



About F&G Life

Fidelity & Guaranty Life Insurance Company - headquartered in Baltimore, Maryland - offers a diverse portfolio of annuities and life insurance products to help families and businesses achieve secure financial futures.

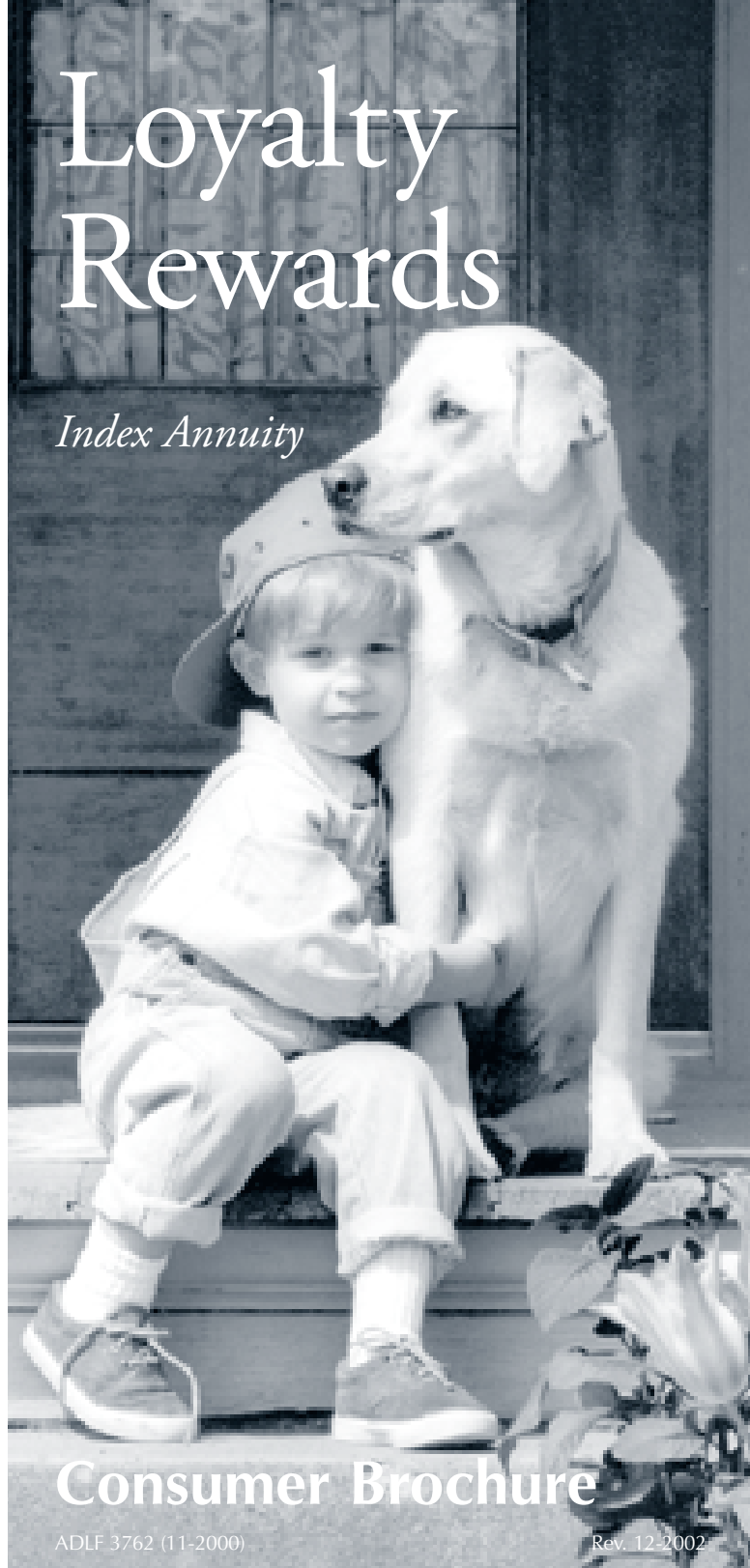
Incorporated in 1959, we are licensed in 49 states and in the District of Columbia. In New York, products are available through a wholly owned subsidiary.

F&G Life is a member of the Old Mutual plc group of companies. Founded in 1845, the London based Old Mutual is active in life insurance, asset management, banking, and property and casualty insurance. Old Mutual maintains its primary listing on the London Stock Exchange (LSE: OML) and ranks as a FTSE 100 financial services group.

As one of the first members of the Insurance Marketplace Standards Association, we subscribe to a strict set of standards that confirms our commitment to honesty, fairness, and integrity in every aspect of the sales and service of life and annuity products.

Loyalty Rewards

Index Annuity



Consumer Brochure

ADLF 3762 (11-2000)

Rev. 12-2002

F I D E L I T Y & G U A R A N T Y L I F E

Reap the Rewards of Loyalty.

How can you protect your retirement savings and still have the opportunity for better returns than you can expect from bank or traditional fixed income investments? Check out the Loyalty Rewards flexible-premium deferred indexed annuity from Fidelity & Guaranty Life.

Get the best of both worlds with something extra:

- Potentially higher interest earnings based on a formula linked to the annual change in the S&P 500** or the Dow Jones Industrial Average^{SM*}!
- Minimum guaranteed earnings throughout the life of the annuity!
- Extra 12 percent interest added to first-year premiums over a 12-year period with the Account Value Escalator!

It's all possible with Loyalty Rewards from Fidelity & Guaranty Life.

Loyalty Rewards is a good fit for retirement savers in these circumstances:

- Those who have taken early retirement and received lump sum distributions.
- Stock market investors who want to take their profits, protect their principal, and get the potential for better returns than money market funds offer.
- Savers and retirees who are uncomfortable investing in the stock market, but are interested in higher returns than bank instruments and traditional fixed income investments can offer.

Loyalty Rewards allows you access to upside potential by linking returns to a formula based upon changes in the S&P 500** or Dow Jones Industrial Average^{SM*} indices. But, unlike mutual funds, your principal and credited interest can never decrease due to a declining market. You have the opportunity to earn attractive returns and you bear none of the risk associated with the market.

How does Loyalty Rewards work?

You choose whether you would like interest credited to your annuity based on a formula linked to:

- the Dow Jones Industrial Average^{SM*}+ or
- the S&P 500**+

You also have the choice of interest crediting using:

- monthly averaged values or
- point-to-point values.

If you make a full surrender, you will receive the **account value** (less surrender charges during the first 12 years) or the **minimum guaranteed surrender value** – whichever is greater.

How the annual account value is determined using point-to-point

1. The index value on the current anniversary is compared to the index value on the prior anniversary.
2. The index change is determined by subtracting the prior anniversary's index value from the current anniversary's index value and then dividing it by the prior anniversary's index value.
3. If this results in a positive index change and is not more than the cap (the minimum cap is 5%), it is applied as index interest.
4. If the index change is negative, a zero percent credit is applied. If the index change is greater than the cap, the current cap rate is credited to the account value. The cap is set at the beginning of each contract year and is guaranteed for one year.

How the annual account value is determined using monthly averaging

1. The index average, calculated at the end of the current year, is determined by averaging the index values, on a monthly basis, over the current year.
2. The index average on the current anniversary is compared to the index value on the prior anniversary.
3. The index average change is determined by subtracting the prior anniversary's index value from the index average and then dividing it by the prior anniversary's index value.
4. If this results in a positive index change and is not more than the cap (the minimum cap is 5%), it is applied as index interest.
5. If the index change is negative, a zero percent credit is applied. If the index change is greater than the cap, the current cap rate is credited to the account value. The cap is set at the beginning of each contract year and is guaranteed for one year.

How the minimum guaranteed surrender value is determined

The Minimum Guaranteed Surrender Value for a full surrender is equal to the sum of 80 percent of the first year premiums and 88 percent of subsequent premiums compounded at 3 percent annually, and is adjusted for any withdrawals or account value reallocations.

For the fixed interest option, interest is credited daily, is declared in advance and is guaranteed for one year. The minimum guaranteed effective rate is 3 percent.

Account Value Escalator

The Account Value Escalator of Loyalty Rewards pays you additional interest of 12 percent of the total premium payments you make in the first year of your annuity. This additional interest is credited to the account value at a rate of one percent per year, credited immediately upon premium receipt in year one and on the anniversary in subsequent years, over 12 years for a total of 12 percent of the first year premium, assuming no withdrawals in excess of the amount that can be surrendered without surrender charge. Withdrawals in excess of the free amount will reduce future additional interest.

Because of the Account Value Escalator, even if the index decreases in any year, the guaranteed additional interest ensures that you will at least get a one percent return of additional interest on your first year premium(s) credited to your account value. And, this additional interest added to your account value each year is available to earn index-interest credits in the future.

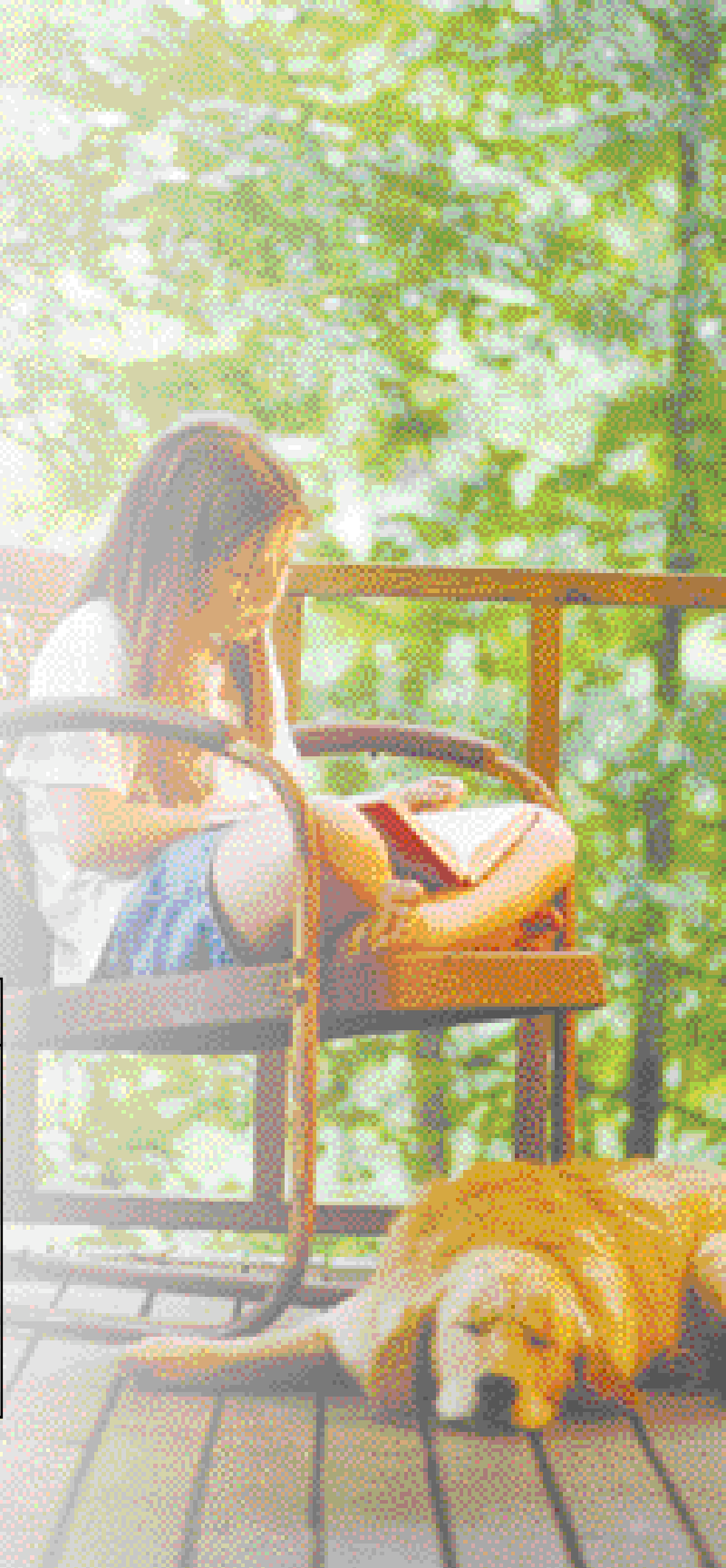
For example, assume that your initial premium is \$100,000. Immediately, one percent of this amount (\$1,000) is credited to your account value. Later that year, you make another premium payment to your account of \$100,000. This premium is also immediately credited with one percent of additional interest (or \$1,000).

On each of the next 11 contract anniversaries, the lump sum of the premiums paid during year one will receive an additional interest credit of one percent.

Year	Premiums	Additional Interest	Accumulation Value
01/01/1990	\$100,000	\$1,000	\$101,000
12/31/1990	\$100,000	\$1,000	\$202,000
01/01/1991		\$2,000	\$204,000
01/01/1992		\$2,000	\$206,000
01/01/1993		\$2,000	\$208,000
01/01/1994		\$2,000	\$210,000
01/01/1995	\$10,000*	\$2,000	\$222,000
01/01/1996		\$2,000	\$224,000
01/01/1997		\$2,000	\$226,000
01/01/1998	\$10,000*	\$2,000	\$238,000
01/01/1999		\$2,000	\$240,000
01/01/2000		\$2,000	\$242,000
01/01/2001		\$2,000	\$244,000

Assumes no withdrawals, surrenders, or index interest credits. Not indicative of future results. *Not eligible for additional interest as these premiums were not made during the first policy year.

(continued on back)



The benefits and security of a traditional fixed annuity

Other great features of the Loyalty Rewards annuity include:

- surrender charge-free withdrawals of up to 10 percent of the account value annually (after the end of the first year)
- a wide selection of annuity payout options, and
- surrender charge-free withdrawals under various circumstances including:
 - death,
 - terminal illness,
 - unemployment, and
 - admission to a nursing home.

Loyalty Rewards offers the same tax benefits as a traditional fixed annuity – interest grows tax deferred. Income tax is paid only on interest as it is withdrawn. You get the same peace of mind, too. Your principal is protected from loss and your earnings are guaranteed by F&G Life, provided you stay with the annuity for the full term.

The withdrawal, surrenders, or annuity payouts may be subject to the following surrender charges for 12 years as provided in the annuity: 15%, 15%, 15%, 15%, 15%, 14%, 12%, 10%, 8%, 6%, 4%, and 2% in years one through twelve, respectively.

Notes

- This product is offered on a group or an individual basis as determined by state availability.
- Individual annuity form number FGL FPDEIA-CEO3 (10-2002)
- Group Annuity Master Contract: form number FGL FPDEIA-CEO3-MC (9-2002). Annuity form number: FGL FPDEIA-CEO3-C (9-2002)
- Terms and conditions of coverage are set forth in a group annuity, issued to the Trustee of the F&G Group Insurance Trust, Wilmington, Delaware. It is subject to the laws of the state in which it is issued. An annuity will be issued to each owner. Annuities are issued by Fidelity & Guaranty Life Insurance Company, Baltimore, Maryland.
- Product features are not approved or available in all states; certain restrictions, conditions, and state variations may apply.
- This document is not a legal contract. For the exact terms and conditions, please refer to the annuity.
- All interest rates described in this brochure are effective annual interest rates.
- Annuities are products of the insurance industry and are not guaranteed by any bank or insured by the FDIC.
- Consult your tax advisor on all tax-related issues and features.
- Any amounts which are payable by us, at our option, may be paid into an interest-bearing checking account established in the name of the owner, payee, or recipient, as appropriate.

+ Does not include dividends.

*"Dow Jones", "Dow Jones Industrial AverageSM" and "DJIASM" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by Fidelity & Guaranty Life Insurance Company. Fidelity & Guaranty Life's Loyalty RewardsSM based on the Dow Jones Industrial AverageSM is not sponsored, endorsed, sold, or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such product(s).

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Consider all the facts, then make your own decision.

F&G Life offers index annuity products with different features, benefits, and charges, including different issue ages, premium requirements, interest rates, withdrawal privileges, and charges.

No single annuity product design may have all the features you find desirable. To better meet the needs of you and your family, you should carefully consider your financial situation and all the alternatives available to you.

For details, contact your licensed sales representative today, email us at contact-us@fglife.com or visit us on the World Wide Web at www.fglife.com.

Not a deposit • Not FDIC insured • Not insured by any Federal Government Agency • Not guaranteed by a financial institution (such as a bank, savings association, or credit union) • The financial institution may not condition an extension of credit on the consumer's purchase of an insurance product or an annuity from the financial institution or any of its affiliates. The consumer is free to purchase the insurance product or annuity from another source.