

Loyalty Rewards

Index Annuity

Policyholder Summary with Application

ADLF 3763 (11-2002)

Rev. 12-2002

F I D E L I T Y & G U A R A N T Y L I F E I N S U R A N C E C O M P A N Y

Thank you for your interest in F&G Life's Loyalty Rewards annuity! Loyalty Rewards has a varied blend of options for your retirement dollars. Fidelity & Guaranty Life has prepared this summary to help you understand Loyalty Rewards' many features and benefits. Please confirm your understanding by signing the confirmation statement on page 4 of this summary.

An Equity Indexed Annuity

Loyalty Rewards is a flexible premium deferred annuity with four equity index options and one fixed interest rate option. It is designed to be a long-term retirement savings tool with many features to help you achieve the standard of living you want during your retirement.

Tax Advantages

Although an annuity does not eliminate your tax liability on interest earnings, under current tax law all interest income earned accumulates on a tax-deferred basis. This tax deferral is currently available only to individual and joint owners, not to corporations or other non-individuals.

A Choice of 5 Interest-Crediting Options

Loyalty Rewards offers a choice of five different interest crediting options. We call these options A, B, C, D, and E. On the application, please allocate your premium among these five options. You may reallocate your account value between these options on each anniversary.

Options A, B, C, and D – Equity Index Options

If you choose to allocate some of your premium to options A, B, C, or D, your interest credits are credited annually and are based on formulas linked to annual changes that take into account monthly averaged or point-to-point values of the Dow Jones Industrial Average^{SM*} or the Standard & Poor's 500^{SM**} indices, respectively, with each option subject to a cap rate. The cap rate is the maximum percentage rate that may be credited annually to an option's account value. The initial cap rate for each option is guaranteed for the first year and is stated on page 2 of your annuity. A cap rate for each option cannot be less than 5% and is declared in advance and fixed for each year.

Your interest credit is determined every year on the anniversary based on the equity-linked formula. The interest credit equals the index change multiplied by the option's account value. This formula may result in no interest credits, but the interest credit will never be less than zero. Index interest credits are not calculated or credited between anniversaries; consequently, amounts surrendered between anniversaries will not earn any interest credits. Any interest credit is applied to your annuity on each anniversary and is locked-in so future decreases in any index will not affect the interest already credited to your annuity.

The Dow Jones Industrial Average^{SM*} and the Standard & Poor's 500^{SM**} Indices are widely recognized indicators of U.S. stock market performance (excluding dividends paid on stocks in the index).

Option E - Interest Crediting

If you choose to allocate some or all of your premium to option E, interest is credited daily. The current credited interest rate for the option E account value is shown on page 2. We will declare a new current rate annually but will never credit less than the guaranteed effective annual interest rate of 3%.

Minimum Guaranteed Surrender Values (Options A, B, C, and D)

Your Loyalty Rewards annuity contains a protective floor, which increases annually with interest on your cash surrender value for all options. The minimum guaranteed surrender value for a full surrender from the options is the sum of the following: (1) For premiums received in the first year, 80% of the premiums applied to that option's account value; plus (2) For premiums received after the first year, 88% of the premiums applied to that option's account value; plus (3) Interest credited daily at a 3% effective annual interest rate; plus (4) Minimum guaranteed surrender value reallocated from other options (including option E); less (5) Any amounts previously surrendered from that option's minimum guaranteed surrender value, accumulated at 3% interest; less (6) Minimum guaranteed surrender value reallocated to other options (including option E). Assuming you make no withdrawals, this floor on your cash surrender value will increase to over 114% of the initial premium by the end of twelve years.

Additional Interest Crediting for Options A, B, C, D, and E

For each premium received and credited to the options A, B, C, D, and E account values during the first year, additional interest of one percent of the amount of the premium paid will be credited to those account values. This additional interest will be credited on those premiums when they are initially paid and thereafter on each anniversary and will continue until the eleventh anniversary, for a total of twelve percent of the total first year premium credited (assuming no withdrawals or surrenders).

The additional interest will be applied on the anniversary after any reallocation, and will be proportionally allocated to each option's account value based on the current account value allocation after any reallocation. Once the interest is credited, it becomes a part of that account value and may earn index credits for options A, B, C, and D and may earn interest for option E.

The additional interest crediting will cease on the earlier of: the eleventh anniversary, when annuity payments begin, or when the annuity is fully surrendered.

Withdrawals or partial surrenders in excess of the free surrender amount will cause a portion of the future, not yet credited additional interest, to be forfeited. The portion of additional interest forfeited equals the percentage of account value withdrawn that is subject to surrender charges divided by the total account value that is subject to surrender charges.

Withdrawals or partial surrenders that are free of a surrender charge will not cause the future additional interest to be reduced.

Payment in the Event of Death or Annuity Payouts

Should you die before electing to receive income payments (and the Death of Owner rider is attached), the account value will be paid to the beneficiary named in your annuity. If you choose to receive annuity payouts, and the annuity date is after the beginning of the sixth year, we will apply the greater of the account value or the minimum guaranteed surrender value to the annuity option then in effect. If the annuity date is before the beginning of the sixth year, we will apply the greater of the surrender value or the minimum guaranteed surrender value to the annuity option then in effect.

No Initial Sales Charges or Fees

There are no initial sales charges or fees. Your entire initial premium is available to earn interest from the date your annuity is issued. Annuities are issued on the 1st, 8th, 15th, and 22nd of each month. Applications will be held and premium checks will be deposited in a non-interest bearing account until the next available issue date. Annuities issued on each date include all applications received no later than 5:00 p.m. (eastern time) two business days prior to the issue date. For special rules about issue dates that fall on holidays or weekends, contact F&G Life. The minimum single premium is \$5,000 and the minimum allocation to any option is \$2,000. Additional premiums may be made in an amount equal to or greater than \$2,000. The additional premiums will be allocated to option E initially and may be reallocated to options A, B, C, and/or D on the anniversary only.

How Index-Linked Interest Crediting Works

Monthly Averaging – Options A & C

For options A and C, we use the S&P 500 or the DJIA index, respectively and calculate the annual changes on the anniversary. The index values are measured at one-month intervals from the month after the prior anniversary to the month of the anniversary inclusive. The index average is the average of the index values of the twelve months during each year. The index change formula (which is calculated on the anniversary) is the index average minus the index value on the prior anniversary; divided by the index value on the prior anniversary. We then compare the average monthly index value for the year to the index value at the start of the year. If this results in a positive index change and is not more than the cap, then we apply it as interest. If it is more than the cap, then we apply the current cap as the interest. This “averaging” formula helps smooth out the index values used to calculate your index-linked interest rate, which helps protect your interest rate gains from severe declines in the index during the interest crediting period. This averaging method may also reduce the amount of interest that could be earned if the index rises steadily throughout the year or increases sharply at the end of the year.

Point to Point – Options B & D

For options B & D, we use the S&P 500 or the DJIA index, respectively and calculate the annual changes. We compare the current index value (on anniversary) to the value at beginning of the year (prior anniversary). The prior

anniversary's value is subtracted from the current anniversary's value and then divided by the prior anniversary's value. If this results in a positive index change and is not more than the cap, then we apply it as interest. If it is more than the cap, then we apply the current cap as the interest.

By choosing options A, B, C, or D, you are purchasing an equity-indexed annuity that provides minimum guaranteed surrender values. You should understand how your minimum guaranteed surrender values are determined and the features of the product which are used to determine the values. Even though the values of the annuity may be affected by external indices, this product is not an investment in the stock market and does not participate in any stock, bond, or equity investments.

Monthly Averaging – Options A & C

Example 1

Assume the S&P 500 index initially rises steadily throughout the first eleven months. Then the index falls and ends up the year with a 15% increase. But the monthly average S&P 500-index value was up 20% over the entire year. After comparing it to a hypothetical 10% cap rate, Loyalty Rewards' index-linked formula results in a 10% interest credit for that year.

Example 2

Assume the S&P 500 monthly index falls and is down 3.54% since the start of the year. Loyalty Rewards' index-linked formula results in a 0 interest credit for that year. However, your Loyalty Rewards' annuity is insulated against any decline in value, so when though the S&P 500 index dropped for the period, your annuity remains intact with no decrease in account value.

Example 3

Assume the S&P 500 index rises and falls throughout the year, ending the period up 8% with a monthly average increase of 5.6%. After comparing it to a hypothetical 10% cap rate, Loyalty Rewards' index-linked formula results in a 5.6% interest credit for that year.

Point to Point – Options B & D

Example 1

Assume the DJIA index beginning point-to-point value is 8750 and the ending point-to-point value for the year is 9000. Loyalty Rewards' index-linked formula results in a 2.8% index change. After comparing it to the 10% cap rate, Loyalty Rewards' gets a 2.8% index credit.

Example 2

Assume the DJIA index beginning point-to-point value is 9000 and the ending point-to-point value for the year is 7650. The DJIA is down about 15%. Loyalty Rewards' index-linked formula results in a 0 interest credit for that year.

Example 3

Assume the DJIA index beginning point-to-point value is 7900 and the ending point-to-point value for the year is 9200. Loyalty Reward's index-linked formula results in a 16.5% index change. After comparing it to the 10% cap rate, Loyalty Rewards' gets a 10% index credit.

The above are only examples and are not intended to be representations or past of future performance of Loyalty Rewards. These examples use hypothetical caps and index value changes.

When Surrender Charges Apply

The surrender charge applies for the first twelve years to full or partial surrenders (withdrawals) and in calculating the annuity payments unless it does not apply under the conditions below. The surrender charge percentages for Loyalty Rewards are 15% in the first five years, 14% in year 6, 12% in year 7, 10% in year 8, 8% in year 9, 6% in year 10, 4% in year 11, 2% in year 12, and 0% thereafter. The surrender charge equals the surrender charge percentage for the applicable year multiplied by the amount of account value withdrawn.

When Surrender Charges Do Not Apply

If any of the following benefits, which may be provided by a rider, are issued as part of your annuity, no surrender charges will be deducted from the account value if you request a surrender in the following circumstances:

1. You surrender ten percent or less of the account value as of the prior annuity anniversary.
2. You exercise an annuity option beginning in the sixth year or later.
3. You are confined to a licensed nursing home for more than 60 days and the confinement begins after the first

annuity year. The surrender must be made during the period of confinement.

4. A licensed physician certifies that you have been diagnosed with an illness or condition that causes your life expectancy to be less than one year. The diagnosis must be at least one year after the annuity's date of issue.
5. Your unemployment began after the date of issue, has continued for at least 30 consecutive days, and you are under the age of 65 at the time of your request. The surrender must be made during the period of unemployment.
6. The Owner died before the annuity date, and the spouse of the first Owner to die has not continued or succeeded to ownership of this annuity.

Note that if you fully surrender the annuity or one of the options because of the circumstances described above, the surrender value will equal the greater of the account value or the minimum guaranteed surrender value.

Taxation of Withdrawals

Withdrawals may be subject to income tax. If withdrawals are made before age 59 $\frac{1}{2}$, they also may be subject to an IRS penalty tax.

(continued on back)

Confirmation Statement

Please sign below to indicate your understanding. This form must be detached and returned with the application to Fidelity & Guaranty Life.

By signing here, you are telling us that you have read this summary and understand the descriptions of the Loyalty Rewards equity index annuity features. You are also telling us that neither Fidelity & Guaranty Life nor your agent has made any guarantees or promises regarding future index values, index changes, index credits, or interest rate under the annuity.

Initial cap and interest rates as of date of application (guaranteed for one year, thereafter subject to change):

Option A cap rate: _____% Option D cap rate: _____%

Option B cap rate: _____% Option E initial interest rate: _____%

Option C cap rate: _____%

All rates are subject to change. The actual rate in your annuity will be based on current data as of date the annuity is issued. Please be sure to check your annuity to confirm your understanding of the applicable rate.

Signature of Owner

Date

Signature of Joint Owner, if any

Date

For Agent Use:

I certify the receipt of \$_____ and a signed application for a Loyalty Rewards Annuity. This receipt acknowledges that (a) the agent has received a check payable to Fidelity & Guaranty Life Insurance Company in the above amount and a signed application, and (b) the agent has received a copy of, has carefully read, and has complied with the Loyalty Rewards Agent Training Manual and the Fidelity & Guaranty Life Market Conduct Guide.

Agent

Signature of Agent

Agency Address

City, State, Zip

Minimum Required Distributions

Certain tax qualified annuities are subject to minimum required distributions which generally require that distributions begin no later than your attainment of age 70 1/2 or retirement, whichever is earlier, and that amounts be paid to you over a period not longer than your life expectancy.

Right to Examine Annuity

This annuity includes a right of examination period. This means that within the specified time period after you receive your annuity, you may return the annuity and receive 100% of your premium paid, minus any prior withdrawals.

Financial Security

Your annuity values are guaranteed by Fidelity & Guaranty Life Insurance Company. As a Legal Reserve Company, Fidelity & Guaranty Life is required by state regulation to maintain reserves equal to or greater than guaranteed surrender values.

Questions

If you have any questions, call our service center at 1-888-513-8797.

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.

Instructions for Agent

1. Review this summary with the customer(s).
2. Fill-out the option E initial rate and current cap rates (as of date of application) on the reverse side of this card. If the customer has not allocated premium to a particular option, simply enter "N/A" in the appropriate blank space.
3. Have the customer(s) sign and date the reverse side of this card.
4. In the box marked "For Agent Use", fill in the amount of premium received, fill-in your name and address, and sign the card.
5. Detach and return this card with the application to Fidelity & Guaranty Life.

EQUITY INDEX ANNUITY APPLICATION
Fidelity and Guaranty Life Insurance Company

Home Office: Baltimore, Maryland



Product: _____ SPDA FPDA

Not Applicable Contractholder *Not Applicable* Certificate/Policy Number *Not Applicable* Contract Number *Not Applicable* Date of Issue *Not Applicable* Annuity Date

Owner(s)

Owner: Name: _____ Social Security No.: _____ - _____ - _____ Birth Date: _____
 Male Female Address: _____
 Joint Owner (if any): Name: _____ Social Security No.: _____ - _____ - _____ Birth Date: _____
 Male Female Address: _____

Annuitant(s) (If other than Owner)

Name: _____ Social Security or Tax ID No.: _____ - _____ - _____ Birth Date: _____
 Male Female Address: _____
 Joint/Contingent (if any): _____ Social Security or Tax ID No.: _____ - _____ - _____ Birth Date: _____
 Male Female Address: _____

Beneficiary

Primary: _____ Relationship to Owner: _____
 Contingent: _____ Relationship to Owner: _____

Special Instructions

Plan

Nonqualified Qualified IRA Rollover IRA Transfer Tax-Sheltered Annuity (owner must be annuitant)
 Other: _____ (specify plan type)

Replacement

Will the annuity applied for replace or change an existing life or annuity policy? Yes No If a 1035 Exchange or a 90-24 transfer, attach applicable forms. Transfer/Exchange Amount: \$ _____ Company _____ Policy/Certificate No.: _____

Premium

Initial/Single Premium Paid (premium paid with application): \$ _____ (Make check payable to F&G Life.)

Option A	S&P 500 Index – Monthly Averaging	\$ _____ or % of premium	Cap Rate: _____%*
Option B	S&P 500 Index – Point-to-Point	\$ _____ or % of premium	Cap Rate: _____%*
Option C	DJIA – Monthly Averaging	\$ _____ or % of premium	Cap Rate: _____%*
Option D	DJIA – Point-to-Point	\$ _____ or % of premium	Cap Rate: _____%*
Option E	Fixed Interest	\$ _____ or % of premium	Initial Interest Rate: _____% Interest Rate Period: _____ year(s)

*This is the cap which is guaranteed for one year. See Summary to Owner statement.

Riders Attached: THIS SHADED AREA NOT APPLICABLE**

IRA Roth IRA Tax-Sheltered Annuity Death of Owner
 Unemployment Nursing Home Terminal Illness
 Free Surrender—Partial Withdrawal of Interest Free Surrender—Partial Withdrawal

** Rider benefits with a checked box are part of this Certificate/Policy. If the box is not checked, the rider is not part of this Certificate/Policy.

I (We) have read the statements made in this application. To the best of my (our) knowledge and belief, the statements made are complete, true, and correctly recorded. I (We) understand that: a copy of this application page will form a part of any annuity issued; the annuity will not take effect until delivered to the Owner; and no agent can modify any annuity issued.

FRAUD WARNING NOTICE: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Signed at _____ Date: _____

Signature(s) of Owner(s): _____

Phone Number(s) of Owner(s): (_____) (_____)

Signature(s) of Annuitant(s): _____

Agent Use Only

To the best of my knowledge, this application does replace or change does not replace or change existing life insurance or annuities. I attest that I have witnessed all signatures. Agent's Social Security #: _____

Signature of Agent	Print Agent's Name	Date	F&G Life Agent No.	License Number (where applicable; required in FL)	Phone No.	Fax No.
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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 confirm our commitment to honesty, fairness, and integrity in every aspect of the sales and service of life and annuity products.

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 summary 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 may, at our option, be paid into an interest-bearing checking account established in the name of the owner, payee, or recipient, as appropriate.

*"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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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.