



OLD MUTUAL
FINANCIAL NETWORK

Fidelity and Guaranty Life Insurance Company • Fidelity and Guaranty Life Insurance Company of New York • Americom Life and Annuity Insurance Company

Old Mutual U.S. Life (OMUSL)

Guy Barker, CEO
25-October 2004



Welcome

- Introduction
- Marketing
- Operations
- Finances
- Investments
- Summary
- Q&A



OLD MUTUAL
FINANCIAL NETWORK

OMUSL Senior Staff



Bruce Parker
CMO



John Varvaris
SVP/CFO



Mike O'Brien
SVP/COO



Michel Perreault
SVP/Chief Actuary



Mike McGrath
SVP/Chief Counsel



John Clifford
SVP/Bus. Dev.



Vic Lumby
SVP/COO
(as of 2005)



Bill Rothenbach
SVP/HR

OMUSL Key Themes

- Grown Up!
- Balanced!
- Be the Best
- or
- Choose the Best

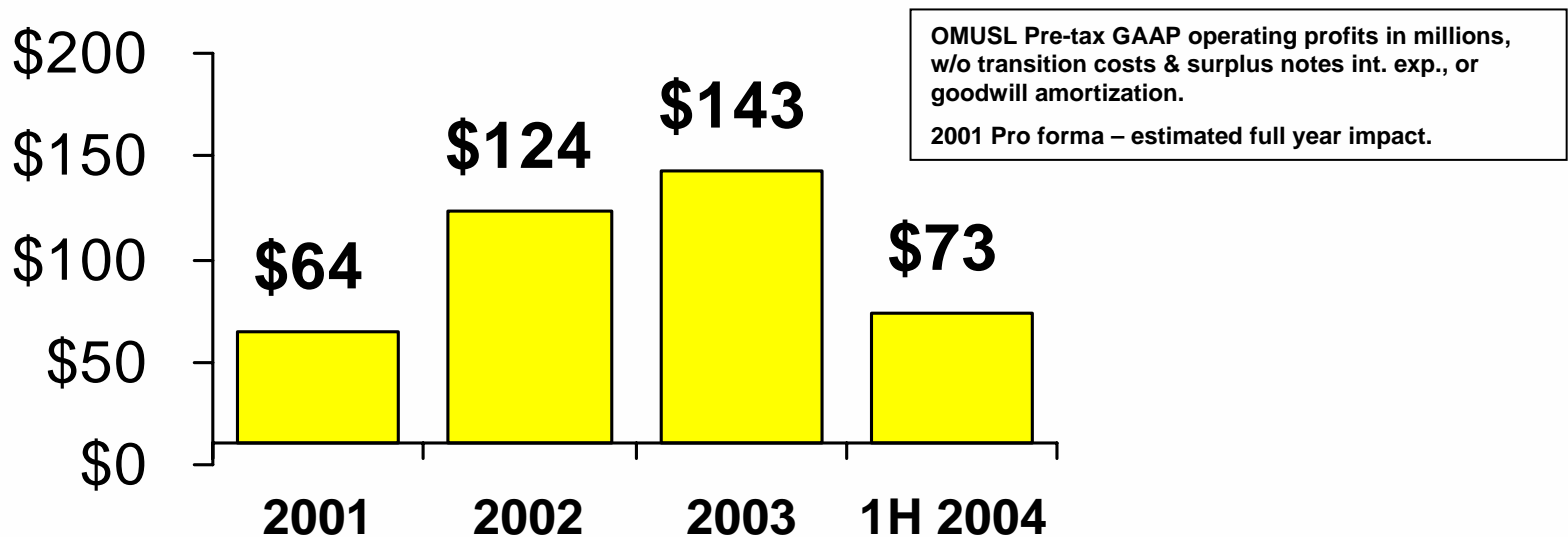


CEO'S Strategic Summary Since Acquisition

	Finances	Operations	Sales
2002	Cleaned inherited under-investment and began modernization (effective capital and bond mgt, etc.)	Negotiated with existing onerous TPA vendor	Maximised market opportunities and strength of new parent; captured pre-planned bank channel
2003	Continued to modernise	Migration to new TPAs started	Repositioned products; diversified channels; focused on internal investment
2004	Continue to modernise	Migration to be finished	Captured market with repositioned products and channels
2005	Finalize modernization; pure, consolidated, transformed	Pure, consolidated, transformed	Pure, consolidated, transformed

Profits Growth

GAAP pre-tax operating profits are steadily increasing



Consistent profit growth combined with strong capital management



The Scale of the Operation

- Sales 2003 \$3.1 bn
- Sales June 2004 \$2.1 bn
- Capital (UK GAAP Equity – June 2004) \$1.6 bn
- MGAs (Agent Groups) >550
- Agents licensed, all channels >120,000
- Total contracts inforce >750,000
- Assets under management June 2004 \$15.3 bn
- Old mutual direct employees 276

Strategy – Surpassing Critical Mass

Broadening Distribution Model Organically

- Integrated Retail Channels
- Sister Offshore Channel
- Complementary Broker Ownership

Embracing Outsource Model

- Low Cost Administration with Quality
- High Quality Underwriter at Good Cost
- Full Synergies with OM Group (Investment, Technology)

Active, If Low Key, Corporate

- FHLB Source of Income
- Group Reinsurance Through OM Re

Strategy – Enhancing Financial Controls & Drivers

In-House Portfolio Management

- Dwight
- Analytic
- Barrow-Hanley

Active Portfolio Trading

- Upside Advantages
- Downside Advantages

UK-Strength Control Environments

- Independent Internal Audit
- Non-Executives on Major Boards
- Chief Actuary Responsible for Control Threads

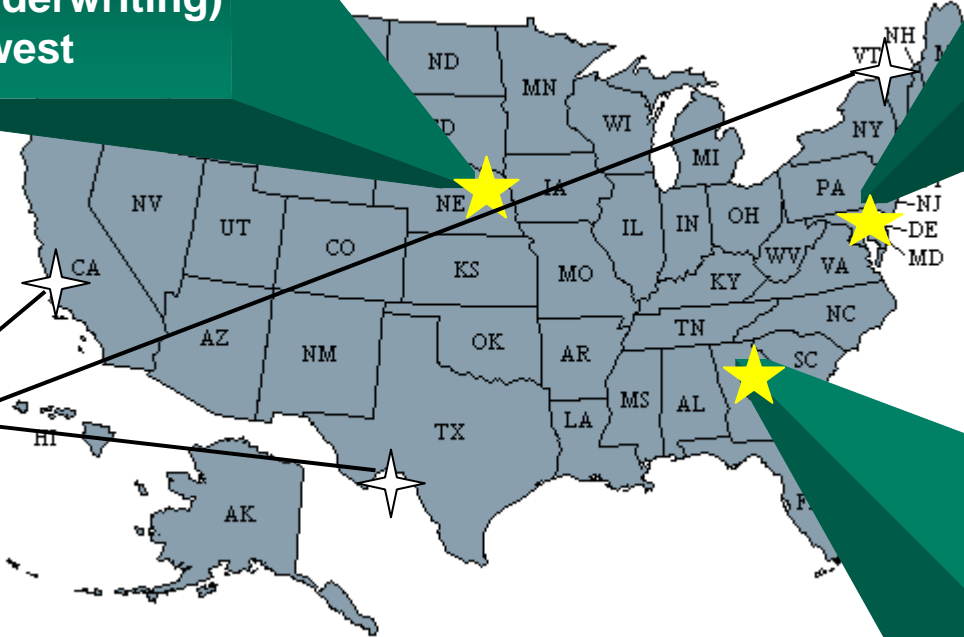


Balance and innovation

Service
(New Bus./Policyholder
Services/Underwriting)
Midwest

Headquarters
(Central Admin)
Baltimore, MD

Investment
Expertise
(CA, TX, VT)



National Sales
(Focus on distribution)
Atlanta, GA



OLD MUTUAL
FINANCIAL NETWORK

Fidelity and Guaranty Life Insurance Company • Fidelity and Guaranty Life Insurance Company of New York • Americom Life and Annuity Insurance Company

Sales & Marketing Environment

Richard Pretty



Sales & Marketing Review

- OMFN Marketing Strategy
- Product Development Strategy
- Sales Distribution
- Sales Profitability
- Marketing Initiatives
- Summary & Conclusion



Marketing Strategy

- **Target Market: “Middle America”**
 - Underserved
 - Significant access through MGA distribution relationships
- **Focus: Winning Opportunities Only**
 - Limit scope (we will only play to our core competencies)
 - Be the best where we choose to play
- **Partners: Pick “Best of Class”**
 - Distribution: Top quality MGA’s
 - Service: TAG
 - Underwriting: MAAS
 - Investments: Dwight, Analytic, Barrow-Hanley



Product Development Strategy

- Innovative and quick to market
- Good customer value
- Competitive compensation
 - 2003: 63 product initiatives
 - Biggest Winners: MasterChoice EIUL, Index Rewards 5 EIA, Value Select Term,
 - 2004: 38 product initiatives
 - Biggest Winners: Spectrum Series EIA (4 products), Medicaid SPIA, Prosperity Guardian Series EIA (3 products)



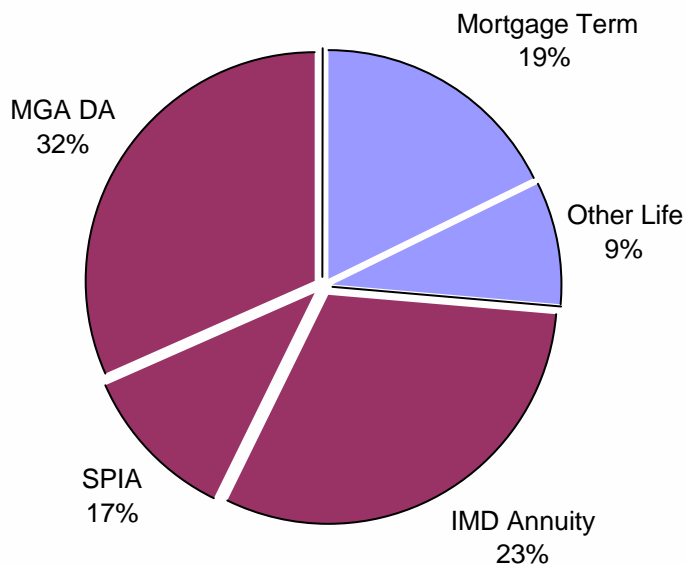
2004 Sales Results

- 2004 Monthly sales exceed 2003 levels in 5 out of 6 months, with May sales reflecting third highest volume ever
- 2004 YTD retail sales 121% of 2003 sales
- 2nd quarter market share increases:
 - Ranked #1 in immediate annuity sales
 - Ranked #1 in home mortgage term insurance
 - Ranked #2 in equity indexed sales behind Allianz



Distribution Transformation

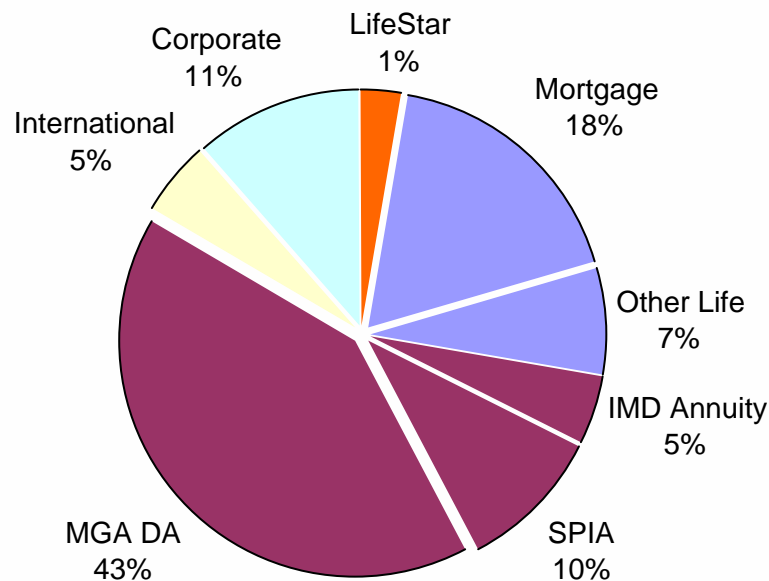
2001 APE



214 MGAs

51,200 Licensed Agents

1H, 2004 APE

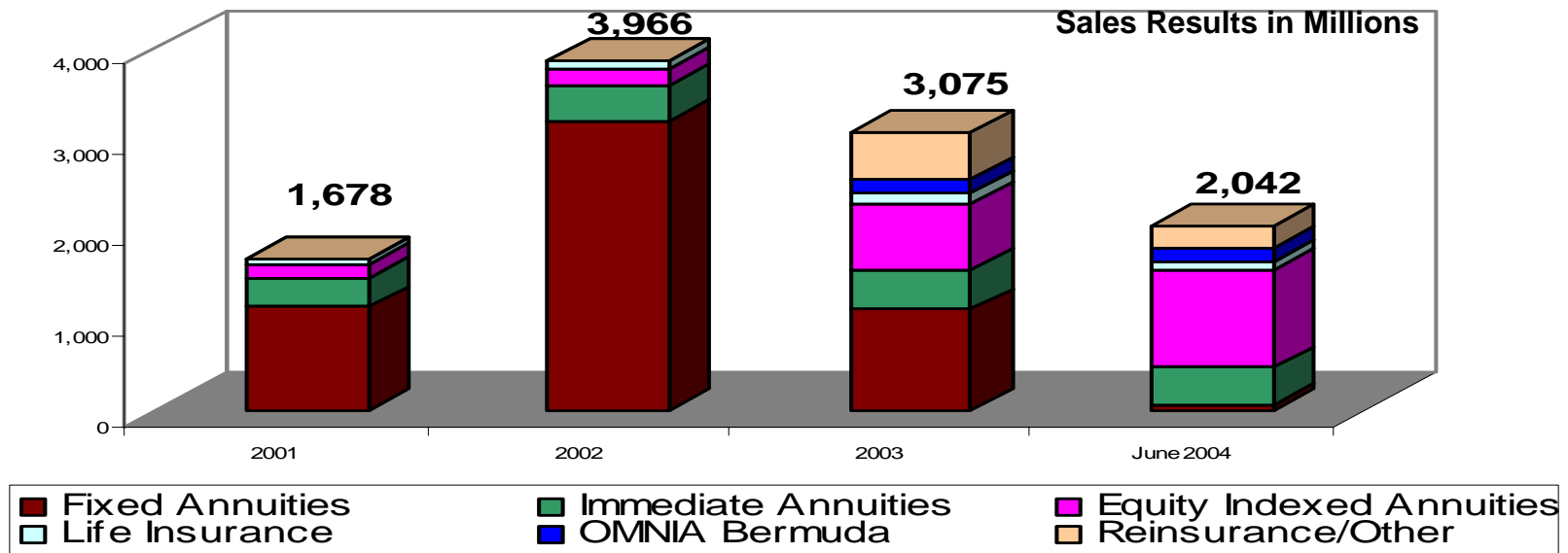


577 MGAs

120,823 Licensed Agents

Distribution Success

With OMNIA and Corporate-to-Corporate business we've diversified our channel strategy; Pre-2002 we were almost entirely dependent on the fixed annuity market.



Annuity Distribution

- We primarily sell annuities through Brokerage MGAs and banks. In 2002, our 5 year (MYGA) fixed rate product was a huge hit. Brokerage sales have since shifted to EIAs and SPIAs. Bank sales have suffered due to the shift from the fixed interest products.

<i>(\$ in millions)</i>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>June 2004 YTD</u>
Brokerage	\$703	\$2,386	\$1,408	\$1,131
Payout	\$375	\$418	\$447	\$398
Institution	\$445	\$1,059	\$421	\$98
Total	\$1,523	\$3,863	\$2,276	\$1,627

Life Distribution

- Between 1996 and 2003, Life premiums are expected to have more than doubled since 2001. Our focus has been in the specialty term mortgage market, but we are increasing our foothold in the brokerage market with the EIUL introduction in 2003.

<i>(\$ in millions)</i>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>June 2004 YTD</u>
Term	\$60	\$78	\$82	\$54
U/L	\$3	\$13	\$22	\$19
Total	\$64	\$91	\$104	\$73



OMNIA Bermuda

- OMNIA distributes investment products for non-US investors through international banks. OMNIA sales have steadily increased each month as planned.

<i>(\$ in millions)</i>	<u>2003</u>	<u>June 2004 YTD</u>
Variable Annuity	\$161.8	\$89.5
Fixed Annuity	\$23.4	\$74.3
Total	\$185.2	\$163.8



Corporate-to-Corporate

Federal Home Loan Bank (FHLB) Program

- F&G Life became a member of the FHLB of Atlanta in 2003
- Total executed through June 2004: \$164.0 million

Reinsurance

- Annuity and Life Reinsurance deals have delivered \$88.5m through June 2004.



2004 Marketing Initiatives

Sales Reorganization and Relocation to Atlanta

- Reduce 4 channels to 2 - Life and Annuity Distribution
- More focused and proactive sales team
- More “feet on the street”
- Refocused New York strategy through FGLONY
- Reorganized LifeStar for cost-effectiveness

Product Pricing move to Marketing

- Creates a comprehensive product development team that can move products more quickly from conception to roll-out

Commissions, Contracting, & Licensing (CCL) to Operations

- Processing activities and in-bound call center under one group
- Strong dependency on IT support which falls under Operations

Allowables - Phase II

- Launched mid-June and led by VP, Marketing Development
- Develop “future state” allowables model that aligns allowables definitions and allocations with the key expense drivers



Summary and Conclusions

- Demonstrated successful creation of new distribution channels and product offerings to stay competitive in the market place.
- Life business continues to grow steadily providing balance to annuity production.
- Annuity business has shifted from fixed interest rate to Equity Indexed and SPIA products. Our strong EIA and SPIA product offerings have allowed us to gain significant market share and decreased our dependence on fixed rate products.
- OMNIA (Bermuda) has allowed us to diversify our portfolio and risk; allows new premium dollars. Solidifies existing bank distributions opportunities, and opens more.
- Corporate-to-Corporate channels provide opportunities outside the retail annuity market.
- LifeStar Financial Network provides for OMUSL to get closer to our distribution



OLD MUTUAL
FINANCIAL NETWORK

Fidelity and Guaranty Life Insurance Company • Fidelity and Guaranty Life Insurance Company of New York • Americom Life and Annuity Insurance Company

Operations Update

Be the best or choose the best



Operations – Where are we now

- 100% of New Business and IT development was transferred to Transaction Applications Group (TAG), a specialist Third Party Administrator based in Lincoln, Nebraska, between 2002-2004.
- 90% of all In-Force policies have been converted from CSC to TAG, with the remainder on target for the end of this year.
- 100% of Underwriting was transferred to Mid-America Agency Services (MAAS) a specialist Third Party Underwriter based in Omaha, Nebraska, in 2002.
- A new Commission System is being developed by a new Supplier (LCG) by year end and will continue to be outsourced.
- Claims Administration was taken back in-house in 2004.
- Administration, IT and Underwriting costs have reduced by \$17m-\$20m per annum



Operations Strategy

- To provide service which is predictable, sustainable and acceptable
- To select 'best of breed' outsourcers to provide the service
- To build a scalable infrastructure where new relationships can easily be bolted on or removed
- To create a substantially variable cost base through predictable unit pricing
- To manage outsource relationships rather than service directly, so that we can focus on our core competencies
- To leverage OM Group resources where feasible



OLD MUTUAL
FINANCIAL NETWORK

Fidelity and Guaranty Life Insurance Company • Fidelity and Guaranty Life Insurance Company of New York • Americom Life and Annuity Insurance Company

Financial Overview

John Varvaris



Financial Overview

- We are a very different business than when we acquired F&G Life in 2001:
- How are results are different
- Why results are different
- How we've transformed the business
- How we are poised for future growth



Financially, a very different business

- Sales: over 3x
- Profits: 2x
- Assets: almost 3x
- Cash flow: 3-5x

In 2000 (pre OM):

- Sales: \$1.1b
- Profits-a/tax: \$60m
- Total Assets: \$6.3b
- Cash Flow: \$670m
- Capital*: \$677m

Currently (2003/1H2004):

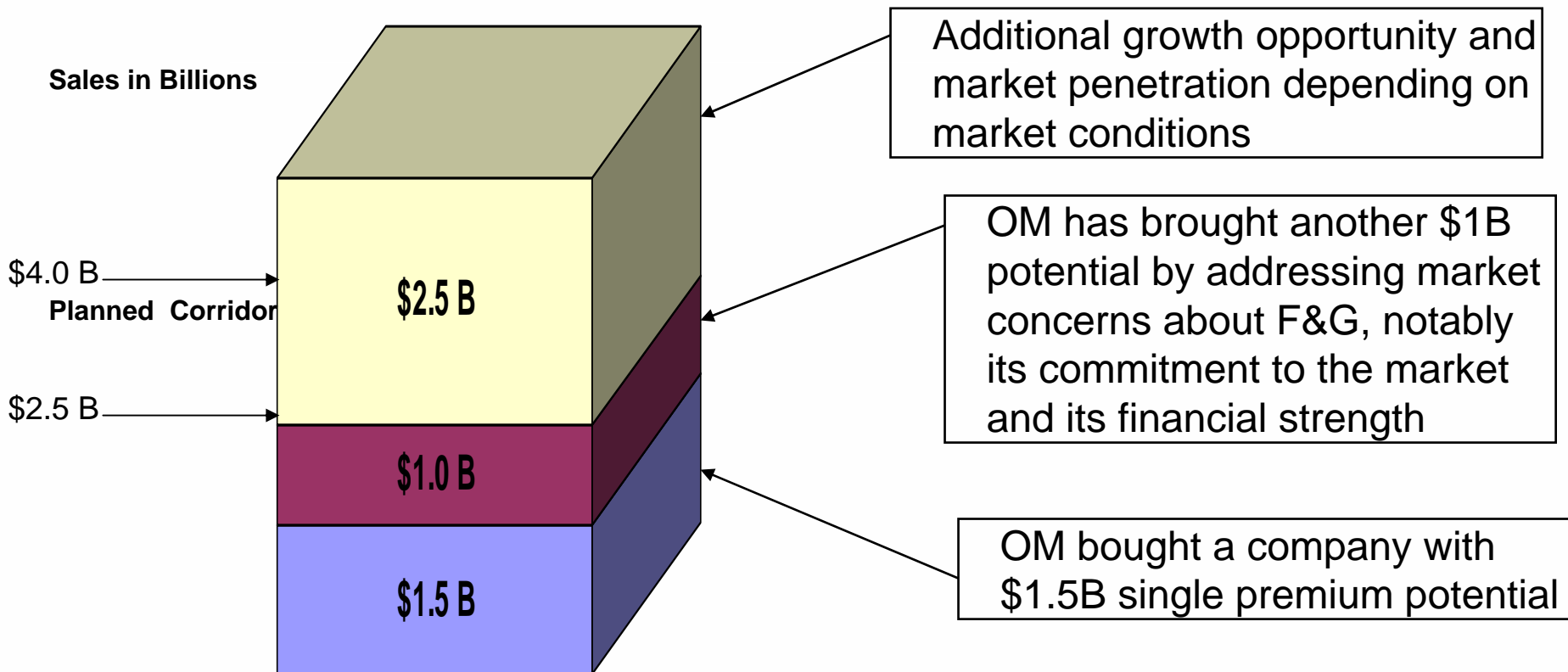
- Sales: \$3.1b / \$2.1b
- Profits-a/tax: \$143m/ \$74m
- Total Assets: \$15.4b/ \$17.8b
- Cash Flow: \$2.3b/ \$1.6b
- Capital*: \$1.38b/ \$1.45b



Why results are different

- Product manufacturing – **right product, right time** yields success
- **Diversification** strategy allows alternatives to ‘head to head’ competition
- Steady **growth of profitable, sustainable life business**
- **Transformation** of business
- Effective **investment management**
- UK accounting **focused on Long Term value**

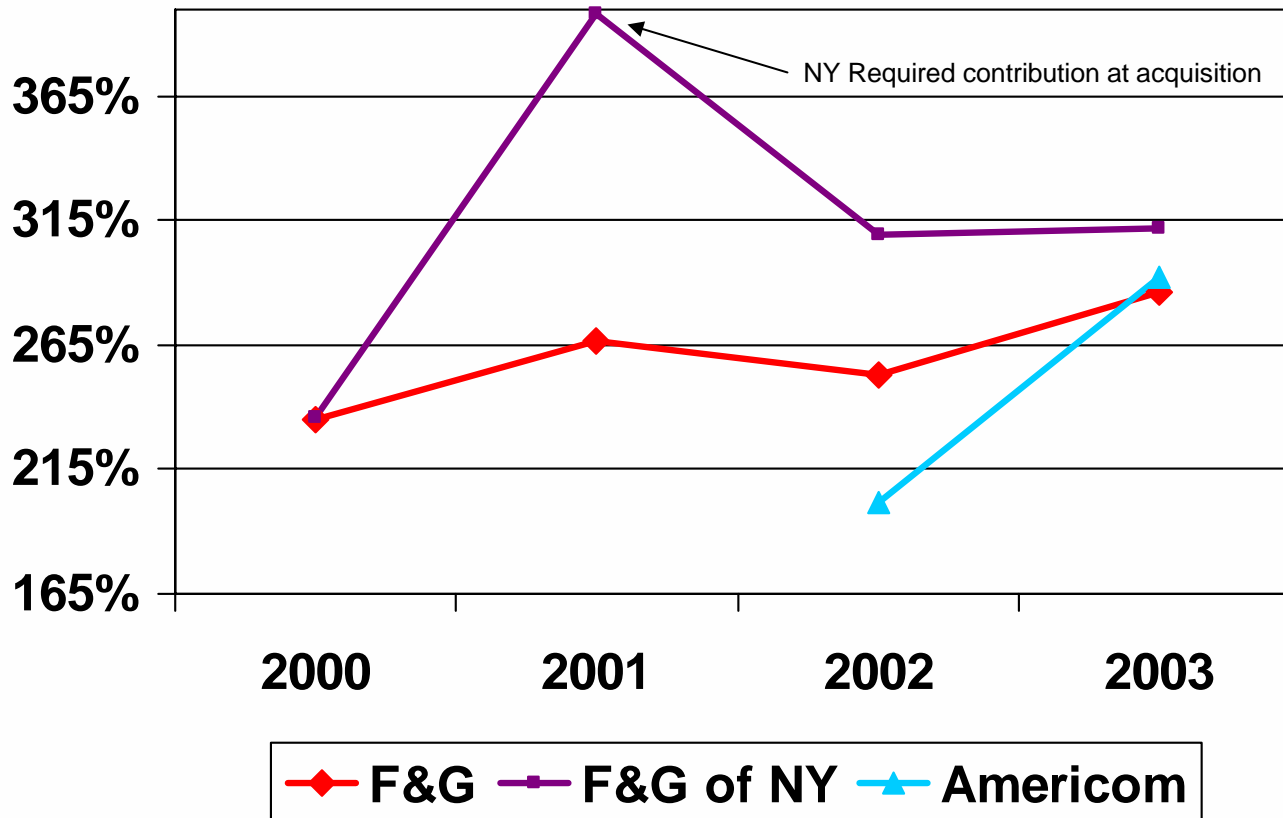
Planned 2002 – 2005 Corridor of Growth





Supports Growth with Capital

RBC Ratio of Company Action Level

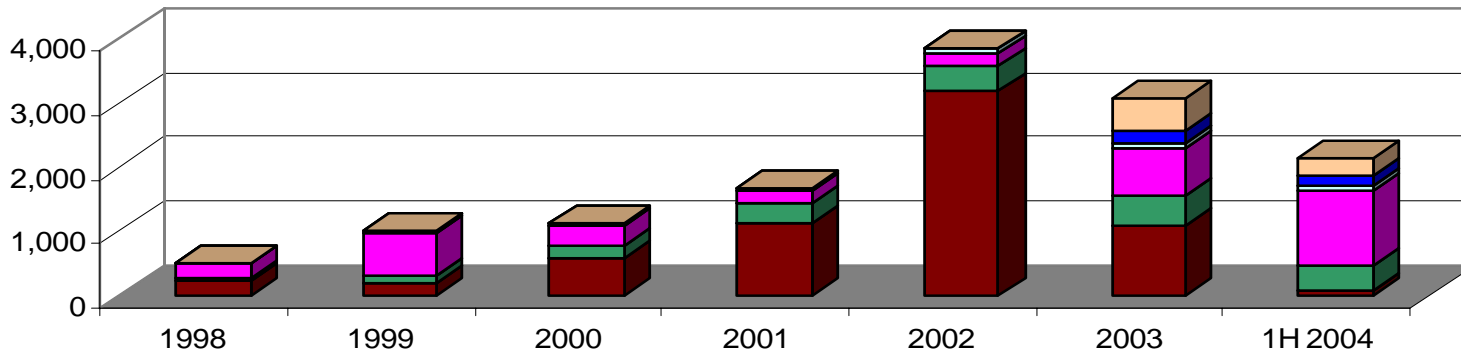


Diversification

Our Track Record of Success - OMUSL

Old Mutual has shown good historical growth and has successfully exploited product development opportunities . . .

Sales By Product



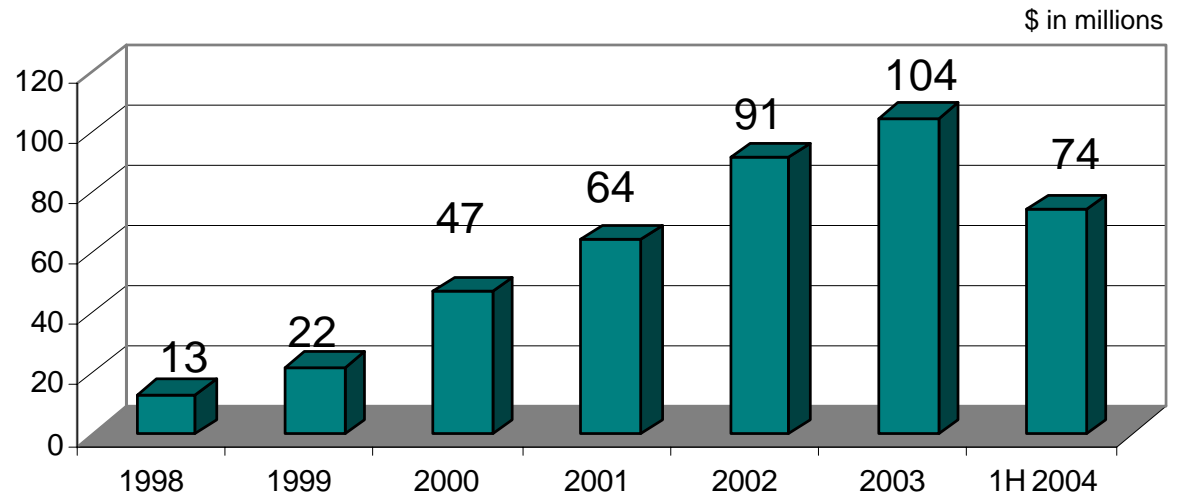
Steady Growth of Life Business

Growing the Life Channel - Our Life Competitive Position*

3rd largest 2003 brokerage life insurance writer based on new sales of term, universal and whole life insurance

Rank	Company
1	Aegon
2	AIG
3	Old Mutual Financial Network
4	Legal & General America
5	GE Financial

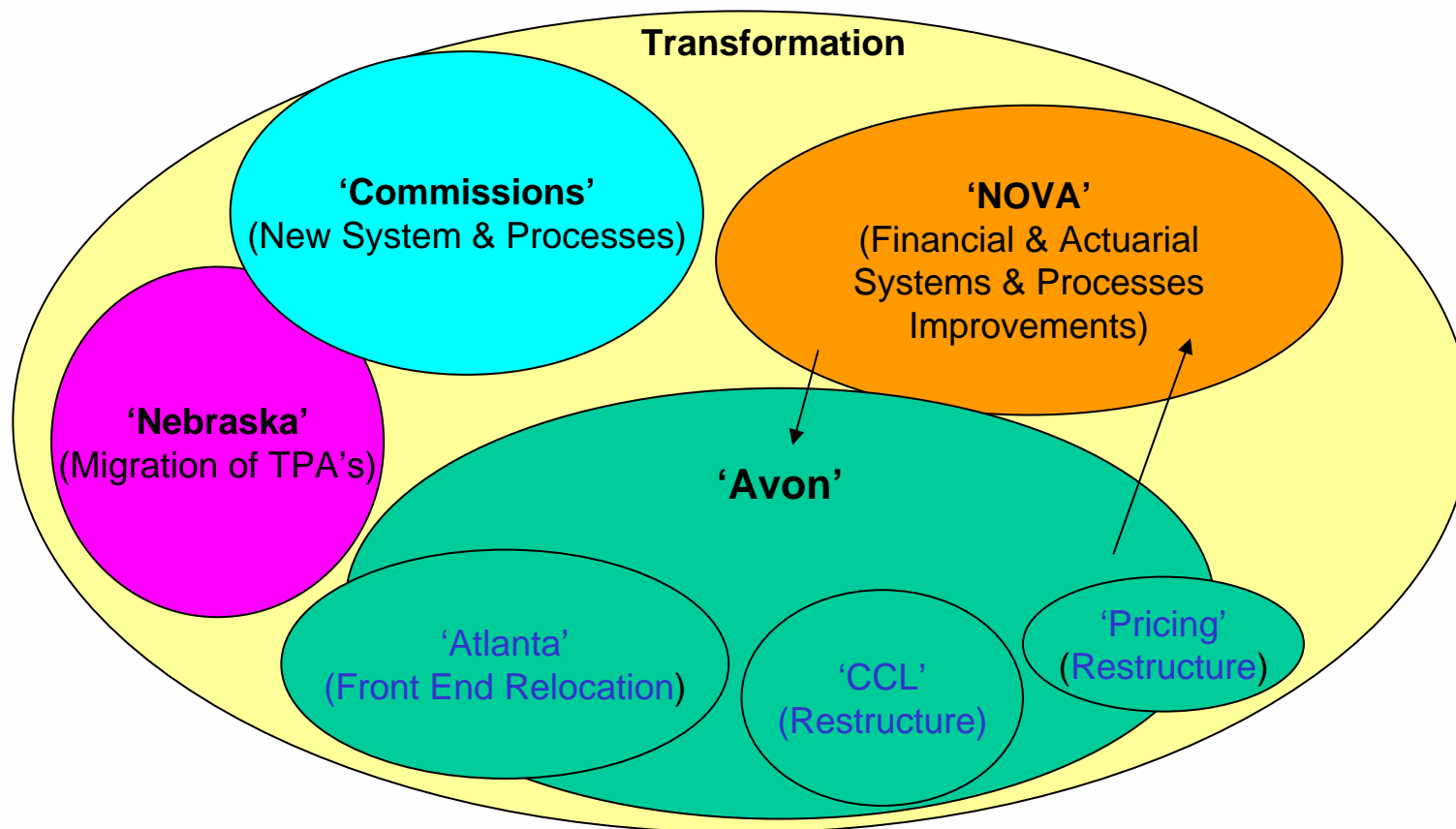
OMFN Life Sales By Year



*Information compiled from LIMRA's U.S. Individual Life Sales Survey: Third Quarter 2003 YTD. Based on Brokerage distribution excluding variable life and variable universal life



Transformation of Business





Summary of Latest Results

	H1 2004	H1 2003	Prior yr % change
Adjusted operating profit (\$m)	73	62	18%
AUM (\$bn)	15.3	12.5	22%
Sales APE (\$m)	251	207	21%
Value of new business*	54	22	145%
New business margin*	22%	11%	

* After tax



OLD MUTUAL
FINANCIAL NETWORK

Fidelity and Guaranty Life Insurance Company • Fidelity and Guaranty Life Insurance Company of New York • Americom Life and Annuity Insurance Company

Investments

Michel Perreault

Investment Approach at OMUSL

Progression since acquisition of F&G:

2001

- Buy and Hold
- Resources In house
- Staff of 8
- Inv. Assets = \$5 Billion
- F&G 100% of assets managed
- Impairments \$63 Million

2004

- Active Trading
- OMAMUS Resources
- FTEs of 27
- Inv. Assets = \$13.5 Billion
- OMUSL 17% of total assets managed by advisors
- Impairments \$0



Why Fixed Income?

- Liabilities mostly at fixed interest rates. Akin to a bank account accruing at pre determined rates
- Fixed income bonds provide dependable coupons to pay for interim cashflow needs and maturity proceeds that closely cash match expected liability needs
- Market price fluctuations on bonds that occur prior to maturity only need capital recognition if bond is significantly impaired
- Active management can seize these price discontinuities and create value over what the product pricing assumptions require

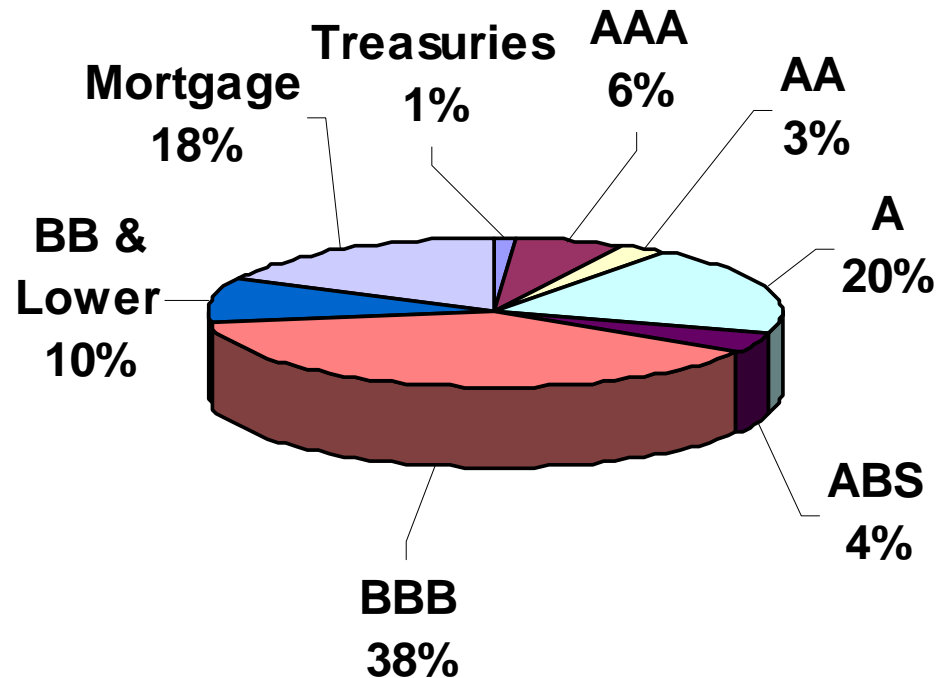


OMUSL Key Investment Partners

- **Dwight**
 - Main fixed income manager.
 - \$13 Billion under management
 - Expertise in structured products, credit products and sector rotation
 - Strong track record of superior performance
- **Analytic Investors**
 - Equity Index Dynamic Hedging manager.
 - Exposure on \$3 Billion of EIAs managed
 - Expertise in quant analysis, options trading
 - Value created by our approach provides distinct and difficult to replicate competitive advantage
- **Barrow Hanley**
 - Specialized fixed income manager.
 - \$300 Million under management
 - Expertise in finding attractive credit products in companies off the radar screen of the big market players.

Investment Portfolio

OMUSL – Bond Portfolio (\$13.5bn) at June 30, 2004





OLD MUTUAL
FINANCIAL NETWORK

Fidelity and Guaranty Life Insurance Company • Fidelity and Guaranty Life Insurance Company of New York • Americom Life and Annuity Insurance Company

Summary and Conclusions

Summary and Conclusions

- Significant sales growth and increased market share has been controlled, capital supported and at good margins.
- Alternative and flexible channel strategies coupled with growth of life insurance has diversified retail annuity business.
- Investment challenges have been effectively managed. Depth of team from our investment advisors.
- Old Mutual plc has made significant capital contributions (\$545M since purchase); as such, they have demonstrated their ongoing commitment to support the U.S. Life business. Capital self sufficiency in 2007.
- Interest rate risk is managed by routinely testing the Company's inforce through prescribed random interest scenarios. The duration of the assets is kept within one year of the duration of liabilities.

Glossary

- ABS – Asset Based Securities
- EIA – Equity Indexed Annuities
- EIUL – Equity Indexed Universal Life
- FGLONY – Fidelity & Guaranty Life of New York
- FHLB – Federal Home Loan Bank
- FTE – Full Time Employee
- IMD – Institutional Marketing Division
- MGA – Master General Agent
- MYGA – Multi-year Guaranteed Annuities
- OMFN – Old Mutual Financial Network
- OMNIA – selling US products to non-US clients through major banks
- SPIA – Single Premium Immediate Annuity
- TPA – Third Party Administrator (TAG, MAAS, CSC, LCG, GEt)
- U/L – Universal Life

Glossary

Fixed Annuity – an insurance contract that provides a guaranteed stream of income for a specified period, or for the life of the annuitant. Benefits are usually fixed, but may also increase at a constant rate. **The insurance company assumes all investment risk.**

Fixed Immediate Annuity – a fixed annuity that provides a stream of income “immediately” in exchange for a single premium. Benefits are usually fixed, but may also increase at a constant rate.

Fixed Deferred Annuity – a fixed annuity that provides a “deferred” stream of income. The contract may require a single premium, or may allow for flexible premiums during the deferral period. Interest is credited to an account during the deferral period. **The rate of interest is set by the insurance company and guaranteed for a period of at least one year.** The annuity benefits are based on the account value at the time of annuitization.

Equity-Indexed Deferred Annuity – a fixed annuity that provides a “deferred” stream of income. The contract may require a single premium, or may allow for flexible premiums during the deferral period. Interest is credited to an account during the deferral period. **The rate of interest is determined based on the performance of an equity index, typically the S&P500, but is guaranteed to be nonnegative.** There is a guaranteed minimum *cash value* based on regulatory requirements. The annuity benefits are based on the account value at the time of annuitization.

Variable Annuity – an insurance contract that provides a stream of income for a specified period, or for the life of the annuitant. Benefits vary based on the performance of underlying mutual funds, and can increase or decrease periodically. **The policyholder assumes all investment risk.** Most Variable Annuities offer a Fixed Annuity option within the contract to which the policyholder can allocate a portion of their funds.

Variable Immediate Annuity - a variable annuity that provides a stream of income “immediately” in exchange for a single premium. Benefits may vary based on the performance of underlying mutual funds, and can increase or decrease periodically.

Variable Deferred Annuity – a variable annuity that provides a “deferred” stream of income. The contract may require a single premium, or may allow for flexible premiums during the deferral period. Interest is credited to an account during the deferral period. **The rate of interest is based on the performance of underlying mutual funds, selected by the policyholder, and may be positive or negative each year.** There is no minimum guaranteed rate of interest. The initial annuity benefits are based on the account value at the time of annuitization.



Glossary

- **US GAAP** – generally designed to match revenue and expenses. However, the specific rules and treatment of individual products and assets create slightly different non economic results.
- **Balance sheet** – generally on an amortized cost basis except for investment assets which are market to market creating a disconnect between assets and liabilities.
- **STAT** – generally designed to be conservative and focussed on surplus/equity from a regulatory perspective, as regulators are most interested in protecting the safety of policyholders. Expenses are recognised upfront and not deferred or amortized as they are in GAAP.