



May 6th, 2009

Dear Producers,

The financial experts are trying to predict whether the current financial market has reached bottom. Whether it has or not, the effects of this economic event will certainly be long-lasting. American Equity's senior management team has been together a minimum of 20 years and has weathered many storms already—this one is no different. It is important that we take this opportunity to examine our operating and pricing efficiency for continued long term growth and stability.

We feel very strongly that we need to position ourselves so that we can continue to accept your business without reducing commissions, reducing policyholder benefits, pulling popular products or implementing production caps. American Equity has mechanisms available to safely accept increased sales volume without jeopardizing our financial strength and ratings. One approach that offers significant benefits is to pay first year commissions over multiple years; something the health and life insurance industry have done for a long time. This gives American Equity additional sales capacity; and our producers an income stream over several years. With these benefits in mind, we are pleased to introduce American Equity's new commission structure effective June 1, 2009, as follows:

Most of our producers will receive 75% of the current commissions upon policy issue. Considering the time value of money, we will pay one-half of the remaining balance plus 5% interest in the 13th month; and the final balance plus 15% interest in the 25th month. Ultimately, you will receive more commissions over 25 months than the current schedule. We understand this program will mean adjustments for our producers; but felt the alternatives were unacceptable. We want to be your home for fixed annuities for a long time to come. A commission schedule with your exact commission percentages and other requirements and conditions will be mailed to you next week.

The current commission structure is applicable for all original applications received in our Home Office by the close of business on May 29, 2009. No faxes, please. Those of you who are participating in the Commission Increase Program via On-line Training will continue to receive your increase through June 30, 2009. The increase will be added to your commissions outlined under the new structure.

Fixed annuities and Lifetime Income Benefit Riders are striking a chord with consumers looking to safe money alternatives. The opportunity for our business has never been better...American Equity is prepared. Thank you very much for your business and support.

Sincerely,

Ronald J. Grensteiner
President

We're the One!
People Service Future



INSURANCE MARKETPLACE
STANDARDS ASSOCIATION