

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
ADOPTED AS OF APRIL 5, 2004**

I. PURPOSE OF THE COMMITTEE

The purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of American Equity Investment Life Holding Company (the "Corporation") shall be to oversee the Corporation's compensation and employee benefit plans and practices related to the Corporation's Chief Executive Officer; to make recommendations to the Board with respect to other Corporation senior officers compensation, incentive-compensation and equity-based plans; and to produce a Committee report on executive compensation as required by the Securities and Exchange Commission ("SEC") to be included in the Corporation's annual proxy statement or annual report on Form 10-K filed with the SEC.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of two (2) or more directors as determined from time to time by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE"), and any additional requirements that the Board deems appropriate. Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall have the following duties and responsibilities with respect to the Corporation's compensation plans:

(a) To review at least annually the goals and objectives relevant to the compensation of the Corporation's Chief Executive Officer, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) To evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives relevant to the compensation of the Corporation's Chief Executive Officer, and determine and approve the Chief Executive Officer's compensation level based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider all relevant factors, including the Corporation's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies and the awards given to the Chief Executive Officer of the Corporation in past years. The Committee may discuss the Chief Executive Officer's compensation with the Board if it chooses to do so.

(c) Make recommendations to the Board with respect to other Corporation senior officers compensation, incentive-compensation plans and equity-based plans, in light of the Corporation's goals and objectives with respect to such plans.

(d) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any compensation or other employee benefit plan, including any incentive compensation or equity-based plan.

(e) To approve all equity-compensation plans that are exempt from the stockholder approval requirements under NYSE listing standards.

(f) To produce a Committee report on executive compensation as required by the SEC to be included in the Corporation's annual proxy statement or annual report on Form 10-K filed with the SEC.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance. The evaluation may address any matters that the Committee considers relevant to its performance, and shall be conducted in such manner as the Committee deems appropriate.

VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary. The Committee shall have the authority to retain or terminate any compensation consultant to assist the Committee in carrying out its responsibilities, including authority to approve the consultant's fees and other retention terms, such fees to be borne by the Corporation.

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