

Strategic Partnership with Brookfield

Accelerating AEL 2.0 Value Creation Strategy

October 18, 2020

Forward-Looking Statements

This presentation and any oral related statements made by our representatives may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may relate to strategic alternatives, future operations, strategies, plans, partnerships, investments, share buybacks, financial results or other developments, and are subject to assumptions, risks and uncertainties. Statements such as “guidance”, “expect”, “strong”, “anticipate”, “believe”, “intend”, “goal”, “objective”, “target”, “potential”, “will”, “may”, “would”, “should”, “can”, “deliver”, “accelerate”, “enable”, “estimate”, “projects”, “outlook”, “opportunity”, “position” or similar words, as well as specific projections of future events or results qualify as forward-looking statements. Forward-looking statements, by their nature, are subject to a variety of inherent risks and uncertainties that could cause actual results to differ materially from the results projected. Many of these risks and uncertainties cannot be controlled by American Equity Investment Life Holding Company (“AEL”) and include the possibility that the proposed transaction may not be completed. Factors that may cause our actual decisions or results to differ materially from those contemplated by these forward-looking statements can be found in AEL’s Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date the statement was made and AEL undertakes no obligation to update such forward-looking statements. There can be no assurance that other factors not currently disclosed or anticipated by AEL will not materially adversely affect our results of operations or plans. Investors are cautioned not to place undue reliance on any forward-looking statements made by us or on our behalf.

Benefits of Strategic Partnership

- 1 Release over \$300Mn of capital from AEL's in-force through \$5bn in-force reinsurance transaction
- 2 Start to generate stable, recurring "fee-like" income and grow it with follow-on new business reinsurance transactions
- 3 Establishes Brookfield as a long-term shareholder at a floor price of \$37 per share with strong alignment
- 4 Positions AEL for growth and accelerates conversion into an "ROA" business model

Brookfield Partnership: Compelling Terms

Equity Investment

- Initial investment of 9.9% at \$37 per share
- Subsequent 10% investment at greater of adjusted book value¹ or \$37 per share

Reinsurance Arrangement

- Initial \$5 billion of reserves
- Follow-on \$5 billion of future flow business²

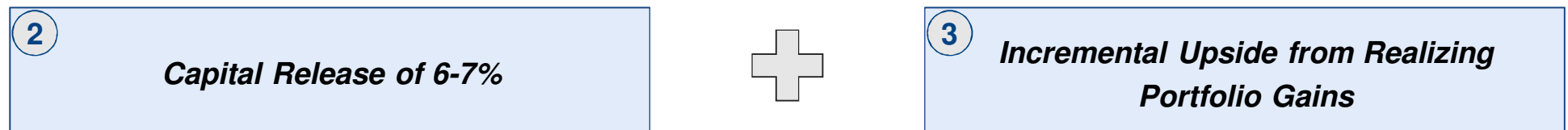
***Establishes long-term, committed shareholder at a compelling floor price of \$37 per share
Transitions AEL from a traditional “ROE” insurer into a capital-light, “ROA” business model***

¹ Excluding AOCI and the net impact of fair value accounting for derivatives and embedded derivatives.

² Certain reinsurance terms referenced in this presentation remain subject to finalization.

Highly Attractive Economics

	PV of Pre-Tax Profits ¹	Commentary
PV of Insurance Cede	3.2%	<ul style="list-style-type: none"> Attractive terms Comparable to precedent market transactions
PV of Asset Mgmt. Fee	1.2%	<ul style="list-style-type: none"> Stable, additive fee-based earnings stream
1 Subtotal (Pre-Tax)	4.4%	



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

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

In-force \$5 Billion Only

Return on Equity (“ROE”) Model

	%	\$Mn
\$320-350Mn		
Spread Earnings¹	0.7%-0.8%	\$35-40
Required Capital	6.0-7.0%	\$320-350
Return on Equity (%)²	10-12%	

**\$5.0Bn of
FA
Statutory
Liabilities**

Return on Assets (“ROA”) Model

	%	\$Mn
Insurance Cede¹	0.51%	\$24
Asset Mgmt. Fee¹	0.20%	\$9
Total¹	0.71%	\$33
Required Capital	0%	~\$0

**\$4.7Bn of
Fee Earning
Assets²**

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

¹ Spread, cede and fee parameters shown on after-tax basis (21% tax rate).

² Fee-earning assets equal to initial statutory cash surrender value.

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

In-force \$5 Billion Only

Overview of Illustrative Economics

(In \$Mn)	Upfront	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
One-Time Transaction Items								
Statutory Capital Release	\$320-350							
Recurring Cash Earnings								
Insurance Cede¹		\$24	\$24	\$24	\$24	\$24	\$24	\$24
Asset Mgmt. Fee²		\$9	\$9	\$9	\$9	\$9	\$9	\$9
Total Earnings		\$33	\$33	\$33	\$33	\$33	\$33	\$33

¹ Insurance ceding commission of 65bps of fee-earning assets, adjusted for 21% tax rate.

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

AEL 2.0 Strategy for Driving Growth and Value



Go-to-market Strategy

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



Investment Management

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



Capital Structure

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



Foundational Capabilities

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