terms and subject to the conditions of the Exchange Offer, if the Offer Consideration deliverable exceeds $1,150 per $1,000 principal amount of Notes, the Offer Consideration per $1,000 principal amount of Notes will consist of:

(i) $1,150 in cash, plus

(ii) A number of shares of our common stock equal to:

$$\frac{\text{(Total value of Offer Consideration per \$1,000 principal amount of Notes - \$1,150)}}{\text{Average VWAP}}$$

The "Average VWAP" means the sum of the Daily VWAPs (as defined below) for each day of the Averaging Period (as defined below) divided by 40.

The "Averaging Period" means the period of 40 consecutive trading days beginning on the thirty-ninth trading day preceding the Expiration Date and ending on the initially scheduled Expiration Date. The Averaging Period will not change if the Expiration Date is extended.

The "Daily VWAP" for any trading day means the per share volume-weighted average price of our common stock, as displayed under the heading "Bloomberg VWAP" on Bloomberg page AEL <Equity> AQR (or its equivalent successor if such page is not available), in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session of the NYSE on such trading day (or if such volume-weighted average price is unavailable, the market value of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). The Daily VWAP will be determined without regard to after hours trading or any other trading outside of the regular trading session trading hours.

For the purposes of determining the Offer Consideration, a "trading day" means a day during which trading in our common stock generally occurs and a last reported sale price for our common stock is provided on the NYSE or, if our common stock is not listed for trading on the NYSE, the principal other United States national or regional securities exchange on which our common stock is then listed or, if our common stock is not listed on a United States national or regional securities exchange, on the principal other market on which our common stock is then traded.

For the purposes of determining the Offer Consideration, in the event that on a trading day there is a "market disruption event," which means (i) a failure by the primary United States national or regional securities exchange or market on which our common stock is listed or

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admitted to trading to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m., New York City time, on any scheduled trading day for our common stock for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant securities exchange or otherwise) in our common stock or in any options, contracts or future contracts relating to our common stock, then the Daily VWAP for such trading day shall be the market value of one share of our common stock on such trading day determined, using a volume-weighted average method, to the extent practicable by a nationally recognized independent investment banking firm retained for this purpose by us.

The table below provides examples of the Offer Consideration per $1,000 principal amount of Notes assuming that the Average VWAP is at specified levels. The actual Offer Consideration will be subject to the minimum consideration described above.

**Offer Consideration components**

| **Average VWAP** | **Total Offer Consideration(1)** | **Cash(1)** | **Shares of common stock(1)** |
|---|---|---|---|
| $13.09 | $1,150.00 | $1,150.00 | |
| $14.00 | $1,220.54 | $1,150.00 | 5.04 |
| $15.00 | $1,297.44 | $1,150.00 | 9.83 |
| $16.00 | $1,374.34 | $1,150.00 | 14.02 |
| $17.00 | $1,451.24 | $1,150.00 | 17.72 |
| $18.00 | $1,528.14 | $1,150.00 | 21.01 |
| $19.00 | $1,605.04 | $1,150.00 | 23.95 |
| $20.00 | $1,681.94 | $1,150.00 | 26.60 |
| $21.00 | $1,758.84 | $1,150.00 | 28.99 |
| $22.00 | $1,835.75 | $1,150.00 | 31.17 |
| $23.00 | $1,912.65 | $1,150.00 | 33.16 |
| $24.00 | $1,989.55 | $1,150.00 | 34.98 |

(1) Fractional shares of our common stock will not be issued. Cash will be paid in lieu of fractional shares based upon the Average VWAP. The cash component of the Offer Consideration reflected in the table does not include cash in respect of any fractional shares.

In addition, holders will receive, in respect of their Notes that are accepted for exchange, a cash payment for accrued and unpaid interest on such Notes to, but excluding, the settlement date of the Exchange Offer. All amounts payable pursuant to the Exchange Offer will be rounded to the nearest cent.

See "The Exchange Offer  Principal Amount of Notes; Price" and "  Sample Calculations of Offer Consideration" for more detailed illustrative calculations of the Offer Consideration.

***What is a recent market price of your common stock?***

Our common stock is traded on the NYSE under the symbol "AEL." The last reported sale price of our common stock on August 22, 2013 was $19.84 per share.

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***When will I know the Offer Consideration for the Exchange Offer?***

We will determine the final Offer Consideration promptly after the close of trading on the NYSE on the Expiration Date. We will announce the final Offer Consideration no later than 4:30 p.m., New York City time, on the Expiration Date, and the final Offer Consideration will also be available by that time and thereafter at www.gbsc-usa.com/american-equity and from the Information Agent. We note that the minimum Offer Consideration with respect to the Exchange Offer per $1,000 principal amount of Notes of $1,150 has already been established. See "The Exchange Offer Principal Amount of Notes; Price."

***How may I obtain information regarding the Offer Consideration during the Exchange Offer?***

Throughout the Exchange Offer, an indicative Offer Consideration will be available at www.gbsc-usa.com/american-equity and from the Information Agent at one of its telephone numbers listed on the back cover page of this prospectus. We will determine the final Offer Consideration promptly after the close of trading on the NYSE on the Expiration Date. We will announce the final Offer Consideration no later than 4:30 p.m., New York City time, on the Expiration Date, and details regarding the final Offer Consideration will also be available by that time and thereafter at www.gbsc-usa.com/american-equity and from the Information Agent. See "The Exchange Offer Principal Amount of Notes; Price."

***Is there a minimum Offer Consideration that will be paid in the Exchange Offer?***

Yes. In no event will the Offer Consideration paid in the Exchange Offer for any Notes validly tendered and not validly withdrawn on or prior to 12:00 midnight, New York City time, on the Expiration Date be less than $1,150. If the pricing formula described above would result in an Offer Consideration that is less than $1,150 per $1,000 principal amount of Notes, subject to the other terms and conditions described in this prospectus, we will pay a purchase price equal to $1,150 per $1,000 principal amount of Notes validly tendered and not validly withdrawn on or prior to 12:00 midnight, New York City time, on the Expiration Date. See "The Exchange Offer Principal Amount of Notes; Price."

***Is there a maximum Offer Consideration that will be paid in the Exchange Offer?***

No.

***What is the maximum aggregate amount of cash that the Company may pay to noteholders pursuant to the Exchange Offer and the 2029 Exchange Offer?***

The maximum aggregate amount of cash that the Company may pay to noteholders pursuant to the Exchange Offer is $230.0 million and maximum aggregate amount of cash that the Company may pay to noteholders pursuant to the 2029 Exchange Offer is $173.8 million.

***Will I receive interest on my Notes exchanged pursuant to the Exchange Offer?***

Yes. Holders will receive, in respect of their Notes that are accepted for exchange, accrued and unpaid interest on such Notes to, but excluding, the settlement date of the Exchange Offer.

***How and when will I be paid?***

If your Notes are accepted for exchange in the Exchange Offer, you will be paid the Offer Consideration, and the accrued and unpaid interest payable in cash, promptly after the Expiration Date and the acceptance of such Notes for exchange. Payment will be made in U.S.

dollars or, in the event that the Offer Consideration exceeds $1,150 per $1,000 principal amount of Notes, U.S. dollars and the issuance of shares of our common stock to an account designated by the Exchange Agent, which will act as your custodian or nominee for the purpose of receiving payment from us and transmitting payment to you. We will not issue fractional shares of our common stock in the Exchange Offer. Instead, we will pay cash for all fractional shares on the settlement date based upon the Average VWAP. All amounts payable pursuant to the Exchange Offer will be rounded to the nearest cent. See "The Exchange Offer Acceptance of Notes for Exchange; Delivery of Offer Consideration."

***Will I have an opportunity to tender my Notes in the Exchange Offer, or withdraw previously tendered Notes, after the determination of the final Offer Consideration?***

Yes. Since the Offer Consideration to be paid in the Exchange Offer will be announced by us by 4:30 p.m., New York City time, on the Expiration Date and the Exchange Offer will not expire earlier than 12:00 midnight, New York City time, at the end of the Expiration Date, you will have approximately 7.5 hours following the determination of the Offer Consideration to tender your Notes in the Exchange Offer or to withdraw your previously tendered Notes. If the Expiration Date is extended, holders will have such additional time as may elapse between the 12:00 midnight, New York City time, at the end of the day of the previously scheduled Expiration Date and the new Expiration Date. See "The Exchange Offer Principal Amount of Notes; Price," "The Exchange Offer Procedures for Tendering Notes" and "The Exchange Offer Withdrawal Rights."

If your Notes are held of record through a broker, dealer, commercial bank, trust company or other nominee and you wish to tender or withdraw your Notes after 5:00 pm, New York City time, on the Expiration Date, you must make arrangements with your nominee for such nominee to fax a Voluntary Offering Instructions form (in the case of a tender) or a notice of withdrawal form (in the case of a withdrawal) to the Exchange Agent at its number on the back cover of this prospectus on your behalf on or prior to 12:00 midnight, New York City time, at the end of the Expiration Date, in accordance with the procedures described under "The Exchange Offer Procedures for Tendering Notes" and "The Exchange Offer Withdrawal Rights."

***How many Notes will the Company purchase?***

Upon the terms and subject to the conditions of the Exchange Offer, we will purchase any and all of our outstanding Notes validly tendered and not validly withdrawn at or prior to 12:00 midnight, New York City time, at the end of the Expiration Date. See "The Exchange Offer Principal Amount of Notes; Price."

***Is the Exchange Offer subject to any minimum tender or other conditions?***

Our obligation to purchase Notes validly tendered and not validly withdrawn in the Exchange Offer is not subject to any minimum tender condition nor is the Exchange Offer subject to a financing condition. However, the Exchange Offer is conditioned upon the effectiveness of the registration statement of which this prospectus forms a part, no stop order suspending the effectiveness of the registration statement and no proceeding for that purpose having been instituted or that is pending, contemplated or threatened by the SEC, all other required governmental approvals or consents, if any, having been obtained and the other general

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conditions set forth in the section titled "The Exchange Offer Conditions of the Exchange Offer."

***Will all of the Notes I validly tender in the Exchange Offer, and do not validly withdraw, be purchased?***

Upon the terms and subject to the conditions of the Exchange Offer, we will purchase all of the Notes that you validly tender pursuant to the Exchange Offer and do not validly withdraw.

***What are the material differences between my rights as a holder of Notes and any rights as a holder of common stock?***

If you do not tender Notes for exchange pursuant to the Exchange Offer, you will continue to receive interest payments at an annual rate of 3.50%. Interest payments are to be made semiannually in arrears on March 15 and September 15 of each year, or until such earlier time as you convert your Notes. If Notes are not earlier purchased or converted, payment of the principal of such Notes is to be made at maturity on September 15, 2015. Notes may not be redeemed by the Company until they mature on September 15, 2015. You also have the option to require us to purchase the Notes at 100% of the principal amount thereof plus accrued and unpaid interest to, but not including, the date of repurchase upon the occurrence of certain events constituting a "Fundamental Change".

If you do not tender your Notes for exchange pursuant to the Exchange Offer, you will have the right to receive cash and shares of our common stock upon conversion of your Notes in accordance with the terms of the indenture governing the Notes. You will also continue to have the right to convert your Notes, subject to certain conditions, and the right to an adjustment of the conversion rate on certain events. The conversion rate of the Notes as of the date of this prospectus is 80.9486 shares of common stock per $1,000 principal amount of Notes, which is equivalent to a conversion price of approximately $12.35 per share of common stock. A copy of the indenture governing the terms of the Notes is incorporated by reference as an exhibit to the registration statement of which this prospectus forms a part.

If, however, you participate in the Exchange Offer, you will receive the consideration described above in " What will I receive in the Exchange Offer if I tender my Notes and they are accepted for exchange?" in lieu of any future payments on the Notes. For a description of our common stock that you may receive if you participate in this Exchange Offer, please see "Description of Common Stock."

***What other rights will I lose if I exchange my Notes in the Exchange Offer?***

If you validly tender your Notes and we accept them for exchange, you will lose your rights as a holder of Notes. For example, with respect to the Notes, you will be giving up all rights to future payments of principal and interest on the Notes, and you will cease to be a creditor of the Company. You also will be giving up the right to convert your Notes into cash and shares of our common stock in accordance with the terms of the Notes.

***May I exchange only a portion of the Notes that I hold?***

Yes. You do not have to exchange all of your Notes to participate in the Exchange Offer. However, you may only tender Notes for exchange in integral multiples of $1,000 principal amount of Notes.

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***If the Exchange Offer is consummated and I do not participate in the Exchange Offer or I do not exchange all of my Notes in the Exchange Offer, how will my rights and obligations under my remaining outstanding Notes be affected?***

The terms of your Notes, if any, that remain outstanding after the consummation of the Exchange Offer will not change as a result of the Exchange Offer. However, if a sufficiently large aggregate principal amount of Notes does not remain outstanding after the Exchange Offer, the market for the remaining outstanding principal amount of Notes may be less liquid and market prices may fluctuate significantly depending on the volume of any trading in the Notes. See "Risk Factors  Risks Relating to the Exchange Offer  The liquidity of any market that currently exists for the Notes may be adversely affected by the Exchange Offer, and holders who do not tender their Notes may find it more difficult to sell their Notes."

***What do you intend to do with the Notes that are tendered and accepted by you in the Exchange Offer?***

Notes accepted for exchange by us in the Exchange Offer will be cancelled and retired, thereby reducing the dilutive impact of the Notes on our outstanding equity, on an as-converted basis, after giving effect to any shares of common stock that may be issued in this Exchange Offer.

***What happens if some or all of my Notes are not accepted for exchange?***

If we decide not to accept some or all of your Notes because of invalid tender, the occurrence of the other events set forth in this prospectus or otherwise, the Notes not accepted by us will be returned to you, at our expense, promptly after the expiration or termination of the Exchange Offer by book-entry transfer into an account with DTC specified by you.

***Are you making a recommendation regarding whether I should participate in the Exchange Offer?***

None of our management, our board of directors, the Dealer Managers, the Information Agent or the Exchange Agent are making any recommendation regarding whether you should tender or refrain from tendering your Notes for exchange in the Exchange Offer. You must make your own determination as to whether to tender your Notes for exchange in the Exchange Offer and, if so, the amount of Notes to tender. Before making your decision, we urge you to read this prospectus and the related letter of transmittal carefully in its entirety, including the information set forth in the section entitled "Risk Factors," and the documents incorporated by reference in this prospectus. If anyone makes any recommendation or representation or gives any such information, you should not rely upon that recommendation, representation or information as having been authorized by us, our management, our board of directors, the Dealer Managers, the Information Agent or the Exchange Agent. We also urge you to consult your financial and tax advisors in making your own decisions on what action, if any, to take in light of your own particular circumstances.

***Will the common stock to be issued in the Exchange Offer be freely tradable?***

Yes, as a general matter. The common stock you receive in the Exchange Offer will be freely tradable, unless you are considered an "affiliate" of ours, as that term is defined in the Securities Act of 1933, as amended (the "Securities Act") (namely a person controlling, controlled by or under common control with, the Company). Our common stock is listed on the NYSE under the symbol "AEL," and we expect the shares of our common stock to be issued in the Exchange Offer to be approved for listing on the NYSE under the symbol "AEL" on or prior to the settlement of the Exchange Offer. For more information regarding the market for our common stock, see the section of this prospectus entitled "Market Prices of Notes and Common Stock and Dividend Policy."

***What are the conditions to the Exchange Offer?***

The Exchange Offer is conditioned upon the effectiveness of the registration statement of which this prospectus forms a part and the other conditions described in "The Exchange Offer Conditions of the Exchange Offer." Except as to the conditions that the registration statement be declared effective by the SEC, that there be no stop orders suspending the effectiveness of such registration statement or other required governmental approvals or consents, if any, have been obtained and remain in effect, which conditions we cannot waive, we may waive any of the conditions to the Exchange Offer in our sole discretion.

***When does the Exchange Offer expire?***

The Exchange Offer will expire at 12:00 midnight, New York City time, at the end of October 21, 2013, unless the Exchange Offer is extended or earlier terminated by us. We cannot assure you that we will extend the Exchange Offer or, if we extend the Exchange Offer, for how long it will be extended. See "The Exchange Offer Expiration Date; Extensions; Amendments."

***Under what circumstances can the Exchange Offer be extended, amended or terminated?***

We expressly reserve the right to extend the Exchange Offer in our sole discretion. We also expressly reserve the right to amend the terms of the Exchange Offer. Further, we may be required by law to extend the Exchange Offer if we make a material change in the terms of the Exchange Offer or in the information contained in this prospectus or waive a material condition to the Exchange Offer. During any extension of the Exchange Offer, Notes that were previously tendered for exchange and not validly withdrawn will remain subject to the Exchange Offer. We reserve the right, in our sole discretion, but subject to applicable law, to terminate the Exchange Offer at any time if any condition of the Exchange Offer has not been, or we reasonably determine cannot be, satisfied on or prior to the Expiration Date. See "The Exchange Offer Conditions of the Exchange Offer." In the event that the Exchange Offer is terminated, withdrawn or otherwise not consummated on or prior to the Expiration Date, no consideration will be paid or become payable to holders who have validly tendered their Notes pursuant to the Exchange Offer. In any such event, the Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering holders. See "The Exchange Offer Expiration Date; Extensions; Amendments" and " Termination of the Exchange Offer."

***How will I be notified if the Exchange Offer is extended or amended?***

We will issue a press release or otherwise publicly announce any extension or amendment of the Exchange Offer. In the case of an extension, we will promptly make a public announcement by issuing a press release no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date of the Exchange Offer.

***What risks should I consider in deciding whether or not to tender my Notes?***

In deciding whether to participate in the Exchange Offer, you should carefully consider the discussion of risks and uncertainties affecting our business, the Notes and our common stock that are described in the section of this prospectus entitled "Risk Factors" and the documents incorporated by reference in this prospectus.

***What is the impact of the Exchange Offer on the Company's earnings per share?***

The numerator of the diluted earnings per share calculation will increase for the after-tax effect of interest expenses eliminated as a result of retirement of the Notes.

The denominator of the earnings per share calculation will increase for the effect of the issuance of common stock as partial payment for the retirement of the Notes.

***What are the federal income tax consequences of my participating in the Exchange Offer?***

Please see the section of this prospectus entitled "United States Federal Income Tax Consequences." You should consult your own tax advisor for a full understanding of the tax considerations of participating in the Exchange Offer.

***How will the Exchange Offer affect the trading market for the Notes that are not exchanged?***

If a significant percentage of the Notes are exchanged in the Exchange Offer, the liquidity of the trading market, if any, for the Notes after the completion of the Exchange Offer may be substantially reduced. Any Notes exchanged will reduce the aggregate principal amount of Notes outstanding. As a result, the Notes may trade at a discount to the price at which they would trade if the Exchange Offer was not consummated. The smaller outstanding amount of the Notes may also make the trading prices of the Notes more volatile. If the Exchange Offer is consummated, there might not be an active market in the Notes and the absence of an active market could adversely affect your ability to trade the Notes or the prices at which the Notes may be traded. See "Risk Factors Risks Relating to the Exchange Offer The liquidity of any trading market that currently exists for the Notes may be adversely affected by the Exchange Offer, and holders who do not tender their Notes may find it more difficult to sell their Notes."

***Are the Company's financial condition and results of operations relevant to the decision to tender Notes for exchange in the Exchange Offer?***

We believe that the price of our common stock and the Notes are closely linked to our financial condition and results of operations. For information about our financial condition and results of operations, see the section of this prospectus entitled "Capitalization" and the information incorporated by reference in this prospectus. For information about the accounting treatment of the Exchange Offer, see the section of this prospectus entitled "The Exchange Offer Accounting Treatment."

***Are any Notes held by the Company's directors, executive officers or affiliates?***

To the best of our knowledge, none of our directors, executive officers or affiliates own any outstanding Notes.

***Will the Company receive any cash proceeds from the Exchange Offer?***

No. The Company will not receive any cash proceeds from the Exchange Offer.

***How do I tender Notes for exchange in the Exchange Offer?***

Holders of Notes desiring to accept the Exchange Offer must tender their Notes through ATOP or by following the other procedures described under "The Exchange Offer Procedures for

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Tendering Notes." A holder who wishes to tender their Notes must either deliver an Agent's Message or sign and return the letter of transmittal, including all other documents required by the letter of transmittal, as described under "The Exchange Offer  Procedures for Tendering Notes" and arrange for the book-entry transfer or its Notes into the Exchange Agent's account at DTC according to the procedures for book-entry transfer described below under "The Exchange Offer  Procedures for Tendering Notes."

***May I tender my Notes by notice of guaranteed delivery?***

No. There are no guaranteed delivery procedures applicable to the Exchange Offer and, accordingly, Notes may not be tendered by delivering a notice of guaranteed delivery. All tenders must be completed by 12:00 midnight, New York City time, at the end of the Expiration Date in order to be considered valid.

***Once I have tendered Notes for exchange, can I change my mind?***

Yes. Holders may withdraw Notes that were previously tendered for exchange at any time on or prior to 12:00 midnight, New York City time, at the end of the Expiration Date of the Exchange Offer, which will be October 21, 2013 unless the Exchange Offer is extended or earlier terminated by us. For more information, see "The Exchange Offer  Withdrawal Rights."

***How do I withdraw Notes previously tendered for exchange in the Exchange Offer?***

For a withdrawal to be effective, the Exchange Agent must receive a computer-generated notice of withdrawal, transmitted by DTC on behalf of the holder in accordance with the standard operating procedure of DTC or a written notice of withdrawal, at or prior to 12:00 midnight, New York City time, at the end of the Expiration Date. Notes may also be withdrawn, if not yet accepted for exchange, at any time after the expiration of 40 business days from the commencement of the Exchange Offer. For more information regarding the procedures for withdrawing Notes, see "The Exchange Offer  Withdrawal Rights."

***What must I do to participate if my Notes are held of record by a broker, dealer, commercial bank, trust company or other nominee?***

If you wish to tender your Notes and they are held of record by a broker, dealer, commercial bank, trust company or other nominee, you should contact such entity promptly and instruct it to tender Notes on your behalf. You are urged to instruct your broker, dealer, commercial bank, trust company or other nominee as soon as possible in order to allow adequate processing time for your instruction.

Should you have any questions as to the procedures for tendering your Notes, please call your broker, dealer, commercial bank, trust company or other nominee, or call the Exchange Agent at its telephone number set forth on the back cover page of this prospectus.

**IF YOU HOLD YOUR NOTES THROUGH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, YOU SHOULD KEEP IN MIND THAT SUCH ENTITY MAY REQUIRE YOU TO TAKE ACTION WITH RESPECT TO THE EXCHANGE OFFER A NUMBER OF DAYS BEFORE THE EXPIRATION DATE IN ORDER FOR SUCH ENTITY TO TENDER SECURITIES ON YOUR BEHALF ON OR PRIOR TO SUCH EXPIRATION DATE. ACCORDINGLY, IF YOU WISH TO PARTICIPATE IN THE EXCHANGE OFFER, YOU SHOULD CONTACT THEIR BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE AS SOON AS POSSIBLE IN ORDER**

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**TO DETERMINE THE TIMES BY WHICH YOU MUST TAKE ACTION IN ORDER TO PARTICIPATE IN THE EXCHANGE OFFER.**

**Tenders not completed on or prior to 12:00 midnight, New York City time, at the end of the Expiration Date will be disregarded and of no effect.**

***Will I have to pay any fees or commissions if I tender my Notes for exchange in the Exchange Offer?***

No fees or commissions are payable by the holders of the Notes to the Dealer Managers, the Information Agent, the Exchange Agent or us, unless you give instructions for payment to be made or delivered, or unpurchased Notes to be issued or delivered, to a person other than yourself. If your Notes are held through a broker, dealer, commercial bank, trust company or other nominee who tenders the Notes on your behalf (other than those tendered through the Dealer Managers), such nominee may charge you a commission for doing so. You should consult with your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

***With whom may I talk if I have questions about the Exchange Offer?***

If you have any questions regarding the terms of the Exchange Offer, please contact the Dealer Managers. If you have questions regarding the procedures for tendering Notes in the Exchange Offer, please contact the Exchange Agent. If you have any other questions or requests for assistance, or requests for additional copies of this prospectus or of the related letter of transmittal, please contact the Information Agent. The contact information for the Dealer Managers, the Information Agent and the Exchange Agent is located on the back cover page of this prospectus.

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# Summary

*This summary highlights selected information included in or incorporated by reference into this prospectus. The following summary does not contain all of the information that you should consider before exchanging your Notes and is qualified in its entirety by the more detailed information appearing elsewhere in the prospectus, the letter of transmittal and the financial statements and the documents incorporated by reference. You should carefully read the entire prospectus, including the information incorporated by reference into this prospectus, the "Risk Factors" section beginning on page 20 and the "The Exchange Offer" section beginning on page 29 before making an investment decision. See "Where You Can Find More Information About the Company."*

## The Company

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 the year ended December 31, 2012, 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 $29.1 billion as of June 30, 2013. 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.

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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.

## 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 June 30, 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 June 30, 2013, 95% 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.

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## 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 initiatives and other factors, our investment spread increased to 270 basis points in the second quarter of 2013.

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***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 six months ended June 30, 2013 are as follows:

| | Six months ended | | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2013 | | 2012 | | 2011 | | 2010 | |
| (Dollars in thousands) | Deposits collected | Deposits as a % of total | Deposits collected | Deposits as a % of total | Deposits collected | Deposits as a % of total | Deposits collected | Deposits as a % of total |
| Fixed index annuities: | | | | | | | | |
| Index strategies | $1,369,078 | 66% | $2,225,902 | 56% | $2,839,295 | 56% | $2,401,891 | 51% |
| Fixed strategy | 528,545 | 26% | 1,208,324 | 31% | 1,377,987 | 27% | 1,551,007 | 33% |
| | 1,897,623 | 92% | 3,434,226 | 87% | 4,217,282 | 83% | 3,952,898 | 84% |
| Fixed rate annuities | 135,861 | 7% | 348,049 | 9% | 567,229 | 11% | 544,193 | 12% |
| Single premium immediate annuities | 31,804 | 1% | 164,657 | 4% | 305,603 | 6% | 171,628 | 4% |
| | $2,065,288 | 100% | $3,946,932 | 100% | $5,090,114 | 100% | $4,668,719 | 100% |

***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 six months ended June 30, 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 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 $2.3 billion of life insurance in force as of June 30, 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 six months ended June 30, 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.

For additional information regarding the composition of our investment portfolio and our interest rate risk management, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Financial condition Investments" and "Item 7A." Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2012, "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition Investments" and "Item 3. Quantitative and Qualitative Disclosures About Market Risk" in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 and Note 3 to our audited and unaudited consolidated financial statements, in each case incorporated by reference in this prospectus.

## 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 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%).

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## Related transactions

***Issuance of our 6.625% Notes due 2021***

On July 17, 2013, we closed a previously announced sale of $400,000,000 aggregate principal amount of our 6.625% Senior Notes due 2021 (the "2021 Notes"), pursuant to an underwriting agreement, dated July 12, 2013, between the Company and J.P. Morgan Securities LLC and the other several Underwriters named therein. The Notes were offered and sold under a prospectus, dated July 12, 2013, pursuant to the Company's shelf registration statement on Form S-3 (Registration No. 333-184162). The 2021 Notes will mature on July 15, 2021, and bear interest at a rate of 6.625% per year, payable on January 15 and July 15 of each year, beginning on January 15, 2014. The 2021 Notes were issued at a price equal to 100% of the principal amount thereof. The 2021 Notes are not presently guaranteed by any of the Company's subsidiaries but may in the future be guaranteed by certain subsidiaries of the Company. We intend to use the net proceeds from the 2021 Notes offering to fund all or a portion of the cash portion of the Offer Consideration in the Exchange Offer and the 2029 Exchange Offer and all or a portion of the expenses incurred in the Exchange Offer and the 2029 Exchange Offer.

***2029 Exchange Offer***

We intend to commence concurrently with this Exchange Offer the 2029 Exchange Offer for any and all of the outstanding 2029 Convertible Notes for cash and newly issued shares of our common stock. The conversion rate for the 2029 Convertible Notes is 104.4932 shares of common stock per $1,000 principal amount of 2029 Convertible Notes, which is equivalent to a conversion price of approximately $9.57 per share of common stock. Settlement upon conversion of the 2029 Convertible Notes provide for net share settlement with (i) cash being paid for the amount equal to the lesser of (a) the conversion value of the notes converted and (b) the aggregate principal amount of such Notes; and (ii) if the conversion value of per $1,000 principal amount of Notes exceeds $1,000, shares of common stock in respect of such excess, as compared with the Notes which, at the Company's election, provide for cash, shares of common stock or a combination of cash and shares of common stock. This Exchange Offer is not conditioned upon the commencement or completion of any 2029 Exchange Offer. Our decision to commence an offer for the 2029 Convertible Notes will depend on market conditions and other factors. This prospectus is not an offer to exchange the 2029 Convertible Notes.

Upon the terms and subject to the conditions of the 2029 Exchange Offer, holders of the 2029 Convertible Notes will be eligible to receive, for each $1,000 principal amount of the 2029 Convertible Notes accepted for exchange, offer consideration equal to (i) $159.38 plus (ii) ninety-five ninety percent (95%) of the product of the Average VWAP (as defined in the 2029 Exchange Offer prospectus) multiplied by 104.4932 (the "2029 Exchange Offer Consideration"). The 2029 Exchange Offer Consideration will be paid by a cash payment of up to $1,500 per $1,000 principal amount of 2029 Convertible Notes accepted for exchange in the 2029 Exchange Offer. In the event that the 2029 Exchange Offer Consideration exceeds $1,500, the 2029 Exchange Offer Consideration will be paid by delivery of (i) a cash payment of $1,500 per $1,000 principal amount of 2029 Convertible Notes accepted for exchange in the 2029 Exchange Offer and (ii) a number of shares of the Company's common stock equal to the quotient of the total value of the 2029 Exchange Offer Consideration less the $1,500 cash payment, divided by the Average VWAP. In no event will the total value of the 2029 Exchange Offer Consideration be less than $1,500 per $1,000 principal amount of 2029 Convertible Notes accepted for exchange in the 2029 Exchange Offer. In addition, holders whose 2029 Convertible Notes are accepted for exchange will also be entitled to receive a cash payment for accrued and unpaid interest on such 2029 Convertible Notes to, but excluding, the settlement date for such Exchange Offer.

We intend to file a registration statement (including a prospectus) with the SEC for the 2029 Exchange Offer. Before any investment in the 2029 Exchange Offer, you should read any prospectus in such registration statement and other documents we have filed with the SEC for more complete information about us and any 2029 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 or 1-800-248-8863.

## Unwinding of call option and warrant transactions

In connection with the Exchange Offer, we intend to enter into early termination agreements with the counterparties to the call option and warrant transactions that we entered into at the time we issued the Notes with respect to any Notes accepted for exchange. These agreements will provide for a minimum early termination of at least 50% of the call options and warrants outstanding. The early termination of the call option and warrant transactions will result in a net cash payment to us.

## 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 Exchange Offer

The following summarizes certain material terms of the Exchange Offer. Before you decide whether to tender your Notes in the Exchange Offer, you should read the entire prospectus, including the detailed description under the heading "The Exchange Offer," "Description of Common Stock" and "Risk Factors."

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| **Offeror** | American Equity Investment Life Holding Company. |
| **Securities subject to Exchange Offer** | All of our outstanding Notes. As of the date of this prospectus, $200.0 million aggregate principal amount of Notes are outstanding. The conversion rate for the Notes is 80.9486 shares of common stock per $1,000 principal amount of Notes, which is equivalent to a conversion price of approximately $12.35 per share of common stock. |
| **The Exchange Offer** | We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the related letter of transmittal, cash and, in certain circumstances, newly issued shares of our common stock for any and all our outstanding Notes. We refer to the cash amount of up to $1,150 per $1,000 principal amount of Notes and any shares to be issued in exchange for our Notes collectively as the "Offer Consideration" in this prospectus. |

The total value of the Offer Consideration per $1,000 principal amount of Notes accepted for exchange will equal (i) $143.92 plus (ii) 95% of the product of the Average VWAP multiplied by 80.9486.

The Offer Consideration will be paid by a cash payment of up to $1,150. In the event the Offer Consideration deliverable exceeds $1,150, the Offer Consideration will be paid by delivery of (i) a cash payment of $1,150 per $1,000 principal amount of Notes accepted for exchange in this Exchange Offer and (ii) a number of shares of our common stock equal to the quotient of the total value of the Offer Consideration less the cash. For the avoidance of doubt, if the Offer Consideration exceeds $1,150, the Offer Consideration per $1,000 principal amount of Notes will consist of:

(i) $1,150 in cash, *plus*

(ii) A number of shares of our common stock equal to:

$$\frac{\text{(Total value of Offer Consideration per \$1,000 principal amount of Notes - \$1,150)}}{\text{Average VWAP}}$$

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| | In no event will the total value of the Offer Consideration paid in this Exchange Offer be less than $1,150 per $1,000 principal amount of Notes accepted for exchange in this Exchange Offer. |
| | Holders whose Notes are accepted for exchange will also be entitled to receive a cash payment for accrued and unpaid interest on such Notes up to, but excluding, the settlement date. We will not issue fractional shares of our common stock in the Exchange Offer. Instead, we will pay cash for all fractional shares on the settlement date based upon the Average VWAP. All amounts payable pursuant to the Exchange Offer will be rounded to the nearest cent. |
| **Conditions to the Exchange Offer** | The Exchange Offer is conditioned upon the effectiveness of the registration statement of which this prospectus forms a part, no stop order suspending the effectiveness of the registration statement and no proceeding for that purpose having been instituted or that is pending, contemplated or threatened by the SEC, all other required governmental approvals or consents, if any, having been obtained and the other conditions described in "The Exchange Offer Conditions of the Exchange Offer." We may waive any of the other conditions to the Exchange Offer in our sole discretion, except for the conditions that the registration statement be declared effective by the SEC, that there be no stop orders suspending the effectiveness of such registration statement and other required governmental approvals or consents, if any, have been obtained and remain in effect, which conditions we cannot waive. See "The Exchange Offer Conditions of the Exchange Offer." |
| **Purpose of the Exchange Offer** | The principal purpose of the Exchange Offer is to purchase, cancel and retire the Notes, thereby reducing the dilutive impact of the Notes on our outstanding equity on an as-converted basis, after giving effect to any shares of common stock that may be issued in the Exchange Offer. |

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| **Expiration Date; extension of tender period; termination; and amendment** | This Exchange Offer will expire at 12:00 midnight New York City time at the end of October 21, 2013, unless we extend or terminate it. We may extend the Expiration Date for the Exchange Offer for any reason in our sole discretion. If we decide to extend the Expiration Date, we will announce any extension by press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the scheduled Expiration Date. You must tender your outstanding Notes prior to the Expiration Date if you want to participate in the Exchange Offer. We reserve the right to terminate the Exchange Offer at any time prior to completion of the Exchange Offer in our sole discretion, but subject to applicable law, if any of the conditions under "The Exchange Offer Conditions of the Exchange Offer" have not been, or we reasonably determine cannot be, satisfied on or prior to the Expiration Date. See "The Exchange Offer Termination of the Exchange Offer." In addition, we have the right to amend any of the terms of the Exchange Offer. See "The Exchange Offer Expiration Date; Extensions; Amendments."<br><br>In the event that the Exchange Offer is terminated, withdrawn or otherwise not consummated on or prior to the Expiration Date, no consideration will be paid or become payable to holders who have validly tendered their Notes pursuant to the Exchange Offer. In any such event, the Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering holders. |
| **Settlement date** | The settlement date in respect of Notes that are validly tendered and not validly withdrawn prior to the Expiration Date will be promptly following such Expiration Date. Assuming that the conditions to the Exchange Offer are satisfied, or, where permitted waived, we expect that the settlement date will be the third business day following the expiration of the Exchange Offer. See "The Exchange Offer Settlement Date." |
| **Accrued and unpaid interest** | Holders whose Notes are accepted for exchange will be entitled to receive a cash payment for accrued and unpaid interest on such Notes to, but excluding, the settlement date. |

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| **Procedures for tendering Notes** | Holders of Notes desiring to accept the Exchange Offer must tender their Notes through ATOP or by following the other procedures described under "The Exchange Offer Procedures for Tendering Notes." A holder who wishes to tender its Notes must either deliver an Agent's Message or sign and return the letter of transmittal, including all other documents required by the letter of transmittal, as described under "The Exchange Offer Procedures for Tendering Notes" and arrange for the book-entry transfer of its Notes into the Exchange Agent's account at DTC according to the procedure for book-entry transfer described below under "The Exchange Offer Procedures for Tendering Notes."<br><br>If your Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact that registered holder promptly and instruct him, her or it to tender your Notes on your behalf.<br><br>**IF YOU HOLD YOUR NOTES THROUGH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, YOU SHOULD KEEP IN MIND THAT SUCH ENTITY MAY REQUIRE YOU TO TAKE ACTION WITH RESPECT TO THE EXCHANGE OFFER A NUMBER OF DAYS BEFORE THE EXPIRATION DATE IN ORDER FOR SUCH ENTITY TO TENDER SECURITIES ON YOUR BEHALF ON OR PRIOR TO SUCH EXPIRATION DATE. ACCORDINGLY, IF YOU WISH TO PARTICIPATE IN THE EXCHANGE OFFER, YOU SHOULD CONTACT YOUR BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE AS SOON AS POSSIBLE IN ORDER TO DETERMINE THE TIMES BY WHICH YOU MUST TAKE ACTION IN ORDER TO PARTICIPATE IN THE EXCHANGE OFFER.** See "The Exchange Offer Procedures for Tendering Notes."<br><br>Do not send letters of transmittal or certificates representing Notes to us or DTC. Send these documents only to the Exchange Agent. |
| **Withdrawal rights** | Your tender of Notes pursuant to this Exchange Offer may be withdrawn at any time before the Exchange Offer expires. Notes may also be withdrawn, if not yet accepted for payment, at any time after the expiration of 40 business days from the commencement of the Exchange Offer.<br><br>Withdrawals may not be rescinded. However, if you change your mind again, you may tender your Notes again by following the Exchange Offer procedures before the Exchange Offer expires. See "The Exchange Offer Withdrawal Rights." |

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| **Acceptance of Notes and delivery of Offer Consideration** | We will, subject to the terms and conditions described in this prospectus, accept all Notes that are validly tendered and not validly withdrawn at or prior to 12:00 midnight, New York City time, at the end of the Expiration Date. The Offer Consideration will be delivered promptly after we accept the Notes for exchange. See "The Exchange Offer Acceptance of Notes for Exchange; Delivery of Offer Consideration." |
| **Consequences of failure to Exchange Notes** | Notes not exchanged in the Exchange Offer will remain outstanding after consummation of the Exchange Offer and will continue to accrue any interest in accordance with their terms. Following completion of, and as a result of, the Exchange Offer, the market for the remaining outstanding Notes may be less liquid. See "Risk Factors Risks Related to the Exchange Offer The liquidity of any trading market that currently exists for the Notes may be adversely affected by the Exchange Offer, and holders who do not tender their Notes may find it more difficult to sell their Notes."<br><br>Holders of Notes that remain outstanding will continue to have the same rights under the Notes as they are entitled to today. |
| **Required approvals** | We are not aware of any regulatory approvals necessary to complete the Exchange Offer other than compliance with applicable securities laws. |
| **No appraisal rights** | No appraisal rights are available to holders of Notes in connection with the Exchange Offer. |
| **United States federal income tax consequences** | For a summary of the U.S. federal income tax consequences relating to the Exchange Offer, see "United States Federal Income Tax Consequences." You should consult your own tax advisor for a full understanding of the tax consequences of participating in the Exchange Offer. |
| **Risk factors** | You should carefully consider in its entirety all of the information set forth in this prospectus and the related letter of transmittal, as well as the information incorporated by reference in this prospectus, and, in particular, the section entitled "Risk Factors," before deciding whether to participate in the Exchange Offer. |
| **Use of proceeds** | We will not receive any proceeds from the Exchange Offer. |

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| **Market price and trading** | Our common stock is listed on the NYSE under the symbol "AEL." On August 22, 2013, the last reported sale price for our common stock was $19.84 per share. We expect any shares of our common stock offered by this prospectus to be listed on the NYSE on or prior to the settlement of the Exchange Offer. |
| **Brokerage commissions** | No brokerage commissions are payable by the holders of the Notes to the Dealer Managers, the Information Agent, the Exchange Agent or us. If your Notes are held through a broker, dealer, commercial bank, trust company or other nominee who tenders the Notes on your behalf, such nominee may charge you a commission for doing so. You should consult with your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply. |
| **Dealer managers** | J.P. Morgan Securities LLC and Raymond James & Associates, Inc. are the dealer managers for the Exchange Offer. |
| **Exchange agent** | Global Bondholder Services Corporation is the exchange agent for the Exchange Offer. |
| **Information agent** | Global Bondholder Services Corporation is the information agent for the Exchange Offer. |
| **Fees and expenses** | We will pay all fees and expenses we incur in connection with the Exchange Offer. See "The Exchange Offer Fees and Expenses." |
| **Questions and additional information** | If you have questions about the terms of the Exchange Offer, please contact the Dealer Managers. If you have questions regarding the procedures for tendering Notes in the Exchange Offer or require assistance in tendering your Notes, please contact the Exchange Agent. If you have any other questions or requests for assistance, or requests for additional copies of this prospectus or of the related letter of transmittal, please contact the Information Agent. The contact information for the Dealer Managers, the Information Agent and the Exchange Agent are set forth on the back cover page of this prospectus. See also "Where You Can Find More Information About the Company." |

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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 six months ended June 30, 2013 and 2012. The information as of and for the fiscal years ended December 31, 2012, 2011 and 2010 was derived from our audited annual consolidated financial statements. The information as of and for the six months ended June 30, 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 six months ended June 30, 2013 are not necessarily indicative of the results to be expected for the full year ending December 31, 2013.

You should read the following summary consolidated financial information together with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2012, "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013, and our audited consolidated financial statements and unaudited consolidated financial statements, including the related notes, in each case incorporated by reference in this prospectus.

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| (Dollars in thousands, except per share data) | Six months ended June 30, 2013 | 2012 | Year ended December 31, 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | (unaudited) | | | | |
| **Consolidated statements of operations data:** | | | | | |
| Revenues: | | | | | |
| Traditional life insurance premiums | $ 5,611 | $ 6,470 | $ 12,877 | $ 12,151 | $ 11,982 |
| Annuity product charges | 44,992 | 41,301 | 89,006 | 76,189 | 69,075 |
| Net investment income | 665,833 | 647,169 | 1,286,923 | 1,218,780 | 1,036,106 |
| Change in fair value of derivatives | 438,002 | 108,314 | 221,138 | (114,728) | 168,862 |
| Net realized gains (losses) on investments, excluding other than temporary impairment ("OTTI") losses | 26,274 | (6,687) | (6,454) | (18,641) | 23,726 |
| Net OTTI losses recognized in operations | (6,012) | (3,859) | (14,932) | (33,976) | (23,867) |
| Loss on extinguishment of debt | (589) | | | | (292) |
| Total revenues | 1,174,111 | 792,708 | 1,588,558 | 1,139,775 | 1,285,592 |
| Benefits and expenses: | | | | | |
| Insurance policy benefits and change in future policy benefits | 3,841 | 4,367 | 8,075 | 7,870 | 8,251 |
| Interest sensitive and index product benefits | 561,834 | 281,856 | 818,087 | 775,757 | 733,218 |
| Change in fair value of embedded derivatives | (45,137) | 278,077 | 286,899 | (105,194) | 130,950 |
| Amortization of deferred sales inducements and policy acquisition costs | 364,867 | 121,782 | 252,076 | 215,259 | 196,261 |
| Interest expense on notes payable and subordinated debentures | 20,055 | 21,216 | 41,937 | 45,610 | 37,031 |
| Interest expense on amounts due under repurchase agreements | | | | 30 | |
| Other operating costs and expenses | 44,371 | 40,615 | 95,495 | 67,529 | 114,615 |
| Total benefits and expenses | 949,831 | 747,913 | 1,502,569 | 1,006,861 | 1,220,326 |
| Income before income taxes | 224,280 | 44,795 | 85,989 | 132,914 | 65,266 |
| Income tax expense | 78,136 | 15,565 | 28,191 | 46,666 | 22,333 |
| Net income | $ 146,144 | $ 29,230 | $ 57,798 | $ 86,248 | $ 42,933 |
| **Per share data:** | | | | | |
| Earnings per common share | $ 2.29 | $ 0.49 | $ 0.94 | $ 1.45 | $ 0.73 |
| Earnings per common share assuming dilution | 2.09 | 0.46 | 0.89 | 1.37 | 0.68 |
| Dividends declared per common share | 0.00 | 0.00 | 0.15 | 0.12 | 0.10 |
| **Non-GAAP financial measures (unaudited)(a):** | | | | | |
| Reconciliation of net income to Operating Income: | | | | | |
| Net income | $ 146,144 | $ 29,230 | $ 57,798 | $ 86,248 | $ 42,933 |
| Net realized (gains) losses and net OTTI losses on investments, net of offsets(b) | (6,378) | 4,408 | 8,648 | 18,354 | 379 |

| | | | | | |
|---|---|---|---|---|---|
| Net effect of derivatives and embedded derivatives, net of offsets(b) | (74,416) | 23,478 | 34,161 | 29,051 | 38,167 |
| Extinguishment of debt, net of income taxes | 345 | | | | 171 |
| Litigation reserve, net of offsets(b) | (1,969) | | 9,580 | | 27,297 |
| Operating Income(c) | $ 63,726 | $ 57,116 | $ 110,187 | $ 133,653 | $ 108,947 |
| Operating Income per common share | $ 1.00 | $ 0.95 | $ 1.80 | $ 2.25 | $ 1.86 |
| Operating Income per common share assuming dilution | 0.91 | 0.90 | 1.69 | 2.12 | 1.70 |

| (Dollars in thousands) | As of and for the six months ended June 30, 2013 | 2012 | As of and for the year ended December 31, 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | (unaudited) | | | | |
| **Consolidated balance sheet data:** | | | | | |
| Total investments | $ 29,053,075 | $ 25,427,245 | $ 27,537,210 | $ 24,383,451 | $ 19,816,931 |
| Total assets | 37,288,550 | 33,133,602 | 35,133,478 | 30,874,719 | 26,426,763 |
| Policy benefit reserves | 33,635,600 | 29,896,751 | 31,773,988 | 28,118,716 | 23,655,807 |
| Notes payable | 303,126 | 303,595 | 309,869 | 297,608 | 330,835 |
| Subordinated debentures | 245,958 | 256,122 | 245,869 | 268,593 | 268,435 |
| Accumulated other comprehensive income ("AOCI") | 244,280 | 579,872 | 686,807 | 457,229 | 81,820 |
| Total stockholders' equity | 1,442,076 | 1,577,651 | 1,720,237 | 1,408,679 | 938,047 |
| **Other data:** | | | | | |
| Life subsidiaries' statutory capital and surplus and asset valuation reserve | 1,818,887 | 1,695,048 | 1,741,637 | 1,655,205 | 1,456,679 |
| Life subsidiaries' statutory net gain from operations before income taxes and realized capital gains (losses) | 119,727 | 71,630 | 182,057 | 344,538 | 322,133 |
| Life subsidiaries' statutory net income | 85,532 | 33,055 | 79,644 | 167,925 | 172,865 |
| Book value per share(d) | 22.46 | 25.84 | 27.46 | 23.82 | 16.07 |
| Book value per share, excluding AOCI(d) | 18.66 | 16.34 | 16.49 | 16.09 | 14.67 |

(a) 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, losses on extinguishment of debt and changes in 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 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 six months ended June 30, 2013 and 2012 and for the years ended December 31, 2012, 2011 and 2010 are set forth in the table above.

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(b) 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) | Six months ended June 30, 2013 | Six months ended June 30, 2012 | Year ended December 31, 2012 | Year ended December 31, 2011 | Year ended December 31, 2010 |
|---|---|---|---|---|---|
| Net realized (gains) losses and net OTTI losses on investments, net of offsets: | | | | | |
| Net realized (gains) losses on investments, including OTTI | $ (20,262) | $ 10,546 | $ 21,386 | $ 52,617 | $ 141 |
| Amortization of DAC and DSI | 10,358 | (3,701) | (7,989) | (24,117) | 446 |
| Income taxes | 3,526 | (2,437) | (4,749) | (10,146) | (208) |
| | $ (6,378) | $ 4,408 | $ 8,648 | $ 18,354 | $ 379 |
| Net effect of derivatives and embedded derivatives, net of offsets: | | | | | |
| Change in fair value of derivatives and embedded derivatives | $(281,552) | $ 87,907 | $151,695 | $125,721 | $146,682 |
| Amortization of DAC and DSI | 166,492 | (51,222) | (98,306) | (80,858) | (87,545) |
| Income taxes | 40,644 | (13,207) | (19,228) | (15,812) | (20,970) |
| | $ (74,416) | $ 23,478 | $ 34,161 | $ 29,051 | $ 38,167 |
| Litigation reserve, net of offsets: | | | | | |
| Litigation reserve recorded in other operating costs | $ (3,212) | $ | $ 17,532 | $ | $ 48,000 |
| Amortization of DAC and DSI | 156 | | (2,656) | | (5,712) |
| Income taxes | 1,087 | | (5,296) | | (14,991) |
| | $ (1,969) | $ | $ 9,580 | $ | $ 27,297 |

(c) 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 includes 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 "Item 2. 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" in our Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference in this prospectus.

*Reserves held for living income benefit riders:* The year ended December 31, 2012 includes 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.

*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.

(d) Book value per share and book value per share excluding AOCI are calculated as total stockholders' equity and total stockholders' equity excluding AOCI, respectively, divided by the total number of shares of common stock outstanding. AOCI fluctuates from year to year due to unrealized changes in the fair value of available for sale investments. Shares outstanding include shares held by the NMO Deferred Compensation Trust and exclude unallocated shares held by our employee stock ownership plan see note 11 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012.

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# Risk factors

*This section describes some, but not all, of the risks associated with the Exchange Offer and tendering your Notes for exchange. Before making an investment decision, you should also carefully consider the risk factors described below, the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2012, which are incorporated by reference herein, and the risks described in our other filings with the SEC that are incorporated by reference herein.*

## Risks related to the Exchange Offer

**Upon consummation of the Exchange Offer, holders who tender their Notes will lose their rights under the Notes, including their rights to future principal and interest payments with respect to their Notes, their rights as a creditor of the Company, and their rights to convert the notes to common stock.**

If you tender your Notes pursuant to the Exchange Offer, you will give up all of your rights as a holder of Notes, including rights to future payment of principal and interest on the Notes, and you will cease to be a creditor of the Company. You will also be giving up the right to convert your Notes into cash and shares of common stock in accordance with their terms. You will also give up the right to adjustments in the conversion rate for the Notes in the certain circumstances including in the event the Company increases its dividend, engages in certain other transactions or chooses to exercise its right to increase the conversion rate.

**The liquidity of any trading market that currently exists for the Notes may be adversely affected by the Exchange Offer, and holders who do not tender their Notes may find it more difficult to sell their Notes.**

If a significant percentage of the Notes are purchased in the Exchange Offer, the liquidity of the trading market for the Notes, if any, after the completion of the Exchange Offer may be substantially reduced. Any Notes purchased will reduce the aggregate principal amount of the Notes outstanding. As a result, the Notes may trade at a discount to the price at which they would trade if the Exchange Offer were not consummated, subject to prevailing interest rates, the market for similar securities and other factors. The smaller outstanding aggregate principal amount of the Notes may also make the trading prices of the Notes more volatile. The trading market for the Notes is quite limited at present and may become further limited as a result of the Exchange Offer. We cannot assure you that an active market in the Notes will exist or be maintained, or as to the prices at which the Notes may be traded after the Exchange Offer is consummated.

**Following the Exchange Offer, we may purchase any Notes that remain outstanding, and the terms of such purchases may be more or less favorable than those offered in the Exchange Offer.**

Following completion of the Exchange Offer, we may purchase additional Notes that remain outstanding. Future purchases of Notes that remain outstanding after the Exchange Offer may be on terms that are more or less favorable than those offered in the Exchange Offer. Rule 14e-5 under the Exchange Act prohibits us and our affiliates from purchasing Notes outside of the Exchange Offer from the time that the Exchange Offer is first announced until the expiration of the Exchange Offer, subject to certain exceptions. In addition, Rule 13e-4 under the Exchange Act generally prohibits us and our affiliates from purchasing any Notes other than pursuant to the Exchange Offer until ten business days after the Expiration Date. Future purchases, if any, will depend on many factors, which include market conditions and the condition of our business.

**The Company has not made a recommendation as to whether or not you should tender your Notes in the Exchange Offer, and the Company has not obtained any third-party determination that the Exchange Offer is fair to the holders of the Notes.**

None of us, our management, our board of directors, the Dealer Managers, the Information Agent, nor the Exchange Agent is making a recommendation as to whether or not holders of the Notes should tender their Notes pursuant to the Exchange Offer. We have not retained, nor do we intend to retain, any person to act on behalf of the holders of the Notes for purposes of negotiating the terms of this Exchange Offer or to pass upon the fairness of the Exchange Offer or make any recommendation regarding the Exchange Offer.

**During the pendency of the Exchange Offer, the market prices of the Notes and our common stock may be volatile.**

During the pendency of the Exchange Offer, the market prices of the Notes and our common stock may be more volatile than might otherwise normally be the case. Holders of Notes may terminate all or a portion of any hedging arrangements they have entered into in respect of their Notes, which may lead to increased purchase or sale activity by or on behalf of such holders during the Exchange Offer. Such activity may lead to volatility in the price of our common stock, as well as in the price of our Notes or our other outstanding convertible notes or may lead to unusually high trading volumes during the period of the Exchange Offer.

**Although the Offer Consideration will be determined based on the Average VWAP of our common stock during the 40 trading day period ending on and including the expiration date, the market price of our common stock will fluctuate, and the market price of our common stock upon settlement of the Exchange Offer could be less than the market price used to determine the Offer Consideration.**

The Offer Consideration will be determined based on the Average VWAP of our common stock during the 40 trading day period ending on and including the Expiration Date, and will not be adjusted regardless of any increase or decrease in the market price of our common stock between the Expiration Date and the settlement date. Therefore, the market price of our common stock at the time you receive the Offer Consideration, including any shares of our common stock deliverable pursuant to the Exchange Offer, on the settlement date could be less than the market price used to determine the Offer Consideration including the number of shares of our common stock, if any, deliverable pursuant to the Exchange Offer. The market price of our common stock has historically been subject to fluctuations and volatility.

**The sale of substantial amounts of common stock, including the sale of common stock issued in the Exchange Offer, could cause the market price for our common stock to decline.**

The sale of substantial amounts of our common stock, or the perception that such sales could occur, could cause the market price of our common stock to decline. Further, the increase in the number of shares of our common stock outstanding as a result of the Exchange Offer could reduce the amount of our earnings per share which may also negatively affect the market price of our common stock.

**Further issuances of shares of our common stock in the public market could lower the market price for our common stock.**

In the future, we may issue additional shares of common stock or securities convertible into shares of common stock to raise capital, finance acquisitions or retire debt. In addition, a significant number of shares of our common stock may be issued upon the exercise of stock options, upon completion of the 2029 Exchange Offer and upon exercise of the warrants entered into in connection with the call option transactions for the Notes (unless earlier terminated for cash settlement). We cannot predict the effect, if any, that future issuances may have on the market price for our common stock. Any such issuances could reduce our earnings per share. The issuance and sale of substantial amounts of shares of common stock or securities convertible into shares of common stock, or the perception that such issuances and sales may occur, could adversely affect the market price of our common stock and impair our ability to raise capital.

**The failure to timely complete the Exchange Offer successfully could negatively affect the market price of our common stock and the trading price of the Notes.**

Several conditions must be satisfied or waived before we may complete the Exchange Offer, including that no material adverse change to our business, operations, properties, condition, assets, liabilities, prospects or financial affairs occurs on or prior to 12:00 midnight, New York City time, at the end of the Expiration Date. The conditions that the registration statement be declared effective by the SEC, that there be no stop orders suspending the effectiveness of such registration statement and other required governmental approvals or consents, if any, have been obtained and remain in effect, cannot be waived by us. In addition, to the extent permitted by law, we reserve the right to extend the Exchange Offer in our sole discretion. If the Exchange Offer is not timely completed, the market price of our common stock and the trading price of the Notes may decline to the extent that such prices reflect the assumption that the Exchange Offer will be completed on the scheduled Expiration Date. In addition, to the extent that we extend the Exchange Offer, the risks described elsewhere in these "Risks Related to the Exchange Offer" may be exacerbated.

## Risks related to our common stock

**The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.**

The price of our common stock on the NYSE constantly changes. Volatility in the market price of our common stock may prevent you from being able to sell your shares when you want or at prices you find attractive.

The market price of our common stock may fluctuate in response to numerous factors, many of which are beyond our control. These factors include the following:

- actual or anticipated fluctuations in our operating results;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;

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- changes in laws and regulations which may affect the sale of our products;
- the operating and stock performance of our competitors;
- announcements by us or our competitors of new products or services or significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- changes in interest rates;
- general domestic or international economic, market and political conditions and regulatory initiatives;
- additions or departures of key personnel; and
- future sales of our common stock, including sales of our common stock in short sales transactions.

In addition, the stock markets from time to time experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. These broad fluctuations may adversely affect the trading price of our common stock, regardless of our actual operating performance.

**The price of our common stock and our ability to raise funds in new stock offerings may be adversely affected by the issuance and sale of our common stock or equity-related securities, now and in the future.**

Issuances or exchanges of significant amounts of our common stock or equity-related securities, or the perception that such sales will occur, could adversely affect prevailing trading prices of our common stock and could impair our ability to raise capital through future offerings of equity or equity-related securities. No prediction can be made as to the effect, if any, that future issuances or exchanges of shares of our common stock or equity-related securities or the availability of shares of our common stock for future issuance or exchange will have on the trading price of our common stock.

**The volatility and price of our common stock may be adversely affected by the exchange offer we make for our 2029 Convertible Notes.**

We intend to commence an exchange offer for our 2029 Convertible Notes concurrently with this Exchange Offer and as a consequence of such other exchange offer, trading in our common stock and the volatility for the common stock may be affected by investors in the 2029 Convertible Notes unwinding their hedge arrangements. The price for our common stock may also be adversely affected by the sales of shares received by investors upon completion of the exchange offer for the 2029 Convertible Notes.

**Our common stock is an equity security and is subordinate to our existing and future indebtedness.**

Shares of our common stock are equity interests and do not constitute indebtedness. As such, shares of our common stock rank junior to all indebtedness and other non-equity claims against us with respect to assets available to satisfy claims against us, including in a liquidation. Additionally, holders of our common stock may become subject to the prior dividend and liquidation rights of any holders of any preferred stock we may issue in the future.

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**Anti-takeover provisions affecting us could make it difficult for a third party to acquire our company.**

Our articles of incorporation, as amended, our third amended and restated bylaws and Iowa law contain anti-takeover provisions that could have the effect of delaying or preventing changes in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors and take other corporate actions without the concurrence of our management or board of directors. The provisions in our charter documents include the following:

- our amended articles of incorporation provide for a classified board of directors pursuant to which our directors are divided into three classes, with three-year staggered terms;
- our amended articles of incorporation provide our board of directors the ability to issue shares of preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without shareholder approval;
- our bylaws provide that shareholder action may be taken only at a special or regular meeting or by written consent signed by the holders of outstanding shares having not less than 90% of the votes entitled to be cast at a meeting at which all shares entitled to vote on the action were present and voted;
- our bylaws limit our shareholders' ability to make proposals at shareholder meetings; and
- our bylaws establish advance notice procedures for nominating candidates to our board of directors.

We are subject to certain Iowa laws that could have similar effects. One of these laws, Section 490.1110 of the Iowa Business Corporation Act, prohibits us from engaging in a business combination with any interested shareholder for a period of three years from the date the person became an interested shareholder unless certain conditions are met.

The foregoing provisions may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices of our common stock and also could limit the price that investors are willing to pay in the future for shares of our common stock. In addition, before a person can directly or indirectly acquire 10% or greater voting control of any of our life insurance subsidiaries, prior written approval must generally be obtained from the applicable insurance regulator where our affected life insurance subsidiary is domiciled.

**Our ability to pay dividends in the future is subject to many factors and you may not receive dividends on our common stock.**

Holders of our common stock are only entitled to receive dividends as our board of directors may declare out of funds legally available for such payments. Although we intend to continue to pay an annual cash dividend on such shares so long as we have sufficient capital and/or future earnings to do so, we may change our dividend policy at any time. We anticipate retaining most of our future earnings, if any, for use in our operations and the expansion of our business. Any further determination as to dividend policy will be made by our board of directors and will depend on a number of factors, including our future earnings, capital requirements, financial condition and future prospects and such other factors as our board of directors may deem relevant.

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Our ability to pay dividends may be impaired if any of the risks described in this prospectus or incorporated by reference herein and in the accompanying prospectus were to occur. In addition, since we are a holding company, our ability to pay cash dividends depends in large measure on our subsidiaries' ability to make distributions of cash or property to us. Iowa insurance laws restrict the amount of distributions American Equity Life can pay to us without the approval of the Iowa Insurance Commissioner.

# Use of proceeds

We will not receive any cash proceeds from the Exchange Offer. We will pay all of the fees and expenses incurred by or on behalf of us related to the Exchange Offer. Any Notes that are validly tendered pursuant to the Exchange Offer and accepted for exchange will be retired and cancelled.

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# Market prices of Notes and common stock and dividend policy

Our common stock is listed on the NYSE under the symbol "AEL." The following table sets forth the high and low sales prices for our common stock for each calendar quarter during the periods indicated.

| | High | Low |
|---|---|---|
| **2011** | | |
| First Quarter | $ 13.93 | $ 11.27 |
| Second Quarter | 13.53 | 11.91 |
| Third Quarter | 13.22 | 8.01 |
| Fourth Quarter | 11.82 | 8.05 |
| **2012** | | |