AMERICAN EQUITY INVESTMENT LIFE HOLDING CO
Form DEF 14A
April 27, 2004

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

AMERICAN EQUITY INVESTMENTS LIFE HOLDING COMPANY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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(1) Title of each class of securities to which transaction applies:

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AMERICAN EQUITY
Investment Life Holding Company

5000 Westown Parkway, Suite 440
West Des Moines, Iowa 50266

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
June 10, 2004

The Annual Meeting of Stockholders of American Equity Investment Life Holding Company will be held at the Company's executive offices, 5000 Westown Parkway, Suite 440, West Des Moines, Iowa 50266, on Thursday, June 10, 2004 at 3:30 p.m., local time, for the following purposes:

1. To elect a total of four (4) Directors to three-year terms.
2. To ratify the appointment of Ernst & Young LLP as our independent auditors for 2004.
3. To transact such other business that may properly come before the meeting.

Stockholders of record at the close of business on April 7, 2004, are entitled to notice of and vote at the meeting. It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend the meeting, please vote in one of the following ways:

By telephone, using the toll-free telephone number shown on the proxy card;

Through the Internet by visiting the website noted on the proxy card; or

By completing, signing and promptly returning the enclosed proxy card in the enclosed postage-paid envelope or by fax to the number shown on the proxy card.

By Order of the Board of Directors

Debra J. Richardson
Secretary

West Des Moines, Iowa
April 27, 2004

PROXY STATEMENT

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY

Annual Meeting of Stockholders
June 10, 2004

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ANNUAL MEETING AND PROXY SOLICITATION INFORMATION

General Information

This Proxy Statement is furnished to the stockholders of American Equity Investment Life Holding Company, 5000 Westown Parkway, Suite 440, West Des Moines, Iowa 50266 (referred to in this Proxy Statement as the "Company" or as "we," "our" or "us"), in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Stockholders to be held on June 10, 2004, at the time and place shown in the Notice of Annual Meeting of Stockholders, and at any adjournment thereof.

We will bear all expenses in connection with this solicitation. Proxies may be solicited by the Board of Directors or management personally, by telephone or by facsimile.

This Proxy Statement is first being mailed on or about April 27, 2004.

Voting Rights

Only stockholders of record as of the close of business on April 7, 2004, will be entitled to the notice of and to vote at the meeting. We have a single class of voting common stock, $1 par value per share ("Common Stock"), of which 36,099,035 shares were outstanding and entitled to vote on such date. Each share is entitled to one vote.

Shares present in person or represented by proxy at the meeting will be tabulated for determination of whether or not a quorum is present. A quorum will be present if a majority of the votes entitled to be cast on a matter are represented for any purpose at the meeting. Votes withheld for any Director and abstentions represented at the meeting will be counted for quorum purposes, but will not be counted as votes cast with respect to any other matter to come before the meeting and will not affect the outcome of any other matter. Votes will be tabulated under the supervision of EquiServe, Inc., which has been designated by the Board of Directors to act as inspector of the election.

If your shares of Common Stock are held in the name of a bank, broker or other holder of record, you will receive instructions from that holder of record that you must follow in order for your shares to be voted at the Annual Meeting. Contact your bank, broker or other holder of record directly if you have any questions.

If you plan to attend the meeting and vote in person, we will give you a ballot when you arrive. If your shares of Common Stock are not registered in your own name, and you plan to attend the Annual Meeting and vote your shares in person, you will need to contact the broker or agent in whose name your shares are registered to obtain a broker's proxy card and bring it with you to the Annual Meeting.

Voting

If you vote by proxy, the individuals named on the proxy card (your proxies) will vote your shares in the manner you indicate. If you sign, date and return the proxy card without indicating your instructions on how to vote your shares, the proxies will vote your shares as follows:

"FOR" the election of the four nominees for Directors; and

"FOR" the ratification of the appointment of Ernst & Young LLP as our independent auditors for 2004.

If any other matter is presented at the Annual Meeting, your proxies will vote in accordance with their best judgment. At the time this proxy statement went to press, we knew of no matters to be addressed at the Annual Meeting beyond those described in this proxy statement.

As an alternative to voting by using the enclosed proxy card, if you are a registered shareholder (that is, you own shares of Common Stock in your own name and not through a broker, nominee or in some other "street name"), you may vote by telephone or Internet. Please see the enclosed proxy card for instructions on how to access the telephone and Internet voting systems. If you hold your shares in "street name," your broker or other nominee will advise you whether you may vote by telephone or through the Internet as an alternative to voting by using the enclosed proxy card.

When voting using any of these methods, as to the election of Directors, you may (a) vote for all of the Director nominees as a group, (b) vote for all of the Director nominees as a group, except those nominees whose names you specify or (c) withhold your vote from all nominees as group. As to the other proposal, you may vote "for" or "against" the item or "abstain" from voting.

A proxy may be revoked at any time prior to its use. Such revocation may be made in person at the Annual Meeting, by a notice in writing delivered to the Corporate Secretary of the Company, by voting by telephone or over the Internet at a later date or by a proxy bearing a later date.

The Board of Directors urges you to exercise your right to vote by returning the enclosed proxy card, by using the telephone or through the Internet.

PROPOSALS TO BE VOTED UPON

Proposal 1
Election of Directors

The Board of Directors presently consists of ten members, each of whom have been appointed to one of three Classes with three-year terms expiring on a staggered basis. The terms of service of the four Directors presently serving as the Class I Directors expire at the annual meeting to be held on June 10, 2004. Each of the Class I Directors are nominated for re-election to a new term of three years expiring in 2007.

The Board of Directors anticipates that the nominees will be able to serve on the Board. In the event any nominee should be unable to do so, proxies will be voted for such substitute nominee as the Board of Directors in its discretion may recommend. Proxies will be voted for the election of the nominees unless the stockholder giving the proxy withholds such authority or votes against any such nominee.

The Board of Directors unanimously recommends that you vote FOR the nominees listed below.

Nominees for Class I Directors for Terms to Expire in 2007

The following individuals have been nominated by the Board as Class I Directors whose terms will expire at the annual meeting to be held in 2007:

John C. Anderson is the Associate Medical Director for American Equity Investment Life Insurance Company ("American Equity Life"). Dr. Anderson is a member of the Southbrooke Health Center, Pell City, Alabama, where he has practiced chiropractic medicine since 1990. He is on the staff at St. Clair Regional Hospital, and has served on the Physician Advisory Committee for Blue Cross/Blue Shield of Alabama. Dr. Anderson holds a certification in disability and impairment rating, and is a member of the Academy of MUA Physicians and the American Academy of Pain Management.

Director since 1998. Age 40.
Member: Nominating and Corporate Governance Committees

Robert L. Hilton served as Executive Vice President of Government Relations and Marketing of Amtrust Financial Services Inc. from October 2000 to April 2001. Mr. Hilton served as Executive Vice President of Insurance Data Resources Statistical Services, Inc., Boca Raton, Florida from 1997 until December 1999. From 1992 to 1996 he served as President of TIDE Consulting Co., Destin, Florida. Mr. Hilton was retired from December 1999 until October 2000 and has been retired since May 2001. Mr. Hilton is a former Director of The Statesman Group, Inc. ("Statesman") and served for over 40 years as Senior Vice President of the National Council of Compensation Insurance, Boca Raton, Florida.

Director since 1996. Age 75.
Member: Compensation and Nominating and Corporate Governance Committees

John M. Matovina has served as our Vice Chairman since June 2003. Prior to being appointed Vice Chairman, Mr. Matovina was a private investor since 1997 and a financial consultant to us from 1997 to 2000. From November 1983 through November 1996, he was a senior financial officer of Statesman and many of its subsidiaries, and, prior to Statesman's acquisition in September 1994, he served as Statesman's Chief Financial Officer, Treasurer and Secretary. Mr. Matovina is a certified public accountant and has more than 25 years experience in the accounting and insurance industries.

Director since 2000. Age 49.

Kevin R. Wingert was appointed President of American Equity Life in March 2001. He served as Vice President of Marketing of that subsidiary from November 1996 until his appointment as President in 2001. He served as Regional Vice President of Marketing for American Life and Casualty Insurance Company ("American Life"), a subsidiary of Statesman, from 1988 to 1996. Mr. Wingert has been active in the insurance industry for over 20 years.

Director since 2002. Age 46.

Members of Our Board Not Standing for Election This Year

Set forth below is information about our directors who are not standing for election at the Annual Meeting.

Incumbent Class II Directors Whose Terms Expire at the 2005 Annual Meeting

James M. Gerlach has served as Executive Vice President of our company since 1997 and as a director, Executive Vice President and Chief Marketing Officer of American Equity Life since 1996. Prior to joining us, Mr. Gerlach served as Executive Vice President and Secretary of American Life and as Executive Vice President and Treasurer of Vulcan Life Insurance Company, a subsidiary of American Life. Mr. Gerlach has been active in the insurance industry for over 35 years.

Director since 1997. Age 61.
Member: Executive and Investment Committees

Ben T. Morris has served as Chief Executive Officer of Sanders Morris Harris Group, Inc. (formerly Sanders Morris Mundy), a financial services firm, since May 2002 and served as President of that company from July 1996 to May 2002. Mr. Morris is also a director of Capital Title Group, Tyler Technologies, Inc. and Sanders Morris Harris Group, Inc. He previously served as Chief Operating Officer of Tatham Corporation and Chief Financial Officer and President of Mid American Oil Company.

Director since 1997. Age 57.

David S. Mulcahy is an active investor in private companies, and, since 1987, he has been the Chairman of Monarch Manufacturing Company, Waukee, Iowa. Mr. Mulcahy is a certified public accountant who acted as a senior tax partner in the Des Moines office of Ernst & Young LLP, where he was employed from 1976 through 1994. He has been a director of American Equity Life since 1996.

Director since 1996. Age 51.
Member: Audit Committee

Incumbent Class III Directors Whose Terms Expire at the 2006 Annual Meeting

David J. Noble has served as Chairman, Chief Executive Officer, President and Treasurer of the Company and as Chairman of American Equity Life since their formation in 1995. Mr. Noble has also served as Chief Executive Officer of American Equity Life since March 2001, and he served as President of American Equity Life from 1995 until March 2001. Mr. Noble was Chief Executive Officer of Statesman from 1982 through 1994 and was a Director of Statesman (from 1975) and its President (from 1979) until he left to form our company at the end of 1995. Mr. Noble has been active in the insurance industry for over 50 years. Mr. Noble is a director of Twenty Services, Inc.

Director since 1996. Age 72.
Member: Executive and Investment Committees

A.J. Strickland III has been a Professor at the University of Alabama School of Business since 1968. Dr. Strickland is a director of Twenty Services, Inc., and a former director of Statesman.

Director since 1996. Age 62.
Member: Audit and Compensation Committees

Harley A. Whitfield is an attorney who is of counsel to Whitfield & Eddy, P.L.C., Des Moines, Iowa. Mr. Whitfield was a partner with Whitfield & Eddy from 1956 through 1994. Mr. Whitfield served as general corporate counsel for Statesman for over 30 years.

Director since 1996. Age 73.
Member: Audit and Compensation Committees

Proposal 2
Appointment of Independent Auditors

The Audit Committee has appointed Ernst & Young LLP as our independent auditors for the year 2004. Ernst & Young LLP has served as our independent auditors since the Company was formed in 1995. The Board seeks to have the shareholders ratify the appointment of Ernst & Young LLP. If the appointment of Ernst & Young LLP is not ratified by our stockholders, our Audit Committee will investigate the reasons for the stockholder rejection and will consider approving other independent auditors.

Fees paid to Ernst & Young LLP during the last two fiscal years were:

	2003	2002
Audit fees	$ 613,913	$ 645,847
Audit related fees	21,775	36,760
Tax fees	12,205	26,160
All other fees	29,677	
Total	$ 677,570	$ 708,767

Fees for audit services include fees associated with the annual audit, the reviews of our quarterly reports on Form 10-Q and statutory audits required by regulatory authorities. Audit-related services principally include accounting consultations and audits of our employee benefit plan. Fees for tax services include corporate tax advice and planning. In 2003, fees for all other services principally related to a study of senior management compensation.

Our policy is that all fees for services provided by our independent auditors must be approved in advance by the Audit Committee. In addition, the Audit Committee reviews with Ernst & Young LLP, whether the non-audit services to be provided are compatible with maintaining their independence. Permissible non-audit services are usually limited to fees for tax services, accounting assistance or audits in connection with acquisitions and other services specifically related to accounting or audit matters such as audits of employee benefit plans. These policies were adopted in compliance with SOX, and rules adopted by the Securities and Exchange Commission ("SEC") thereunder.

The Audit Committee is responsible for the appointment, retention, compensation and oversight of the independent auditors. The Audit Committee has adopted policies and procedures for pre-approving services (audit and non-audit) performed by the independent auditors. In accordance with such policies and procedures, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditors in order to assure that the provision of such services do not impair the auditors' independence. These services may include audit services, audit-related services, tax services and other services. Unless a type of service to be provided by the independent auditors has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee. The Audit Committee has delegated to the Chairman of the Audit Committee specific pre-approval authority provided that the estimated fee for any such engagement does not exceed $25,000. The Chairman of the Audit Committee must report, for information purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditors and our Chief Financial Officer and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

Representatives of Ernst & Young LLP will be present at the meeting and will be available to respond to questions.

The Board of Directors unanimously recommends that you vote FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors.

INFORMATION REGARDING MANAGEMENT AND CERTAIN SECURITY HOLDERS

Security Ownership of Management and Certain Beneficial Owners

The Company presently has approximately 4,600 stockholders. The following table sets forth the beneficial ownership of our Common Stock as of April 7, 2004 by: (i) each Director and nominee for Director of us; (ii) our chief executive officer and each of our other most highly compensated executive officers; (iii) all executive officers, Directors and nominees for Directors as a group; and (iv) each stockholder known by us to be the beneficial owner of more than 5% of our Common Stock.

	Shares Beneficially Owned(1)		
Name of Beneficial Owner	**Number**	**Percent**	**Warrants, Options, Subscription Rights, Convertible Securities included in Number of Shares Beneficially Owned(2)**
David J. Noble(3)(4)	3,554,846	9.31	2,090,346
John M. Matovina(5)	95,000	*	70,000
Kevin R. Wingert(5)(6)	277,895	*	232,500
James M. Gerlach(5)(6)	367,953	1.01	272,953
John C. Anderson	11,650	*	1,000
Robert L. Hilton	6,550	*	1,000
Ben T. Morris	69,019	*	19,750
David S. Mulcahy(4)(6)	131,814	*	45,814
A.J. Strickland, III(5)	235,000	*	106,000
Harley A. Whitfield	37,000	*	16,000
Terry A. Reimer(5)(6)	366,453	1.01	269,953
Debra J. Richardson(4)(5)	294,300	*	277,953

	Shares Beneficially Owned(1)		
Wendy L. Carlson	233,300	*	217,500
All executive officers, directors and nominees for directors as a group (13 persons)		14.30	3,620,769
5% Owners:	5,680,780		
Farm Bureau Life Insurance Company(4) 5400 University Avenue West Des Moines, Iowa 50266	5,520,277	15.18	277,777
Hunter Global Investors L.P. (and its affiliates) 350 Park Avenue, 11th Floor New York, New York 10022	2,657,200	7.36	
U.S. Bancorp.(7) 800 Nicollet Mall Minneapolis, MN 55402	1,875,000	5.19	1,875,000
Wellington Management Company, LLP (in its capacity as an investment adviser) 75 State Street Boston, MA 02109	1,754,000	4.86	
NMO Deferred Compensation Trust(8) c/o Mr. Dan Kelly, trustee 4401 Westown Parkway West Des Moines, Iowa 50263	1,591,083	4.41	

* Less than 1%.

(1) Beneficial ownership is determined in accordance with Rule 13d-3 of the Exchange Act and generally includes voting and investment power with respect to securities, subject to community property laws, where applicable.

(2) Except for Mr. Noble's stock options with respect to 960,000 shares of Common Stock, all stock options are granted pursuant to our 1996 Incentive Stock Option Plan and/or the 2000 Employee Stock Option Plan.

(3) Includes 1,203,000 shares owned by Mr. Noble, 24,500 shares held in our 401(k) savings plan and 237,000 shares owned by Twenty Services, Inc. Mr. Noble beneficially owns 52% of Twenty Services, Inc.

(4) Of the 5,520,277 shares beneficially owned by Farm Bureau Life Insurance Company, 1,779,885 shares are on deposit in a voting trust which has a term of ten years ending on December 31, 2007. Under the terms of the voting trust, the voting trustees named therein control all voting rights attributable to the shares deposited in the voting trust, while Farm Bureau Life Insurance Company retains the economic rights to those shares. The voting trustees are David J. Noble, David S. Mulcahy and Debra J. Richardson, each of whom is a Director or an executive officer of us. Each of the voting trustees disclaims any beneficial ownership with respect to these shares.

(5) Mr. Matovina's ownership includes 24,000 shares held in self-directed retirement plan accounts and 1,000 shares owned by his spouse. Mr. Wingert's ownership includes 18,495 shares held in our 401(k) savings plan and 12,000 shares held in a self-directed retirement plan account. Mr. Gerlach's ownership includes 5,000 shares owned jointly with his spouse and 90,000 shares held in our 401(k)

savings plan. Dr. Strickland's ownership includes 54,000 shares held by his children. Mr. Reimer's ownership includes 3,000 shares owned by his spouse and 90,000 shares held in our 401(k) savings plan. Ms. Richardson's ownership includes 15,847 shares held in our 401(k) savings plan and 200 shares in the American Equity Officers Rabbi Trust.

(6) In addition to the shares reflected in this table, Mr. Gerlach, Mr. Reimer and Mr. Wingert each have Deferred Compensation Agreements with us pursuant to which they will receive shares of Common Stock on a deferred payment basis for services rendered during our initial start-up period. Further, Mr. Mulcahy has a Deferred Compensation Agreement with us pursuant to which he will receive shares of Common Stock on a deferred payment basis for consulting services he provided in 1997. These shares will be issued only upon the occurrence of certain trigger events, including death, disability, retirement or action by the Board. Under their respective Deferred Compensation Agreements, Mr. Gerlach is entitled to receive 24,285 shares; Mr. Reimer is entitled to receive 19,845 shares; Mr. Wingert is entitled to receive 4,500 shares; and Mr. Mulcahy is entitled to receive 28,125 shares.

(7) U.S. Bancorp. owns 625,000 shares of our 1998 Series A Participating Preferred Stock (the "Series A Preferred Shares"), which are convertible on a three-for-one basis into 1,875,000 shares of Common Stock. The Series A Preferred Shares first became convertible in connection with the initial public offering of our Common Stock ("IPO") on December 4, 2003.

(8) Under the terms of the NMO Deferred Compensation Trust, all rights associated with assets of the trust are exercised by the trustee or the person designated by the trustee, and shall in no event be exercisable by or vest with NMO Deferred Compensation Plan participants. However, voting rights and dividend rights with respect to trust assets (including the 1,591,083 shares of our Common Stock beneficially owned by the trust) will be exercised by, or vest with, American Equity Life. All of the officers of American Equity Life have disclaimed any beneficial ownership with respect to these shares.

Majority of Independent Directors

Our Board of Directors includes 10 members, and the Board has affirmatively determined that the following six are independent under the requirements of SOX and the corporate governance listing standards of the New York Stock Exchange ("NYSE Rules"):

John C. Anderson
Robert L. Hilton
Ben T. Morris
David S. Mulcahy
A.J. Strickland III
Harley A. Whitfield

The independent Directors meet in executive session as a part of all regular quarterly meetings of the Board. At each such executive session, the independent Directors select by consensus one member to preside over such sessions. Effective April 5, 2004, the Board adopted Corporate Governance Guidelines which are posted on our website at *www.american-equity.com*. Any interested person who desires to communicate with a member or members of our Board should consult such guidelines for information on methods of such communication.

Compensation of the Board of Directors

Directors who are our employees receive no compensation for their services as directors. Each member of the Board of Directors who is not an officer of the Company receives (i) $1,000 per month payable quarterly and (ii) $1,000 per meeting for attending meetings of the Board of Directors or meetings of committees of the Board of Directors ($500 per meeting for telephonic meetings), plus reimbursement of expenses for attending such meetings. Each Chair of a committee who is not an officer of the Company also receives $1,000 for each additional day such Chair is required to work in preparation for meetings.

Under the 2000 Director Stock Option Plan, Directors who are not employees may receive grants of options to purchase shares of our Common Stock. Effective December, 2003, each Director shall receive a grant of 1,000 options once annually at an exercise price equal to the market value of the our Common Stock on the date of grant. The first such grant occurred December 4, 2003, and all options granted to Directors on that date had an exercise price of $9.00 per option share.

Meetings and Committees of the Board of Directors

The Board of Directors met four times in 2003, and each of the Directors attended at least three of the meetings. We currently have five permanent Board committees described below. Each of the committee members attended at least 75% of the committee meetings. Our policy regarding Director attendance at the annual meeting of stockholders is set forth in our Corporate Governance Guidelines which are posted on our website at *www.american-equity.com*. All of our Directors attended the Annual Meeting of Stockholders held June 5, 2003.

The **Executive Committee** performs the following functions, among others: (i) except as prohibited by applicable law, exercises, between meetings of our Board, all of the powers and authority of the Board in our direction and management; (ii) reviews corporate matters presented, or to be presented, to our Board; and (iii) makes recommendations to the Board on policy matters. The Executive Committee is comprised of David J. Noble and James M. Gerlach, and they met monthly during 2003.

The **Audit Committee** performs the following functions, among others: (i) assists the Board's oversight of (a) the integrity of our financial statements; (b) our compliance with legal and regulatory requirements as they pertain to the financial statements and annual audit process; (c) our independent

auditors' qualifications and independence; and (d) the performance of our independent auditors and our internal audit function; and (ii) prepares the annual report required to be prepared by the Audit Committee pursuant to the rules of the SEC. The Audit Committee is governed by a written charter approved by the Board of Directors as amended and restated effective April 5, 2004. The charter is included as Appendix A to this Proxy Statement, and the annual report of the Audit Committee is set forth below. The Audit Committee met once each quarter in 2003.

The Audit Committee is comprised of three independent Directors: David S. Mulcahy, Harley A. Whitfield, and A.J. Strickland III. Mr. Strickland was appointed to the Audit Committee by the Board of Directors on April 5, 2004. Under SOX and the NYSE Rules, the Audit Committee must include only Directors who satisfy the independence requirements under SOX and the NYSE Rules. In addition, all audit committee members must have the ability to read and understand financial statements. The Board has determined that all members of the Audit Committee meet such standards. In addition, the Board has determined that David S. Mulcahy is an "audit committee financial expert," as that term is defined in SOX.

The **Compensation Committee** performs the following functions, among others: (i) oversees our compensation and employee benefit plans and practices related to our CEO; (ii) makes recommendations to the Board with respect to other senior officers compensation, incentive-compensation and equity-based plans; and (iii) produces an annual report on executive compensation as required by the SEC. The Compensation Committee is governed by a written charter approved and adopted by the Board of Directors effective April 5, 2004. The charter is included as Appendix B to this Proxy Statement, and the annual report of the Compensation Committee is set forth below. The Compensation Committee met once in 2003.

The Compensation Committee is comprised of three independent Directors: A.J. Strickland, III, Harley A. Whitfield and Robert L. Hilton. Under the NYSE Rules, the Compensation Committee must be composed entirely of independent directors. The Board has determined that all members of the Compensation Committee meet such standard.

The **Investment Committee** performs the following functions, among others: (i) manages our assets and liabilities; (ii) makes recommendations to our Board regarding investment policy; and (iii) reviews procedures and practices relating to our investment activities. The investment committee is comprised of David J. Noble and James M. Gerlach, and they met monthly during 2003.

The **Nominating and Corporate Governance Committee** was formed effective April 5, 2004 and performs the following functions, among others: (i) identifies and recommends candidates to fill positions on the Board of Directors; (ii) screens qualifications and backgrounds of Director candidates; (ii) develops and recommends corporate governance principles for the Company as required by law; and (iv) evaluates the Board of Directors as a whole. The Nominating and Corporate Governance Committee is governed by a written charter approved and adopted by the Board of Directors effective April 5, 2004. The charter is included as Appendix C to this Proxy Statement.

The Nominating and Corporate Governance Committee is comprised of two independent Directors: John C. Anderson and Robert L. Hilton. Under the NYSE Rules, the Nominating and Corporate Governance Committee must be composed entirely of independent directors. The Board has determined that both members of the Nominating and Corporate Governance Committee meet such standard.

Information Regarding the Company's Process for Identifying Director Nominees

The Company is committed to having a Board of Directors comprised of individuals who are accomplished in their fields, have the ability to make meaningful contributions to the Board's oversight of the business and affairs of the Company and have an impeccable record and reputation for honest

and ethical conduct. The Nominating and Corporate Governance Committee will consider candidates recommended by shareholders. In considering candidates submitted by shareholders, the Nominating and Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Nominating and Corporate Governance Committee may also take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held.

To have a candidate considered by the Nominating and Corporate Governance Committee, a shareholder must submit the recommendation in writing and in accordance with the requirements of our Amended and Restated Bylaws.

The Nominating and Corporate Governance Committee may apply several criteria in identifying nominees. At a minimum, the Committee shall consider (i) whether each such nominee has demonstrated, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board's oversight of our business and affairs and (ii) the nominee's reputation for honesty and ethical conduct in his or her personal and professional activities. Additional factors which the Committee may consider include a candidate's specific experiences and skills, relevant industry background and knowledge, time availability in light of other commitments, age, potential conflicts of interest, material relationships with us and independence from management and us. The Nominating and Corporate Governance Committee also may seek to have the Board represent a diversity of backgrounds and experience.

Audit Committee Report

The Audit Committee of the Board of Directors (the "Committee") oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the Company's financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed the Company's audited financial statements for the year ended December 31, 2003 in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

In addition, the Committee reviewed with the Company's independent auditors, who are responsible for expressing an opinion on the conformity of the Company's audited financial statements with generally accepted accounting principles, their judgment as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee by Statement on Auditing Standards No. 61, *Communications with Audit Committees,* as amended by Statement on Auditing Standards No. 90, *Audit Committee Communications*. The Committee also has discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and reviewed and approved the compatibility of non-audit services with the auditors' independence.

The Committee discussed with the Company's independent auditors the overall scope and plans for their audit. The Committee meets with the independent auditors, with and without management present, to discuss the results of their examination, their evaluations of the Company's systems of internal controls, and the overall quality of the Company's financial reporting. The Committee, or its Chairman, meets with the independent auditors and management prior to the release of Company financial information or the filing of any such information with the Securities and Exchange Commission (the "Commission").

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board has approved) that the Company's audited consolidated financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2003 for filing with the Securities and Exchange Commission. The Committee and the Board have also recommended the ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the year 2004.

AUDIT COMMITTEE
David S. Mulcahy, Chair

Harley A. Whitfield

Compensation Committee Report

The Compensation Committee of the Board of Directors evaluates the job performance of Mr. Noble as President and CEO and makes recommendations to the Board of Directors as to the amount and form of his compensation. The Compensation Committee also makes recommendations regarding the compensation plans for others of our senior officers, and administers our equity-based incentive plans, which includes approving grants of stock options under the 2000 Employee Stock Option Plan.

Our compensation programs are designed to:

- attract and retain highly qualified and motivated executive officers and employees;
- encourage and reward achievement of our annual and long-term goals; and
- encourage executive officers and employees to become stockholders with interests aligned with those of other stockholders.

Our executive compensation program includes base pay, discretionary annual cash bonuses, and long-term incentive opportunities through the use of stock options. Section 162(m) of the Internal Revenue Code limits deductible compensation to $1 million per individual, with the exception of "performance-based compensation." All options granted to our CEO and other executive officers qualify for this exclusion. It is not anticipated that any executive officer will be paid more than $1 million (excluding "performance-based compensation") and accordingly, all amounts paid as executive compensation should be deductible for federal income tax purposes.

Mr. Noble has elected to receive an annual base salary of $60,000 since the formation of the Company in December 1995, and has received no cash bonuses. In 2000 and again in 2003, the Compensation Committee reviewed Mr. Noble's compensation and made recommendations to the Board of Directors concerning an increase in Mr. Noble's compensation and a cash bonus to reflect his leadership, the scope of his responsibilities and the Company's growth and profitability. In 2003, the Compensation Committee approved a form of employment contract for Mr. Noble. Mr. Noble has not accepted any salary increase or cash bonuses, and his total cash compensation from the Company remains at $60,000. Mr. Noble desires to negotiate several aspects of his proposed employment contract.

In 2000, Mr. Noble received a five-year forgivable loan in the aggregate principal amount of $800,000. Payments on this loan are treated as compensation to Mr. Noble when forgiven in accordance with the terms of the applicable agreements.

The Compensation Committee approved the grant of an aggregate of 300,000 stock options under the 2000 Employee Stock Option Plan to senior management and other officers and employees of the Company on the first day of trading of the Company's Common Stock on the New York Stock Exchange. All such options (i) are exercisable at $9.00 per share (the price at which the Common Stock

began trading in connection with the Company's initial public offering of its Common Stock); (ii) have a ten year term; and (iii) have a 6-month vesting period.

The Compensation Committee also approved an increase in Directors compensation. Each member of the Board of Directors who is not an officer now receives (i) $1,000 per month payable quarterly and (ii) $1,000 per meeting for attending meetings of the Board of Directors or meetings of committees of the Board of Directors ($500 per meeting for telephonic meetings), plus reimbursement of expenses for attending such meetings. Each Chair of a committee who is not an officer of the Company now receives $1,000 for each additional day such Chair is required to work in preparation for meetings.

The Compensation Committee also approved the grant of an aggregate of 6,000 stock options to our independent Directors under the 2000 Director Stock Option Plan on the first day of trading of the Company's Common Stock on the New York Stock Exchange. All such options (i) are exercisable at $9.00 per share (the price at which the Common Stock began trading in connection with the Company's initial public offering of its Common Stock); and (ii) have a ten year term.

COMPENSATION COMMITTEE
A.J. Strickland, III, Chair

Harley A. Whitfield
Robert L. Hilton

Executive Officers

Executive officers of the Company do not have fixed terms but serve at the pleasure of the Board of Directors. The executive officers of the Company are:

David J. Noble (age 72) has served as Chairman, Chief Executive Officer, President and Treasurer of the Company and as Chairman of American Equity Life since their formation in 1995. Mr. Noble has also served as Chief Executive Officer of American Equity Life since March 2001, and he served as President of American Equity Life from 1995 until March, 2001. Mr. Noble was Chief Executive Officer of Statesman from 1982 through 1994 and was a Director of Statesman (from 1975) and its President (from 1979) until he left to form our company at the end of 1995. Mr. Noble has been active in the insurance industry for over 50 years. Mr. Noble is a director of Twenty Services, Inc. ("Twenty").

John M. Matovina (age 49) has served as our Vice Chairman since June 2003 and has been a Director of our company since 2000. Prior to being appointed Vice Chairman, Mr. Matovina was a private investor since 1997 and a financial consultant to us from 1997 to 2000. From November 1983 through November 1996, he was a senior financial officer of Statesman and many of its subsidiaries, and, prior to Statesman's acquisition in September 1994, he served as Statesman's Chief Financial Officer, Treasurer and Secretary. Mr. Matovina is a certified public accountant and has more than 25 years experience in the accounting and insurance industries.

Kevin R. Wingert (age 46) was appointed President of American Equity Life in March 2001 and has been a Director of our company since 2002. He served as Vice President of Marketing of that subsidiary from November 1996 until his appointment as President in 2001. He served as Regional Vice President of Marketing for American Life from 1988 to 1996. Mr. Wingert has been active in the insurance industry for over 20 years.

James M. Gerlach (age 61) has served as Director and Executive Vice President of our company since 1997 and as a Director, Executive Vice President and Chief Marketing Officer of American Equity Life since 1996. Prior to joining us, Mr. Gerlach served as Executive Vice President and Secretary of American Life and as Executive Vice President and Treasurer of Vulcan Life Insurance

Company, a subsidiary of American Life. Mr. Gerlach has been active in the insurance industry for over 40 years.

Terry A. Reimer (age 58) has served as Executive Vice President of the Company and as a Director, Executive Vice President, Chief Operating Officer and Treasurer of American Equity Life since November 1996. Mr. Reimer was Executive Vice President, Treasurer and Chief Operating Officer of American Life from September 1988 through November 1996. Mr. Reimer is a certified public accountant and has been involved in the insurance industry for over 35 years.

Debra J. Richardson (age 46) has served as Senior Vice President and as Secretary of the Company and as a Director, Senior Vice President and Secretary of American Equity Life since June 1996. Ms. Richardson was employed by Statesman from 1977 through April 1996, serving in various positions including Vice President-Shareholder/Investor Relations and Secretary. Ms. Richardson has been involved in the insurance industry for over 25 years.

Wendy L. Carlson (age 43) has served as Chief Financial Officer and General Counsel of the Company and as General Counsel of American Equity Life since June 1999. Before becoming an employee, she served as outside corporate counsel for the Company from its inception in 1995. Ms. Carlson was previously a partner in the firm of Whitfield & Eddy, P.L.C., Des Moines, Iowa, where she practiced law from 1985 until June 1999. She served as one of the corporate attorneys for Statesman for over 15 years. Ms. Carlson is also a certified public accountant.

Executive Compensation

The following table sets forth certain information with respect to the annual and long-term compensation of the Company's chief executive officer and the Company's highest paid executive officers whose total salary and bonus for 2003 services exceeded $100,000. The amounts shown are aggregate compensation from the Company and its subsidiaries.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards Securities	
Name and Principal Position	**Year**	**Salary(1)**	**Bonus**	**Other annual compensation(2)**	**Underlying Options/SARs(3)**	**All Other Compensation(4)**
David J. Noble	2003	$ 60,000	$	$	50,000	$ 193,708(5)
Chairman, Chief Executive	2002	60,000				193,708(5)
Officer, President and Treasurer	2001	77,865				194,065(5)
John M. Matovina(6)	2003	75,831	17,512		20,000	1,688
Vice Chairman	2002					
	2001					
Kevin R. Wingert	2003	135,000	32,618	8,790	20,000	3,283
President, American Equity Life	2002	135,000	36,633	8,790		3,408
	2001	128,750	44,302	1,099		4,498
James M. Gerlach	2003	135,000	32,618	7,522	15,000	3,302
Executive Vice President	2002	135,000	36,633	6,934		3,372
	2001	128,750	34,303	6,858		3,398
Terry A. Reimer	2003	135,000	32,618	9,555	15,000	3,543
Executive Vice President	2002	135,000	36,663	10,476		3,642
	2001	128,750	34,303	10,476		3,400
Debra J. Richardson	2003	135,000	32,618	9,567	20,000	3,375
Senior Vice President and	2002	135,000	36,663	9,567		3,375
Secretary	2001	108,333	24,303	10,546		2,708
Wendy L. Carlson	2003	135,000	32,618		20,000	2,827
Chief Financial Officer and	2002	135,000	36,633			2,700
General Counsel	2001	128,750	34,303			2,575

(1) Includes employee tax-deferred contributions to our 401(k) savings plan.

(2) Mr. Wingert's amounts in 2003, 2002 and 2001 consisted of car allowance. Mr. Gerlach's amount in (i) 2003 consisted of $4,511 for car allowance and $3,011 for country club dues; (ii) 2002 consisted of $3,996 for car allowance and $2,938 for country club dues; and (iii) 2001 consisted of $3,996 for car allowance and $2,862 for country club dues. Mr. Reimer's amount in (i) 2003 consisted of $7,512 for car allowance and $2,043 for country club dues; (ii) 2002 consisted of $6,660 for car allowance and $3,816 for country club dues; and (iii) 2001 consisted of $6,660 for car allowance and $3,816 for country club dues. Ms. Richardson's amounts in 2003, 2002 and 2001 consisted of car allowance.

(3) All awards were stock option grants made under our 2000 Employee Stock Option Plan.

(4) Except for Mr. Noble's amounts (see footnote (5) for a discussion of such other amounts), all amounts represent employer contributions to our 401(k) savings plan.

(5)
During 2000, we loaned Mr. Noble $800,000 pursuant to a forgivable loan agreement. The forgivable loan agreement is with full recourse, and although the proceeds of the loan were used to exercise warrants to purchase 240,000 shares of Common Stock, all of which were exercised in 2000, the loan is not collateralized by the shares issued in connection with the exercise of the warrants. The loan is repayable in five equal annual installments of principal and interest, each of which may be forgiven if Mr. Noble remains continuously employed by us in his present capacities, subject to specified exceptions. Forgiven amounts will constitute compensation to Mr. Noble in the year the forgiveness occurs. In each of 2003, 2002 and 2001, $192,508 of the loan was forgiven. In 2003, 2002 and 2001, this represented $169,740, $149,650 and $140,650, respectively, of principal and $22,768, $42,858 and $51,858, respectively, of interest, accrued at the rate of $6^1/_2$% per annum. The largest amount of indebtedness outstanding under theloan during 2003 was $509,700. As of December 31, 2003, the balance on the loan was $339,960

(6)
Mr. Matovina was appointed as Vice Chairman in June 2003. Mr. Matovina's annual base salary for 2003 was $135,000.

Options Granted in Last Fiscal Year

The following table sets forth information concerning stock options granted during the fiscal year ended December 31, 2003 to our chief executive officer and our other highly compensated executive officers.

	Individual Grants(1)				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(2)	
Name	**Number of Securities Underlying Options/SARs Granted**	**% of Total Options/SARs Granted to Employees in Fiscal Year**	**Exercise or Base Price per Share**	**Expiration Date**	**5%**	**10%**
David J. Noble	50,000	16.7%	$ 9.00	12/04/13	$ 283,003	$ 717,184
John M. Matovina	20,000	6.7	9.00	12/04/13	113,201	286,874
Kevin R. Wingert	20,000	6.7	9.00	12/04/13	113,201	286,874
James M. Gerlach	15,000	5.0	9.00	12/04/13	84,901	215,155
Terry A. Reimer	15,000	5.0	9.00	12/04/13	84,901	215,155
Debra J. Richardson	20,000	6.7	9.00	12/04/13	113,201	286,874
Wendy L. Carlson	20,000	6.7	9.00	12/04/13	113,201	286,874

(1)
All options described in this table were granted to the recipients on December 4, 2003, at a price of $9.00 per share. December 4, 2003 was the first date on which our Common Stock become publically traded on the New York Stock Exchange, and the opening market value was $9.00 per share. The options all become exercisable after the expiration of six months from the date of grant.

(2)
As required by the SEC, these columns show gains that may exist for the respective options, assuming that the fair value for our Common Stock appreciates from the date of grant of the duration of the options at the annual rates of 5% and 10% respectively. If the price of our Common Stock does not increase above the exercise price at the time of exercise, the value realizable from these options will be zero.

Aggregate Option Exercises and Fiscal Year-end Values

The following table sets forth information concerning the exercise of stock options during the fiscal year ended December 31, 2003 by our chief executive officer and our other highly compensated executive officers and the fiscal year-end value of the unexercised options.

Name	Shares Acquired on Exercise(#)	Value Realized($)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End(1) Exercisable (E)/ Unexercisable (U)		Value of Unexercised In-The-Money Options/SARs at Fiscal Year-End(2) Exercisable (E)/ Unexercisable (U)	
David J. Noble			(E)	2,068,125(3)	(E)	$9,844,100(4)
			(U)	50,000	(U)	48,500
John M. Matovina			(E)	50,000(3)	(E)	232,000(4)
			(U)	20,000	(U)	19,400
Kevin R. Wingert			(E)	212,500(3)	(E)	674,870(4)
			(U)	20,000	(U)	19,400
James M. Gerlach			(E)	254,250(3)	(E)	1,118,130(4)
			(U)	15,000	(U)	14,550
Terry A. Reimer			(E)	251,250(3)	(E)	1,098,210(4)
			(U)	15,000	(U)	14,550
Debra J. Richardson			(E)	254,250(3)	(E)	1,020,638(4)
			(U)	20,000	(U)	19,400
Wendy L. Carlson			(E)	197,500(3)	(E)	616,100(4)
			(U)	20,000	(U)	19,400

(1) Except for the stock options granted to Mr. Noble and management subscription rights, all awards were stock options granted under our 1996 Incentive Stock Option Plan and 2000 Employee Stock Option Plan.

(2) Values equal the excess of the fair market value of a share of Common Stock as of December 31, 2003 over the exercise price, multiplied by the number of options. The fair market value as of December 31, 2003 was $9.97 per share.

(3) Includes stock options and management subscription rights. Messrs. Noble, Gerlach and Reimer, and Ms. Richardson received management subscription rights to purchase shares of Common Stock in connection with a rights offering in December 1997. These management subscription rights have an exercise price of $5.33 per share and may be exercised at any time prior to December 1, 2005. Mr. Noble received 1,680,000 management subscription rights; Mr. Gerlach and Mr. Reimer each received 116,250 management subscription rights; and Ms. Richardson received 39,375 management subscription rights. In April 2003, Mr. Noble transferred 100,000 management subscription rights to each of Mr. Wingert and Ms. Carlson, 76,875 management subscription rights to Ms. Richardson and 295,000 management subscription rights to certain other individuals. In July 2003, Mr. Noble transferred 50,000 management subscription rights to Mr. Matovina.

(4) Includes the value of stock options and management subscription rights. Based upon a fair market value of $9.97 per share of Common Stock as of December 31, 2003, Mr. Noble's 1,058,125 management subscription rights had a value of $4,909,700; Mr. Matovina's 50,000 management subscription rights had a value of $232,000; Mr. Wingert's and Ms. Carlson's 100,000 management subscription rights each had a value of $464,000; and Mr. Gerlach's, Mr. Reimer's and Ms. Richardson's 116,250 management subscription rights each had a value of $539,400.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders(1)	5,410,866	$ 5.63	1,380,708
Equity compensation plans not approved by security holders			
Total	5,410,866	$ 5.63	1,380,708