

**Schwab Select Annuity<sup>®</sup>  
Prospectus**

April 30, 2010

Detailed information about the  
Schwab Select Annuity  
For New York residents only

Issued by First Great-West Life & Annuity Insurance Company



**SCHWAB SELECT ANNUITY®**

**SUPPLEMENT dated February 28, 2011  
to the Prospectus dated April 30, 2010  
for the Variable Annuity-1 Series Account  
of First Great-West Life & Annuity Insurance Company**

Effective March 1, 2011, the description and investment objective for the Touchstone Mid Cap Growth Fund on page 24 of the Prospectus is deleted in its entirety and replaced with the following:

*“Touchstone Mid Cap Growth Fund – Class I Shares* seeks to increase the value of portfolio shares as a primary goal and to earn income as a secondary goal. Under normal circumstances, the fund will invest at least 80% of its assets in common stocks of mid cap U.S. companies. This is a non-fundamental investment policy that can be changed by the fund upon 60 days' prior notice to shareholders. A mid cap company has a market capitalization between \$1.5 billion and \$12 billion or within the range of market capitalizations represented in the Russell Midcap Index (between \$1.3 billion and \$14 billion at the time of its most recent reconstitution on May 31, 2010) at the time of purchase. The fund may also invest in companies in the technology sector.”

\* \* \* \* \*

On February 15, 2011, the shareholders of the Seligman Communications and Information Portfolio (the “Acquired Fund”) approved a proposal to merge the Acquired Fund into the Seligman Global Technology Portfolio (the “Acquiring Fund”) effective at the close of business on Friday, March 11, 2011 (the “Effective Date”).

Accordingly, any assets remaining in the Acquired Fund on the Effective Date will be transferred to the Acquiring Fund. Further, as of the Effective Date, any Contributions or Transfers (including Automatic Custom Transfers) to the Acquired Fund will be defaulted to the Acquiring Fund.

In addition, as of the Effective Date, all references in the Prospectus to the “Seligman Communications and Information Portfolio” shall be deleted in their entirety and replaced with “Seligman Global Technology Portfolio.” Further, as of the Effective Date, the description and investment objective for the Seligman Communications and Information Portfolio on page 23 of the Prospectus is deleted in its entirety and replaced with the following:

*“Seligman Global Technology Portfolio-Class 2 Shares* seeks long-term capital appreciation. The fund generally invests at least 80% of its assets in equity securities of U.S. and non-U.S. companies with business operations in technology and technology-related industries. Technology-related companies are those companies that use technology extensively to improve their business processes and applications. The technology industry comprises information technology and communications, as well as medical, environmental and bio-technology. The fund may invest in companies domiciled in any country which the investment manager believes to be appropriate to

the fund's objective. The fund generally invests in several countries in different geographic regions. Under normal market conditions, the fund generally will invest at least 40% of its net assets in companies that maintain their principal place of business or conduct their principal business activities outside the U.S., have their securities traded on non-U.S. exchanges or have been formed under the laws of non-U.S. countries. The investment manager may reduce this 40% minimum investment amount to 30% if it believes that market conditions for these types of companies or specific foreign markets are unfavorable. The fund considers a company to conduct its principal business activities outside the U.S. if it derives at least 50% of its revenue from business outside the U.S. or had at least 50% of its assets outside the U.S. The fund may invest in companies of any size.”

\* \* \* \* \*

Effective at the close of business on Friday, March 11, 2011, the “Total Annual Fund Operating Expenses” table on page 8 of the Prospectus is deleted in its entirety and replaced with the following:

| “Total Annual Portfolio Operating Expenses  | <u>Minimum</u> | <u>Maximum</u>     |
|---|----------------|--------------------|
| (Expenses that are deducted from Portfolio assets, including management fees, distribution [and/or service] (12b-1) fees, and other expenses) | 0.30%          | 3.90% <sup>1</sup> |

<sup>1</sup>The expenses shown are based, in part, on estimated amounts for the current fiscal year, and do not reflect any fee waiver or expense reimbursement. The advisers and/or other service providers of certain Portfolios have agreed to reduce their fees and/or reimburse the Portfolios’ expenses in order to keep the Portfolios’ expenses below specified limits. The expenses of certain Portfolios are reduced by contractual fee reduction and expense reimbursement arrangements. Other Portfolios have voluntary fee reduction and/or expense reimbursement arrangements that may be terminated at any time. Each fee reduction and/or expense reimbursement arrangement is not reflected above, but is described in the relevant Portfolio’s prospectus.”

\* \* \* \* \*

Effective at the close of business on Friday, March 11, 2011, the “Example” section on page 9 of the Prospectus is deleted in its entirety and replaced with the following:

**“Example**

**This Example is intended to help you compare the cost of investing in the Contract with the cost of investing in other variable annuity contracts. These costs include Owner transaction expenses, contract fees, Series Account annual expenses, and Portfolio fees and expenses.**

**The Example assumes that you invest \$10,000 in the Contract for the time periods indicated. The Example also assumes that your investment has a 5% return each year and assumes the maximum fees and expenses of any of the Portfolios. In addition, this Example assumes no transfers were made and no premium taxes were deducted. If these**

arrangements were considered, the expenses shown would be higher. This Example also does not take into consideration any fee waiver or expense reimbursement arrangements of the Portfolio. If these arrangements were taken into consideration, the expenses shown would be lower.

Although your actual costs may be higher or lower, based on these assumptions, if you retain your Contract, annuitize your Contract or if you surrender your Contract at the end of the applicable time period, your costs would be:

| 1 year | 3 years | 5 years | 10 years |
|--------|---------|---------|----------|
| \$488  | \$1,540 | \$2,703 | \$6,169  |

This Example does not show the effect of premium taxes. Premium taxes (ranging from 0% to 3.5%) are deducted from the Contract Value upon full surrender, death, or annuitization. This Example also does not include any of the taxes or penalties you may be required to pay if you surrender your Contract.”

*This Supplement must be accompanied by or read in conjunction with the current Prospectus, dated April 30, 2010. Please keep this supplement for future reference.*

**SCHWAB SELECT ANNUITY®**

**SUPPLEMENT dated February 11, 2011  
to the Prospectus dated April 30, 2010  
for the Variable Annuity-1 Series Account  
of First Great-West Life & Annuity Insurance Company**

The Board of Directors of the DWS Strategic Value VIP fund has approved a proposed merger of the DWS Strategic Value VIP fund into the DWS Large Cap Value VIP fund. The proposed merger will occur on or about May 1, 2011.

On the effective date of the merger, all references in the Prospectus to the DWS Strategic Value VIP fund will be replaced with the DWS Large Cap Value VIP fund.

\*\*\*\*\*

The Board of Directors of the DWS Health Care VIP fund has approved a proposed merger of the DWS Health Care VIP fund into the DWS Capital Growth VIP fund. The proposed merger will occur on or about May 1, 2011.

On the effective date of the merger, all references in the Prospectus to the DWS Health Care VIP fund will be replaced with the DWS Capital Growth VIP fund.

***This Supplement must be accompanied by or read in conjunction with the current Prospectus, dated April 30, 2010. Please keep this supplement for future reference.***

**SCHWAB SELECT ANNUITY®**

**SUPPLEMENT Dated May 24, 2010  
To the Prospectus dated April 30, 2010 for the  
Variable Annuity-1 Series Account  
of First Great-West Life & Annuity Insurance Company**

On April 30, 2010, Ameriprise Financial, Inc., the parent company of RiverSource Investments, LLC, acquired the long-term asset management business of Columbia Management Group, LLC, including certain of its affiliates (the “Acquisition”), which were prior to the Acquisition, part of Bank of America, N.A. In connection with the Acquisition, RiverSource Investments, LLC became the investment advisor to the Columbia Variable Series. Following the Acquisition, RiverSource Investments, LLC changed its name to Columbia Management Investment Advisers, LLC.

Accordingly, all references in your Schwab Select Annuity® Prospectus (the “Prospectus”) to Columbia Management Advisors, LLC are deleted in their entirety and replaced with Columbia Management Investment Advisers, LLC.

In addition, all references in the Prospectus to RiverSource Investments, LLC are deleted in their entirety and replaced with Columbia Management Investment Advisers, LLC.

\* \* \* \* \*

Effective May 24, 2010, the description and investment objective for the Janus Aspen Series Balanced Portfolio, Institutional Shares on page 18 of the Prospectus is deleted in its entirety and replaced with the following:

*“Janus Aspen Balanced Portfolio–Institutional Shares* seeks long-term capital growth consistent with preservation of capital and balanced by current income. The Portfolio pursues its investment objective by normally investing 35-65% of its assets in equity securities and the remaining assets in fixed-income securities and cash equivalents.

Effective May 1, 2007, the Sub-Account Investing in this Portfolio was closed to new Contributions and Incoming Transfers (including Automatic Custom Transfers).”

Effective May 24, 2010, the description and investment objective for the Janus Aspen Series Balanced Portfolio, Service Shares on page 19 of the Prospectus is deleted in its entirety and replaced with the following:

*“Janus Aspen Balanced Portfolio–Service Shares* seeks long-term capital growth consistent with preservation of capital and balanced by current income. The Portfolio pursues its investment objective by normally investing 35-65% of its assets in equity securities and the remaining assets in fixed-income securities and cash equivalents.”

\* \* \* \* \*

At a shareholder meeting held on May 11, 2010, shareholders of the Van Kampen LIT Comstock Portfolio and the Van Kampen LIT Growth and Income Portfolio (the “Van Kampen Portfolios”) approved an agreement and plan of reorganization whereby the Van Kampen Portfolios will be merged into shell portfolios of the Invesco Variable Insurance Funds (the “Invesco Funds”). The merger of assets from the Van Kampen Portfolios to the Invesco Funds is expected to occur on or about June 1, 2010. Following the merger, the Invesco Funds will retain the investment objectives and financial history of the Van Kampen Portfolios. In addition, Invesco Advisers, Inc. will be the investment adviser to the Invesco Funds.

Accordingly, effective June 1, 2010, please note the following changes to the Prospectus:

All references to Van Kampen LIT Comstock Portfolio shall be deleted in their entirety and replaced with Invesco Van Kampen V.I. Comstock Fund.

All references to Van Kampen LIT Growth and Income Portfolio shall be deleted in their entirety and replaced with Invesco Van Kampen V.I. Growth and Income Fund.

All references to Van Kampen Asset Management shall be deleted in their entirety and replaced with Invesco Advisers, Inc.

All references to Van Kampen Life Investment Trust shall be deleted in their entirety and replaced with Invesco Variable Insurance Funds.

***This Supplement must be accompanied by or read in conjunction with the current Prospectus, dated April 30, 2010. Please keep this supplement for future reference.***



# Schwab Select Annuity<sup>®</sup>

A flexible premium deferred variable annuity contract

Issued by

First Great-West Life & Annuity Insurance Company

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## Overview

This Prospectus describes the Schwab Select Annuity<sup>®</sup>—a flexible premium deferred variable annuity contract (the "Contract") which allows you to accumulate assets on a tax-deferred basis for retirement or other long-term purposes. **This Contract is no longer issued to new purchasers.** The Contract has not been offered for sale since April 30, 2007; however, you may make additional Contributions as permitted under your Contract. This Contract is issued by First Great-West Life & Annuity Insurance Company ("we, us or First GWL&A"). Further information regarding First GWL&A can be found in the "First Great-West Life & Annuity" section on page 11 of this Prospectus.

This Prospectus presents important information you should review about the Schwab Select Annuity<sup>®</sup>, including a description of the material rights and obligations under the Contract. Please read this Prospectus carefully and keep it on file for future reference. You can find more detailed information pertaining to the Contract in the Statement of Additional Information ("SAI") dated April 30, 2010 (as may be amended from time to time), and filed with the Securities and Exchange Commission ("SEC"). The SAI is incorporated by reference into this Prospectus as a matter of law, which means it is legally a part of this Prospectus. A listing of the contents of the SAI may be found on the last page of this Prospectus. You may obtain a copy without charge by contacting the Annuity Service Center at the address or phone number listed on page 44 of this Prospectus. Or, you can obtain it by visiting the SEC's Internet web site (<http://www.sec.gov>). This web site also contains material incorporated by reference and other information about us and other registrants that file electronically.

## How to Invest

The minimum initial Contribution is:

- \$5,000, or
- \$1,000 if subsequent Contributions are made via Automatic Contribution Plan.

The minimum subsequent Contribution is:

- \$500 per Contribution, or
- \$100 per Contribution if made via Automatic Contribution Plan.

## Allocating Your Money

When you contribute money to the Schwab Select Annuity, you can allocate it among the Sub-Accounts of the Variable Annuity-1 Series Account which invest in the following Portfolios:

- Alger Large Cap Growth Portfolio – Class I-2 Shares (*formerly* Alger American LargeCap Growth Portfolio – Class O Shares)
- Alger Mid Cap Growth Portfolio – Class I-2 Shares (*formerly* Alger American MidCap Growth Portfolio – Class O Shares)
- AllianceBernstein VPS International Growth Portfolio – Class A Shares
- AllianceBernstein VPS Small/Mid Cap Value Portfolio – Class A Shares
- American Century VP Balanced Fund – Class I Shares
- American Century VP Mid Cap Value Fund – Class II Shares
- American Century VP Value Fund – Class I Shares
- Columbia VIT Marsico 21<sup>st</sup> Century Fund – Class B Shares
- Columbia VIT Small Cap Value Fund – Class B Shares
- Delaware VIP Small Cap Value Series – Standard Class Shares
- Delaware VIP Smid Cap Growth Series – Standard Class Shares (*formerly* Delaware VIP Growth Opportunities Series)
- Dreyfus Variable Investment Fund Appreciation Portfolio – Initial Shares
- DWS Blue Chip VIP – Class A Shares
- DWS Capital Growth VIP – Class A Shares
- DWS Dreman Small Mid Cap Value VIP – Class A Shares (*formerly* DWS Dreman Small Cap Value VIP)

**The date of this Prospectus is April 30, 2010**

**The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.**

- DWS Health Care VIP – Class A
- DWS Large Cap Value VIP – Class A Shares
- DWS Small Cap Index VIP – Class A Shares (*formerly* Scudder VIT Small Cap Index)
- Federated Fund for U.S. Government Securities II
- Franklin Small Cap Value Securities Fund – Class 2 Shares
- Invesco V.I. International Growth Fund – Series I Shares (*formerly* AIM V.I. International Growth Fund)
- Invesco V.I. Mid Cap Core Equity Fund – Series I Shares (*formerly* AIM Mid Cap Core Equity Fund)
- Invesco V.I. Small Cap Equity Fund – Series I Shares (*formerly* AIM V.I. Small Cap Equity Fund)
- Janus Aspen Balanced Portfolio – Service Shares<sup>1</sup>
- Janus Aspen Flexible Bond Portfolio – Service Shares<sup>1</sup>
- Janus Aspen Overseas Portfolio – Service Shares (*formerly* Janus Aspen International Growth Portfolio)<sup>1</sup>
- Lazard Retirement Emerging Markets Equity Portfolio – Service Class Shares
- LVIP Baron Growth Opportunities Fund – Service Class Shares
- MFS International Value Portfolio – Service Class Shares
- MFS Utilities Series – Service Class Shares
- NVIT Mid Cap Index Fund – Class II Shares (*formerly* GVIT Mid Cap Index Fund)
- Oppenheimer Global Securities Fund/VA
- PIMCO VIT High Yield Portfolio – Administrative Class Shares
- PIMCO VIT Low Duration Portfolio – Administrative Class Shares (*formerly* PIMCO VIT Low Duration Bond Portfolio)
- PIMCO VIT Total Return Portfolio – Administrative Class Shares
- Pioneer Fund VCT Portfolio – Class I Shares
- Pioneer Growth Opportunities VCT Portfolio – Class I Shares
- Pioneer Mid Cap Value VCT Portfolio – Class II Shares
- Prudential Series Fund Equity Portfolio – Class II Shares
- Putnam VT American Government Income Fund – Class IB Shares\*
- Putnam VT Equity Income Fund – Class IB Shares\*
- Royce Capital Fund Small-Cap Portfolio – Service Class Shares
- Schwab MarketTrack Growth Portfolio II™
- Schwab Money Market Portfolio™
- Schwab S&P 500 Index Portfolio
- Seligman Communications and Information Fund – Class 2 Shares
- Sentinel Variable Products Bond Fund
- Sentinel Variable Products Common Stock Fund
- Sentinel Variable Products Small Company Fund
- Templeton Foreign Securities Portfolio – Class 2 Shares\*
- Touchstone Mid Cap Growth Fund – Class I Shares
- Universal Institutional Funds U.S. Real Estate Portfolio – Class I Shares
- Van Eck VIP Global Bond Fund – Initial Class Shares (*formerly* Van Eck Insurance Trust Worldwide Bond Fund)
- Van Kampen LIT Comstock Portfolio – Class I Shares
- Van Kampen LIT Growth and Income Portfolio – Class I Shares
- Wells Fargo Advantage Opportunity Fund – Class VT Shares

\* New Portfolios available as of April 30, 2010.

**This Prospectus does not constitute an offering in any jurisdiction in which such offering may not be lawfully made. No dealer, salesperson or other person is authorized to give any information or make any representations in connection with the Contracts other than those contained in this Prospectus, and, if given or made, such other information or representations must not be relied on.**

**This Contract is not available in all states**

<sup>1</sup> As of May 1, 2007, Owners may only invest in the Service Class Sub-Accounts of Janus Portfolios. The Institutional Class Sub-Accounts were closed to new Contributions and incoming Transfers (including Automatic Custom Transfers) effective May 1, 2007. The Service Class has a Rule 12b-1 Plan (and higher expenses) and the Institutional Class does not.

Effective April 27, 2010, the Sub-Account investing in the AllianceBernstein VPS International Value Portfolio – Class A Shares was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

Effective May 1, 2009, the Sub-Accounts investing in these Portfolios were closed to new contributions and incoming transfers (including Automatic Custom Transfers):

- AllianceBernstein VPS Growth & Income Portfolio – Class A Shares
- AllianceBernstein VPS Growth Portfolio – Class A Shares
- Dreyfus Investment Portfolios MidCap Stock Portfolio – Initial Shares
- DWS Growth & Income VIP – Class A Shares
- DWS Strategic Value VIP – Class A Shares (*formerly* DWS Dreman High Return Equity VIP)
- Neuberger Berman AMT Regency Portfolio – Class S Shares
- Third Avenue Value Portfolio – Variable Series Trust Shares

Effective May 1, 2008, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers):

- Invesco V.I. Technology Fund – Series I Shares (*formerly* AIM V.I. Technology Fund)

Effective May 1, 2007, the Sub-Accounts investing in these Portfolios were closed to new Contributions and incoming Transfers (including Automatic Custom Transfers):

- Janus Aspen Balanced Portfolio – Institutional Shares
- Janus Aspen Flexible Bond Portfolio – Institutional Shares
- Janus Aspen Overseas Portfolio – Institutional Shares (*formerly* Janus Aspen International Growth Portfolio)

Effective May 1, 2006, the Sub-Accounts investing in these Portfolios were closed to new Contributions and incoming Transfers (including Automatic Custom Transfers):

- American Century VP International Fund – Class I Shares
- Dreyfus Variable Investment Fund Growth and Income Portfolio – Initial Shares
- Invesco V.I. Core Equity Fund – Series I Shares (*formerly* AIM V.I. Core Equity Fund)
- Janus Aspen Janus Portfolio – Institutional Shares (*formerly* Janus Aspen Series Large Cap Growth Portfolio)

Effective April 29, 2005, the Sub-Accounts investing in these Portfolios were closed to new Contributions and incoming Transfers (including Automatic Custom Transfers):

- Dreyfus Variable Investment Fund Opportunistic Small Cap Portfolio – Initial Shares (*formerly* Dreyfus Variable Investment Fund Developing Leaders Portfolio)
- Federated Capital Appreciation Fund II – Primary Shares (*formerly* Federated Clover Value Fund II)
- Federated Capital Income Fund II
- Invesco V.I. High Yield Fund – Series I Shares (*formerly* AIM V.I. High Yield Fund)
- Janus Aspen Worldwide Portfolio – Institutional Shares (*formerly* Janus Aspen Worldwide Growth Portfolio)
- Wells Fargo Advantage VT Small Cap Value Fund – Class 2 (*formerly* Wells Fargo Advantage Small/Mid Cap Value Fund)

**This Prospectus does not constitute an offering in any jurisdiction in which such offering may not be lawfully made. No dealer, salesperson or other person is authorized to give any information or make any representations in connection with the Contracts other than those contained in this Prospectus, and, if given or made, such other information or representations must not be relied on.**

**This Contract is not available in all states**

Until March 1, 2003, you were permitted to allocate some or all of the money you contribute to the Guarantee Period Fund. The Guarantee Period Fund allows you to select one or more Guarantee Periods that offer specific interest rates for a specific period. Effective March 1, 2003, you may no longer make Contributions or Transfers (including Automatic Custom Transfers) to the Guarantee Period Fund.

If you currently have amounts allocated to the Guarantee Period Fund, it may be subject to a Market Value Adjustment which may increase or decrease the amount Transferred or withdrawn from the value of a Guarantee Period if the Guarantee Period is broken prior to the Guarantee Period Maturity Date. A negative adjustment may result in an effective interest rate lower than the Contractual Guarantee of a Minimum Rate of Interest and the value of the Contribution(s) allocated to a Guarantee Period being less than the Contribution(s) made.

### **Sales and Surrender Charges**

There are no sales, redemption, surrender or withdrawal charges under the Schwab Select Annuity.

### **Free Look Period**

After you received your Contract, you could look it over free of obligation for at least 10 days (up to 65 days for replacement policies), during which you could cancel your Contract.

### **Payout Options**

The Schwab Select Annuity<sup>®</sup> offers a variety of annuity payout and periodic withdrawal options. Depending on the option you select, income can be guaranteed for your lifetime, your spouse's and/or Beneficiaries' lifetime or for a specified period of time.

The Contracts are not deposits of, or guaranteed or endorsed by any bank, nor are the Contracts federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. The Contracts involve certain investment risks, including possible loss of principal. See "Breaking a Guarantee Period" on page 26 and "Market Value Adjustment" on page 27.

For account information, please contact:

Annuity Service Center  
P.O. Box 173921  
Denver, Colorado 80217-3921  
888-560-5938

**This Prospectus does not constitute an offering in any jurisdiction in which such offering may not be lawfully made. No dealer, salesperson or other person is authorized to give any information or make any representations in connection with the Contracts other than those contained in this Prospectus, and, if given or made, such other information or representations must not be relied on.**

**This Contract is not available in all states**

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## Definitions

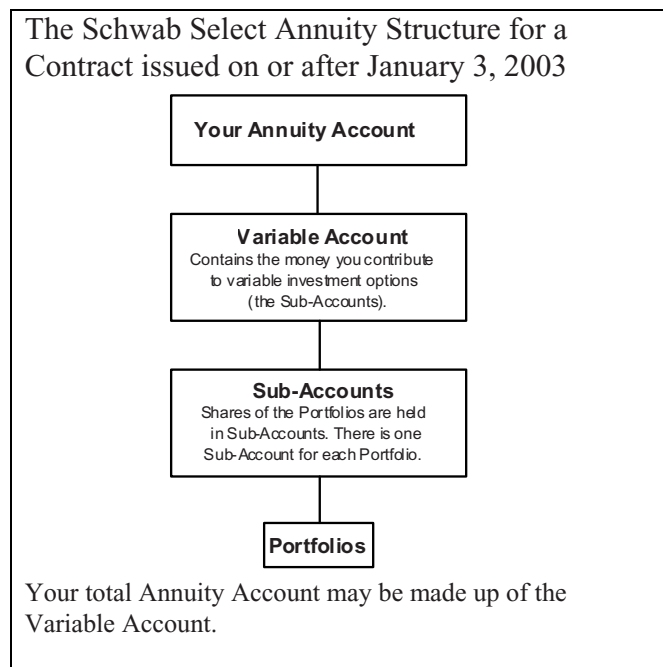
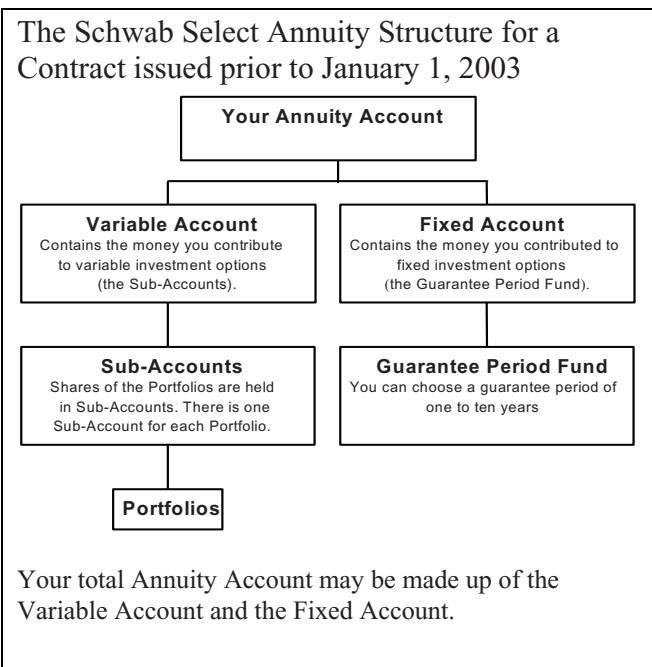
**1035 Exchange**—A provision of the Internal Revenue Code of 1986, as amended (the "Code"), that allows for the tax-free exchange of certain types of insurance contracts.

**Accumulation Period**—The time period between the Effective Date and the Annuity Commencement Date. During this period, you're contributing to the annuity.

**Accumulation Unit**—The unit of measure that we use to calculate the value of your interest in a Sub-Account.

**Annuitant**—The person named in the application upon whose life the payout of an annuity is based and who will receive annuity payouts. If a Contingent Annuitant is named, the Annuitant will be considered the primary Annuitant ("Primary Annuitant").

**Annuity Account**—An account established by us in your name that reflects all account activity under your Contract.



**Annuity Account Value**—The sum of all the investment options credited to your Annuity Account—less partial withdrawals, amounts applied to an annuity payout option, periodic withdrawals, charges deducted under the Contract, and Premium Tax, if any.

**Annuity Commencement Date**—The date annuity payouts begin.

**Annuity Individual Retirement Account (or Annuity IRA)**—An annuity contract used in a retirement savings program that is intended to satisfy the requirements of Section 408 of the Code.

**Annuity Payout Period**—The period beginning on the Annuity Commencement Date and continuing until all annuity payouts have been made under the Contract. During this period, the Annuitant receives payouts from the annuity.

**Annuity Unit**—An accounting measure we use to determine the amount of any variable annuity payout after the first annuity payout is made.

**Automatic Contribution Plan**—A feature which allows you to make automatic periodic Contributions. Contributions will be withdrawn from an account you specify and automatically credited to your Annuity Account.

**Beneficiary**—The person(s) designated to receive any Death Benefit under the terms of the Contract.

**Contingent Annuitant**—The person you may name in the application who becomes the Annuitant when the Primary Annuitant dies. The Contingent Annuitant must be designated before the death of the Primary Annuitant.

**Contractual Guarantee of a Minimum Rate of Interest**—This is the minimum rate of interest allowed by law and is applicable to the fixed options only. It is subject to change in accordance with changes in applicable law. The minimum interest rate is equal to an annual effective rate in effect at the time the Contribution is made. This rate will be reflected in written confirmation of the Contribution.

**Contribution(s)**—The amount of money you invest or deposit into your annuity prior to any Premium Tax or other deductions.

**Death Benefit**—The amount payable to the Beneficiary when the Owner or the Annuitant dies.

**Distribution Period**—The period starting with your Payout Commencement Date.



**Effective Date**—The date on which the first Contribution is credited to your Annuity Account.

**Fixed Account Value**—The value of the fixed investment option credited to you under the Annuity Account.

**Guarantee Period**—The number of years available in the Guarantee Period Fund during which we will credit a stated rate of interest. We may discontinue offering a period at any time for new Contributions. Amounts allocated to one or more Guarantee Periods may be subject to a Market Value Adjustment. Contract Owners with amounts invested in the Guarantee Period Fund will remain in the Fund until they choose to Transfer out, or the Guarantee Period Fund reaches maturity. At that time, the Fixed Account Value in the Guarantee Period Fund will be transferred into the Schwab Money Market Sub-Account.

**Guarantee Period Fund**—A fixed investment option which pays a stated rate of interest for a specified time period. As of March 1, 2003, Contract Owners may no longer allocate Contributions, or make Transfers, to the Guarantee Period Fund.

**Guarantee Period Maturity Date**—The last day of any Guarantee Period.

**Market Value Adjustment (or MVA)**—An amount added to or subtracted from certain transactions involving the Guarantee Period Fund to reflect the impact of changing interest rates.

**Non-Qualified Annuity Contract**—An annuity contract funded with money outside a tax qualified retirement plan.

**Owner (Joint Owner) or You**—The person(s) named in the application who is entitled to exercise all rights and privileges under the Contract, while the Annuitant is living. Joint Owners must be husband and wife as of the date the Contract is issued. The Annuitant will be the Owner unless otherwise indicated in the application. If a Contract is purchased in connection with an IRA, the Owner and the Annuitant must be the same individual and a Joint Owner is not allowed.

**Payout Commencement Date**—The date on which annuity payouts or periodic withdrawals begin under a payout option. The Payout Commencement Date must be at least one year after the Effective Date of the Contract. If you do not indicate a Payout Commencement Date on your application, annuity payouts will begin for a Contract issued prior to January 1, 2006 on the first day of the month of the Annuitant's 90<sup>th</sup> birthday and for a Contract issued on or after January 3, 2006 on the Annuitant's 90<sup>th</sup> birthday.

**Portfolio**—A registered management investment company, or portfolio thereof, in which the assets of the Annuity Account may be invested.

**Premium Tax**—A tax charged by a state or other governmental authority that might be assessed at the time you make a Contribution, make withdrawals, or when annuity payments begin. Currently, the Premium Tax rate in New York for annuities is 0%.

**Proportional Withdrawals** – A partial withdrawal made by you which reduces your Annuity Account Value measured as a percentage of each prior withdrawal against the current Annuity Account Value. A Proportional Withdrawal is determined by calculating the percentage the withdrawal represents of your Annuity Account Value at the time the withdrawal is made. For example, a partial withdrawal of 75% of the Annuity Account Value represents a Proportional Withdrawal of 75% of the total Contributions for purposes of calculating the Death Benefit for Contracts issued on or after April 30, 2004. See “Death Benefit” on page 32.

**Request**—Any written, telephoned, fax and/or computerized or Internet instruction in a form satisfactory to First GWL&A and Charles Schwab & Co., Inc. ("Schwab") received at the Annuity Service Center at First GWL&A (or other annuity service center subsequently named) from you, your designee (as specified in a form acceptable to First GWL&A and Schwab) or the Beneficiary (as applicable) as required by any provision of the Contract.

**Series Account**—Variable Annuity-1 Series Account, the segregated asset account of First GWL&A established under New York law and registered as a unit investment trust under the Investment Company Act of 1940, as amended (“1940 Act”).

**Sub-Account**—A division of the Series Account containing the shares of a Portfolio. There is a Sub-Account for each Portfolio. Sub-Account may be also referred to as “investment division” in the Prospectus, SAI, or Series Account financial statements.

**Surrender Value**—The value of your Annuity Account with any applicable Market Value Adjustment on the effective date of the surrender, less Premium Tax, if any.

**Transaction Date**—The date on which any Contribution, Transfer or other Request from you will be processed. Contributions and Requests received after the close of regular trading on the New York Stock Exchange (generally 4:00 p.m. ET) will be priced on the next business day. Requests will be processed and the Variable Account Value will be determined on each day that the New York Stock Exchange ("NYSE") is open for trading.

**Transfer**—Moving money from and among the Sub-Account(s), and from the Guarantee Period Fund.

**Variable Account Value**—The value of the Sub-Accounts credited to you under the Annuity Account.

## FEE TABLE

The following tables describe the fees and expenses that you will pay when buying, owning, and surrendering the Contract. The first table describes the fees and expenses that you will pay at the time that you buy the Contract, surrender the Contract, or Transfer cash value between investment options. State Premium Taxes may also be deducted.

### Contract Owner Transaction Expenses

|  |       |
|--|-------|
| Sales Load Imposed on Purchases<br>(as a percentage of purchase payments): | None  |
| Surrender Charge:<br>(as a percentage of amount surrendered)               | None  |
| Maximum Transfer Charge:   | \$10* |

\*Applicable to each Transfer after the first 12 Transfers in each calendar year.

The next table describes the fees and expenses that you will pay periodically during the time that you own the Contract, not including Portfolio fees and expenses.

|                                    |       |
|------------------------------------|-------|
| Annual Contract Maintenance Charge | \$25* |
|------------------------------------|-------|

\*The contract maintenance charge is currently waived for Contracts with an Annuity Account Value of at least \$50,000 on the applicable Contract anniversary date. If your Annuity Account Value falls below \$50,000, the contract maintenance charge will be reinstated until the next applicable Contract anniversary date that your Annuity Account Value is equal to or greater than \$50,000.

### Series Account Annual Expenses (as a percentage of average Annuity Account Value)

|                                       |       |
|---------------------------------------|-------|
| Mortality and Expense Risk Charge:    | 0.85% |
| Account Fees and Expenses:            | None  |
| Total Series Account Annual Expenses: | 0.85% |

The next item shows the minimum and maximum total operating expenses charged by the Portfolios that you may pay periodically during the time that you own the Contract. More detail concerning each Portfolio's fees and expenses is contained in the prospectus for each Portfolio.

| Total Annual Portfolio Operating Expenses   | <u>Minimum</u> | <u>Maximum</u> |
|---|----------------|----------------|
| (Expenses that are deducted from Portfolio assets, including management fees, distribution and/or service (12b-1) fees, and other expenses) | 0.30%          | 2.27%*         |

\* The expenses shown are based, in part, on estimated amounts for the current fiscal year, and do not reflect any fee waiver or expense reimbursement. The advisers and/or other service providers of certain Portfolios have agreed to reduce their fees and/or reimburse the Portfolios' expenses in order to keep the Portfolios' expenses below specified limits. The expenses of certain Portfolios are reduced by contractual fee reduction and expense reimbursement arrangements. Other Portfolios have voluntary fee reduction and/or expense reimbursement arrangements that may be terminated at any time. Each fee reduction and/or expense reimbursement arrangement is not reflected above, but is described in the relevant Portfolio's prospectus.

THE EXPENSES FOR THE PORTFOLIOS WERE PROVIDED BY THE PORTFOLIOS. WE HAVE NOT INDEPENDENTLY VERIFIED THE ACCURACY OF THE INFORMATION.



## EXAMPLE

This example is intended to help you compare the cost of investing in the Contract with the cost of investing in other variable annuity contracts. These costs include Contract Owner transaction expenses, Contract fees, Series Account annual expenses, and Portfolio fees and expenses.

This example assumes that you invest \$10,000 in the Contract for the time periods indicated. The example also assumes that your investment has a 5% return each year and assumes the maximum fees and expenses of any of the Portfolios. In addition, this example assumes no Transfers were made and no Premium Taxes were deducted. If these arrangements were considered, the expenses shown would be higher. This example also does not take into consideration any fee waiver or expense reimbursement arrangements of the Portfolios. If these arrangements were taken into consideration, the expenses shown would be lower.

Although your actual costs may be higher or lower, based on these assumptions, if you retain your Contract, annuitize your Contract or if you surrender your Contract at the end of the applicable time period, your costs would be:

| 1 year | 3 years | 5 years | 10 years |
|--------|---------|---------|----------|
| \$324  | \$1,037 | \$1,849 | \$4,377  |

The example does not show the effect of Premium Taxes. Premium Taxes, if any, are deducted from Annuity Account Value upon full surrender, death or annuitization. See “Charges and Deductions - Premium Tax” on page 35. The example also does not include any of the taxes or penalties you may be required to pay if you surrender your Contract.

**The Variable Annuity Fee Tables and example should not be considered a representation of past or future expenses and charges of the Sub-Accounts. Your actual expenses may be greater or less than those shown.** Similarly, the 5% annual rate of return assumed in the example is not an estimate or a guarantee of future investment performance. See “Charges and Deductions” on page 34 of this Prospectus. Owners who purchase the Contract may be eligible to apply the contract value to the total amount of their household assets maintained at Schwab. If the total amount of their household assets at Schwab meets certain predetermined breakpoints, they may be eligible for certain fee reductions or other related benefits offered by Schwab. All terms and conditions regarding the fees and account types eligible for such consideration are determined by Schwab. Charges and expenses of the Contract described in this Prospectus are NOT subject to reduction or waiver by Schwab. Please consult a Charles Schwab representative for more information.

## Condensed Financial Information

Attached as Appendix A is a table showing selected information concerning Accumulation Units for each Sub-Account for each calendar year since inception. The Accumulation Unit values do not reflect the deduction of certain charges that are subtracted from your Annuity Account Value, such as the contract maintenance charge. The information in the table is derived from various financial statements of the Series Account, which have been audited by Deloitte & Touche LLP, an independent registered public accounting firm. To obtain a more complete picture of each Sub-Account's finances and performance, you should also review the Series Account's financial statements, which are contained in the SAI.

### Summary

The Schwab Select Annuity<sup>®</sup> allows you to accumulate assets on a tax-deferred basis by investing in a variety of variable investment options and, until March 1, 2003, a fixed investment option (the Guarantee Period Fund). The performance of your Annuity Account will vary with the investment performance of the Portfolios corresponding to the Sub-Accounts you select. You bear the entire investment risk for all amounts invested in them. Depending on the performance of the Sub-Accounts you select, your Variable Account Value could be less than the total amount of your Contributions.

Further, if you have previously directed Contribution(s) or Transfers to the Guarantee Period Fund, they may be subject to a Market Value Adjustment which may increase or decrease the amount Transferred or withdrawn from the value of a Guarantee Period if the Guarantee Period is broken prior to the Guarantee Period Maturity Date. A negative adjustment may result in an effective interest rate lower than the Contractual Guarantee of a Minimum Rate of Interest, and the value of the Contribution(s) allocated to a Guarantee Period being less than the Contribution(s) made.

The Schwab Select Annuity<sup>®</sup> is no longer available for purchases, although we continue to accept individual Contributions under the Contract. No additional Contributions may be made to the Guarantee Period Fund.

Tax deferral under IRAs arises under the Code. Tax deferral under non-qualified Contracts arises under the Contract.

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How to contact the Annuity Service Center:

P.O. Box 173921

Denver, CO 80217-3921

1-888-560-5938

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Your initial Contribution was required to be at least \$5,000 or \$1,000 if you are setting up an Automatic Contribution Plan. Subsequent Contributions must be either \$500 or \$100 if made through an Automatic Contribution Plan.

The money you contribute to the Contract will be invested at your direction, except during your "free look period." The duration of your free look period depends on your state law and is generally ten days after you receive your Contract. During this period, amounts specified for allocation to the various Sub-Accounts will be allocated to the Schwab Money Market Sub-Account..

Prior to the Payout Commencement Date, you can withdraw all or a part of your Annuity Account Value. There are no surrender or withdrawal charges. Certain withdrawals may be subject to federal income tax as well as a federal penalty tax.

When you're ready to start taking money out of your Contract, you can select from the variable annuity payouts or the periodic withdrawal, and for a Contract issued prior to January 1, 2006 with Fixed Account Value, you can select fixed annuity payouts.

If the Annuitant dies before the Annuity Commencement Date, we will pay the Death Benefit to the Beneficiary you select. If the Owner dies before the entire value of the Contract is distributed, the remaining value will be distributed according to the rules outlined in the "Death Benefit" section on page 32.

For accounts under \$50,000, we deduct a \$25 annual contract maintenance charge from the Annuity Account Value on each Contract anniversary date. There is no annual contract maintenance charge for accounts of \$50,000 or more as of the applicable Contract anniversary date. We also deduct a mortality and expense risk charge from your Sub-Accounts at the end of each daily valuation period equal to an effective annual rate of 0.85% of the value of the net assets in your Sub-Accounts. Each Portfolio assesses a charge for management fees and other expenses.

This summary highlights some of the more significant aspects of the Schwab Select Annuity<sup>®</sup>. You'll find more detailed information about these topics throughout the Prospectus and in your Contract. Please keep them both for future reference.

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## **First Great-West Life & Annuity Insurance Company**

First GWL&A (formerly known as Canada Life Insurance Company of New York (“CLNY”)) is a stock life insurance company incorporated under the laws of the State of New York on June 7, 1971. First GWL&A operates in two business segments: (1) employee benefits (life, health, and 401(k) products for group clients); and (2) financial services (savings products for both public and non-profit employers and individuals, and life insurance products for individuals and businesses). We are licensed to do business in New York. First GWL&A's Home Office is located at 50 Main Street, White Plains, New York 10606.

First GWL&A is a wholly-owned subsidiary of Great-West Life & Annuity Insurance Company (“GWL&A”), a life insurance company domiciled in Colorado. GWL&A is a wholly-owned subsidiary of GWL&A Financial Inc. (“GWL&A Financial”), a Delaware holding company. GWL&A Financial is an indirect wholly-owned subsidiary of Great-West Lifeco, Inc. (“Lifeco”), a Canadian holding company. Lifeco is a subsidiary of Power Financial Corporation (“Power Financial”), a Canadian holding company with substantial interests in the financial services industry. Power Financial Corporation is a subsidiary of Power Corporation of Canada (“Power Corporation”), a Canadian holding and management company. Mr. Paul Desmarais, through a group of private holding companies that he controls, has voting control of Power Corporation.

Effective December 31, 2005, First Great-West Life & Annuity Insurance Company, a stock life insurance company incorporated under the laws of the State of New York on April 9, 1996, was merged with and into CLNY. Upon the merger, CLNY became the surviving entity under New York corporate law and was renamed to First Great-West Life & Annuity Insurance Company. As the surviving corporation in the merger, CLNY assumed legal ownership of all of the assets of the First GWL&A, including the Series Account, and it became directly liable for the First GWL&A's liabilities and obligations, including those with respect to the Contract supported by the Series Account.

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## **The Series Account**

The Series Account is registered with the SEC under the 1940 Act, as a unit investment trust. Registration under the 1940 Act does not involve supervision by the SEC of the management or investment practices or policies of the Series Account.

The Variable Annuity-1 Series Account was established in accordance with New York law on January 15, 1997.

We own the assets of the Series Account. The income, gains or losses, realized or unrealized, from assets allocated to the Series Account are credited to or charged against the Series Account without regard to our other income gains or losses.

We will at all times maintain assets in the Series Account with a total market value at least equal to the reserves and other liabilities relating to the variable benefits under all Contracts participating in the Series Account. These assets may not be charged with our liabilities from our other business. Our obligations under the Contracts are, however, our general corporate obligations. In calculating our corporate income tax liability, we derive certain corporate income tax benefits associated with the investment of company assets, including Series Account assets that are treated as company assets under applicable income tax law. These benefits, which reduce our overall corporate income tax liability may include dividends received deductions and foreign tax credits which can be material. We do not pass these benefits through to the Series Account or our other separate accounts, principally because: (i) the great bulk of the benefits results from the dividends received deduction, which involves no reduction in the dollar amount of dividends that the Series Account receives; and (ii) under applicable income tax law, Owners are not the owners of the assets generating the benefits.

The Series Account is divided into several Sub-Accounts. Each Sub-Account invests exclusively in shares of a corresponding investment Portfolio of a registered investment company (commonly known as a mutual fund). We may in the future add new, or delete existing, Sub-Accounts. The income, gains or losses, realized or unrealized, from assets allocated to each Sub-Account are credited to, or charged against, that Sub-Account without regard to the other income, gains or losses of the other Sub-Accounts. All amounts allocated to a Sub-Account will be fully invested in Portfolio shares.

We hold the assets of the Series Account. We keep those assets physically segregated and held separate and apart from our general account assets. We maintain records of all purchases and redemptions of shares of the Portfolios.

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## The Portfolios

The Contract offers a number of Portfolios, corresponding to the Sub-Accounts. Each Sub-Account invests in a single Portfolio. Each Portfolio is a separate mutual fund registered under the 1940 Act. More comprehensive information, including a discussion of potential risks, is found in the current prospectuses for the Portfolios (the "Portfolio Prospectuses"). The Portfolio Prospectuses should be read in connection with this Prospectus. You may obtain a copy of the Portfolio Prospectuses without charge by Request. **If you received a summary prospectus for a Portfolio, please follow the directions on the first page of the summary prospectus to obtain a copy of the Portfolio Prospectus.**

Each Portfolio:

- holds its assets separate from the assets of the other Portfolios,
- has its own distinct investment objective and policy, and
- operates as a separate investment fund.

The income, gains and losses of one Portfolio generally have no effect on the investment performance of any other Portfolio.

The Portfolios are **not** available to the general public directly. The Portfolios are only available as investment options in variable annuity contracts or variable life insurance policies issued by life insurance companies or, in some cases, through participation in certain qualified pension or retirement plans.

Some of the Portfolios have been established by investment advisers which manage publicly available mutual funds having similar names and investment objectives. While some of the Portfolios may be similar to, and may in fact be modeled after publicly available mutual funds, you should understand that the Portfolios are not otherwise directly related to any publicly available mutual fund. Consequently, the investment performance of publicly available mutual funds and any corresponding Portfolios may differ. The investment objectives of the Portfolios are briefly described below:

**AIM Variable Insurance Funds (Invesco Variable Insurance Funds)**—advised by Invesco Advisers, Inc., Houston, Texas, and sub-advised by advisory entities affiliated with Invesco Advisers, Inc.

***Invesco V.I. Mid Cap Core Equity Fund - Series I Shares (formerly AIM V.I. Mid Cap Core Equity Fund)*** seeks long-term growth of capital. The Portfolio invests, under normal circumstances, at least 80% of net assets (plus borrowings for investment purposes) in equity securities of mid-capitalization companies. In complying with the 80% investment requirement, the Portfolio may also invest in investments with economic characteristics similar to the Portfolio's direct investments: derivatives, exchange-traded funds (ETFs) and American Depositary receipts. These derivatives and other investments may have the effect of leveraging the Portfolio's portfolio. The portfolio management team seeks to construct a portfolio of issuers that have high or improving return on invested capital (ROIC), quality management, a strong competitive position and which are trading at compelling valuations. The Portfolio considers a company to be a mid-capitalization company if it has a market capitalization, at the time of purchase, within the range of the largest and smallest capitalized companies included in the Russell Midcap Index during the most recent 11-month period (based on month-end data) plus the most recent data during the current month. As of December 31, 2009, the capitalization of companies in the Russell Midcap Index range from \$262 million to \$15.5 billion. The Russell Midcap Index measures the performance of the 800 companies with the lowest market capitalization in the Russell 1000 Index. The Russell 1000 Index is a widely recognized, unmanaged index of common stocks of the 1000 largest companies in the Russell 3000 Index, which measures the performance of the 3000 largest U.S. companies based on total market capitalization. The companies in the Russell Midcap Index are considered representative of medium-sized companies. The Portfolio may invest up to 25% of its total assets in foreign securities. In selecting securities for the Portfolio, the portfolio managers conduct fundamental research of issuers to gain a thorough understanding of their business prospects, appreciation potential and return on invested capital (ROIC). The portfolio managers will generally invest in an issuer when they have determined it potentially has high or improving ROIC, quality management, a strong competitive position and is trading at an attractive value.

***Invesco V.I. Small Cap Equity Fund - Series I Shares (formerly AIM V.I. Small Cap Equity Fund)*** seeks long-term growth of capital. The Portfolio invests, under normal circumstances, at least 80% of net assets (plus borrowings for investment purposes) in equity securities of small-capitalization issuers. In complying with the 80% investment requirement, the Portfolio may also invest in the following investments with economic characteristics similar to the Portfolio's direct investments: derivatives, ETFs and American Depositary Receipts. These derivatives and other investments may have the affect of leveraging the Portfolio's portfolio.

***Invesco V.I. Core Equity Fund - Series I Shares (formerly AIM V.I. Core Equity Fund)*** seeks growth of capital. The Portfolio invests, under normal circumstances, at least 80% of net assets (plus borrowings for investment purposes) in equity securities. In complying with the 80% investment requirement, the Portfolio may also invest in the following investments with economic

characteristics similar to the Fund's direct investments: derivatives, exchange-traded funds (ETFs) and American Depositary Receipts. These derivatives and other investments may have the effect of leveraging the Portfolio's portfolio. The portfolio management team seeks to construct a portfolio of issuers that have high or improving return on invested capital (ROIC), quality management, a strong competitive position and which are trading at compelling valuations. The Portfolio may invest up to 25% of its total assets in foreign securities, which includes debt and equity securities.

Effective May 1, 2006, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***Invesco V.I. High Yield Fund - Series I Shares (formerly AIM V.I. High Yield Fund)*** seeks total return, comprised of current income and capital appreciation. The Portfolio invests under normal circumstances at least 80% of net assets (plus borrowings for investment purposes) in debt securities that are determined to be below investment grade quality. The Portfolio considers debt securities to be below investment grade quality if there are rated BB/Ba or lower by Standard & Poor's Ratings Services, Moody's Investors Service, Inc., or any other nationally recognized statistical rating organization (NRSRO), or are determined by the portfolio managers to be of comparable quality to such rated securities. These types of securities are commonly known as "junk bonds." The fund will principally invest in junk bonds rated B or above by an NRSRO or deemed to be of comparable quality by the portfolio managers. The Portfolio may invest up to 25% of its total assets in foreign securities. The Portfolio may also invest in securities, whether or not considered foreign securities, which carry foreign credit exposure. The Portfolio may invest up to 15% of its total assets in securities of companies located in developing markets.

Effective April 29, 2005, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Contributions)

***Invesco V.I. International Growth Fund - Series I Shares (formerly AIM V.I. International Growth Fund)*** seeks long-term growth of capital. The Portfolio invests primarily in a diversified portfolio of international securities whose issuers are considered by the portfolio managers to have strong earnings growth. The Portfolio invests primarily in equity securities. The Portfolio focuses its investments in equity securities of foreign issuers that are listed on a recognized foreign or U.S. securities exchange or traded in a foreign or U.S. over-the-counter market. The Portfolio invests, under normal circumstances, in issuers located in at least three countries outside of the U.S., emphasizing investment in issuers in the developed countries of Western Europe and the Pacific Basin. As of February 23, 2010, the principal countries in which the Portfolio invests were United Kingdom, Switzerland, United States, Japan, Germany, Canada and Australia. The Portfolio may also invest up to 20% of its total assets in issuers located in developing countries, i.e., those that are identified as in the initial stages of their industrial cycles.

***Invesco V.I. Technology Fund - Series I Shares (formerly AIM V.I. Technology Fund)*** seeks long-term growth of capital. The Portfolio seeks to meet its objective by investing, normally, at least 80% of its assets in equity securities of issuers engaged primarily in technology-related industries. The Portfolio invests primarily in equity securities. In complying with the 80% investment requirement, the Portfolio may also invest in other investments that have economic characteristics similar to the Portfolio's direct investments: derivatives, ETFs and American Depositary Receipts. These derivatives and other instruments may have the effect of leveraging the Portfolio's portfolio. The Portfolio considers an issuer to be doing business in technology related industries if it meets at least one of the following tests: (1) at least 50% of its gross income or its net sales come from activities in technology-related industries; (2) at least 50% of its assets are devoted to producing revenues in technology-related industries; or (3) based on other available information, the portfolio managers determine that its primary business is within technology-related industries. The principal type of equity securities purchased by the Portfolio is equity securities. Issuers in technology-related industries include, but are not limited to, those involved in the design, manufacture, distribution, licensing, or provision of various applied technologies, hardware, software, semiconductors, telecommunications equipment and services, medical technology, biotechnology, as well as service-related companies in information technology. The Portfolio may invest up to 50% of its total assets in foreign securities of issuers doing business in technology-related industries.

Effective May 1, 2008, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

**The Alger Portfolios**—advised by Fred Alger Management, Inc. of New York, New York.

***Alger Large Cap Growth Portfolio - Class I-2 Shares (formerly Alger American LargeCap Growth Portfolio - Class O Shares)*** seeks long-term capital appreciation. The Fund focuses on growing companies that generally have broad product lines, markets, financial resources, and depth of management. Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities of companies that, at the time of purchase of the securities, have a market capitalization Equal to or greater than the market capitalization of companies included in the Russell 1000 Growth Index, updated quarterly as reported as of the most recent quarter-end. This index is designed to track performance of large-capitalization growth stocks. While the foregoing broad policy still applies, the Board of Trustees of the Portfolio has approved further narrowing the Portfolio's investment focus within this range. Under normal circumstances, the Portfolio invests at least 75% of its net assets in equity securities of companies that,



at the time of purchase of the securities, have a market capitalization greater than \$10 billion. The Portfolio will no longer purchase securities of companies that, at the time of purchase of the securities, have a market capitalization less than \$4 billion. Additionally, the Portfolio will generally limit its investments to between 70 – 100 holdings.

***Alger Mid Cap Growth Portfolio - Class I-2 Shares (formerly Alger American MidCap Growth Portfolio - Class O Shares)*** seeks long-term capital appreciation. It focuses on midsized companies with promising growth potential. Under normal circumstances, the Portfolio invests at least 80% of its net assets in the equity securities of companies that, at the time of purchase of the securities, have a market capitalization within the range of companies in the Russell MidCap Growth Index or the S&P MidCap 400 Index, as reported by the indexes as of the most recent quarter-end. Both indexes are designed to track performance of medium-capitalization stocks.

**AllianceBernstein Variable Products Series Fund, Inc.**—advised by AllianceBernstein, L.P., New York, New York.

***AllianceBernstein VPS Growth & Income Portfolio - Class A Shares*** seeks to provide long-term growth of capital. The Portfolio invests primarily in the equity securities of U.S. companies that AllianceBernstein believes are undervalued. AllianceBernstein believes that, over time, a company's stock price will come to reflect its intrinsic economic value. AllianceBernstein uses a disciplined investment process to evaluate the companies in its extensive research universe and to identify the stocks of companies that offer the best combination of value and potential for price appreciation. The Portfolio may invest in companies of any size and in any industry. The Portfolio also invests in the high-quality securities of non-U.S. issuers.

Effective May 1, 2009, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***AllianceBernstein VPS Growth Portfolio - Class A Shares*** seeks to provide long-term growth of capital. The Portfolio invests primarily in equity securities of companies with favorable earnings outlooks and whose long-term growth rates are expected to exceed market expectations over time. The Portfolio emphasizes investments in large- and mid-cap companies. The Portfolio has the flexibility to invest across the capitalization spectrum reflecting the Advisor's internal research.

Effective May 1, 2009, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***AllianceBernstein VPS International Value Portfolio - Class A Shares*** seeks long-term growth of capital. The Portfolio will invest primarily in a diversified portfolio of equity securities of established companies selected from more than 40 industries and more than 40 developed and emerging-market countries. The Portfolio normally invests in companies in at least three countries other than the United States. These countries currently include the developed nations in Europe and the Far East, Canada, Australia and emerging-market countries worldwide. The Portfolio invests in companies that are determined by the Advisor's Bernstein unit to be undervalued, using a fundamental value approach. In selecting securities for the portfolio, Bernstein uses its fundamental and quantitative research to identify companies whose long-term earnings power is not reflected in the current market price of their securities.

Effective April 27, 2010, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***AllianceBernstein VPS Small/Mid Cap Value Portfolio - Class A Shares*** seeks long-term growth of capital. The Portfolio invests primarily in a diversified portfolio of equity securities of small-to mid-cap U.S. companies, generally representing 60-125 companies. Under normal circumstances, the Portfolio will invest at least 80% of its net assets in these types of securities. The Portfolio invests in companies that are determined by AllianceBernstein to be undervalued, using its Bernstein unit's fundamental value approach. In selecting securities for the portfolio, Bernstein uses its fundamental research to identify companies whose long-term earnings power is not reflected in the current market prices of their securities.

***AllianceBernstein VPS International Growth Portfolio - Class A Shares*** seeks long-term growth of capital. The Portfolio invests primarily in an international portfolio of equity securities of companies located in both developed and emerging countries. The Portfolio consists of approximately 100-130 stocks. The Portfolio invests, under normal circumstances, in the equity securities of companies based in at least three countries (and normally substantially more) other than the United States. The Portfolio may invest, without limit, in derivatives, such as options, futures, forwards and swaps. The Portfolio's investments include investments in securities of companies that are established as a result of privatizations of state enterprises. Currencies can have a dramatic impact on equity returns, significantly adding to returns in some years and greatly diminishing them in others. Currency and equity positions are evaluated separately. The Advisor may seek to hedge the currency exposure resulting from securities positions when it finds the currency exposure unattractive. To hedge a portion of its currency risk the Portfolio may from time to time invest in currency-related derivatives, including the forward currency exchange contracts, futures, option on futures, swaps and options. The Advisor may also seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives.

**American Century Variable Portfolios, Inc.**—advised by American Century® Investment Management, Inc. of Kansas City, Missouri, advisers to the American Century family of mutual funds.

*American Century VP Balanced Fund - Class I Shares* seeks long-term capital growth and current income by investing 60% of its assets in equity securities and the remainder in bonds and other fixed-income securities.

*American Century VP International Fund - Class I Shares* seeks capital growth by investing primarily in equity securities of companies located in at least three developed countries (excluding the United States). American Century Global Investment Management, Inc. is the adviser for the Portfolio.

Effective May 1, 2006, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

*American Century VP Value Fund - Class I Shares* seeks long-term capital growth. Income is a secondary objective. The portfolio managers look for stocks of companies of all sizes that they believe are undervalued at the time of purchase. The portfolio managers use a value investment strategy that looks for companies that are temporarily out of favor in the market. The portfolio managers attempt to purchase the stocks of these undervalued companies and hold each stock until it has returned to favor in the market and the price has increased to, or is higher than, a level the portfolio managers believe more accurately reflects the fair value of the company.

*American Century VP Mid Cap Value - Class II Shares* seeks long-term capital growth. Income is a secondary objective. The portfolio managers look for stocks of companies of all sizes that they believe are undervalued at the time of purchase. The portfolio managers use a value investment strategy that looks for companies that are temporarily out of favor in the market. The portfolio managers attempt to purchase the stocks of these undervalued companies and hold each stock until it has returned to favor in the market and the price has increased to, or is higher than, a level the portfolio managers believe more accurately reflects the fair value of the company.

**Columbia Funds Variable Insurance Trust I**—advised by Columbia Management Advisors, LLC of Boston, Massachusetts.

*Columbia VIT Marsico 21<sup>st</sup> Century Fund - Class B Shares* seeks long term growth of capital. The Portfolio invests primarily in equity securities of companies of any capitalization size and generally will hold a core position of between 35 and 50 common stocks. The number of securities held by the Portfolio may occasionally exceed this range at times such as when the Advisor is accumulating new positions, phasing out and replacing existing positions, or responding to exceptional market conditions. The Portfolio may invest without limit in foreign securities, including in emerging markets securities. The Portfolio also may invest in foreign currency exchange contracts to convert foreign currencies to and from the U.S. dollar, and to hedge against changes in foreign currency exchange rates.

**Columbia Funds Variable Trust**—advised by Columbia Management Advisors, LLC of Boston, Massachusetts.

*Columbia VIT Small Cap Value Fund - Class B Shares* seeks long term capital appreciation. Under normal circumstances, the Portfolio invests at least 80% of net assets in equity securities of companies that have market capitalizations in the range of the companies in the Russell 2000® Value Index at the time of purchase (between \$29 million and \$3.1 billion as of September 30, 2008), that the Advisor believes are undervalued. The Portfolio may invest up to 20% of total assets in foreign securities.

**Delaware VIP Trust**—advised by Delaware Management Company, Philadelphia, Pennsylvania, a series of Delaware Management Business Trust, which is an indirect wholly owned subsidiary of Delaware Management Holdings, Inc.

*Delaware VIP Smid Cap Growth Series - Standard Class Shares (formerly Delaware VIP Growth Opportunities Series)* seeks long-term capital appreciation. The Portfolio invests primarily in common stocks of growth oriented companies that are expected to grow faster than the U.S. economy. The Series generally focuses on small- to mid-sized companies that, at the time of investment, have total market capitalizations within the range of the Russell 2500 Growth Index.

*Delaware VIP Small Cap Value Series - Standard Class Shares* seeks capital appreciation. Under normal circumstances, the Portfolio will invest at least 80% of its net assets in small-capitalization companies. For the purposes of this Portfolio, small-capitalization companies are companies with a market capitalization generally less than 3.5 times the dollar-weighted, median market capitalization of the Russell 2000 Index at the time of purchase. Among other factors, the Portfolio investment manager considers the financial strength of a company, its management, the prospects for its industry, and any anticipated changes within the company, which might suggest a more favorable outlook going forward.

**Dreyfus Investment Portfolios**—advised by The Dreyfus Corporation of New York, New York.

***Dreyfus Investment Portfolios MidCap Stock Portfolio - Initial Shares*** seeks investment returns that are greater than the total return performance of publicly traded common stocks of medium-size domestic companies in the aggregate, as represented by the Standard & Poor's MidCap 400<sup>®</sup> Index. To pursue this goal, the Portfolio normally invests at least 80% of its assets in stocks of mid-size companies. The Portfolio invests in growth and value stocks, which are chosen through a disciplined investment process that combines computer modeling techniques, fundamental analysis and risk management. Consistency of returns compared to the S&P 400, the portfolio's benchmark, is a primary goal of the investment process. The portfolio's stock investments may include common stocks, preferred stocks, convertible securities and depositary receipts. The portfolio managers will select stocks through a "bottom-up," structured approach that seeks to identify undervalued securities using a quantitative screening process. The process is driven by a proprietary quantitative model which measures more than 40 characteristics of stocks to identify and rank stocks based on: fundamental momentum; relative value; future value; long-term growth; and additional factors. Next, the portfolio managers focus on stock selection, as opposed to making proactive decisions as to industry or sector exposure, to construct the portfolio. The portfolio managers seek to maintain a portfolio that has exposure to industries and market capitalizations that are generally similar to the S&P 400

Effective May 1, 2009, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

**Dreyfus Variable Investment Fund**—advised by The Dreyfus Corporation of New York, New York.

***Dreyfus Variable Investment Fund Appreciation Portfolio - Initial Shares*** seeks long-term capital growth consistent with the preservation of capital. Its secondary goal is current income. To pursue these goals, the Portfolio normally invests at least 80% of its assets in common stocks. The Portfolio focuses on "blue-chip" companies with total market capitalizations of more than \$5 billion at the time of purchase, including multinational companies. These established companies have demonstrated sustained patterns of profitability, strong balance sheets, an expanding global presence and the potential to achieve predictable, above-average earnings growth. In choosing stocks, the Portfolio first identifies economic sectors it believes will expand over the next three to five years or longer. Using fundamental analysis, the Portfolio then seeks companies within these sectors that have proven track records and dominant positions in their industries. The Portfolio also may invest in companies which it considers undervalued in terms of earnings, assets or growth prospects. The Sub-adviser is Fayed Sarofim & Co.

***Dreyfus Variable Investment Fund Opportunistic Small Cap Portfolio - Initial Shares (formerly Dreyfus Variable Investment Fund Developing Leaders Portfolio)*** seeks capital growth. To pursue this goal, the Portfolio normally invests at least 80% of its assets in the stocks of small-cap companies. The Portfolio currently considers small-cap companies to be those companies with market capitalizations that fall within the range of companies in the Russell 2000 Index at the time of purchase. As of December 31, 2009, the market capitalization range of companies in the Russell 2000 Index was between \$13 million and \$5 billion. Because the Portfolio may continue to hold a security whose market capitalization increases or decreases, a substantial portion of the Portfolio's holdings can have market capitalizations outside the range of the Russell 2000 Index at any given time. Stocks are selected for the Portfolio based primarily on bottom-up fundamental analysis. The Portfolio's managers use a disciplined investment process that relies, in general, on proprietary fundamental research and valuation. Generally, elements of the process include analysis of mid-cycle business prospects, estimation of the intrinsic value of the company and the identification of a revaluation trigger. Intrinsic value is based on the combination of the valuation assessment of the company's operating divisions with the firm's economic balance sheet. Mid-cycle estimates, growth prospects and competitive advantages are some of the factors used in the valuation assessment. A company's stated and hidden liabilities and assets are included in the Portfolio managers' economic balance sheet calculation. Sector overweights and underweights are a function of the relative attractiveness of securities within the Portfolio's investable universe. The Portfolio's managers invest in stocks that they believe have attractive reward to risk opportunities and may actively adjust the Portfolio to reflect new developments. In general, the Portfolio's managers seek exposure to securities and sectors that are perceived to be attractive from a valuation and fundamental standpoint. The Portfolio's sector weightings and risk characteristics are a result of bottom-up fundamental analysis and may vary from those of the Russell 2000 Index, the Portfolio's benchmark, at any given time. The Russell 2000 Index is an unmanaged index that measures the performance of the small capitalization sector of the U.S. equity market. The Portfolio may invest in exchange traded funds (ETFs) and similarly structured pooled investments in order to provide exposure to certain equity markets. The Portfolio typically sells a stock when it approaches intrinsic value, a significant deterioration of fundamental expectations develops, the revaluation catalyst becomes impaired or a better risk/reward is presented in the marketplace.

Effective April 29, 2005, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).



***Dreyfus Variable Investment Fund Growth and Income Portfolio - Initial Shares*** seeks long-term capital growth, current income and growth of income consistent with reasonable investment risk. To pursue its goal, the Portfolio normally invests primarily in stocks of domestic and foreign issuers. The Portfolio's stock investments may include common stocks, preferred stocks, convertible securities and American Depositary Receipts. The portfolio managers create a broadly diversified portfolio for the Portfolio that includes a blend of growth and dividend paying stocks. In choosing securities, the portfolio managers use a "growth style" of investing as well as focusing on dividend paying stocks and other investments and investment techniques that provide income. The Portfolio's investment process is designed to provide investors with investment exposure to sector weightings and risk characteristics similar to those of the Standard & Poor's<sup>®</sup> 500 Composite Stock Price Index (S&P 500 Index). The portfolio managers choose stocks through a disciplined investment process that combines computer modeling techniques, bottom-up fundamental analysis and risk management. In selecting securities, the portfolio managers seek companies that possess some or all of the following characteristics: growth of earnings potential; operating margin improvement; revenue growth prospects; business improvement; good business fundamentals; dividend yield consistent with the Portfolio's strategy pertaining to income; value, or how a stock is priced relative to its perceived intrinsic worth; and healthy financial profile, which measures the financial wellbeing of the company. The portfolio managers monitor the stocks in the Portfolio, and consider selling a security if the company's business momentum deteriorates or valuation becomes excessive. The portfolio managers also may sell a security if an event occurs that contradicts the portfolio managers' rationale for owning it, such as deterioration in the company's financial fundamentals. In addition, the portfolio managers may sell a security if better investment opportunities emerge elsewhere, or if the portfolio managers change the portfolio's industry or sector weightings.

Effective May 1, 2006, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

**DWS Variable Series I**—advised by Deutsche Investment Management Americas, Inc. of New York, New York.

***DWS Capital Growth VIP - Class A Shares*** seeks to provide long-term growth of capital. The Portfolio normally invests at least 65% of total assets in equities, mainly common stocks of U.S. companies. The Portfolio generally focuses on established companies that are similar in size to the companies in the "S&P 500<sup>®</sup> Index" (generally 500 of the largest companies in the U.S.) or the Russell 1000<sup>®</sup> Growth Index (generally those stocks among the 1,000 largest U.S. companies that have above-average price-to-earnings ratios).

***DWS Growth & Income VIP - Class A Shares*** seeks long-term growth of capital, current income and growth of income. The Portfolio invests at least 65% of its total assets in equities, mainly common stocks. Although the Portfolio can invest in companies of any size and from any country, it invests primarily in large U.S. companies. The managers may favor securities from different industries and companies at different times.

Effective May 1, 2009, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***DWS Health Care VIP - Class A Shares*** under normal circumstances, the Portfolio seeks long-term growth of capital by investing at least 80% of total assets, plus the amount of any borrowings for investment purposes, in common stocks of companies in the health care sector.

**DWS Variable Series II**—advised by Deutsche Investment Management Americas, Inc. of New York, New York.

***DWS Blue Chip VIP - Class A Shares*** seeks growth of capital and income. Under normal circumstances, the Portfolio invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in common stocks of large U.S. companies that are similar in size to the companies in the S&P 500 Index and that Portfolio management considers to be "blue chip" companies. Blue chip companies are large, well-known companies that typically have an established earnings and dividends history, easy access to credit, solid positions in their industries and strong management.

***DWS Strategic Value VIP - Class A Shares (formerly DWS Dreman High Return Equity VIP)*** seeks to achieve a high rate of total return. Under normal circumstances, the Portfolio invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in equity securities (mainly common stocks). The Portfolio focuses on stocks of large U.S. companies that are similar in size to the companies in the S&P 500 Index and that Portfolio management believes are undervalued. Sub-advised by Dreman Value Management LLC.

Effective May 1, 2009, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***DWS Dreman Small Mid Cap Value VIP - Class A Shares (formerly DWS Dreman Small Cap Value VIP)*** seeks long-term capital appreciation. The Portfolio normally invests at least 80% of assets, plus the amount of any borrowings for investment purposes, in common stocks of small and mid-size U.S. companies. Sub-advised by Dreman Value Management LLC.

***DWS Large Cap Value VIP - Class A Shares*** seeks to achieve a high rate of total return. Under normal circumstances, the Portfolio invests at least 80% of net assets, plus the amount of any borrowings for investment purposes, in common stocks and other equity securities of large U.S. companies that are similar in size to the companies in the Russell 1000<sup>®</sup> Value Index and that Portfolio management believes are undervalued. Sub-advised by Deutsche Asset Management International GmbH.

**DWS Investments VIT Funds**—advised by Deutsche Asset Management Inc. of New York, New York.

***DWS Small Cap Index VIP - Class A Shares (formerly Scudder VIT Small Cap Index)*** seeks to replicate, as closely as possible, before the deduction of expenses, the performance of the Russell 2000<sup>®</sup> Index, which emphasizes stock of small U.S. companies. Under normal circumstances, the Portfolio invests at least 80% of its assets, determined at the time of purchase, in stocks of companies included in the Russell 2000<sup>®</sup> Index and in derivative instruments, such as stock index futures contracts and options that provide exposure to the stocks of companies in the Russell 2000 Index. Sub-advised by Northern Trust Investments, N.A.

## **Federated Insurance Series**

***Federated Capital Appreciation Fund II - Primary Shares (formerly Federated Clover Value Fund II)*** seeks capital appreciation by investing primarily in common stock of domestic companies with large and medium market capitalizations that offer superior growth prospects or of companies whose stock is undervalued. The Portfolio may also invest in common stocks of foreign issuers (including American Depositary Receipts). The Portfolio may invest in derivative contracts to implement its investment strategies. Advised by Federated Equity Management Company of Pennsylvania..

Effective April 29, 2005, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***Federated Fund for U.S. Government Securities II*** seeks to provide current income. The Portfolio's overall strategy is to invest in a portfolio consisting primarily of U.S. Treasury securities, U.S. government agency securities (including mortgage-backed securities issued or guaranteed by U.S. government agencies or instrumentalities), investment-grade non-governmental mortgage-backed securities and related derivative contracts. Advised by Federated Investment Management Company.

***Federated Capital Income Fund II*** seeks to provide high current income and moderate capital appreciation by investing in both equity and fixed income securities that have high relative income potential. The Portfolio's investment adviser's (Adviser) process for selecting equity investments attempts to identify mature, mid- to large-cap companies with high relative dividend yields that are likely to maintain or increase their dividends. The Adviser selects fixed-income investments that offer high current yields. Advised by Federated Equity Management Company of Pennsylvania.

Effective April 29, 2005, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

## **Franklin Templeton Variable Insurance Products Trust**

***Franklin Small Cap Value Securities Fund - Class 2 Shares*** seeks long-term total return. The Portfolio normally invests at least 80% of its net assets in investments of small capitalization companies and normally invests predominantly in equity securities. Advised by Franklin Advisory Services, LLC, Fort Lee, New Jersey.

***Templeton Foreign Securities Fund – Class 2 Shares*** seeks long-term capital growth. The Portfolio normally invests at least 80% of its net assets in investments of issuers located outside the U.S., including those in emerging markets. Advised by Templeton Investment Counsel, LLC, Fort Lauderdale, Florida.

**Janus Aspen Series**—advised by Janus Capital Management LLC of Denver, Colorado.

***Janus Aspen Balanced Portfolio - Institutional Shares*** seeks long-term capital growth, consistent with preservation of capital and balanced by current income. The Portfolio normally invests 40-60% of its assets in securities selected primarily for their growth potential and 40-60% of its assets in securities selected primarily for their income potential. The Portfolio will normally invest at least 25% of its assets in fixed-income senior securities.

Effective May 1, 2007, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***Janus Aspen Flexible Bond Portfolio - Institutional Shares*** seeks to obtain maximum total return consistent with preservation of capital. The Portfolio invests, under normal circumstances, at least 80% of its assets in bonds. Bonds include, but are not limited to, government bonds, corporate bonds, convertible bonds, mortgage-backed securities, and zero-coupon bonds. The Portfolio will invest at least 65% of its assets in investment grade debt securities and will maintain an average-weighted effective maturity of five to ten years. The Portfolio will limit its investment in high-yield/high-risk bonds to 35% or less of its net assets. This Portfolio generates total return from a combination of current income and capital appreciation, but income is usually the dominant portion.

Effective May 1, 2007, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***Janus Aspen Janus Portfolio - Institutional Shares (formerly Janus Aspen Series Large Cap Growth Portfolio)*** seeks long-term growth of capital in a manner consistent with the preservation of capital. The Portfolio pursues its investment objective by investing, primarily in common stocks selected for their growth potential. Although the Portfolio may invest in companies of any size, it generally invests in larger, more established companies. As of December 31, 2008, the Portfolio's weighted average market capitalization was \$52.1 billion.

Effective May 1, 2006, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***Janus Aspen Overseas Portfolio - Institutional Shares (formerly Janus Aspen International Growth Portfolio)*** seeks long-term growth of capital. The Portfolio invests, under normal circumstances, at least 80% of its net assets in securities of issuers from countries outside the U.S. The Portfolio normally invests in securities of issuers from several different countries, excluding the U.S. Although the Portfolio intends to invest substantially all of its assets in issuers located outside the U.S., it may at times invest in U.S. issuers and it may, under unusual circumstances, invest all of its assets in a single country. The Portfolio may have significant exposure to emerging markets.

Effective May 1, 2007, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***Janus Aspen Worldwide Portfolio - Institutional Shares (formerly Janus Aspen Worldwide Growth Portfolio)*** seeks long-term growth of capital in a manner consistent with the preservation of capital. The Portfolio invests primarily in common stocks of companies of any size located throughout the world. The Portfolio normally invests in issuers from several different countries, including the U.S. The Portfolio may, under unusual circumstances, invest in a single country. The Portfolio may have significant exposure to emerging markets.

Effective April 29, 2005, the Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

***Janus Aspen Balanced Portfolio - Service Shares*** seeks long-term capital growth, consistent with preservation of capital and balanced by current income. The Portfolio normally invests 40-60% of its assets in securities selected primarily for their growth potential and 40-60% of its assets in securities selected primarily for their income potential. The Portfolio will normally invest at least 25% of its assets in fixed-income senior securities.

***Janus Aspen Flexible Bond Portfolio - Service Shares*** seeks to obtain maximum total return consistent with preservation of capital. The Portfolio invests, under normal circumstances, at least 80% of its assets in bonds. Bonds include, but are not limited to, government bonds, corporate bonds, convertible bonds, mortgage-backed securities, and zero-coupon bonds. The Portfolio will invest at least 65% of its assets in investment grade debt securities and will maintain an average-weighted effective maturity of five to ten years. The Portfolio will limit its investment in high-yield/high-risk bonds to 35% or less of its net assets. This Portfolio generates total return from a combination of current income and capital appreciation, but income is usually the dominant portion.

***Janus Aspen Overseas Portfolio - Service Shares (formerly Janus Aspen International Growth Portfolio)*** seeks long-term growth of capital. The Portfolio invests, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of issuers from countries outside the U.S. The Portfolio normally invests in securities of issuers from several different countries, excluding the U.S. Although the Portfolio intends to invest substantially all of its assets in issuers located outside the U.S., it may at times invest in U.S. issuers and it may, under unusual circumstances, invest all of its assets in a single country. The Portfolio may have significant exposure to emerging markets.

**Lazard Retirement Series**—advised by Lazard Asset Management, LLC of New York, New York.

*Lazard Retirement Emerging Markets Equity Portfolio - Service Shares* seeks long term capital appreciation. The Portfolio invests primarily in equity securities, principally common stocks, of non-U.S. companies whose principal activities are located in emerging market countries and that the investment manager believes are undervalued based on their earnings, cash flow or asset values. Under normal circumstances, the Portfolio invests at least 80% of its assets in equity securities of companies whose principal business activities are located in emerging market countries

**Lincoln Variable Insurance Products Trust**—advised by Lincoln Investment Advisors Corporation of Fort Wayne, Indiana, and sub-advised by BAMCO, Inc. of New York, New York.

*LVIP Baron Growth Opportunities Fund – Service Class Shares* seeks capital appreciation through long-term investments in securities of small and medium sized companies with undervalued assets or favorable growth prospects.

**MFS<sup>®</sup> Variable Insurance Trust II**—advised by Massachusetts Financial Services Company of Boston, Massachusetts.

*MFS<sup>®</sup> Utilities Series - Service Class Shares* seeks total return. The Portfolio's objective may be changed without shareholder approval. MFS normally invests at least 80% of the Portfolio's net assets in securities of issuers in the utilities industry. MFS considers a company to be in the utilities industry if, at the time of investment, MFS determines that a substantial portion (i.e., at least 50%) of the company's assets or revenues are derived from one or more utilities. Issuers in the utilities industry include issuers engaged in the manufacture, production, generation, transmission, sale or distribution of electric, gas or other types of energy, water or other sanitary services; and issuers engaged in telecommunications, including telephone, cellular telephone, telegraph, satellite, microwave, cable television, and other communications media (but not engaged in public broadcasting). MFS primarily invests the Portfolio's assets in equity securities, but may also invest in debt instruments. MFS primarily invests the Portfolio's investments in debt instruments in investment grade debt instruments, but may also invest in lower quality debt instruments. MFS may invest the Portfolio's assets in companies of any size. MFS may invest the Portfolio's assets in U.S. and foreign securities, including emerging market securities. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Portfolio, or as alternatives to direct investments. MFS uses a bottom-up investment approach in buying and selling investments for the Portfolio. Investments are selected primarily based on fundamental analysis of issuers or instruments in light of market, economic, political, and regulatory conditions. Factors considered for equity securities may include analysis of earnings, cash flows, competitive position, and management ability. Quantitative analysis of these and other factors may also be considered. Factors considered for debt instruments may include the instrument's credit quality, collateral characteristics and indenture provisions and the issuer's management ability, capital structure, leverage, and ability to meet its current obligations. Quantitative models that systematically evaluate the structure of a debt instrument and its features may also be considered.

**MFS<sup>®</sup> Variable Insurance Trust II**—advised by Massachusetts Financial Services Company of Boston, Massachusetts.

*MFS<sup>®</sup> International Value Portfolio - Service Class Shares* seeks capital appreciation. MFS normally invests the Portfolio's assets primarily in foreign equity securities, including emerging market equity securities. MFS may invest in a relatively large percentage of the Portfolio's assets in a single country, a small number of countries, or a particular geographic region. MFS focuses on investing the Portfolio's assets in the stocks of companies that it believes are undervalued compared to their perceived worth (value companies). Value companies tend to have stock prices that are low relative to their earnings, dividends, assets, or other financial measures. MFS may invest the Portfolio's assets in companies of any size. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Portfolio, or as alternatives to direct investments. MFS uses a bottom-up investment approach to buying and selling investments for the Portfolio. Investments are selected primarily based on fundamental analysis of issuers and their potential in light of their current financial condition and industry position, and market, economic, political, and regulatory conditions. Factors considered may include analysis of earnings, cash flows, competitive position, and management ability. Quantitative models that systematically evaluate these and other factors may also be considered.

**Nationwide Variable Insurance Trust**—advised by Nationwide Fund Advisors of King of Prussia, Pennsylvania, and sub-advised by BlackRock Investment Management, LLC of Plainsboro, New Jersey.

*NVIT Mid Cap Index Fund- Class II Shares (formerly GVIT Mid Cap Index Fund)* seeks capital appreciation. Under normal conditions, the Portfolio invests at least 80% of the value of its net assets in a statistically selected sample of equity securities of companies included in the S&P 400<sup>®</sup> and in derivative instruments linked to the S&P 400<sup>®</sup>, primarily futures contracts.



**Neuberger Berman Advisers Management Trust**—advised by Neuberger Berman Management, Inc. of New York, New York.

*Neuberger Berman AMT Regency Portfolio - Class S Shares* seeks growth of capital. To pursue this goal, the Portfolio invests mainly in common stocks of mid-capitalization companies, which it defines as those with a total market capitalization within the market capitalization range of the Russell Midcap<sup>®</sup> Index. The Portfolio seeks to reduce risk by diversifying among many companies, industries and sectors.

**Oppenheimer Variable Account Funds**—advised by OppenheimerFunds, Inc. of New York, New York.

*Oppenheimer Global Securities Fund/VA* seeks long term capital appreciation by investing a substantial portion of its assets in securities of foreign issuers, “growth-type” companies, cyclical industries and special situations that are considered to have appreciation possibilities. Under normal market conditions, the Portfolio invests mainly in common stocks of U.S. and foreign companies. The Portfolio can invest without limit in foreign securities and can invest in any country, including countries with developed or emerging markets. However, the Portfolio currently emphasizes investments in developed markets such as the United States, Western Europe countries and Japan. The Portfolio does not limit its investments to companies in a particular capitalization range, but currently focuses its investments in mid- and large-cap companies. The Portfolio is not required to allocate its investments in any set percentages in any particular countries. As a fundamental policy, the Portfolio normally will invest in at least three countries (one of which may be the United States). Typically, the Portfolio invests in a number of different countries.

**PIMCO Variable Insurance Trust**—advised by Pacific Investment Management Company LLC of Newport Beach, California.

*PIMCO VIT High Yield Portfolio - Administrative Class Shares* seeks maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in a diversified portfolio of high yield securities (“junk bonds”), which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements, rated below investment grade but rated at least Caa by Moody’s or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality, subject to a maximum of 5% of its total assets in securities rated Caa by Moody’s or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The remainder of the Portfolio’s assets may be invested in investment grade Fixed Income Instruments. The average portfolio duration of this Portfolio normally varies within two years (plus or minus) of the duration of the Merrill Lynch U.S. High Yield BB-B Rated Constrained Index, which, as of March 31, 2009 was 4.17 years. The Portfolio may invest up to 20% of its total assets in securities and instruments that are economically tied to emerging market countries. The Portfolio may invest up to 20% of its total assets in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets.

*PIMCO VIT Low Duration Portfolio – Administrative Class Shares (formerly PIMCO VIT Low Duration Bond Portfolio)* seeks maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. The average portfolio duration of this Portfolio normally varies from one to three years based on PIMCO's forecast for interest rates. The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Portfolio may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries.

*PIMCO VIT Total Return Portfolio – Administrative Class Shares* seeks maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. The average portfolio duration of this Portfolio normally varies within two years (plus or minus) of the duration of the Barclays Capital U.S. Aggregate Index (formerly named the Lehman Brothers U.S. Aggregate Index), which as of March 31, 2009 was 3.73 years. The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities (“junk

bonds”) rated B or higher by Moody’s, or equivalently rated by S&P or Fitch or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries. The Portfolio may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. denominated securities or currencies) to 20% of its total assets.

**Pioneer Variable Contracts Trust**—advised by Pioneer Investment Management, Inc. of Boston, Massachusetts.

*Pioneer Fund VCT Portfolio - Class I Shares* seeks reasonable income and capital growth. The Portfolio invests in a broad list of carefully selected, reasonably priced securities for reasonable income and growth.

*Pioneer Growth Opportunities VCT Portfolio - Class I Shares* seeks growth of capital. The Portfolio invests primarily in equity securities of companies that Pioneer, the Portfolio’s investment adviser, considers to be reasonably priced or undervalued, with above average growth potential.

*Pioneer Mid Cap Value VCT Portfolio - Class II Shares* seeks capital appreciation by investing in a diversified portfolio of securities consisting primarily of common stocks. Normally, the Portfolio invests at least 80% of its total assets in equity securities of mid-size companies. Mid-sized companies are those with market values, at the time of investment, that do not exceed the greater of the market capitalization of the largest company within the Russell Midcap Value Index or the 3-year rolling average of the market capitalization of the largest company within the Russell Midcap Value Index as measured at the end of the preceding month and are not less than the smallest company within the index. The Russell midcap Value Index measures the performance of U.S. midcap value stocks. The size of the companies in the index changes with market conditions and the composition of the index. The equity securities in which the Portfolio principally invests are common stocks, preferred stocks, depositary receipts and convertible debt, but the Portfolio may invest in other types of equity securities to a lesser extent, such as exchange-traded funds (ETFs) that invest primarily in equity securities, equity interests in real estate investment trust (REITs), warrants and rights.

**Prudential Series Fund, Inc.**—managed by the Prudential Investments LLC of Newark, New Jersey and sub-advised by Jennison Associates, LLC of New York, New York and Salomon Brothers Asset Management of New York, New York.

*Prudential Series Fund Equity Portfolio - Class II Shares* seeks long term growth of capital by investing in common stock of major established companies as well as smaller companies. The Portfolio considers major established companies to be those companies with market capitalizations within the market capitalization range of the Russell 1000<sup>®</sup> Index (measured as of the time of purchase). As of January 31, 2009, the Russell 1000<sup>®</sup> Index had an average market capitalization of \$72.9 billion and the largest market capitalization was \$421.8 billion.

**Putnam Variable Trust**—advised by Putnam Investments, LLC of Boston, Massachusetts.

*Putnam VT American Government Income Fund-Class IB Shares* seeks high current income with preservation of capital as its secondary objective. The Portfolio invests mainly in bonds that: (1) are securitized debt instruments and other obligations of the U.S. government, its agencies and instrumentalities; (2) are backed by the full faith and credit of the United States, such as U.S. Treasury bonds and Ginnie Mae mortgage-backed bonds, or by only the credit of a federal agency or government sponsored entity, such as Fannie Mae and Freddie Mac mortgage-backed bonds; and have intermediate- to long-term maturities (three years or longer). Under normal circumstances, the Portfolio invests at least 80% of the Portfolio’s net assets in U.S. government securities.

*Putnam VT Equity Income Fund-Class IB Shares* seeks capital growth and current income. The Portfolio invests mainly in common stocks of U.S. companies, with a focus on value stocks that offer the potential for current income and also capital growth. Under normal circumstances, the Portfolio invests at least 80% of the Portfolio’s assets in equity investments.

**Royce Capital Fund**—managed by Royce & Associates, LLC of New York, New York.

*Royce Capital Fund Small-Cap Portfolio - Service Class Shares* seeks long-term growth of capital. The Portfolio’s investment adviser invests the Portfolio’s assets primarily in equity securities of small-cap companies, those with market capitalizations from \$500 million to \$2.5 billion. The Portfolio manager generally looks for companies that have excellent business strengths and/or prospects for growth, high internal rates of return and low leverage, and that are trading significantly below its estimate of their current worth. Normally, the Portfolio invests at least 80% of its net assets in the equity securities of small-cap companies. Although the Portfolio normally focuses on the securities of U.S. companies, it may invest up to 25% of its net assets in foreign securities.

**Schwab Annuity Portfolios**—advised by Charles Schwab Investment Management, Inc. of San Francisco, California.

**Schwab MarketTrack Growth Portfolio II™** seeks to provide high capital growth with less volatility than an all stock portfolio.

**Schwab Money Market Portfolio™** seeks the highest current income consistent with stability of capital and liquidity. This Portfolio is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. There can be no assurance that the Portfolio will be able to maintain a stable net asset value of \$1.00 per share.

**Schwab S&P 500 Index Portfolio** seeks to track the price and dividend performance (total return) of stocks of U.S. companies, as represented in the Standard & Poor's Composite Stock Price Index (the S&P 500®).

**Seligman Portfolios, Inc.**—advised by RiverSource Investments, LLC, New York, New York.

**Seligman Communications and Information Fund—Class 2 Shares** seeks capital gain. The Portfolio invests at least 80% of its net assets in securities of companies operating in the communications, information, and related industries. The Portfolio may invest in companies of any size.

**Sentinel Variable Products Trust**—advised by Sentinel Asset Management, Inc. of Montpelier, Vermont.

**Sentinel Variable Products Small Company Fund** seeks growth of capital. The Portfolio normally invests at least 80% of its net assets in small-capitalization companies. This principal investment strategy is a non-fundamental policy that may not be changed without 60 days' prior notice to the Portfolio's shareholders. For this purpose, small companies are considered to be companies that have, at the time of purchase, market capitalizations of less than \$3 billion. The Portfolio invests primarily in common stocks of small companies that Sentinel believes are high quality, have superior business models, solid management teams, sustainable growth potential and are attractively valued. The weighted median market capitalization of the Portfolio's holdings as of March 31, 2008 was \$1.38 billion. Market capitalization is the total value of all the outstanding shares of common stock of a company.

**Sentinel Variable Products Common Stock Fund** seeks a combination of growth of capital, current income, growth of income and relatively low risk as compared with the stock market as a whole. The Portfolio normally invests at least 80% of its net assets in common stocks. This principal investment strategy is a non-fundamental policy that may not be changed without 60 days' prior written notice to the Portfolio's shareholders. The Portfolio invests mainly in a diverse group of common stocks of well-established companies, typically above \$5 billion in market capitalization, most of which pay regular dividends. When appropriate, the Portfolio also may invest in preferred stocks or debentures convertible into common stocks. Up to 25% of the Portfolio's assets may be invested in securities within a single industry. The Portfolio may invest without limitation in foreign securities, although only where the securities are trading in the U.S. or Canada and only where trading is denominated in U.S. or Canadian dollars.

**Sentinel Variable Products Bond Fund** seeks high current income while seeking to control risk. The Portfolio invests mainly in investment grade bonds. The Portfolio will invest exclusively in fixed-income securities, and to a limited extent in related derivatives. At least 80% of the Portfolio's assets will normally be invested in the following types of bonds: (1) Corporate bonds which at the time of purchase are rated within the four highest rating categories of Moody's, Standard & Poor's or any other nationally recognized statistical rating organization; (2) Debt securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, including the mortgage-backed securities and dollar roll transactions described for the Balanced Portfolio; (3) Debt securities (payable in U.S. dollars) issued or guaranteed by Canadian governmental entities; and (4) Debt obligations of domestic banks or bank holding companies, even though not rated by Moody's or Standard & Poor's, that Sentinel believes have investment qualities comparable to investment-grade corporate securities. The Portfolio's policy of investing, under normal circumstances, at least 80% of its assets in bonds is a nonfundamental policy that may not be changed without 60 days' prior notice to the Portfolio's shareholders. The Portfolio may also invest in other fixed income securities, such as straight or convertible debt securities and straight or convertible preferred stocks. The Portfolio will invest no more than 20% of its total assets in lower quality bonds, sometimes called "junk bonds." These bonds, because of the greater possibility that the issuers will default, are not investment grade - that is, they are rated below BBB by Standard & Poor's or below Baa by Moody's, or are unrated but considered by Sentinel to be of comparable credit quality. Up to 25% of the Portfolio's assets may be invested in securities within a single industry. The Portfolio utilizes an active trading approach, which may result in portfolio turnover greater than 100%.

**Third Avenue Variable Series Trust**—advised by Third Avenue Management LLC, of New York, New York.

**Third Avenue Value Portfolio - Variable Series Trust Shares** - seeks long-term capital appreciation mainly by acquiring common stocks of well-financed companies (meaning companies with high quality assets and a relative absence of liabilities) at a discount to what the adviser believes is their intrinsic value (meaning the value of the company's net assets or the adviser's estimate of what the issuer would be worth as a takeover or merger candidate). The Portfolio also seeks to acquire senior securities, and debt instruments (including high-yield and "junk" bonds and distressed securities that may be in default and may have any or no credit rating from a credit rating agency) where the adviser determines that these securities can be purchased at less than the value of the assets securing the debt or the amount that would be realized in a restricting. The adviser searches for companies that meet these criteria all over the world and makes investment decisions based primarily on the attributes of each

individual company and security rather than any estimates of macro-economic or sector performance. Accordingly, the Portfolio may invest in foreign securities, some of which may be denominated in or tied to currencies of the countries in which they are primarily traded. The Portfolio may invest in companies of any market capitalization, including companies that are considered ranging from small-cap to large-cap by relevant rating and tracking agencies such as S&P. When the Portfolio acquires debt securities, it primarily does so where the adviser believes that those securities will be worth significantly more when they are eventually sold, redeemed, mature or are converted into another form through a company restructuring. These securities may be defaulted or may be paying a current yield, but the Portfolio does not generally seek interest income as a primary strategy. The adviser, on behalf of the Portfolio, may also participate on committees formed by the creditors to negotiate with debtors with respect to restructuring issues. The Portfolio is non-diversified. This means that the Portfolio may have investments in fewer issuers than a diversified portfolio of comparable size.

Effective May 1, 2009, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

**Touchstone Variable Series Trust**—advised by Touchstone Advisors, Inc. of Cincinnati, Ohio.

*Touchstone Mid Cap Growth Fund - Class I Shares* seeks to increase the value of Portfolio shares as a primary goal and to earn income as a secondary goal. Under normal circumstances, the Portfolio will invest at least 80% of its assets in common stocks of mid cap companies. Shareholders will be provided with at least 60 days' prior notice of any change in this policy. A mid cap company has a market capitalization between \$1.5 billion and \$12 billion or within the range of market capitalizations represented in the Russell Midcap Index (between \$1.4 billion and \$19.1 billion at the time of its most recent reconstitution on May 20, 2008) at the time of purchase. The Portfolio may also invest in companies in the technology sector.

**The Universal Institutional Funds, Inc.**—advised by Morgan Stanley Investment Management Inc. ("MSIM") of New York, New York.

*Universal Institutional Funds U.S. Real Estate Portfolio - Class I Shares* seeks above average current income and long-term capital appreciation by investing primarily in equity securities of companies engaged in the U.S. real estate industry, including real estate investment trusts.

**Van Eck VIP Trust**—advised by Van Eck Associates Corporation of New York New York.

*Van Eck VIP Global Bond Fund - Initial Class Shares (formerly Van Eck Insurance Trust Worldwide Bond Fund)* seeks high total return—income plus capital appreciation—by investing globally, primarily in a variety of debt securities.

**Van Kampen Life Investment Trust**—advised by Van Kampen Asset Management, a wholly owned subsidiary of Van Kampen Investments, Inc.

*Van Kampen LIT Comstock Portfolio - Class I Shares* seeks capital growth and income through investments in equity securities, including common stocks, preferred stocks and securities convertible into common and preferred stocks.

*Van Kampen LIT Growth and Income Portfolio - Class I Shares* seeks long-term growth of capital and income. The Portfolio may invest up to 15% of its assets in equity real estate investment trusts ("REITs").

**Wells Fargo Variable Trust Funds**—advised by Wells Fargo Funds Management, LLC, a subsidiary of Wells Fargo & Company of San Francisco, California, and sub-advised by Wells Capital Management Incorporated, of San Francisco, California.

*Wells Fargo Advantage VT Small Cap Value Fund - Class 2 (formerly Wells Fargo Advantage Small/Mid Cap Value Fund)* seeks long-term capital appreciation. Under normal circumstances, the Portfolio invests at least 80% of the Portfolio's net assets in equity securities of small-capitalization companies and up to 30% of the Portfolio's total assets in equity securities of foreign issuers, including ADRs and similar investments. The Portfolio invests principally in equity securities of small-capitalization companies, which we define as companies with market capitalizations within the range of the Russell 2500™ Index. The market capitalization range of the Russell 2500™ Index was \$78 million to \$3.9 billion, as of May 30, 2009, and is expected to change frequently. The Portfolio may also invest in equity securities of foreign issuers through ADRs and similar investments. Furthermore, the Portfolio may use futures, options or swap agreements, as well as other derivatives, to manage risk or to enhance return.

Effective April 29, 2005, the Sub-Account investing in this Portfolio was closed to new Contributions and incoming Transfers (including Automatic Custom Transfers).

*Wells Fargo Advantage Opportunity Fund - Class VT Shares* seeks long-term capital appreciation. The Portfolio invests principally in equity securities of medium-capitalization companies, which we define as those within the range of market



capitalizations of companies in the Russell MidCap<sup>®</sup> Index. We may also invest in equity securities of foreign issuers through ADRs and similar investments.

### **Meeting Investment Objectives**

Meeting investment objectives depends on various factors, including, but not limited to, how well the Portfolio managers anticipate changing economic and market conditions. **There is no guarantee that any of these Portfolios will achieve their stated objectives.**

### **Where to Find More Information About the Portfolios**

Additional information about the investment objectives and policies of all the Portfolios and the investment advisory and administrative services and charges can be found in the current Portfolio Prospectuses, which can be obtained without charge from the Annuity Service Center. You may also visit [www.Schwab.com/annuities](http://www.Schwab.com/annuities).

**The Portfolio Prospectuses should be read carefully before any decision is made concerning the allocation of Contributions to, or Transfers among, the Sub-Accounts.**

### **Addition, Deletion or Substitution**

First GWL&A does not control the Portfolios and cannot guarantee that any of the Portfolios will always be available for allocation of Contributions or Transfers. We retain the right to make changes in the Series Account and in its investments.

First GWL&A and GWFS Equities, Inc. ("GWFS"), the principal underwriter and distributor of the Contracts, reserve the right to discontinue the offering of any Portfolio. If a Portfolio is discontinued, we may substitute shares of another Portfolio or shares of another investment company for the discontinued Portfolio's shares. Any share substitution will comply with the requirements of the 1940 Act.

If you are contributing to a Sub-Account corresponding to a Portfolio that is being discontinued, you will be given notice prior to the Portfolio's elimination.

Based on marketing, tax, investment and other conditions, we may establish new Sub-Accounts and make them available to Owners at our discretion. Each additional Sub-Account will purchase shares in a Portfolio or in another mutual fund or investment vehicle.

If, in our sole discretion, marketing, tax, investment or other conditions warrant, we may also eliminate one or more Sub-Accounts. If a Sub-Account is eliminated, we will notify you and request that you reallocate the amounts invested in the eliminated Sub-Account.

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### **The Guarantee Period Fund**

As of March 1, 2003, Contract Owners may no longer allocate Contributions, or make Transfers, to the Guarantee Period Fund.

The Guarantee Period Fund is not part of the Series Account. Amounts allocated to the Guarantee Period Fund are deposited to, and accounted for, in a non-unitized market value separate account. As a result, you do not participate in the performance of the assets through unit values. Consequently, these assets accrue solely to the benefit of First GWL&A and any gain or loss in the non-unitized market value separate account is borne entirely by First GWL&A. You will receive the Contract guarantees made by First GWL&A for amounts you contribute to the Guarantee Period Fund.

Each Guarantee Period has its own stated rate of interest and maturity date determined by the date the Guarantee Period was established and the term you chose.

The value of amounts in each Guarantee Period equals Contributions plus interest earned, less any Premium Tax, amounts distributed, withdrawn (in whole or in part), amounts Transferred or applied to an annuity option, periodic withdrawals and

charges deducted under the Contract. If a Guarantee Period is broken, a Market Value Adjustment may be assessed (please see "Breaking a Guarantee Period" on page 26). **Any amount withdrawn or Transferred prior to the Guarantee Period Maturity Date will be paid in accordance with the Market Value Adjustment formula.** You can read more about Market Value Adjustments on page 27.

### **Investments of the Guarantee Period Fund**

We use various techniques to invest in assets that have similar characteristics to our general account assets—especially cash flow patterns. We will primarily invest in investment-grade fixed income securities including:

- Securities issued by the U.S. Government or its agencies or instrumentalities, which may or may not be guaranteed by the U.S. Government,
- Debt securities which have an investment grade, at the time of purchase, within the four highest grades assigned by Moody's Investment Services, Inc. (Aaa, Aa, A or Baa), Standard & Poor's Corporation (AAA, AA, A or BBB) or any other nationally recognized rating service,
- Other debt instruments, including, but not limited to, issues of banks or bank holding companies and of corporations, which obligations—although not rated by Moody's, Standard & Poor's, or other nationally recognized rating firms—are deemed by us to have an investment quality comparable to securities which may be purchased as stated above, and/or
- Commercial paper, cash or cash equivalents and other short-term investments having a maturity of less than one year which are considered by us to have investment quality comparable to securities which may be purchased as stated above.

In addition, we may invest in futures and options solely for non-speculative hedging purposes. We may sell a futures contract or purchase a put option on futures or securities to protect the value of securities held in or to be sold for the general account or the non-unitized market value separate account if the securities prices are anticipated to decline. Similarly, if securities prices are expected to rise, we may purchase a futures contract or a call option against anticipated positive cash flow or may purchase options on securities.

The above information generally describes the investment strategy for the Guarantee Period Fund. However, we are not obligated to invest the assets in the Guarantee Period Fund according to any particular strategy, except as may be required by New York and other state insurance laws. The stated rate of interest that we establish will not necessarily relate to the performance of the non-unitized market value separate account.

### **Subsequent Guarantee Periods**

Contract Owners with amounts invested in the Guarantee Period Fund will remain in the Guarantee Period Fund until they choose to Transfer out, or the Guarantee Period Fund reaches maturity. At that time, the Fixed Account Value in the Guarantee Period Fund will be transferred into the Schwab Money Market Sub-Account.

### **Breaking a Guarantee Period**

In general, if you begin annuity payouts, Transfer or withdraw prior to the Guarantee Period Maturity Date, you are breaking a Guarantee Period. When we receive a Request to break a Guarantee Period and you have another Guarantee Period that is closer to its maturity date, we will break that Guarantee Period first.

If you break a Guarantee Period, you may be assessed an interest rate adjustment called a Market Value Adjustment.

### **Interest Rates**

The declared annual rates of interest are guaranteed throughout the Guarantee Period. The stated rate of interest must be at least equal to the Contractual Guarantee of a Minimum Rate of Interest, but First GWL&A may declare higher rates.

We guarantee an effective yearly interest rate that complies with the non-forfeiture law that is in effect on the issue date for the State of New York. As explained above, a negative Market Value Adjustment may result in an effective interest rate lower than the Guaranteed Interest Rate applicable to this Contract and the value of the Contribution(s) allocated to the Guarantee Period being less than the Contribution(s) made.

The determination of the stated interest rate is influenced by, but does not necessarily correspond to, interest rates available on fixed income investments which First GWL&A may acquire using funds deposited into the Guarantee Period Fund. In addition, First GWL&A considers regulatory and tax requirements, sales and administrative expenses, general economic trends and competitive factors in determining the stated interest rate.

## Market Value Adjustment

Amounts you have allocated to the Guarantee Period Fund may be subject to an interest rate adjustment called a Market Value Adjustment if, six months or more before a Guarantee Period Fund's Maturity Date, you:

- surrender your investment in the Guarantee Period Fund,
- Transfer money from the Guarantee Period Fund,
- partially withdraw money from the Guarantee Period Fund,
- apply amounts from the Fund to purchase an annuity to receive payouts from your account, or
- take a periodic withdrawal.

The Market Value Adjustment **will not** apply to any Guarantee Period having fewer than six months prior to the Guarantee Period Maturity Date in each of the following situations:

- Transfer to a Sub-Account offered under this Contract,
- surrenders, partial withdrawals, annuitization or periodic withdrawals, or
- a single sum payout upon death of the Owner or Annuitant.

A Market Value Adjustment may increase or decrease the amount payable on the above-described distributions. The formula for calculating Market Value Adjustments is detailed in Appendix B. Appendix B also includes examples of how Market Value Adjustments work.

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## Subsequent Contributions

Once your application is complete and we have received your initial Contribution, you can make subsequent Contributions at any time prior to the Payout Commencement Date, as long as the Annuitant is living. Additional Contributions must be at least \$500, or \$100 if made via an Automatic Contribution Plan. Total Contributions may exceed \$1,000,000 with our prior approval. Additional Contributions will be priced and credited on the date received by the Annuity Service Center at First GWL&A if received before 4:00 p.m. ET on any day the NYSE is open for business. Additional Contributions received after 4:00 p.m. ET will be priced and credited on the next business day the NYSE is open for business.

Subsequent Contributions can be made by check or via an Automatic Contribution Plan directly from your bank or savings account. You can designate the date you'd like your subsequent Contributions deducted from your account each month. If you make subsequent Contributions by check, your check should be payable to First GWL&A.

You'll receive a confirmation of each Contribution you make upon its acceptance.

First GWL&A reserves the right to modify the limitations set forth in this section.

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## Annuity Account Value

Prior to the Annuity Commencement Date, your Annuity Account Value is the sum of your Variable and Fixed Account Values established under your Contract. Before your Annuity Commencement Date, the Variable Account Value is the total dollar amount of all Accumulation Units credited to you for each Sub-Account.

Initially, the value of each Accumulation Unit was set at \$10.00. Each Sub-Account's value prior to the Annuity Commencement Date is equal to:

- net Contributions allocated to the corresponding Sub-Account,
- **plus or minus** any increase or decrease in the value of the assets of the Sub-Account due to investment results,
- **minus** the daily mortality and expense risk charge,
- **minus** any applicable reductions for the Contract Maintenance Charge deducted on the Contract anniversary date,
- **minus** any applicable Transfer fees, and
- **minus** any withdrawals or Transfers from the Sub-Account.

The value of a Sub-Account's assets is determined at the end of each day that the NYSE is open for regular business (a valuation date). A valuation period is the period between successive valuation dates. It begins at the close of the NYSE (generally 4:00 p.m. ET) on each valuation date and ends at the close of the NYSE on the next succeeding valuation date.

The Variable Account Value is expected to change from valuation period to valuation period, reflecting the investment experience of the selected Sub-Account(s), as well as the deductions for applicable charges.

Upon allocating Variable Account Values to a Sub-Account you will be credited with variable Accumulation Units in that Sub-Account. The number of Accumulation Units you will be credited is determined by dividing the portion of each Contribution

allocated to the Sub-Account by the value of an Accumulation Unit. The value of the Accumulation Unit is determined and credited at the end of the valuation period during which the Contribution was received.

Each Sub-Account's Accumulation Unit value is established at the end of each valuation period. It is calculated by multiplying the value of that unit at the end of the prior valuation period by the Sub-Account's net investment factor for the valuation period. The formula used to calculate the net investment factor is discussed in Appendix C.

Unlike a brokerage account, amounts held under a Contract are not covered by the Securities Investor Protection Corporation ("SIPC").

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## Transfers

At any time while your Contract is in force, you may Transfer all or part of your Annuity Account Value among and between the Sub-Accounts by telephone, in writing, or through the Internet at [www.schwab.com/annuity](http://www.schwab.com/annuity) where you will be redirected to a First Great-West website where you may make the Transfer. Incoming Transfers to closed Sub-Accounts are not permitted.

Your Request must specify:

- the amounts being Transferred,
- the Sub-Account(s) and/or Guarantee Period(s) from which the Transfer is to be made, and
- the Sub-Account(s) that will receive the Transfer.

Currently, there is no limit on the number of Transfers you can make among the Sub-Accounts and from the Guarantee Period Fund during any calendar year, but as of March 1, 2003, Contract Owners may no longer make Transfers to the Guarantee Period Fund. We reserve the right to limit the number of Transfers you make. See "Market Timing and Excessive Trading" below regarding possible Portfolio restrictions on Transfers.

There is no charge for the first 12 Transfers each calendar year, but there will be a charge of \$10 for each additional Transfer made. The charge will be deducted from the amount Transferred. All Transfers made on a single Transaction Date will count as only one Transfer toward the 12 free Transfers. However, if a one-time rebalancing Transfer also occurs on the Transaction Date (a rebalancing Transfer that is not quarterly, semi-annual or annual), it will be counted as a separate and additional Transfer. See "Rebalancer" on page 31 for more details.

A Transfer generally will be priced and credited on the date the Request for Transfer is received by the Annuity Service Center at First GWL&A if received before 4:00 p.m. ET on any day we and the NYSE are open for business. Transfer Requests received after 4:00 p.m. ET will be effective on the next business day we and the NYSE are open for business. Under current tax law, there will not be any tax liability to you if you make a Transfer.

We will use reasonable procedures to confirm that instructions communicated by telephone, fax and Internet are genuine, such as:

- requiring some form of personal identification prior to acting on instructions,
- providing written confirmation of the transaction, and/or
- tape recording the instructions given by telephone.

If we follow such procedures we will not be liable for any losses due to unauthorized or fraudulent instructions.

We reserve the right to suspend telephone, fax and/or Internet transaction privileges at any time, for some or all Contracts, and for any reason.

Transfers involving the Sub-Accounts will result in the purchase and/or cancellation of Accumulation Units having a total value equal to the dollar amount being Transferred. The purchase and/or cancellation of such units is made using the Variable Account Value as of the end of the valuation date on which the Transfer is effective.

Transfers among the Sub-Accounts may also be subject to certain terms and conditions imposed by the Portfolios that could result in a Transfer Request being rejected or the pricing for that Transfer delayed. Please review the respective Portfolio Prospectus for details on any Portfolio level restrictions.

When you make a Transfer from amounts in a Guarantee Period before the Guarantee Period Maturity Date, the amount Transferred may be subject to a Market Value Adjustment as discussed on page 27. If you Request in advance to Transfer amounts from a maturing Guarantee Period upon maturity, your Transfer will not count toward the 12 free Transfers and no Transfer fees will be charged.

## Market Timing and Excessive Trading

The Contracts are intended for long-term investment and not for the purpose of market timing or excessive trading activity. Market timing activity may dilute the interests of Contract Owners in the underlying Portfolios. Market timing generally involves frequent or unusually large Transfers that are intended to take advantage of short-term fluctuations in the value of a Portfolio's portfolio securities and the reflection of that change in the Portfolio's share price. In addition, frequent or unusually large Transfers may

harm performance by increasing Portfolio expenses and disrupting Portfolio management strategies. For example, excessive trading may result in forced liquidations of portfolio securities or cause the Portfolio to keep a relatively higher cash position, resulting in increased brokerage costs and lost investment opportunities.

We maintain procedures designed to prevent or minimize market timing and excessive trading (collectively, “prohibited trading”) by Owners. As part of those procedures, certain of the Portfolios have instructed us to perform standardized trade monitoring, while other Portfolios perform their own monitoring and request reports of the Owner's trading activity if prohibited trading is suspected. If an Owner's trading activity is determined to constitute prohibited trading, as defined by the applicable Portfolio, First GWL&A will notify the Owner that a trading restriction will be implemented if the Owner does not cease the prohibited trading. Some Portfolios may require that trading restrictions be implemented immediately without warning, in which case we will notify the Owner of the restriction imposed by the Portfolio(s), as applicable.

If a Portfolio determines, or, for Portfolios for which we perform trade monitoring, we determine based on the applicable Portfolio's definition of prohibited trading, that the Owner continues to engage in prohibited trading, we will restrict the Owner from making Transfers into the identified Portfolio(s) for the period of time specified by the Portfolio(s). Restricted Owners will be permitted to make Transfers out of the identified Portfolio(s) to other available Portfolio(s). When the Portfolio's restriction period has been met, the Owner will automatically be allowed to resume Transfers into the identified Portfolio(s).

For Portfolios that perform their own monitoring, the Series Account does not impose trading restrictions unless or until a Portfolio first detects and notifies us of prohibited trading activity. Accordingly, we cannot prevent all prohibited trading activity before it occurs, as it may not be possible to identify it unless and until a trading pattern is established. To the extent such Portfolios do not detect and notify us of prohibited trading or the trading restrictions we impose fail to curtail it, it is possible that a market timer may be able to make prohibited trading transactions with the result that the management of the Portfolios may be disrupted and the Owners may suffer detrimental effects such as increased costs, reduced performance, and dilution of their interests in the affected Portfolios.

We endeavor to ensure that our procedures are uniformly and consistently applied to all Owners, and we do not exempt any persons from these procedures. We do not enter into agreements with Owners whereby we permit prohibited trading. Subject to applicable state law and the terms of each Contract, we reserve the right without prior notice to modify, restrict, suspend or eliminate the Transfer privileges (including telephone Transfers) at any time, to require that all Transfer Requests be made by you and not by your designee, and to require that each Transfer Request be made by a separate communication to us. We also reserve the right to require that each Transfer Request be submitted in writing and be signed by you.

The Portfolios may have adopted their own policies and procedures with respect to frequent purchases and redemptions of their respective shares. The prospectuses for the Portfolios should describe any policies and procedures relating to restricting prohibited trading. The frequent trading policies and procedures of a Portfolio may be different, and more or less restrictive, than the frequent trading policies and procedures of other Portfolios and the policies and procedures we have adopted to discourage prohibited trading. For example, a Portfolio may impose a redemption fee. The Owner should also be aware that we are legally obligated to provide (at the Portfolios' request) information about each amount you cause to be deposited into a Portfolio (including by way of premium payments and Transfers under your Contract) or removed from the Portfolio (including by way of withdrawals and Transfers under your Contract). If a Portfolio identifies you as having violated the Portfolio's frequent trading policies and procedures, we are obligated, if the Portfolio requests, to restrict or prohibit any further deposits or exchanges by you in respect to that Portfolio. Under rules recently adopted by the SEC we are required to: (1) enter into a written agreement with each Portfolio or its principal underwriter that will obligate us to provide to the Portfolio promptly upon request certain information about the trading activity of individual Owners and (2) execute instructions from the Portfolio to restrict or prohibit further purchases or Transfers by specific Owners who violate the frequent trading policies established by the Portfolio. Accordingly, if you do not comply with any Portfolio's frequent trading policies and procedures, you may be prohibited from directing any additional amounts into that Portfolio or directing any Transfers or other exchanges involving that Portfolio. You should review and comply with each Portfolio's frequent trading policies and procedures, which are disclosed in the Portfolios' current prospectuses.

We may revise our market timing and excessive trading policy and related procedures at our sole discretion, at any time and without prior notice, as we deem necessary or appropriate to comply with state or federal regulatory requirements or to impose additional or alternative restrictions on Owners engaging in prohibited trading. In addition, our orders to purchase shares of the Portfolios are generally subject to acceptance by the Portfolio, and in some cases a Portfolio may reject or reverse our purchase order. Therefore, we reserve the right to reject any Owner's Transfer Request if our order to purchase shares of the Portfolio is not accepted by, or is reversed by, an applicable Portfolio.

You should note that other insurance companies and retirement plans may also invest in the Portfolios and that those companies or plans may or may not have their own policies and procedures on frequent Transfers. You should also know that the purchase and redemption orders received by the Portfolios generally are “omnibus” orders from intermediaries such as retirement plans or separate accounts funding variable insurance contracts. Omnibus orders reflect the aggregation and netting of multiple orders from individual retirement plan Owners and/or individual owners of variable insurance contracts. The nature of such orders may limit the Portfolios' ability to apply their respective frequent trading policies and procedures. As a result, there is a risk that the Portfolios may not be able to detect potential prohibited trading activities in the omnibus orders they receive. We cannot guarantee that the Portfolios will not be harmed by Transfer activity relating to the retirement plans and/or other insurance companies that



invest in the Portfolios. If the policies and procedures of other insurance companies or retirement plans fail to successfully discourage frequent Transfer activity, it may affect the value of your investments in the Portfolios. In addition, if a Portfolio believes that an omnibus order we submit may reflect one or more Transfer Requests from an Owner engaged in frequent Transfer activity, the Portfolio may reject the entire omnibus order and thereby interfere with our ability to satisfy your Request even if you have not made frequent Transfers. For Transfers into more than one investment option, we may reject or reverse the entire Transfer Request if any part of it is not accepted by or is reversed by a Portfolio.

## Automatic Custom Transfers

### Dollar Cost Averaging

You may arrange for systematic Transfers from any open Sub-Account to any other open Sub-Account. (Transfers into closed Sub-Accounts are not permitted.) These systematic Transfers may be used to Transfer values from the Schwab Money Market Sub-Account to other Sub-Accounts as part of a dollar cost averaging strategy. Dollar cost averaging allows you to buy more units when the price is low and fewer units when the price is high. Over time, your average cost per unit may be less than if you invested all your money at one time. However, dollar cost averaging does not assure a greater profit, or any profit, and will not prevent or necessarily alleviate losses in a declining market. There is no charge for participating in dollar cost averaging.

You can set up automatic dollar cost averaging on a monthly, quarterly, semi-annual or annual basis. Your Transfer will be initiated on the Transaction Date one frequency period following the date of the Request. For example, if you Request quarterly Transfers on January 9th, your first Transfer will be made on April 9th and every three months on the 9th thereafter. Transfers will continue on that same day each interval unless terminated by you or for other reasons as set forth in the Contract.

How dollar cost averaging works:

| Month | Contribution | Units Purchased | Price per unit |
|-------|--------------|-----------------|----------------|
| Jan.  | \$250        | 10              | \$25.00        |
| Feb.  | 250          | 12              | 20.83          |
| Mar.  | 250          | 20              | 12.50          |
| Apr.  | 250          | 20              | 12.50          |
| May   | 250          | 15              | 16.67          |
| June  | 250          | 12              | 20.83          |

Average market value per unit \$18.06

Investor's average cost per unit \$16.85

In the chart above, if all units had been purchased at one time at the highest unit value of \$25.00, only 60 units could have been purchased with \$1,500. By contributing smaller amounts over time, dollar cost averaging allowed 89 units to be purchased with \$1,500 at an average unit price of \$16.85. This investor purchased 29 more units at \$1.21 less per unit than the average market value per unit of \$18.06.

If there are insufficient funds in the applicable Sub-Account on the date your Transfer is scheduled, your Transfer will not be made. However, your dollar cost averaging Transfers will resume once there are sufficient funds in the applicable Sub-Account. Dollar cost averaging will terminate automatically when you start taking payouts from the annuity. Dollar cost averaging Transfers are not included in the twelve free Transfers allowed in a calendar year.

Dollar cost averaging Transfers must meet the following conditions:

- The minimum amount that can be Transferred out of the selected Sub-Account is \$100, and
- You must: (1) specify the dollar amount to be Transferred, (2) designate the Sub-Account(s) to which the Transfer will be made, and (3) designate the percent of the dollar amount to be allocated to each Sub-Account into which you are Transferring money. The Accumulation Unit values will be determined on the Transfer date.

You may **not** participate in dollar cost averaging and rebalancer at the same time.

First GWL&A reserves the right to modify, suspend or terminate dollar cost averaging at any time.

## Rebalancer

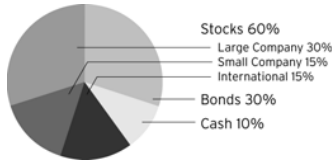
Over time, variations in each Sub-Account's investment results will change your asset allocation plan percentages. Rebalancer allows you to automatically reallocate your Variable Account Value to maintain your desired asset allocation. Participation in rebalancer does not assure a greater profit, or any profit, nor will it prevent or necessarily alleviate losses in a declining market.

There is no charge for participating in rebalancer.

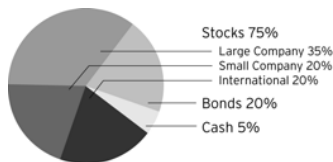
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### How rebalancer works:

Suppose you purchased your annuity by allocating 60% of your initial contribution to stocks; 30% to bonds and 10% to cash equivalents as in this pie chart:



Now assume that stock portfolios outperform bond portfolios and cash equivalents over a certain period of time. Over this period, the unequal performance may alter the asset allocation of the above hypothetical plan to look like this:



Rebalancer automatically reallocates your Variable Account Value to maintain your desired asset allocation. In this example, the portfolio would be reallocated back to 60% in stocks; 30% in bonds; 10% in cash equivalents.

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You can set up rebalancer as a one-time Transfer or on a quarterly, semi-annual or annual basis. If you select to rebalance only once, the Transfer will take place on the Transaction Date of the Request. One-time rebalancer Transfers count toward the 12 free Transfers allowed in a calendar year.

If you select to rebalance on a quarterly, semi-annual or annual basis, the first Transfer will be initiated on the Transaction Date one frequency period following the date of the Request. For example, if you request quarterly Transfers on January 9th, your first Transfer will be made on April 9th and every three months on the 9th thereafter. Transfers will continue on that same day each interval unless terminated by you or for other reasons as set forth in the Contract. Quarterly, semi-annual and annual Transfers will not count toward the 12 free Transfers.

On the Transaction Date for the specified Request, assets will be automatically reallocated to the Sub-Accounts you selected. The rebalancer option will terminate automatically when you start taking payouts from the Contract.

You may **not** participate in dollar cost averaging and rebalancer at the same time.

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## Withdrawals

You may withdraw all or part of your Annuity Account Value at any time during the life of the Annuitant and prior to the Annuity Commencement Date by submitting a written withdrawal Request to the Annuity Service Center at First GWL&A. Withdrawals are not permitted by telephone, fax or Internet.

Withdrawals are subject to the rules below and federal or state laws, rules or regulations may also apply. The amount payable to you if you surrender your Contract is your Annuity Account Value, with any applicable Market Value Adjustment on the effective date of the withdrawal, less any applicable Premium Tax. No withdrawals may be made after the Annuity Commencement Date.

If you Request a partial withdrawal, your Annuity Account Value will be reduced by the dollar amount withdrawn. A Market Value Adjustment may apply. Market Value Adjustments are discussed on page 27.

Partial withdrawals are unlimited. However, you must specify the Sub-Account(s) or Guarantee Period(s) from which the withdrawal is to be made. After any partial withdrawal, if your remaining Annuity Account Value is less than \$2,000, then a full surrender may be required. The minimum partial withdrawal (before application of the MVA) is \$500.

The following terms apply to withdrawals:

- Partial withdrawals or surrenders are not permitted after the Annuity Commencement Date,
- If a partial withdrawal is made within 30 days of the Annuity Commencement Date, First GWL&A may delay the Annuity Commencement Date by 30 days, and
- A partial withdrawal or surrender will be effective upon the Transaction Date.

A partial withdrawal or surrender from amounts in a Guarantee Period may be subject to the Market Value Adjustment provisions, and the Guarantee Period Fund provisions of the Contract. Withdrawal Requests must be in writing with your original signature. If your instructions are not clear, your Request will be denied and no surrender or partial withdrawal will be processed.

After a withdrawal of all of your Annuity Account Value, or at any time that your Annuity Account Value is zero, all your rights under the Contract will terminate.

Tax consequences of withdrawals are detailed below, but you should consult a competent tax advisor prior to authorizing a withdrawal from your Annuity Account Value.

### **Partial Withdrawals to Pay Investment Manager or Financial Advisor Fees**

You may Request partial withdrawals from your Annuity Account Value and direct us to remit the amount withdrawn directly to your designated investment manager or financial advisor (collectively "Consultant"). A withdrawal Request for this purpose must meet the \$500 minimum withdrawal requirements and comply with all terms and conditions applicable to partial withdrawals, as described above. Tax consequences of withdrawals are detailed below, but you should consult a competent tax advisor prior to authorizing a withdrawal from your Annuity Account Value to pay Consultant fees.

### **Tax Consequences of Withdrawals**

Withdrawals made for any purpose may be taxable—including payments made by us directly to your Consultant.

In addition, the Code may require us to withhold federal income taxes from withdrawals and report such withdrawals to the IRS. If you Request partial withdrawals, including partial withdrawals to pay Consultant fees, your Annuity Account Value will be reduced by the sum of the withdrawals paid and the related withholding.

You may elect, in writing, to have us not withhold federal income tax from withdrawals, unless withholding is mandatory for your Contract. If you are younger than 59½, the taxable portion of any withdrawal is generally considered to be an early withdrawal and is subject to an additional federal penalty tax of 10%.

Some states also require withholding for state income taxes. For details about withholding, please see "Federal Tax Matters" on page 39.

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## **Telephone and Internet Transactions**

You may also make Transfer Requests by telephone, fax and/or Internet. Transfer Requests received before 4:00 p.m. ET on any day we and the NYSE are open will be priced and credited on that day at that day's unit value. Those received after 4:00 p.m. ET will be priced and credited on the next business day we and the NYSE are open for business, at that day's unit value.

We will use reasonable procedures to confirm that instructions communicated by telephone, fax and Internet are genuine, such as:

- requiring some form of personal identification prior to acting on instructions,
- providing written confirmation of the transaction, and/or
- tape recording the instructions given by telephone.

If we follow such procedures we will not be liable for any losses due to unauthorized or fraudulent instructions.

We reserve the right to suspend telephone, fax and/or Internet transaction privileges at any time, for some or all Contracts, and for any reason. Withdrawals are not permitted by telephone, fax or Internet.

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## **Death Benefit**

Before the Annuity Commencement Date, the Death Benefit, if any, for Contracts issued on or after April 30, 2004 will be equal to the greater of:

- the Annuity Account Value with an MVA, if applicable, as of the date the Request for payout is received, less any Premium Tax, or
- the sum of Contributions, less Proportional Withdrawals, less any Premium Tax.

The Death Benefit, if any, for Contracts issued prior to April 30, 2004, will be equal to the greater of:

- the Annuity Account Value with an MVA, if applicable, as of the date a Request for payout is received, less any Premium Tax, or
- the sum of Contributions, less partial withdrawals and/or periodic withdrawals, less any Premium Tax.

Proportional Withdrawals (effective for Contracts issued on or after April 30, 2004) are withdrawals, if any, made by you, whether partial or periodic, which reduces your Annuity Account Value as measured as a percentage of each prior withdrawal against the current Annuity Account Value. Proportional Withdrawals are determined by calculating the percentage of your Annuity Account Value that each prior withdrawal represented when the withdrawal was made. For example, a partial withdrawal of 75% of the Annuity Account Value will be considered a 75% reduction in the total Contributions.



For example, in a rising market, where an Owner contributed \$100,000 which increased to \$200,000 due to market appreciation and then withdrew \$150,000, the new balance is \$50,000 and the Proportional Withdrawal is 75% ( $\$150,000/\$200,000 = 75\%$ ). This 75% Proportional Withdrawal is calculated against the total Contribution amount of \$100,000 for a Death Benefit equal to the greater of the Annuity Account Value (\$50,000) or total Contributions reduced by 75% (\$100,000 reduced by 75%, or \$25,000). Here, the Death Benefit would be \$50,000.

Separately, if the Owner withdrew \$50,000, or 25% of the Annuity Account Value, for a new balance of \$150,000, the Death Benefit remains the greater of the Annuity Account Value (\$150,000) or total Contributions reduced by the Proportional Withdrawal calculation (\$100,000 reduced by 25%, or \$75,000). Here, the Death Benefit is \$150,000.

If the Owner withdraws an additional \$50,000, this represents an additional Proportional Withdrawal of 33% ( $\$50,000/\$150,000 = 33\%$ ). The Death Benefit is now equal to the greater of the Annuity Account Value (\$100,000) or total Contributions reduced by all the Proportional Withdrawal calculations (\$100,000 reduced by 25%, or \$75,000, and then reduced by 33%, or \$24,750, to equal \$50,250). Here, the Death Benefit is \$100,000.

In a declining market, where an Owner contributed \$100,000 which declined in value due to market losses to \$50,000, and the Owner then withdrew \$40,000, or 80% of Annuity Account Value, the result is a new account balance of \$10,000. When applying Proportional Withdrawals, here 80%, the Death Benefit is the greater of the Annuity Account Value (\$10,000) or total Contributions reduced by the Proportional Withdrawal calculation (\$100,000 reduced by 80%, or \$20,000). Here the Death Benefit is \$20,000.

The Death Benefit will become payable following our receipt of the Beneficiary's claim in good order. When an Owner or the Annuitant dies before the Annuity Commencement Date and a Death Benefit is payable to a Beneficiary, the Death Benefit proceeds will remain invested according to the allocation instructions given by the Owner(s) until new allocation instructions are requested by the Beneficiary or until the Death Benefit is actually paid to the Beneficiary.

The amount of the Death Benefit will be determined as of the date payouts begin. However, on the date a payout option is processed, the Variable Account Value will be Transferred to the Schwab Money Market Sub-Account unless the Beneficiary elects otherwise.

Subject to the distribution rules below, payout of the Death Benefit may be made as follows:

#### **Variable Account Value**

- payout in a single sum, or
- payout under any of the variable annuity options provided under this Contract.

#### **Fixed Account Value**

- payout in a single sum that may be subject to a Market Value Adjustment, or
- payout under any of the annuity options provided under this Contract that may be subject to a Market Value Adjustment.

Any payment within 6 months of the Guarantee Period Maturity Date will not be subject to a Market Value Adjustment. In any event, no payout of benefits provided under the Contract will be allowed that does not satisfy the requirements of the Code and any other applicable federal or state laws, rules or regulations.

#### **Beneficiary**

You may select one or more Beneficiaries. If more than one Beneficiary is selected, they will share equally in any Death Benefit payable unless you indicate otherwise. You may change the Beneficiary any time before the Annuitant's death.

A change of Beneficiary will take effect as of the date the Request is processed by the Annuity Service Center at First GWL&A, unless a certain date is specified by the Owner. If the Owner dies before the Request is processed, the change will take effect as of the date the Request was made, unless we have already made a payout or otherwise taken action on a designation or change before receipt or processing of such Request. A Beneficiary designated irrevocably may not be changed without the written consent of that Beneficiary, except as allowed by law.

The interest of any Beneficiary who dies before the Owner or the Annuitant will terminate at the death of the Beneficiary. The interest of any Beneficiary who dies at the time of, or within 30 days after the death of an Owner or the Annuitant, will also terminate if no benefits have been paid to such Beneficiary, unless the Owner otherwise indicates by Request. The benefits will then be paid as though the Beneficiary had died before the deceased Owner or Annuitant. If no Beneficiary survives the Owner or Annuitant, as applicable, we will pay the Death Benefit proceeds to the Owner's estate.

If the Beneficiary is not the Owner's surviving spouse, she/he may elect, not later than one year after the Owner's date of death, to receive the Death Benefit in a single sum or under any of the variable options available under the Contract, and for a Contract issued prior to January 1, 2006 with Fixed Account Value, under any of the fixed annuity options available under the Contract, provided that:

- such annuity is distributed in substantially equal installments over the life or life expectancy of the Beneficiary or over a period not extending beyond the life expectancy of the Beneficiary, and

- such distributions begin not later than one year after the Owner's date of death.

If an election is not received by First GWL&A from a non-spouse Beneficiary or substantially equal installments begin later than one year after the Owner's date of death, then the entire amount must be distributed within five years of the Owner's date of death. The Death Benefit will be determined as of the date the payouts begin.

If a corporation or other non-individual entity is entitled to receive benefits upon the Owner's death, the Death Benefit must be completely distributed within five years of the Owner's date of death.

## **Distribution of Death Benefit**

### **Death of Annuitant**

*Upon the death of the Annuitant while the Owner is living, and before the Annuity Commencement Date*, we will pay the Death Benefit to the Beneficiary unless there is a Contingent Annuitant.

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### **Contingent Annuitant**

While the Annuitant is living, and at least 30 days prior to the Annuity Commencement Date you may, by Request, designate or change a Contingent Annuitant from time to time. A change of Contingent Annuitant will take effect as of the date the request is processed at the Annuity Service Center at First GWL&A, unless a certain date is specified by the Owner(s). Please note, you are not required to designate a Contingent Annuitant.

*If a Contingent Annuitant was named by the Owner(s) prior to the Annuitant's death, and the Annuitant dies before the Annuity Commencement Date while the Owner and Contingent Annuitant are living*, no Death Benefit will be payable and the Contingent Annuitant will become the Annuitant.

*If the Annuitant dies after the Annuity Commencement Date and before the entire interest has been distributed*, any benefit payable must be distributed to the Beneficiary at least as rapidly as under the payout option which was in effect on the Annuitant's date of death.

*If the deceased Annuitant is an Owner, or if a corporation or other non-individual is an Owner*, the death of the Annuitant will be treated as the death of an Owner and the Contract will be subject to the "Death of Owner" provisions described below.

### **Death of Owner Who Is Not the Annuitant**

*If there is a Joint Owner who is the surviving spouse and the Beneficiary of the deceased Owner*, the Joint Owner becomes the Owner and Beneficiary and the Death Benefit will be paid to the Joint Owner unless the Joint Owner elects to continue the Contract in force.

*If the Owner dies after the Annuity Commencement Date and before the entire interest has been distributed while the Annuitant is living*, any benefit payable will continue to be distributed to the Annuitant as rapidly as under the payout option applicable on the Owner's date of death. All rights granted the Owner under the Contract will pass to any surviving Joint Owner and, if none, to the Annuitant.

*In all other cases*, we will pay the Death Benefit to the Beneficiary even if a Joint Owner (who was not the Owner's spouse on the date of the Owner's death) and/or the Contingent Annuitant are alive at the time of the Owner's death, unless the sole Beneficiary is the deceased Owner's surviving spouse who may elect to become the Owner and Annuitant and to continue the Contract in force.

### **Death of Owner Who Is the Annuitant**

*If there is a Joint Owner who is the surviving spouse of the deceased Owner and a Contingent Annuitant*, the Joint Owner becomes the Owner and the Beneficiary, the Contingent Annuitant will become the Annuitant, and the Contract will continue in force.

*If there is a Joint Owner who is the surviving spouse and the Beneficiary of the deceased Owner but no Contingent Annuitant*, the Joint Owner will become the Owner, Annuitant and Beneficiary and may elect to take the Death Benefit or continue the Contract in force.

*In all other cases*, we will pay the Death Benefit to the Beneficiary, even if a Joint Owner (who was not the Owner's spouse on the date of the Owner's death), Annuitant and/or Contingent Annuitant are alive at the time of the Owner's death, unless the sole Beneficiary is the deceased Owner's surviving spouse who may elect to become the Owner and Annuitant and to continue the Contract in force.

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## **Charges and Deductions**

No amounts will be deducted from your Contributions, except for any applicable Premium Tax. As a result, the full amount of your Contributions (less any applicable Premium Tax) is invested in the Contract.

As more fully described below, charges under the Contract are assessed only as deductions from your Variable Account Value for:

- Premium Tax, if applicable,
- Certain Transfers,
- a Contract Maintenance Charge, and
- charges against your Variable Account Value for our assumption of mortality and expense risks.

## **Mortality and Expense Risk Charge**

We deduct a mortality and expense risk charge from your Variable Account Value at the end of each valuation period to compensate us for bearing certain mortality and expense risks under the Contract. This is a daily charge equal to an effective annual rate of 0.85%. We guarantee that this charge will never increase beyond 0.85%.

The mortality and expense risk charge is reflected in the unit values of each of the Sub-Accounts you have selected. Thus, this charge will continue to be applicable should you choose a variable annuity payout option or the periodic withdrawal option.

Annuity Account Values and annuity payouts are not affected by changes in actual mortality experience incurred by us. The mortality risks assumed by us arise from our contractual obligations to make annuity payouts determined in accordance with the annuity tables and other provisions contained in the Contract. This means that you can be sure that neither the Annuitant's longevity nor an unanticipated improvement in general life expectancy will adversely affect the annuity payouts under the Contract.

We bear substantial risk in connection with the Death Benefit before the Annuity Commencement Date.

The expense risk assumed is the risk that our actual expenses in administering the Contracts and the Series Account will be greater than we anticipated.

If the mortality and expense risk charge is insufficient to cover actual costs and risks assumed, the loss will fall on us. If this charge is more than sufficient, any excess will be profit to us. Currently, we expect a profit from this charge. Our expenses for distributing the Contracts will be borne by our general assets, including any profits from this charge.

## **Contract Maintenance Charge**

We currently deduct a \$25 annual contract maintenance charge from the Annuity Account Value on each Contract anniversary date for accounts under \$50,000 as of such anniversary date. This charge partially covers our costs for administering the Contracts and the Series Account. Once you have started receiving payouts from the annuity, this charge will stop unless you choose the periodic withdrawal option.

The contract maintenance charge is deducted from the portion of your Annuity Account Value allocated to the Schwab Money Market Sub-Account. If the portion of your Annuity Account Value in this Sub-Account is not sufficient to cover the contract maintenance charge, then the charge or any portion of it will be deducted on a pro rata basis from all your Sub-Accounts with current value. If the entire Annuity Account is held in the Guarantee Period Fund or there are not enough funds in any Sub-Account to pay the entire charge, then the contract maintenance charge will be deducted on a pro rata basis from amounts held in all Guarantee Periods. There is no MVA on amounts deducted from a Guarantee Period for the contract maintenance charge.

The contract maintenance charge is currently waived for Contracts with an Annuity Account Value of at least \$50,000 on the applicable Contract anniversary date. If your Annuity Account Value falls below \$50,000, the contract maintenance charge will be reinstated until an anniversary date on which such time as your Annuity Account Value is equal to or greater than \$50,000. We do not expect a profit from amounts received from the contract maintenance charge.

## **Transfer Fees**

There will be a \$10 charge for each Transfer in excess of 12 Transfers in any calendar year. We do not expect a profit from the Transfer fee.

## **Expenses of the Portfolios**

The values of the assets in the Sub-Accounts reflect the values of the Sub-Accounts' respective Portfolio shares and therefore the fees and expenses paid by each Portfolio. Some of the Portfolios' investment advisers or administrators may compensate us for providing administrative services in connection with the Portfolios or cost savings experienced by the investment advisers or administrators of the Portfolios. Such compensation is typically a percentage of the value of the assets invested in the relevant Sub-Accounts and generally may range up to 0.35% annually of net assets. GWFS may also receive Rule 12b-1 fees (ranging up to 0.25% annually of net assets) directly from certain Portfolios for providing distribution related services related to shares of the Portfolios offered in connection with a Rule 12b-1 plan. If GWFS receives 12b-1 fees, combined compensation for administrative and distribution related services generally ranges up to 0.60% annually of the assets invested in the relevant Sub-Accounts.

## **Premium Tax**

We may be required to pay state Premium Taxes or retaliatory taxes in connection with Contributions or values under the Contracts. As of April 30, 2010, the State of New York does not charge Premium Taxes and no deductions will be made. Should applicable New York law subsequently be changed, we may deduct charges for the Premium Taxes we incur with respect to your Contributions, from amounts withdrawn, or from amounts applied on the Payout Commencement Date.

## Other Taxes

Under present laws, we will incur state or local taxes (in addition to the Premium Tax described above) in New York. No charges are currently deducted for taxes other than Premium Tax. However, we reserve the right to deduct charges in the future for federal, state, and local taxes or the economic burden resulting from the application of any tax laws that we determine to be attributable to the Contract.

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## Payout Options

During the Distribution Period, you can choose to receive payouts through periodic withdrawals, variable annuity payouts or in a single sum payment, and for a Contract issued prior to January 1, 2006, with Fixed Account Value, you can choose to receive payouts under fixed annuity options available under the Contract. The Payout Commencement Date must be for a Contract issued prior to January 1, 2006, at least one year and for a Contract issued on or after January 3, 2006, 13 months, after the Effective Date of the Contract. If you do not select a Payout Commencement Date, payouts will begin for a Contract issued prior to January 1, 2006, on the first day of the month of the Annuitant's 90<sup>th</sup> birthday and for a Contract issued on or after January 3, 2006, on the Annuitant's 90<sup>th</sup> birthday.

You may change the Payout Commencement Date within 30 days prior to commencement of payouts or your Beneficiary may change it upon the death of the Owner.

If this is an IRA, payouts which satisfy the minimum distribution requirements of the Code must begin no later than April 1 of the calendar year following the calendar year in which you become age 70½.

## Periodic Withdrawals

You may Request that all or part of the Annuity Account Value be applied to a periodic withdrawal option. The amount applied to a periodic withdrawal is the Annuity Account Value with any applicable MVA, less Premium Tax, if any.

In requesting periodic withdrawals, you must elect:

- The withdrawal frequency of 1-, 3-, 6- or 12-month intervals,
- A minimum withdrawal amount of at least \$100,
- The calendar day of the month on which withdrawals will be made, and
- One of the periodic withdrawal payout options discussed below— you may change the withdrawal option and/or the frequency once each calendar year.

Your withdrawals may be prorated across the Guarantee Period Fund, if applicable, and the Sub-Accounts in proportion to their assets. Or, they can be made specifically from the Guarantee Period Fund and specific Sub-Account(s) until they are depleted. Then, we will automatically prorate the remaining withdrawals against any remaining Guarantee Period Fund and Sub-Account assets unless you request otherwise.

While periodic withdrawals are being received:

- You may continue to exercise all contractual rights, except that no Contributions may be made,
- A Market Value Adjustment, if applicable, will be assessed for periodic withdrawals from Guarantee Periods made six or more months prior to their Guarantee Period Maturity Date,
- You may keep the same Sub-Accounts as you had selected before periodic withdrawals began,
- Charges and fees under the Contract continue to apply,
- Maturing Guarantee Periods renew into the Schwab Money Market Sub-Account.

Periodic withdrawals will cease on the earlier of the date:

- The amount elected to be paid under the option selected has been reduced to zero,
- The Annuity Account Value is zero,
- You Request that withdrawals stop,
- You purchase an annuity option, or
- The Owner or the Annuitant dies.

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If you choose to receive payouts from your Contract through periodic withdrawals, you may select from the following payout options:

**Income for a specified period (at least 36 months)**—You elect the length of time over which withdrawals will be made. The amount paid will vary based on the duration you choose.

**Income of a specified amount (at least 36 months)**—You elect the dollar amount of the withdrawals. Based on the amount elected, the duration may vary.

**Interest only**—Your withdrawals will be based on the amount of interest credited to the Guarantee Period Fund between withdrawals. Available only if 100% of your Account Value is invested in the Guarantee Period Fund.

**Minimum distribution**—If you are using this Contract as an IRA, you may request minimum distributions as specified under Code Section 401(a)(9).

**Any other form of periodic withdrawal** acceptable to us which is for a period of at least 36 months.

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If periodic withdrawals stop, you may resume making Contributions. However, we may limit the number of times you may restart a periodic withdrawal program.

Periodic withdrawals made for any purpose may be taxable, subject to withholding and to the 10% federal penalty tax if you are younger than age 59½. IRAs are subject to complex rules with respect to restrictions on and taxation of distributions, including penalty taxes.

In accordance with the provisions outlined in this section, you may request a periodic withdrawal to remit fees paid to your Consultant. There may be income tax consequences to any periodic withdrawal made for this purpose. Please see "Withdrawals" and "Federal Tax Matters" on pages 39.

### **Annuity Payouts**

You can choose the Annuity Commencement Date either when you purchase the Contract or at a later date. The date you choose must be for a Contract issued prior to January 1, 2006, at least one year and for a Contract issued on or after January 3, 2006, 13 months, after the Effective Date of the Contract. If you do not select an Annuity Commencement Date, payouts will begin for a Contract issued prior to January 1, 2006, on the first day of the month of the Annuitant's 90<sup>th</sup> birthday and for a Contract issued on or after January 3, 2006, on the Annuitant's 90<sup>th</sup> birthday. You can change your selection at any time up to 30 days before the Annuity Commencement Date you selected.

If you have not elected a payout option within 30 days of the Annuity Commencement Date, the portion of your Annuity Account Value held in your Fixed Account will be paid out as a fixed life annuity with a guarantee period of 20 years. The Annuity Account Value held in the Sub-Account(s) will be paid out as a variable life annuity with a guarantee period of 20 years.

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If you choose to receive **variable annuity payouts** from your Contract, you may select from the following payout options:

**Variable life annuity with guaranteed period**—This option provides for monthly payouts during a guaranteed period or for the lifetime of the Annuitant, whichever is longer. The guaranteed period may be 5, 10, 15 or 20 years.

**Variable life annuity**—This option provides for monthly payouts during the lifetime of the Annuitant. The annuity terminates with the last payout due prior to the death of the Annuitant. Since no minimum number of payouts is guaranteed, this option may offer the maximum level of monthly payouts. It is possible that only one payout may be made if the Annuitant died before the date on which the second payout is due.

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The amount to be paid out is the Annuity Account Value on the Annuity Commencement Date. The minimum amount that may be withdrawn from the Annuity Account Value to purchase an annuity payout option is \$2,000 with a Market Value Adjustment, if applicable. If after the Market Value Adjustment, your Annuity Account Value is less than \$2,000, we may pay the amount in a single sum subject to the Contract provisions applicable to a partial withdrawal.

Under an annuity payout option, you can receive payouts monthly, quarterly, semi-annually or annually in payments which must be at least \$50. We reserve the right to make payouts using the most frequent payout interval which produces a payout of at least \$50.

If you elect to receive a single sum payment, the amount paid is the Surrender Value.

### **Amount of First Variable Payout**

The first payout under a variable annuity payout option will be based on the value of the amounts held in each Sub-Account you have selected on the fifth valuation date preceding the Annuity Commencement Date. It will be determined by applying the appropriate rate to the amount applied under the payout option. The rate set by Contract and applied reflects an assumed investment return ("AIR") of 5%.

For annuity options involving life income, the actual age and the year in which annuitization commences and/or gender of the Annuitant will affect the amount of each payout. We reserve the right to ask for satisfactory proof of the Annuitant's age. We may delay annuity payouts until satisfactory proof is received. Since payouts to older Annuitants are expected to be fewer in number, the amount of each annuity payout under a selected annuity form will be greater for older Annuitants than for younger Annuitants.



If the age or gender of the Annuitant has been misstated, the payouts established will be made on the basis of the correct age or gender. If payouts were too large because of misstatement, the difference with interest may be deducted by us from the next payout or payouts. If payouts were too small, the difference with interest may be added by us to the next payout.

This interest is at an annual effective rate which will not be less than the Contractual Guarantee of a Minimum Rate of Interest.

### **Variable Annuity Units**

The number of Annuity Units paid for each Sub-Account is determined by dividing the amount of the first monthly payout by its Annuity Unit value on the fifth valuation date preceding the date the first payout is due. The number of Annuity Units used to calculate each payout for a Sub-Account remains fixed during the Annuity Payout Period.

### **Amount of Variable Payouts After the First Payout**

Payouts after the first will vary depending upon the investment performance of the Sub-Accounts. Your payments will increase in amount over time if the Sub-Account(s) you select earn more than the 5% AIR. Likewise, your payments will decrease in amount over time if the Sub-Account(s) you select earn less than the 5% AIR. The subsequent amount paid from each Sub-Account is determined by multiplying (a) by (b) where (a) is the number of Sub-Account Annuity Units to be paid and (b) is the Sub-Account Annuity Unit value on the fifth valuation date preceding the date the annuity payout is due. The total amount of each variable annuity payout will be the sum of the variable annuity payouts for each Sub-Account you have selected. We guarantee that the dollar amount of each payout after the first will not be affected by variations in expenses or mortality experience.

### **Transfers After the Variable Annuity Commencement Date**

Once annuity payouts have begun, no Transfers may be made from a fixed annuity payout option to a variable annuity payout option. However, for variable annuity payout options, Transfers may be made within the variable annuity payout option among the available Sub-Accounts. Transfers after the Annuity Commencement Date will be made by converting the number of Annuity Units being Transferred to the number of Annuity Units of the Sub-Account to which the Transfer is made. The result will be that the next annuity payout, if it were made at that time, would be the same amount that it would have been without the Transfer. Thereafter, annuity payouts will reflect changes in the value of the new Annuity Units.

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For a Contract with Fixed Account Value you can choose to receive fixed annuity payouts from your Contract. You may select from the following payout options:

- Income of specified amount—The amount applied under this option may be paid in equal annual, semi-annual, quarterly or monthly installments in the dollar amount elected for not more than 240 months,
- Income for a specified period—Payouts are paid annually, semi-annually, quarterly or monthly, as elected, for a selected number of years not to exceed 240 months,
- Fixed life annuity with guaranteed period—This option provides monthly payouts during a guaranteed period or for the lifetime of the Annuitant, whichever is longer. The guaranteed period may be 5, 10, 15 or 20 years,
- Fixed life annuity—This option provides for monthly payouts during the lifetime of the Annuitant. The annuity ends with the last payout due prior to the death of the Annuitant. Since no minimum number of payouts is guaranteed, this option may offer the maximum level of monthly payouts. It is possible that only one payout may be made if the Annuitant died before the date on which the second payout is due, or
- Any other form of a fixed annuity acceptable to us.

### **Other Restrictions**

Once payouts start under the annuity payout option you select:

- no changes can be made in the payout option,
- no additional Contributions will be accepted under the Contract, and
- no further withdrawals, other than withdrawals made to provide annuity benefits, will be allowed.

A portion or the entire amount of the annuity payouts may be taxable as ordinary income. If, at the time the annuity payouts begin, we have not received a proper written election not to have federal income taxes withheld, we must by law withhold such taxes from the taxable portion of such annuity payouts and remit that amount to the federal government (an election not to have taxes withheld is not permitted for certain distributions from qualified contracts). State income tax withholding may also apply. Please see "Federal Tax Matters" on page 39 for details.

### **Annuity IRAs**

The annuity date and options available for IRAs may be controlled by endorsements, the plan documents, or applicable law.

Under the Code, a Contract purchased and used in connection with an IRA or with certain other plans qualifying for special federal income tax treatment is subject to complex "minimum distribution" requirements. Under a minimum distribution plan,

distributions must begin by a specific date and the entire interest of the plan participant must be distributed within a certain specified period of time. The application of the minimum distribution requirements vary according to your age and other circumstances.

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## **Seek Tax Advice**

The following discussion of the federal income tax consequences is only a brief summary and is not intended as tax advice. The federal income tax consequences discussed here reflect our understanding of current law and the law may change. Federal estate tax consequences and state and local estate, inheritance, and other tax consequences of ownership or receipt of distributions under a Contract depend on your individual circumstances or the circumstances of the person who receives the distribution. **A tax advisor should be consulted for further information.**

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## **Federal Tax Matters**

The following discussion is a general description of the federal income tax considerations relating to the Contracts and is not intended as tax advice. This discussion assumes that the Contract qualifies as an annuity contract for federal income tax purposes. This discussion is not intended to address the tax consequences resulting from all situations. If you are concerned about the tax implications relating to the ownership or use of the Contract, you should consult a competent tax advisor before initiating any transaction.

This discussion is based upon our understanding of the present federal income tax laws as they are currently interpreted by the IRS. No representation is made as to the likelihood of the continuation of the present federal income tax laws or of the current interpretation by the IRS. Moreover, no attempt has been made to consider any applicable state or other tax laws.

Only prior to January 1, 2006, could the Contract be purchased on a non-tax qualified basis ("Non-Qualified Contract") or purchased as an individual retirement annuity ("Annuity IRA"). On or after January 1, 2006, only Non-Qualified Contracts could be purchased. The Contract has not been offered for sale since April 30, 2007.

The ultimate effect of federal income taxes on the amounts held under a Contract, on annuity payouts, and on the economic benefit to you, the Annuitant, or the Beneficiary may depend on the type of Contract, and on the tax status of the individual concerned.

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**Because tax laws, rules and regulations are constantly changing, we do not make any guarantees about the Contract's tax status.**

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Certain requirements must be satisfied in purchasing an Annuity IRA and receiving distributions from an Annuity IRA in order to continue receiving favorable tax treatment. As a result, purchasers of Annuity IRAs should seek competent legal and tax advice regarding the suitability of the Contract for their situation, the applicable requirements and the tax treatment of the rights and benefits of the Contract. The following discussion assumes that an Annuity IRA is purchased with proceeds and/or Contributions that qualify for the intended special federal income tax treatment.

## **Taxation of Annuities**

Section 72 of the Code governs the taxation of the Contracts. You, as a "natural person," will generally not be taxed on increases, if any, to your Annuity Account Value until a distribution of all or part of the Annuity Account Value occurs (for example, a withdrawal or annuity payout under an annuity payout option). However, an assignment, pledge, or agreement to assign or pledge any portion of the Annuity Account Value of a Non-Qualified Contract will be treated as a distribution of such portion. An Annuity IRA may not be assigned as collateral. The taxable portion of a distribution (in the form of a single sum payout or an annuity) is taxable as ordinary income.

As a general rule, if the Non-Qualified Contract is owned by an entity that is not a natural person (for example, a corporation or certain trusts), the Contract will not be treated as an annuity contract for federal tax purposes. Such an Owner generally must include in income any increase in the excess of the Annuity Account Value over the "investment in the Contract" (discussed below) during each taxable year. The general rule does not apply, however, where the non-natural person is only the nominal Owner of a Contract and a beneficial Owner is a natural person. The rule also does not apply where:

- The annuity Contract is acquired by the estate of a decedent,
- The Contract is an Annuity IRA,
- The Contract is a qualified funding asset for a structured settlement,
- The Contract is purchased on behalf of an employee upon termination of a qualified plan, or
- The Contract is an immediate annuity.

The following discussion generally applies to a Contract owned by a natural person.

## **Withdrawals**

In the case of a withdrawal under a Non-Qualified Contract, partial withdrawals, including periodic withdrawals that are not part of an annuity payout, are generally treated as taxable income and taxed at ordinary income tax rates to the extent that the Annuity Account Value immediately before the withdrawal exceeds the "investment in the Contract" at that time. The "investment in the

Contract" generally equals the amount of any nondeductible Contributions paid by or on behalf of any individual less any withdrawals that were excludable from income. If a partial withdrawal is made from a Guarantee Period which is subject to a Market Value Adjustment, then the Annuity Account Value immediately before the withdrawal will not be altered to take into account the Market Value Adjustment. As a result, for purposes of determining the taxable portion of the partial withdrawal, the Annuity Account Value will not reflect the amount, if any, deducted from or added to the Guarantee Period due to the Market Value Adjustment.

Full surrenders are treated as taxable income to the extent that the amount received exceeds the "investment in the Contract." The taxable portion of any withdrawal, including a full surrender, is taxed at ordinary income tax rates.

In the case of a withdrawal under an Annuity IRA, including withdrawals under the periodic withdrawal option, a portion of the amount received may be non-taxable. The amount of the non-taxable portion is generally determined by the ratio of the "investment in the Contract" to the individual's Annuity Account Value. Special tax rules may be available for certain distributions from an Annuity IRA.

### **Annuity Payouts**

Although the tax consequences may vary depending on the annuity form elected under the Contract, in general, only the portion of the annuity payout that exceeds the exclusion amount will be taxed. The exclusion amount is generally determined by a formula that establishes the ratio of the "investment in the Contract" to the expected return under the Contract. For fixed annuity payouts, in general there is no tax on the portion of each payout which represents the same ratio that the "investment in the Contract" allocated to the fixed annuity payouts bears to the total expected value of the annuity payouts for the term of the payouts (determined under Treasury Department regulations).

For variable annuity payouts, in general there is no tax on the portion of each payout which represents the same ratio that the "investment in the Contract" allocated to the variable annuity payouts bears to the number of payments expected to be made (determined by Treasury Department regulations which take into account the Annuitant's life expectancy and the form of annuity benefit selected). Once the investment in the Contract has been fully recovered, the full amount of any additional annuity payouts is taxable. If the annuity payments stop as a result of an Annuitant's death before full recovery of the "investment in the Contract," you should consult a competent tax advisor regarding the deductibility of the unrecovered amount.

The taxable portion of any annuity payout is taxed at ordinary income tax rates.

### **Penalty Tax**

For distributions from a Non-Qualified Contract, there may be a federal income tax penalty imposed equal to 10% of the amount treated as taxable income. In general, however, there is no penalty tax on distributions:

- Made on or after the date on which the Owner reaches age 59½,
- Made as a result of death or disability of the Owner, or
- Received in substantially equal periodic payouts (at least annually) for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and the Beneficiary.

Other exceptions may apply to distributions from a Non-Qualified Contract. Similar exceptions from the penalty tax on distributions are provided for distributions from an Annuity IRA. For more details regarding this penalty tax and other exceptions that may be applicable, please consult a competent tax advisor.

### **Taxation of Death Benefit Proceeds**

Amounts may be distributed from the Contract because of the death of an Owner or the Annuitant. Generally such amounts are included in the income of the recipient as follows:

- If distributed in a lump sum, they are taxed in the same manner as a full withdrawal, as described above, or
- If distributed under an annuity form, they are taxed in the same manner as annuity payouts, as described above.

### **Distribution at Death**

In order to be treated as an annuity contract, the terms of a Non-Qualified Contract must provide the following two distribution rules:

- If the Owner dies before the date annuity payouts start, the entire interest in the Contract must generally be distributed within five years after the date of the Owner's death. If payable to a designated Beneficiary, the distributions may be paid over the life of that designated Beneficiary or over a period not extending beyond the life expectancy of that Beneficiary, so long as payouts start within one year of the Owner's death. If the sole designated Beneficiary is your spouse, the Contract may be continued in the name of the spouse as Owner, and



- If the Owner dies on or after the date annuity payouts start, and before the entire interest in the Contract has been distributed, the remainder of the interest in the Contract must be distributed on the same or on a more rapid schedule than that provided for in the method in effect on the date of death.

If the Owner is not an individual, then for purposes of the distribution at death rules, the Primary Annuitant is considered the Owner. In addition, when the Owner is not an individual, a change in the Primary Annuitant is treated as the death of the Owner.

Distributions made to a Beneficiary upon the Owner's death from an Annuity IRA must be made pursuant to similar rules in Section 401(a)(9) of the Code.

### **Diversification of Investments**

For a Non-Qualified Contract to be treated as an annuity for federal income tax purposes, the investments of the Sub-Accounts must be "adequately diversified" in accordance with Treasury Department Regulations. The diversification requirements do not apply to Annuity IRAs. If the Series Account or a Sub-Account failed to comply with these diversification standards, a Non-Qualified Contract would not be treated as an annuity contract for federal income tax purposes and the Owner would generally be taxable currently on the excess of the Annuity Account Value over the "investment in the Contract."

Although the Company may not control the investments of the Sub-Accounts or the Portfolios, it expects that the Sub-Accounts and the Portfolios will comply with such regulations so that the Sub-accounts will be considered "adequately diversified." Owners bear the risk that the entire Non-Qualified Contract could be disqualified as an annuity under the Code due to the failure of the Series Account or a Sub-Account to be deemed to be adequately diversified.

### **Owner Control**

In connection with its issuance of temporary and proposed regulations under Section 817(h) in 1986, the Treasury Department announced that those regulations did not "provide guidance concerning the circumstances in which investor control of the investments of a segregated asset account may cause the investor (*i.e.*, the Owner), rather than the insurance company to be treated as the owner of the assets in the account" (which would result in the current taxation of the income on those assets to the Owner). In Revenue Ruling 2003-91, the IRS provided such guidance by describing the circumstances under which the owner of a variable contract will not possess sufficient control over the assets underlying the contract to be treated as the owner of those assets for federal income tax purposes. Rev. Rul. 2003-91 states that the determination of whether the owner of a variable contract is to be treated as the owner of the assets held by the insurance company under the contract will depend on all of the facts and circumstances. We do not believe that the ownership rights of an Owner under the Contract would result in any Owner being treated as the owner of the assets of the Contract under Rev. Rul. 2003-91. However, we do not know whether additional guidance will be provided by the IRS on this issue and what standards may be contained in such guidance. Therefore, we reserve the right to modify the Contract as necessary to attempt to prevent a Contract Owner from being considered the owner of a pro rata share of the assets of the Contract.

### **Transfers, Assignments or Exchanges**

A transfer of ownership of a Contract, the designation of an Annuitant, Payee or other Beneficiary who is not also the Owner, or the exchange of a Contract may result in adverse tax consequences that are not discussed in this Prospectus.

### **Multiple Contracts**

All deferred, Non-Qualified Annuity Contracts that are issued by First GWL&A (or our affiliates) to the same Owner during any calendar year will be treated as one annuity contract for purposes of determining the taxable amount.

### **Withholding**

Non-Qualified Contract and Annuity IRA distributions generally are subject to withholding at rates that vary according to the type of distribution and the recipient's tax status. Recipients, however, generally are provided the opportunity to elect not to have tax withheld from distributions.

### **Section 1035 Exchanges**

Code Section 1035 provides that no gain or loss shall be recognized on the exchange of one annuity contract for another. Generally, an annuity contract issued in an exchange for another annuity contract is treated as new for purposes of the penalty and distribution at death rules.

In March 2008, the IRS issued Rev. Proc. 2008-24, which addresses the income tax consequences of the direct transfer of a portion of the cash value of an annuity contract in exchange for the issuance of a second annuity contract. A direct transfer that satisfies the revenue procedure will be treated as a tax-free exchange under section 1035 of the Internal Revenue Code if, for a period of at least twelve months from the date of the direct transfer, there are no distributions or surrenders from either annuity contract involved in the exchange. In addition, the tax-free status of the exchange may still be preserved despite a distribution or surrender from either contract if the contract owner can show that between the date of the direct transfer and the distribution or surrender, one of the conditions described under section 72(q)(2) of the Internal Revenue Code that would exempt the distribution from the 10% early distribution penalty (such as turning age 59½, or becoming disabled; but not a series of substantially equal periodic

payments or an immediate annuity) or “other similar life event” such as divorce or loss of employment occurred. Absent a showing of such an occurrence, Rev. Proc. 2008-24 concludes that the direct transfer would fail to qualify as a tax-free 1035 exchange, and the full amount transferred from the original contract would be treated as a taxable distribution, followed by the purchase of a new annuity contract. Rev. Proc. 2008-24 applies to direct transfers completed on or after June 30, 2008. Please discuss any tax consequences concerning any contemplated or completed transactions with a competent tax advisor.

## **Individual Retirement Annuities**

Only Contracts purchased prior to January 1, 2006, may be used with IRAs as described in Section 408 of the Code which permits eligible individuals to contribute to an individual retirement program known as an Individual Retirement Annuity. Also, certain kinds of distributions from certain types of qualified and non-qualified retirement plans may be "rolled over" into an Annuity IRA following the rules set out in the Code. If you purchased this Contract for use with an IRA, you have been provided with supplemental information.

If a Contract was purchased to fund an IRA, the Annuitant must have also been the Owner. In addition, if a Contract was purchased to fund an IRA, minimum distributions must commence not later than April 1st of the calendar year following the calendar year in which you attain age 70½. You should consult your tax advisor concerning these matters.

The Worker, Retiree, and Employer Recovery Act (the “Act”) allows owners of Individual Retirement Accounts and beneficiaries to postpone receiving required minimum distributions (“RMDs”) for 2009. The 2009 waiver also applies to individuals who may be eligible to postpone taking their 2009 RMD until April 1, 2010 (*e.g.*, IRA owners who turned 70 ½ in 2009). However, the Act does not waive any 2008 RMD for individuals who were eligible and chose to delay taking their 2008 RMD until April 1, 2009. Any withdrawal in 2009 (that is not an RMD for 2008) may be eligible to be rolled over into another eligible retirement plan. Currently, this waiver is for the 2009 calendar year *only* after which the RMD requirements described above will again be applicable and must be followed beginning in 2010.

Various tax penalties may apply to Contributions in excess of specified limits, distributions that do not satisfy specified requirements, and certain other transactions. The Contract will be amended as necessary to conform to the requirements of the Code if there is a change in the law. Purchasers should seek competent advice as to the suitability of the Contract for use with IRAs.

Prior to January 1, 2006 at the time of your initial Contribution, you could specify whether you were purchasing a Non-Qualified Contract or an IRA Annuity.

Prior to January 1, 2006, we required you to purchase separate Contracts if you wanted to invest money qualifying for different annuity tax treatment under the Code. For each separate Contract you needed to make the required minimum initial Contribution. Additional Contributions under the Contract must qualify for the same federal income tax treatment as the initial Contribution under the Contract. We will not accept an additional Contribution under a Contract if the federal income tax treatment of the Contribution would be different from the initial Contribution.

If a Contract is issued in connection with an employer's simplified employee pension plan, Owners, Annuitants and Beneficiaries are cautioned that the rights of any person to any of the benefits under the Contract will be subject to the terms and conditions of the plan itself, regardless of the terms and conditions of the Contract.

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## **Assignments or Pledges**

Generally, rights in the Non-Qualified Contract may be assigned or pledged for loans at any time during the life of the Annuitant. However, if the Contract is an Annuity IRA, you may not assign the Contract as collateral.

If a Non-Qualified Contract is assigned, the interest of the assignee has priority over your interest and the interest of the Beneficiary. Any amount payable to the assignee will be paid in a single sum.

A copy of any assignment must be submitted to the Annuity Service Center at First GWL&A. All assignments are subject to any action taken or payout made by First GWL&A before the assignment was processed. We are not responsible for the validity or sufficiency of any assignment.

If any portion of the Annuity Account Value is assigned or pledged for a loan, it will be treated as a distribution as discussed on page 39 under "Taxation of Annuities." Please consult a competent tax advisor for further information.

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## **Distribution of the Contracts**

The Contracts are no longer available for sale. We previously offered the Contract on a continuous basis and pursuant to a distribution agreement with Charles Schwab & Co., Inc. (“Schwab”) and GWFS. Contracts were sold in New York by licensed insurance agents who are registered representatives of Schwab (“Schwab representatives”). Schwab is registered as a broker/dealer under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is a member of the Financial Industry Regulatory Authority (“FINRA”). Schwab’s principal offices are located at 211 Main Street, San Francisco, California 94105.

GWFS is the principal underwriter and distributor of the Contracts and is a wholly-owned indirect subsidiary of Great-West. GWFS is registered with the SEC as a broker/dealer under the Exchange Act and is a member of FINRA. Its principal offices are located at 8515 East Orchard Road, Greenwood Village, Colorado 80111.

First Great-West (or its affiliates, for purposes of this section only, collectively, "the Company") pays Schwab compensation for ongoing support based on an annual rate of average monthly Series Account and Fixed Account assets. Compensation paid to Schwab is not paid directly by the Owner or the Series Account. The Company intends to fund this compensation through fees and charges imposed under the Contract and payable to the Company, and from profits on payments received by the Company from Portfolios' advisers or administrators for providing administrative, marketing, and other support and services to the Portfolios. See "Expenses of the Portfolios" on page 35 of this Prospectus.

The Company also may pay a marketing allowance or allow other promotional incentives or payments to Schwab in the form of cash or other compensation, as mutually agreed upon by the Company and Schwab, to the extent permitted by FINRA rules and other applicable laws and regulations. In the past, the marketing allowance and/or other promotional incentives or payments to Schwab have amounted to less than \$25,000 per year.

You should ask your Schwab representative for further information about what compensation he or she, or Schwab, may have received or will continue to receive in connection with your purchase of a Contract.

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## Voting Rights

In general, you do not have a direct right to vote the Portfolio shares held in the Series Account. However, under current law, you are entitled to give us instructions on how to vote the shares. We will vote the shares according to those instructions at regular and special shareholder meetings. If the law changes and we can vote the shares in our own right, we may elect to do so.

Before the Annuity Commencement Date, you have the voting interest. The number of votes available to you will be calculated separately for each of your Sub-Accounts. That number will be determined by applying your percentage interest, if any, in a particular Sub-Account to the total number of votes attributable to that Sub-Account. You hold a voting interest in each Sub-Account to which your Annuity Account Value is allocated. If you select a variable annuity option, the votes attributable to your Contract will decrease as annuity payouts are made.

The number of votes of a Portfolio will be determined as of the date established by that Portfolio for determining shareholders eligible to vote at the meeting of the Portfolios. Voting instructions will be solicited by written communication prior to such meeting in accordance with procedures established by the respective Portfolios.

If we do not receive timely instructions and Owners have no beneficial interest in shares held by us, we will vote according to the voting instructions as a proportion of all Contracts participating in the Sub-Account. If you indicate in your instructions that you do not wish to vote an item, we will apply your instructions on a pro rata basis to reduce the votes eligible to be cast.

Each person or entity having a voting interest in a Sub-Account will receive proxy material, reports and other material relating to the appropriate Portfolio.

Please note, generally the Portfolios are not required to, and do not intend to, hold annual or other regular meetings of shareholders.

Owners have no voting rights in First GWL&A.

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## Rights Reserved by First GWL&A

We reserve the right to make certain changes we believe would best serve the interests of Owners and Annuitants or would be appropriate in carrying out the purposes of the Contracts. Any changes will be made only to the extent and in the manner permitted by applicable laws. Also, when required by law, we will obtain your approval of the changes and approval from any appropriate regulatory authority. Approval may not be required in all cases, however. Examples of the changes we may make include:

- To operate the Series Account in any form permitted under the 1940 Act or in any other form permitted by law,
- To Transfer any assets in any Sub-Account to another Sub-Account, or to one or more separate accounts, or to a Guarantee Period; or to add, combine or remove Sub-Accounts of the Series Account,
- To substitute, for the Portfolio shares in any Sub-Account, the shares of another Portfolio or shares of another investment company or any other investment permitted by law,
- To make any changes required by the Code or by any other applicable law in order to continue treatment of the Contract as an annuity,
- To change the time or time of day at which a valuation date is deemed to have ended, and/or
- To make any other necessary technical changes in the Contract in order to conform with any action the above provisions permit us to take, including changing the way we assess charges, without increasing them for any outstanding Contract beyond the aggregate amount guaranteed.

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## Legal Proceedings

Currently, the Series Account is not a party to, and its assets are not subject to, any material legal proceedings. Further, First GWL&A is not currently a party to, and its property is not currently subject to, any material legal proceedings. The lawsuits to which First GWL&A is a party are, in the opinion of management, in the ordinary course of business, and are not expected to have a material adverse effect on the financial results, conditions or prospects of First GWL&A.

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## Legal Matters

Advice regarding certain legal matters concerning the federal securities laws applicable to the issue and sale of the Contract has been provided by Jorden Burt LLP.

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## Independent Registered Public Accounting Firm

The financial statements of each of the investment divisions of the Variable Annuity -1 Series Account of First Great-West Life & Annuity Insurance Company and the financial statements of First Great-West Life & Annuity Insurance Company included in this Prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the Registration Statement which report expresses an unqualified opinion on the financial statements of First Great-West Life & Annuity Insurance Company and includes an explanatory paragraph referring to the change in accounting for the recognition and presentation of other-than-temporary impairments for certain investments, as required by accounting guidance adopted on April 1, 2009, and both have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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## Available Information

You may request a free copy of the Statement of Additional Information. Please direct any oral or written request for such documents to:

Annuity Service Center  
P.O. Box 173921  
Denver, Colorado 80217-3921  
1-888-560-5938

The SEC maintains an Internet web site (<http://www.sec.gov>) that contains the Statement of Additional Information and other information filed electronically by First GWL&A concerning the Contract and the Series Account.

You can also review and copy the Registration Statement and its exhibits and other reports and information filed with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference room by calling the SEC at 1-800-SEC-0330.

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## Table of Contents of the Statement of Additional Information

The Statement of Additional Information contains more specific information relating to the Series Account and First GWL&A, such as:

- general information,
- information about First GWL&A and the Variable Annuity-1 Series Account,
- the calculation of annuity payouts,
- postponement of payouts,
- services,
- withholding, and
- financial statements for the Series Account and First Great-West Life & Annuity Insurance Company

**APPENDIX A**

**CONDENSED FINANCIAL INFORMATION**

Selected Data for Accumulation Units Outstanding Throughout Each Period  
For the Periods Ended December 31

|                             | AIM V.I. Core Equity                         |           | AIM V.I. High Yield |           | AIM V.I. International Growth |          | AIM V.I. Mid Cap Core Equity |          | AIM V.I. Small Cap Equity |          | AIM V.I. Technology |          | Alger LargeCap Growth |           |
|-----------------------------|--|-----------|---------------------|-----------|-------------------------------|----------|------------------------------|----------|---------------------------|----------|---------------------|----------|-----------------------|-----------|
|                             | 5/15/1997                                    | 5/15/1997 | 5/15/1997           | 5/15/1997 | 5/1/2006                      | 5/1/2006 | 5/1/2009                     | 5/1/2009 | 5/1/2009                  | 5/1/2009 | 3/1/2000            | 3/1/2000 | 5/15/1997             | 5/15/1997 |
| <b>2009</b>                 | <b>Date Sub-Account Commenced Operations</b> |           |                     |           |                               |          |                              |          |                           |          |                     |          |                       |           |
| Beginning Unit Value        | 12.62  | 12.62     | 9.86                | 9.86      | 7.46                          | 7.46     | 10.00                        | 10.00    | 10.00                     | 10.00    | 1.54                | 1.54     | 11.21                 | 11.21     |
| Ending Unit Value           | 16.06  | 16.06     | 14.94               | 14.94     | 10.01                         | 10.01    | 12.49                        | 12.49    | 12.20                     | 12.20    | 2.41                | 2.41     | 16.40                 | 16.40     |
| Number of Units Outstanding | 24,711                                       | 24,711    | 5,690               | 5,690     | 20,985                        | 20,985   | 374                          | 374      | -                         | -        | 103,130             | 103,130  | 74,074                | 74,074    |
| Net Assets (000's)          | 397  | 397       | 85                  | 85        | 210                           | 210      | 5                            | 5        | -                         | -        | 248                 | 248      | 1,215                 | 1,215     |
| <b>2008</b>                 | <b>Beginning Unit Value</b>                  |           |                     |           |                               |          |                              |          |                           |          |                     |          |                       |           |
| Ending Unit Value           | 18.22  | 18.22     | 13.39               | 13.39     | 12.62                         | 12.62    | 7.46                         | 7.46     | 2.81                      | 2.81     | 1.54                | 1.54     | 20.99                 | 20.99     |
| Number of Units Outstanding | 31,777                                       | 31,777    | 7,840               | 7,840     | 11,487                        | 11,487   | 86                           | 86       | 114,256                   | 114,256  | 176                 | 176      | 92,005                | 92,005    |
| Net Assets (000's)          | 417  | 417       | 105                 | 105       | 86                            | 86       | 5                            | 5        | 176                       | 176      | 1,038               | 1,038    | 1,038                 | 1,038     |
| <b>2007</b>                 | <b>Beginning Unit Value</b>                  |           |                     |           |                               |          |                              |          |                           |          |                     |          |                       |           |
| Ending Unit Value           | 17.00  | 17.00     | 13.33               | 13.33     | 11.10                         | 11.10    | 12.62                        | 12.62    | 2.63                      | 2.63     | 2.81                | 2.81     | 17.65                 | 17.65     |
| Number of Units Outstanding | 42,328                                       | 42,328    | 8,630               | 8,630     | 19,582                        | 19,582   | 247                          | 247      | 119,434                   | 119,434  | 335                 | 335      | 144,462               | 144,462   |
| Net Assets (000's)          | 791  | 791       | 149                 | 149       | 247                           | 247      | 5                            | 5        | 335                       | 335      | 3,042               | 3,042    | 3,042                 | 3,042     |
| <b>2006</b>                 | <b>Beginning Unit Value</b>                  |           |                     |           |                               |          |                              |          |                           |          |                     |          |                       |           |
| Ending Unit Value           | 14.73  | 14.73     | 12.14               | 12.14     | 10.00                         | 10.00    | 11.10                        | 11.10    | 2.40                      | 2.40     | 2.63                | 2.63     | 16.93                 | 16.93     |
| Number of Units Outstanding | 50,383                                       | 50,383    | 13,550              | 13,550    | 53,747                        | 53,747   | 204                          | 204      | 141,718                   | 141,718  | 372                 | 372      | 90,392                | 90,392    |
| Net Assets (000's)          | 872  | 872       | 204                 | 204       | 596                           | 596      | 5                            | 5        | 372                       | 372      | 1,596               | 1,596    | 1,596                 | 1,596     |

|                             | AIM V.I. Core Equity | AIM V.I. High Yield | AIM V.I. International Growth | AIM V.I. Mid Cap Core Equity | AIM V.I. Small Cap Equity | AIM V.I. Technology | Alger Large Cap Growth |
|-----------------------------|----------------------|---------------------|-------------------------------|------------------------------|---------------------------|---------------------|------------------------|
| <b>2005</b>                 |                      |                     |                               |                              |                           |                     |                        |
| Beginning Unit Value        | 14.38                | 11.92               |                               |                              |                           | 2.37                | 15.24                  |
| Ending Unit Value           | 14.73                | 12.14               |                               |                              |                           | 2.40                | 16.93                  |
| Number of Units Outstanding | 63,134               | 17,700              |                               |                              |                           | 176,373             | 88,597                 |
| Net Assets (000's)          | 930                  | 215                 |                               |                              |                           | 423                 | 1,500                  |
| <b>2004</b>                 |                      |                     |                               |                              |                           |                     |                        |
| Beginning Unit Value        | 13.91                | 10.84               |                               |                              |                           | 2.28                | 14.57                  |
| Ending Unit Value           | 14.38                | 11.92               |                               |                              |                           | 2.37                | 15.24                  |
| Number of Units Outstanding | 99,374               | 25,846              |                               |                              |                           | 181,149             | 116,167                |
| Net Assets (000's)          | 1,437                | 336                 |                               |                              |                           | 429                 | 1,771                  |
| <b>2003</b>                 |                      |                     |                               |                              |                           |                     |                        |
| Beginning Unit Value        | 11.44                | 8.75                |                               |                              |                           | 1.58                | 10.87                  |
| Ending Unit Value           | 13.91                | 10.84               |                               |                              |                           | 2.28                | 14.57                  |
| Number of Units Outstanding | 123,666              | 72,248              |                               |                              |                           | 233,492             | 137,615                |
| Net Assets (000's)          | 1,727                | 794                 |                               |                              |                           | 533                 | 2,005                  |
| <b>2002</b>                 |                      |                     |                               |                              |                           |                     |                        |
| Beginning Unit Value        | 14.27                | 8.94                |                               |                              |                           | 3.01                | 16.36                  |
| Ending Unit Value           | 11.44                | 8.75                |                               |                              |                           | 1.58                | 10.87                  |
| Number of Units Outstanding | 134,274              | 56,845              |                               |                              |                           | 237,751             | 161,233                |
| Net Assets (000's)          | 1,555                | 526                 |                               |                              |                           | 377                 | 1,753                  |
| <b>2001</b>                 |                      |                     |                               |                              |                           |                     |                        |
| Beginning Unit Value        | 15.81                | 10.60               |                               |                              |                           | 5.60                | 18.72                  |
| Ending Unit Value           | 14.27                | 8.94                |                               |                              |                           | 3.01                | 16.36                  |
| Number of Units Outstanding | 155,519              | 65,390              |                               |                              |                           | 279,639             | 193,900                |
| Net Assets (000's)          | 2,239                | 611                 |                               |                              |                           | 840                 | 3,173                  |



|                             | AIM V.I. Core Equity | AIM V.I. High Yield | AIM V.I. International Growth | AIM V.I. Mid Cap Core Equity | AIM V.I. Small Cap Equity | AIM V.I. Technology | Alger LargeCap Growth |
|-----------------------------|----------------------|---------------------|-------------------------------|------------------------------|---------------------------|---------------------|-----------------------|
| <b>2000</b>                 |                      |                     |                               |                              |                           |                     |                       |
| Beginning Unit Value        | 15.20                | 12.10               |                               |                              |                           | 10.00               | 22.15                 |
| Ending Unit Value           | 15.81                | 10.60               |                               |                              |                           | 5.60                | 18.72                 |
| Number of Units Outstanding | 139,214              | 91,172              |                               |                              |                           | 234,077             | 230,386               |
| Net Assets (000's)          | 2,218                | 990                 |                               |                              |                           | 1,310               | 4,312                 |

| Date        | Sub-Account                 | Commenced Operations |           |  |          |                               |          |   |          |  |          |   |          |                              |
|-------------|-----------------------------|----------------------|-----------|--|----------|-------------------------------|----------|---|----------|--|----------|---|----------|------------------------------|
|             |                             | Alger MidCap Growth  | 6/13/2003 | Alliance-Bernstein VPS Growth & Income | 5/1/2006 | Alliance-Bernstein VPS Growth | 5/1/2006 | Alliance-Bernstein VPS International Growth | 5/2/2005 | Alliance-Bernstein VPS International Value | 5/1/2006 | Alliance-Bernstein VPS Small/MidCap Value | 5/1/2006 | American Century VP Balanced |
| <b>2009</b> |                             |                      |           |  |          |                               |          |   |          |  |          |   |          |                              |
|             | Beginning Unit Value        | 8.42                 | 6.84      | 6.34                                   | 9.12     | 5.49                          | 6.74     | 10.72                                       |          |  |          |   |          |                              |
|             | Ending Unit Value           | 12.66                | 8.19      | 8.37                                   | 12.62    | 7.34                          | 9.55     | 12.28                                       |          |  |          |   |          |                              |
|             | Number of Units Outstanding | 23,364               | 11,128    | 8,889                                  | 77,349   | 52,481                        | 16,530   | 28,264                                      |          |  |          |   |          |                              |
|             | Net Assets (000's)          | 296                  | 91        | 74                                     | 976      | 385                           | 158      | 347   |          |  |          |   |          |                              |
| <b>2008</b> |                             |                      |           |  |          |                               |          |   |          |  |          |   |          |                              |
|             | Beginning Unit Value        | 20.39                | 11.61     | 11.11                                  | 17.98    | 11.84                         | 10.56    | 13.57                                       |          |  |          |   |          |                              |
|             | Ending Unit Value           | 8.42                 | 6.84      | 6.34                                   | 9.12     | 5.49                          | 6.74     | 10.72                                       |          |  |          |   |          |                              |
|             | Number of Units Outstanding | 38,654               | 12,784    | 9,355                                  | 105,867  | 98,568                        | 14,093   | 43,770                                      |          |  |          |   |          |                              |
|             | Net Assets (000's)          | 325                  | 87        | 59                                     | 966      | 542                           | 95       | 469   |          |  |          |   |          |                              |
| <b>2007</b> |                             |                      |           |  |          |                               |          |   |          |  |          |   |          |                              |
|             | Beginning Unit Value        | 15.63                | 11.14     | 9.91                                   | 15.35    | 11.28                         | 10.47    | 13.05                                       |          |  |          |   |          |                              |
|             | Ending Unit Value           | 20.39                | 11.61     | 11.11                                  | 17.98    | 11.84                         | 10.56    | 13.57                                       |          |  |          |   |          |                              |
|             | Number of Units Outstanding | 66,014               | 15,981    | 23,022                                 | 97,034   | 94,425                        | 13,007   | 45,869                                      |          |  |          |   |          |                              |
|             | Net Assets (000's)          | 1,346                | 186       | 256                                    | 1,745    | 1,118                         | 137      | 623   |          |  |          |   |          |                              |
| <b>2006</b> |                             |                      |           |  |          |                               |          |   |          |  |          |   |          |                              |
|             | Beginning Unit Value        | 14.31                | 10.00     | 10.00                                  | 12.19    | 10.00                         | 10.00    | 12.00                                       |          |  |          |   |          |                              |
|             | Ending Unit Value           | 15.63                | 11.14     | 9.91                                   | 15.35    | 11.28                         | 10.47    | 13.05                                       |          |  |          |   |          |                              |
|             | Number of Units Outstanding | 17,307               | 2,582     | 3,132                                  | 84,808   | 60,838                        | 9,980    | 40,864                                      |          |  |          |   |          |                              |
|             | Net Assets (000's)          | 271                  | 29        | 31                                     | 1,302    | 686                           | 104      | 533   |          |  |          |   |          |                              |
| <b>2005</b> |                             |                      |           |  |          |                               |          |   |          |  |          |   |          |                              |
|             | Beginning Unit Value        | 13.14                |           |  | 10.00    |                               |          | 11.54                                       |          |  |          |   |          |                              |
|             | Ending Unit Value           | 14.31                |           |  | 12.19    |                               |          | 12.00                                       |          |  |          |   |          |                              |
|             | Number of Units Outstanding | 16,169               |           |  | 47,455   |                               |          | 27,857                                      |          |  |          |   |          |                              |
|             | Net Assets (000's)          | 231                  |           |  | 578      |                               |          | 334   |          |  |          |   |          |                              |

|                             | Alger MidCap<br>Growth | Alliance-<br>Bernstein VPS<br>Growth & Income | Alliance-<br>Bernstein VPS<br>Growth | Alliance-<br>Bernstein VPS<br>International<br>Growth | Alliance-<br>Bernstein VPS<br>International<br>Value | Alliance-<br>Bernstein VPS<br>Small/MidCap<br>Value | American<br>Century VP<br>Balanced |
|-----------------------------|------------------------|---|--------------------------------------|---|--|---|------------------------------------|
| <b>2004</b>                 |                        |   |                                      |   |  |   |                                    |
| Beginning Unit Value        | 11.73                  |   |                                      |   |  |   | 10.60                              |
| Ending Unit Value           | 13.14                  |   |                                      |   |  |   | 11.54                              |
| Number of Units Outstanding | 17,579                 |   |                                      |   |  |   | 26,354                             |
| Net Assets (000's)          | 231                    |   |                                      |   |  |   | 304                                |
| <b>2003</b>                 |                        |   |                                      |   |  |   |                                    |
| Beginning Unit Value        | 10.00                  |   |                                      |   |  |   | 10.00                              |
| Ending Unit Value           | 11.73                  |   |                                      |   |  |   | 10.60                              |
| Number of Units Outstanding | 6,127                  |   |                                      |   |  |   | 17,735                             |
| Net Assets (000's)          | 72                     |   |                                      |   |  |   | 188                                |
| <b>2002</b>                 |                        |   |                                      |   |  |   |                                    |
| Beginning Unit Value        |                        |   |                                      |   |  |   |                                    |
| Ending Unit Value           |                        |   |                                      |   |  |   |                                    |
| Number of Units Outstanding |                        |   |                                      |   |  |   |                                    |
| Net Assets (000's)          |                        |   |                                      |   |  |   |                                    |
| <b>2001</b>                 |                        |   |                                      |   |  |   |                                    |
| Beginning Unit Value        |                        |   |                                      |   |  |   |                                    |
| Ending Unit Value           |                        |   |                                      |   |  |   |                                    |
| Number of Units Outstanding |                        |   |                                      |   |  |   |                                    |
| Net Assets (000's)          |                        |   |                                      |   |  |   |                                    |
| <b>2000</b>                 |                        |   |                                      |   |  |   |                                    |
| Beginning Unit Value        |                        |   |                                      |   |  |   |                                    |
| Ending Unit Value           |                        |   |                                      |   |  |   |                                    |
| Number of Units Outstanding |                        |   |                                      |   |  |   |                                    |
| Net Assets (000's)          |                        |   |                                      |   |  |   |                                    |

| Date        | American Century Commenced Operations |                                   |                           |                                   | American Century VP Mid Cap Value | American Century VP Value | Columbia VIT Marsico 21st Century | Columbia VIT Small Cap Value | Delaware VIP Growth Opportunities Series | Delaware VIP Small Cap Value Series |
|-------------|---------------------------------------|-----------------------------------|---------------------------|-----------------------------------|-----------------------------------|---------------------------|-----------------------------------|------------------------------|--|-------------------------------------|
|             | American Century VP International     | American Century VP Mid Cap Value | American Century VP Value | Columbia VIT Marsico 21st Century |                                   |                           |                                   |                              |  |                                     |
| <b>2009</b> | 5/15/1997                             | 5/1/2009                          | 6/13/2003                 | 5/1/2009                          | 5/1/2009                          | 5/1/2009                  | 5/1/2009                          | 5/1/2006                     | 6/13/2003                                |                                     |
|             | 11.42                                 | 10.00                             | 10.72                     | 10.00                             | 10.00                             | 10.00                     | 10.00                             | 6.46                         | 11.53                                    |                                     |
|             | 15.15                                 | 13.07                             | 12.74                     | 13.07                             | 13.35                             | 13.35                     | 12.60                             | 9.31                         | 15.06                                    |                                     |
|             | 19,393                                | 130                               | 70,613                    | 130                               | 127                               | 127                       | 2,045                             | 1,034                        | 16,870                                   |                                     |
|             | 294                                   | 2                                 | 900                       | 2                                 | 2                                 | 2                         | 26                                | 10                           | 254                                      |                                     |
| <b>2008</b> |                                       |                                   |                           |                                   |                                   |                           |                                   |                              |  |                                     |
|             | 20.88                                 |                                   | 14.77                     |                                   |                                   |                           |                                   | 10.95                        | 16.58                                    |                                     |
|             | 11.42                                 |                                   | 10.72                     |                                   |                                   |                           |                                   | 6.46                         | 11.53                                    |                                     |
|             | 27,631                                |                                   | 87,394                    |                                   |                                   |                           |                                   | -                            | 26,842                                   |                                     |
|             | 316                                   |                                   | 937                       |                                   |                                   |                           |                                   | -                            | 309                                      |                                     |
| <b>2007</b> |                                       |                                   |                           |                                   |                                   |                           |                                   |                              |  |                                     |
|             | 17.84                                 |                                   | 15.70                     |                                   |                                   |                           |                                   | 9.78                         | 17.91                                    |                                     |
|             | 20.88                                 |                                   | 14.77                     |                                   |                                   |                           |                                   | 10.95                        | 16.58                                    |                                     |
|             | 37,924                                |                                   | 90,561                    |                                   |                                   |                           |                                   | -                            | 33,036                                   |                                     |
|             | 792                                   |                                   | 1,338                     |                                   |                                   |                           |                                   | -                            | 548                                      |                                     |
| <b>2006</b> |                                       |                                   |                           |                                   |                                   |                           |                                   |                              |  |                                     |
|             | 14.39                                 |                                   | 13.35                     |                                   |                                   |                           |                                   | 10.00                        | 15.54                                    |                                     |
|             | 17.84                                 |                                   | 15.70                     |                                   |                                   |                           |                                   | 9.78                         | 17.91                                    |                                     |
|             | 42,491                                |                                   | 70,276                    |                                   |                                   |                           |                                   | -                            | 64,771                                   |                                     |
|             | 758                                   |                                   | 1,104                     |                                   |                                   |                           |                                   | -                            | 1,160                                    |                                     |
| <b>2005</b> |                                       |                                   |                           |                                   |                                   |                           |                                   |                              |  |                                     |
|             | 12.81                                 |                                   | 12.82                     |                                   |                                   |                           |                                   |                              | 14.33                                    |                                     |
|             | 14.39                                 |                                   | 13.35                     |                                   |                                   |                           |                                   |                              | 15.54                                    |                                     |
|             | 56,667                                |                                   | 41,581                    |                                   |                                   |                           |                                   |                              | 32,087                                   |                                     |
|             | 815                                   |                                   | 555                       |                                   |                                   |                           |                                   |                              | 499                                      |                                     |

|                             | American Century VP International | American Century VP Mid Cap Value | American Century VP Value | Columbia VIT Marsico 21st Century | Columbia VIT Small Cap Value | Delaware VIP Growth Opportunities Series | Delaware VIP Small Cap Value Series |
|-----------------------------|-----------------------------------|-----------------------------------|---------------------------|-----------------------------------|------------------------------|--|-------------------------------------|
| <b>2004</b>                 |                                   |                                   |                           |                                   |                              |  |                                     |
| Beginning Unit Value        | 11.25                             |                                   | 11.30                     |                                   |                              |  | 11.89                               |
| Ending Unit Value           | 12.81                             |                                   | 12.82                     |                                   |                              |  | 14.33                               |
| Number of Units Outstanding | 70,751                            |                                   | 23,805                    |                                   |                              |  | 18,266                              |
| Net Assets (000's)          | 907                               |                                   | 305                       |                                   |                              |  | 262                                 |
| <b>2003</b>                 |                                   |                                   |                           |                                   |                              |  |                                     |
| Beginning Unit Value        | 9.11                              |                                   | 10.00                     |                                   |                              |  | 10.00                               |
| Ending Unit Value           | 11.25                             |                                   | 11.30                     |                                   |                              |  | 11.89                               |
| Number of Units Outstanding | 67,081                            |                                   | 12,443                    |                                   |                              |  | 18,088                              |
| Net Assets (000's)          | 754                               |                                   | 141                       |                                   |                              |  | 215                                 |
| <b>2002</b>                 |                                   |                                   |                           |                                   |                              |  |                                     |
| Beginning Unit Value        | 11.54                             |                                   |                           |                                   |                              |  |                                     |
| Ending Unit Value           | 9.11                              |                                   |                           |                                   |                              |  |                                     |
| Number of Units Outstanding | 33,955                            |                                   |                           |                                   |                              |  |                                     |
| Net Assets (000's)          | 309                               |                                   |                           |                                   |                              |  |                                     |
| <b>2001</b>                 |                                   |                                   |                           |                                   |                              |  |                                     |
| Beginning Unit Value        | 16.44                             |                                   |                           |                                   |                              |  |                                     |
| Ending Unit Value           | 11.54                             |                                   |                           |                                   |                              |  |                                     |
| Number of Units Outstanding | 27,230                            |                                   |                           |                                   |                              |  |                                     |
| Net Assets (000's)          | 314                               |                                   |                           |                                   |                              |  |                                     |
| <b>2000</b>                 |                                   |                                   |                           |                                   |                              |  |                                     |
| Beginning Unit Value        | 19.93                             |                                   |                           |                                   |                              |  |                                     |
| Ending Unit Value           | 16.44                             |                                   |                           |                                   |                              |  |                                     |
| Number of Units Outstanding | 51,924                            |                                   |                           |                                   |                              |  |                                     |
| Net Assets (000's)          | 853                               |                                   |                           |                                   |                              |  |                                     |

| Date   | Dreyfus IP<br>MidCap Stock |  | Dreyfus VIF<br>Appreciation |  | Dreyfus VIF<br>Growth &<br>Income |  | DWS Blue Chip<br>VIP |  | DWS Capital<br>Growth VIP |  | DWS Dreman<br>Small Mid Cap<br>Value VIP |  | DWS Growth &<br>Income VIP |  |
|--|----------------------------|--|-----------------------------|--|-----------------------------------|--|----------------------|--|---------------------------|--|--|--|----------------------------|--|
|  | 6/13/2003                  |  | 5/3/1999                    |  | 5/3/1999                          |  | 5/1/2006             |  | 5/3/1999                  |  | 5/1/2006                                 |  | 5/3/1999                   |  |
| <b>Date Sub-Account Commenced Operations</b> |                            |  |                             |  |                                   |  |                      |  |                           |  |  |  |                            |  |
| <b>2009</b>                                  |                            |  |                             |  |                                   |  |                      |  |                           |  |  |  |                            |  |
| Beginning Unit Value                         | 8.91                       |  | 8.32                        |  | 6.98                              |  | 6.74                 |  | 7.37                      |  | 7.15                                     |  | 6.09                       |  |
| Ending Unit Value                            | 11.98                      |  | 10.11                       |  | 8.92                              |  | 8.96                 |  | 9.27                      |  | 9.19                                     |  | 8.10                       |  |
| Number of Units Outstanding                  | 3,531                      |  | 57,155                      |  | 6,051                             |  | 8,605                |  | 37,825                    |  | 22,287                                   |  | 16,022                     |  |
| Net Assets (000's)                           | 42                         |  | 578                         |  | 54                                |  | 77                   |  | 351                       |  | 205                                      |  | 130                        |  |
| <b>2008</b>                                  |                            |  |                             |  |                                   |  |                      |  |                           |  |  |  |                            |  |
| Beginning Unit Value                         | 15.09                      |  | 11.90                       |  | 11.82                             |  | 11.06                |  | 11.09                     |  | 10.83                                    |  | 9.96                       |  |
| Ending Unit Value                            | 8.91                       |  | 8.32                        |  | 6.98                              |  | 6.74                 |  | 7.37                      |  | 7.15                                     |  | 6.09                       |  |
| Number of Units Outstanding                  | 3,766                      |  | 63,545                      |  | 9,900                             |  | 3,640                |  | 37,324                    |  | 29,597                                   |  | 16,112                     |  |
| Net Assets (000's)                           | 34                         |  | 528                         |  | 69                                |  | 25                   |  | 275                       |  | 212                                      |  | 105                        |  |
| <b>2007</b>                                  |                            |  |                             |  |                                   |  |                      |  |                           |  |  |  |                            |  |
| Beginning Unit Value                         | 14.99                      |  | 11.21                       |  | 10.99                             |  | 10.78                |  | 9.93                      |  | 10.59                                    |  | 9.91                       |  |
| Ending Unit Value                            | 15.09                      |  | 11.90                       |  | 11.82                             |  | 11.06                |  | 11.09                     |  | 10.83                                    |  | 9.96                       |  |
| Number of Units Outstanding                  | 5,023                      |  | 49,357                      |  | 14,974                            |  | 32,617               |  | 31,358                    |  | 31,088                                   |  | 16,090                     |  |
| Net Assets (000's)                           | 76                         |  | 588                         |  | 177                               |  | 361                  |  | 348                       |  | 337                                      |  | 169                        |  |
| <b>2006</b>                                  |                            |  |                             |  |                                   |  |                      |  |                           |  |  |  |                            |  |
| Beginning Unit Value                         | 14.03                      |  | 9.70                        |  | 9.68                              |  | 10.00                |  | 9.23                      |  | 10.00                                    |  | 8.80                       |  |
| Ending Unit Value                            | 14.99                      |  | 11.21                       |  | 10.99                             |  | 10.78                |  | 9.93                      |  | 10.59                                    |  | 9.91                       |  |
| Number of Units Outstanding                  | 5,212                      |  | 102,471                     |  | 18,464                            |  | 46,935               |  | 15,890                    |  | 22,567                                   |  | 30,518                     |  |
| Net Assets (000's)                           | 78                         |  | 1,148                       |  | 203                               |  | 506                  |  | 158                       |  | 239                                      |  | 302                        |  |
| <b>2005</b>                                  |                            |  |                             |  |                                   |  |                      |  |                           |  |  |  |                            |  |
| Beginning Unit Value                         | 12.96                      |  | 9.38                        |  | 9.44                              |  |                      |  | 8.55                      |  |  |  | 8.36                       |  |
| Ending Unit Value                            | 14.03                      |  | 9.70                        |  | 9.68                              |  |                      |  | 9.23                      |  |  |  | 8.80                       |  |
| Number of Units Outstanding                  | 16,766                     |  | 96,325                      |  | 29,427                            |  |                      |  | 19,327                    |  |  |  | 36,036                     |  |
| Net Assets (000's)                           | 235                        |  | 935                         |  | 285                               |  |                      |  | 178                       |  |  |  | 317                        |  |



|                             | Dreyfus IP<br>MidCap Stock | Dreyfus VIF<br>Appreciation | Dreyfus VIF<br>Growth &<br>Income | DWS Blue Chip<br>VIP | DWS Capital<br>Growth VIP | DWS Dreman<br>Small Mid Cap<br>Value VIP | DWS Growth &<br>Income VIP |
|-----------------------------|----------------------------|-----------------------------|-----------------------------------|----------------------|---------------------------|--|----------------------------|
| <b>2004</b>                 |                            |                             |                                   |                      |                           |  |                            |
| Beginning Unit Value        | 11.42                      | 9.00                        | 8.86                              |                      | 7.98                      |  | 7.66                       |
| Ending Unit Value           | 12.96                      | 9.38                        | 9.44                              |                      | 8.55                      |  | 8.36                       |
| Number of Units Outstanding | 21,020                     | 120,747                     | 20,587                            |                      | 22,477                    |  | 37,708                     |
| Net Assets (000's)          | 272                        | 1,132                       | 194                               |                      | 192                       |  | 315                        |
| <b>2003</b>                 |                            |                             |                                   |                      |                           |  |                            |
| Beginning Unit Value        | 10.00                      | 7.49                        | 7.06                              |                      | 6.34                      |  | 6.09                       |
| Ending Unit Value           | 11.42                      | 9.00                        | 8.86                              |                      | 7.98                      |  | 7.66                       |
| Number of Units Outstanding | 17,043                     | 97,696                      | 15,047                            |                      | 15,696                    |  | 33,949                     |
| Net Assets (000's)          | 195                        | 879                         | 133                               |                      | 125                       |  | 260                        |
| <b>2002</b>                 |                            |                             |                                   |                      |                           |  |                            |
| Beginning Unit Value        |                            | 9.07                        | 9.54                              |                      | 9.03                      |  | 7.99                       |
| Ending Unit Value           |                            | 7.49                        | 7.06                              |                      | 6.34                      |  | 6.09                       |
| Number of Units Outstanding |                            | 98,923                      | 52,809                            |                      | 13,975                    |  | 10,849                     |
| Net Assets (000's)          |                            | 741                         | 373                               |                      | 89                        |  | 66                         |
| <b>2001</b>                 |                            |                             |                                   |                      |                           |  |                            |
| Beginning Unit Value        |                            | 10.09                       | 10.22                             |                      | 11.30                     |  | 9.09                       |
| Ending Unit Value           |                            | 9.07                        | 9.54                              |                      | 9.03                      |  | 7.99                       |
| Number of Units Outstanding |                            | 56,202                      | 67,001                            |                      | 17,131                    |  | 16,180                     |
| Net Assets (000's)          |                            | 510                         | 639                               |                      | 155                       |  | 129                        |
| <b>2000</b>                 |                            |                             |                                   |                      |                           |  |                            |
| Beginning Unit Value        |                            | 10.24                       | 10.71                             |                      | 12.64                     |  | 9.36                       |
| Ending Unit Value           |                            | 10.09                       | 10.22                             |                      | 11.30                     |  | 9.09                       |
| Number of Units Outstanding |                            | 47,486                      | 50,895                            |                      | 14,267                    |  | 10,277                     |
| Net Assets (000's)          |                            | 479                         | 520                               |                      | 161                       |  | 93                         |

Federated Fund  
For U.S.

|  | DWS Health Care VIP |          | DWS Large Cap Value VIP |          | DWS Small Cap Index VIP |          | DWS Strategic Value VIP |           | Federated Capital Income II |           | Federated Clover Value II |           | Federated Fund For U.S. Government Securities II |           |
|--|---------------------|----------|-------------------------|----------|-------------------------|----------|-------------------------|-----------|-----------------------------|-----------|---------------------------|-----------|--|-----------|
|  | 5/1/2006            | 5/1/2006 | 5/1/2006                | 5/1/2006 | 5/3/1999                | 5/2/2005 | 5/15/1997               | 5/15/1997 | 5/15/1997                   | 5/15/1997 | 5/15/1997                 | 5/15/1997 | 5/15/1997  | 5/15/1997 |
| <b>Date Sub-Account Commenced Operations</b> |                     |          |                         |          |                         |          |                         |           |                             |           |                           |           |  |           |
| <b>2009</b>                                  |                     |          |                         |          |                         |          |                         |           |                             |           |                           |           |  |           |
| Beginning Unit Value                         | 9.14                | 8.48     | 11.48                   | 6.62     | 11.48                   | 12.36    | 10.26                   | 10.72     | 16.77                       | 16.77     | 16.77                     | 16.77     | 16.77  | 16.77     |
| Ending Unit Value                            | 11.08               | 10.54    | 14.40                   | 8.22     | 14.40                   | 6.62     | 13.05                   | 12.20     | 17.50                       | 17.50     | 17.50                     | 17.50     | 17.50  | 17.50     |
| Number of Units Outstanding                  | 4,910               | 17,322   | 16,978                  | 5,070    | 16,978                  | 5,070    | 6,783                   | 24,596    | 94,584                      | 94,584    | 94,584                    | 94,584    | 94,584   | 94,584    |
| Net Assets (000's)                           | 54                  | 183      | 245                     | 42       | 245                     | 42       | 88                      | 300       | 1,655                       | 1,655     | 1,655                     | 1,655     | 1,655  | 1,655     |
| <b>2008</b>                                  |                     |          |                         |          |                         |          |                         |           |                             |           |                           |           |  |           |
| Beginning Unit Value                         | 12.01               | 13.44    | 17.57                   | 12.36    | 17.57                   | 12.36    | 12.99                   | 16.34     | 16.22                       | 16.22     | 16.22                     | 16.22     | 16.22  | 16.22     |
| Ending Unit Value                            | 9.14                | 8.48     | 11.48                   | 6.62     | 11.48                   | 6.62     | 10.26                   | 10.72     | 16.77                       | 16.77     | 16.77                     | 16.77     | 16.77  | 16.77     |
| Number of Units Outstanding                  | 4,923               | 18,271   | 23,686                  | 20,694   | 23,686                  | 20,694   | 7,650                   | 26,610    | 122,075                     | 122,075   | 122,075                   | 122,075   | 122,075  | 122,075   |
| Net Assets (000's)                           | 45                  | 155      | 272                     | 137      | 272                     | 137      | 78                      | 321       | 2,048                       | 2,048     | 2,048                     | 2,048     | 2,048  | 2,048     |
| <b>2007</b>                                  |                     |          |                         |          |                         |          |                         |           |                             |           |                           |           |  |           |
| Beginning Unit Value                         | 10.70               | 11.98    | 18.06                   | 12.70    | 18.06                   | 12.70    | 12.59                   | 18.24     | 15.39                       | 15.39     | 15.39                     | 15.39     | 15.39  | 15.39     |
| Ending Unit Value                            | 12.01               | 13.44    | 17.57                   | 12.36    | 17.57                   | 12.36    | 12.99                   | 16.34     | 16.22                       | 16.22     | 16.22                     | 16.22     | 16.22  | 16.22     |
| Number of Units Outstanding                  | 3,534               | 10,064   | 25,786                  | 23,203   | 25,786                  | 23,203   | 7,654                   | 28,614    | 126,358                     | 126,358   | 126,358                   | 126,358   | 126,358  | 126,358   |
| Net Assets (000's)                           | 42                  | 135      | 453                     | 287      | 453                     | 287      | 99                      | 512       | 2,050                       | 2,050     | 2,050                     | 2,050     | 2,050  | 2,050     |
| <b>2006</b>                                  |                     |          |                         |          |                         |          |                         |           |                             |           |                           |           |  |           |
| Beginning Unit Value                         | 10.00               | 10.00    | 15.51                   | 10.79    | 15.51                   | 10.79    | 10.98                   | 16.14     | 14.91                       | 14.91     | 14.91                     | 14.91     | 14.91  | 14.91     |
| Ending Unit Value                            | 10.70               | 11.98    | 18.06                   | 12.70    | 18.06                   | 12.70    | 12.59                   | 18.24     | 15.39                       | 15.39     | 15.39                     | 15.39     | 15.39  | 15.39     |
| Number of Units Outstanding                  | 1,221               | 2,441    | 31,092                  | 27,787   | 31,092                  | 27,787   | 10,822                  | 90,855    | 116,962                     | 116,962   | 116,962                   | 116,962   | 116,962  | 116,962   |
| Net Assets (000's)                           | 13                  | 29       | 562                     | 353      | 562                     | 353      | 136                     | 1,696     | 1,800                       | 1,800     | 1,800                     | 1,800     | 1,800  | 1,800     |
| <b>2005</b>                                  |                     |          |                         |          |                         |          |                         |           |                             |           |                           |           |  |           |
| Beginning Unit Value                         |                     |          | 15.00                   | 10.00    | 15.00                   | 10.00    | 10.42                   | 15.12     | 14.74                       | 14.74     | 14.74                     | 14.74     | 14.74  | 14.74     |
| Ending Unit Value                            |                     |          | 15.51                   | 10.79    | 15.51                   | 10.79    | 10.98                   | 16.14     | 14.91                       | 14.91     | 14.91                     | 14.91     | 14.91  | 14.91     |
| Number of Units Outstanding                  |                     |          | 48,062                  | 25,509   | 48,062                  | 25,509   | 10,861                  | 120,775   | 129,731                     | 129,731   | 129,731                   | 129,731   | 129,731  | 129,731   |
| Net Assets (000's)                           |                     |          | 745                     | 275      | 745                     | 275      | 119                     | 1,943     | 1,934                       | 1,934     | 1,934                     | 1,934     | 1,934  | 1,934     |

|                             | DWS Health Care VIP | DWS Large Cap Value VIP | DWS Small Cap Index VIP | DWS Strategic Value VIP | Federated Capital Income II | Federated Clover Value II | Federated Fund For U.S. Government Securities II |
|-----------------------------|---------------------|-------------------------|-------------------------|-------------------------|-----------------------------|---------------------------|--|
| <b>2004</b>                 |                     |                         |                         |                         |                             |                           |  |
| Beginning Unit Value        |                     | 12.85                   |                         |                         | 9.56                        | 13.89                     | 14.34  |
| Ending Unit Value           |                     | 15.00                   |                         |                         | 10.42                       | 15.12                     | 14.74  |
| Number of Units Outstanding |                     | 61,669                  |                         |                         | 3,785                       | 143,893                   | 165,436  |
| Net Assets (000's)          |                     | 925                     |                         |                         | 39                          | 2,216                     | 2,438  |
| <b>2003</b>                 |                     |                         |                         |                         |                             |                           |  |
| Beginning Unit Value        |                     | 8.85                    |                         |                         | 7.99                        | 10.97                     | 14.13  |
| Ending Unit Value           |                     | 12.85                   |                         |                         | 9.56                        | 13.89                     | 14.34  |
| Number of Units Outstanding |                     | 89,623                  |                         |                         | 4,459                       | 143,251                   | 169,417  |
| Net Assets (000's)          |                     | 1,151                   |                         |                         | 43                          | 2,005                     | 2,430  |
| <b>2002</b>                 |                     |                         |                         |                         |                             |                           |  |
| Beginning Unit Value        |                     | 11.24                   |                         |                         | 10.60                       | 13.87                     | 13.07  |
| Ending Unit Value           |                     | 8.85                    |                         |                         | 7.99                        | 10.97                     | 14.13  |
| Number of Units Outstanding |                     | 75,203                  |                         |                         | 2,890                       | 161,441                   | 173,136  |
| Net Assets (000's)          |                     | 665                     |                         |                         | 23                          | 1,810                     | 2,447  |
| <b>2001</b>                 |                     |                         |                         |                         |                             |                           |  |
| Beginning Unit Value        |                     | 11.10                   |                         |                         | 12.39                       | 14.61                     | 12.32  |
| Ending Unit Value           |                     | 11.24                   |                         |                         | 10.60                       | 13.87                     | 13.07  |
| Number of Units Outstanding |                     | 52,551                  |                         |                         | 4,108                       | 112,380                   | 151,290  |
| Net Assets (000's)          |                     | 591                     |                         |                         | 44                          | 1,602                     | 1,977  |
| <b>2000</b>                 |                     |                         |                         |                         |                             |                           |  |
| Beginning Unit Value        |                     | 11.65                   |                         |                         | 13.72                       | 14.39                     | 11.19  |
| Ending Unit Value           |                     | 11.10                   |                         |                         | 12.39                       | 14.61                     | 12.32  |
| Number of Units Outstanding |                     | 4,257                   |                         |                         | 5,362                       | 90,160                    | 92,647   |
| Net Assets (000's)          |                     | 47                      |                         |                         | 66                          | 1,352                     | 1,141  |

|                                       | Franklin Small<br>Cap Value<br>Securities | Janus Aspen<br>Balanced<br>Institutional<br>Shares | Janus Aspen<br>Balanced<br>Service Shares | Janus Aspen<br>Flexible Bond<br>Institutional<br>Shares | Janus Aspen<br>Flexible Bond<br>Service Shares | Janus Aspen<br>Growth &<br>Income<br>Institutional<br>Shares | Janus Aspen<br>Growth &<br>Income<br>Service Shares |
|---------------------------------------|---|--|---|---|--|--|---|
| Date Sub-Account Commenced Operations | 5/1/2006                                  | 6/13/2003  | 5/1/2007                                  | 5/3/1999  | 5/1/2007                                       | 6/13/2003  | 5/1/2007  |
| <b>2009</b>                           |   |  |   |   |  |  |   |
| Beginning Unit Value                  | 6.55                                      | 12.05  | 8.67                                      | 15.56   | 10.92  | 9.14   | 5.95  |
| Ending Unit Value                     | 8.39                                      | 15.04  | 10.80                                     | 17.47   | 12.23  | 12.62  | 8.18  |
| Number of Units Outstanding           | 26,996                                    | 56,874   | 66,847                                    | 35,226  | 150,533  | 26,023   | 51,112  |
| Net Assets (000's)                    | 226                                       | 856  | 722                                       | 615   | 1,841  | 328  | 418   |
| <b>2008</b>                           |   |  |   |   |  |  |   |
| Beginning Unit Value                  | 9.86                                      | 14.44  | 10.42                                     | 14.81   | 10.42  | 15.66  | 10.21   |
| Ending Unit Value                     | 6.55                                      | 12.05  | 8.67                                      | 15.56   | 10.92  | 9.14   | 5.95  |
| Number of Units Outstanding           | 17,618                                    | 60,157   | 41,841                                    | 63,779  | 59,841   | 38,371   | 54,825  |
| Net Assets (000's)                    | 115                                       | 725  | 363                                       | 993   | 653  | 351  | 326   |
| <b>2007</b>                           |   |  |   |   |  |  |   |
| Beginning Unit Value                  | 10.19                                     | 13.18  | 10.00                                     | 13.95   | 10.00  | 14.53  | 10.00   |
| Ending Unit Value                     | 9.86                                      | 14.44  | 10.42                                     | 14.81   | 10.42  | 15.66  | 10.21   |
| Number of Units Outstanding           | 17,044                                    | 81,724   | 14,639                                    | 77,411  | 29,005   | 48,632   | 47,753  |
| Net Assets (000's)                    | 168                                       | 1,180  | 153                                       | 1,146   | 302  | 762  | 488   |
| <b>2006</b>                           |   |  |   |   |  |  |   |
| Beginning Unit Value                  |   | 12.00  |   | 13.50   |  | 13.56  |   |
| Ending Unit Value                     |   | 13.18  |   | 13.95   |  | 14.53  |   |
| Number of Units Outstanding           |   | 77,814   |   | 116,086   |  | 67,906   |   |
| Net Assets (000's)                    |   | 1,025  |   | 1,619   |  | 986  |   |
| <b>2005</b>                           |   |  |   |   |  |  |   |
| Beginning Unit Value                  |   | 11.21  |   | 13.35   |  | 12.17  |   |
| Ending Unit Value                     |   | 12.00  |   | 13.50   |  | 13.56  |   |
| Number of Units Outstanding           |   | 40,415   |   | 115,659   |  | 61,712   |   |
| Net Assets (000's)                    |   | 485  |   | 1,561   |  | 837  |   |

|                             | Franklin Small<br>Cap Value<br>Securities | Janus Aspen<br>Balanced<br>Institutional<br>Shares | Janus Aspen<br>Balanced<br>Service Shares | Janus Aspen<br>Flexible Bond<br>Institutional<br>Shares | Janus Aspen<br>Flexible Bond<br>Service Shares | Janus Aspen<br>Growth &<br>Income<br>Institutional<br>Shares | Janus Aspen<br>Growth &<br>Income Service<br>Shares |
|-----------------------------|---|--|---|---|--|--|---|
| <b>2004</b>                 |   |  |   |   |  |  |   |
| Beginning Unit Value        | 10.42                                     |  |   | 12.95   |  | 10.97  |   |
| Ending Unit Value           | 11.21                                     |  |   | 13.35   |  | 12.17  |   |
| Number of Units Outstanding | 42,706                                    |  |   | 138,761   |  | 38,013   |   |
| Net Assets (000's)          | 479                                       |  |   | 1,852   |  | 463  |   |
| <b>2003</b>                 |   |  |   |   |  |  |   |
| Beginning Unit Value        | 10.00                                     |  |   | 12.27   |  | 10.00  |   |
| Ending Unit Value           | 10.42                                     |  |   | 12.95   |  | 10.97  |   |
| Number of Units Outstanding | 12,191                                    |  |   | 153,252   |  | 7,549  |   |
| Net Assets (000's)          | 127                                       |  |   | 1,984   |  | 83   |   |
| <b>2002</b>                 |   |  |   |   |  |  |   |
| Beginning Unit Value        |   |  |   | 11.20   |  |  |   |
| Ending Unit Value           |   |  |   | 12.27   |  |  |   |
| Number of Units Outstanding |   |  |   | 181,698   |  |  |   |
| Net Assets (000's)          |   |  |   | 2,230   |  |  |   |
| <b>2001</b>                 |   |  |   |   |  |  |   |
| Beginning Unit Value        |   |  |   | 10.49   |  |  |   |
| Ending Unit Value           |   |  |   | 11.20   |  |  |   |
| Number of Units Outstanding |   |  |   | 109,721   |  |  |   |
| Net Assets (000's)          |   |  |   | 1,229   |  |  |   |
| <b>2000</b>                 |   |  |   |   |  |  |   |
| Beginning Unit Value        |   |  |   | 9.96  |  |  |   |
| Ending Unit Value           |   |  |   | 10.49   |  |  |   |
| Number of Units Outstanding |   |  |   | 36,445  |  |  |   |
| Net Assets (000's)          |   |  |   | 382   |  |  |   |

| Date Sub-Account Commenced Operations | Janus Aspen Overseas Institutional Shares |          | Janus Aspen Overseas Service Shares |           | Janus Aspen Worldwide |          | Lazard Retirement Emerging Markets Equity Series |          | LVIP Baron Growth Opportunities |          | MFS International Value |        |
|---------------------------------------|---|----------|-------------------------------------|-----------|-----------------------|----------|--|----------|---------------------------------|----------|-------------------------|--------|
|                                       | 5/15/1997                                 | 5/3/1999 | 5/1/2007                            | 5/15/1997 | 5/1/2009              | 5/3/1999 | 5/1/2009   | 5/3/1999 | 5/1/2009                        | 5/1/2009 | 5/1/2009                |        |
| <b>2009</b>                           |   |          |                                     |           |                       |          |  |          |                                 |          |                         |        |
| Beginning Unit Value                  | 10.47                                     | 14.54    | 5.64                                | 9.96      | 10.00                 | 12.20    | 10.00  | 12.20    | 10.00                           | 10.00    | 10.00                   | 10.00  |
| Ending Unit Value                     | 14.15                                     | 25.88    | 10.01                               | 13.60     | 14.64                 | 16.74    | 14.64  | 16.74    | 13.11                           | 13.11    | 13.11                   | 13.11  |
| Number of Units Outstanding           | 30,764                                    | 18,030   | 106,256                             | 39,553    | 43,361                | 61,236   | 43,361   | 61,236   | 11,029                          | 11,029   | 11,029                  | 11,029 |
| Net Assets (000's)                    | 435                                       | 467      | 1,063                               | 538       | 635                   | 1,025    | 635  | 1,025    | 145                             | 145      | 145                     | 145    |
| <b>2008</b>                           |   |          |                                     |           |                       |          |  |          |                                 |          |                         |        |
| Beginning Unit Value                  | 17.51                                     | 30.62    | 11.90                               | 18.15     | 20.22                 | 20.22    | 20.22  | 20.22    | 20.22                           | 20.22    | 20.22                   | 20.22  |
| Ending Unit Value                     | 10.47                                     | 14.54    | 5.64                                | 9.96      | 12.20                 | 12.20    | 12.20  | 12.20    | 12.20                           | 12.20    | 12.20                   | 12.20  |
| Number of Units Outstanding           | 33,563                                    | 34,792   | 87,610                              | 45,739    | 60,020                | 60,020   | 60,020   | 60,020   | 732                             | 732      | 732                     | 732    |
| Net Assets (000's)                    | 358                                       | 506      | 494                                 | 455       | 732                   | 732      | 732  | 732      | 732                             | 732      | 732                     | 732    |
| <b>2007</b>                           |   |          |                                     |           |                       |          |  |          |                                 |          |                         |        |
| Beginning Unit Value                  | 15.34                                     | 24.06    | 10.00                               | 16.70     | 19.72                 | 19.72    | 19.72  | 19.72    | 19.72                           | 19.72    | 19.72                   | 19.72  |
| Ending Unit Value                     | 17.51                                     | 30.62    | 11.90                               | 18.15     | 20.22                 | 20.22    | 20.22  | 20.22    | 20.22                           | 20.22    | 20.22                   | 20.22  |
| Number of Units Outstanding           | 37,094                                    | 51,901   | 127,000                             | 48,084    | 65,797                | 65,797   | 65,797   | 65,797   | 1,330                           | 1,330    | 1,330                   | 1,330  |
| Net Assets (000's)                    | 658                                       | 1,589    | 1,511                               | 873       | 1,330                 | 1,330    | 1,330  | 1,330    | 1,330                           | 1,330    | 1,330                   | 1,330  |
| <b>2006</b>                           |   |          |                                     |           |                       |          |  |          |                                 |          |                         |        |
| Beginning Unit Value                  | 13.89                                     | 16.51    | 14.24                               | 14.24     | 16.80                 | 16.80    | 16.80  | 16.80    | 16.80                           | 16.80    | 16.80                   | 16.80  |
| Ending Unit Value                     | 15.34                                     | 24.06    | 16.70                               | 16.70     | 17.21                 | 17.21    | 17.21  | 17.21    | 17.21                           | 17.21    | 17.21                   | 17.21  |
| Number of Units Outstanding           | 46,374                                    | 50,297   | 73,619                              | 73,619    | 101,532               | 101,532  | 101,532  | 101,532  | 1,748                           | 1,748    | 1,748                   | 1,748  |
| Net Assets (000's)                    | 712                                       | 1,210    | 1,229                               | 1,229     | 1,748                 | 1,748    | 1,748  | 1,748    | 1,748                           | 1,748    | 1,748                   | 1,748  |
| <b>2005</b>                           |   |          |                                     |           |                       |          |  |          |                                 |          |                         |        |
| Beginning Unit Value                  | 13.44                                     | 12.58    | 13.57                               | 13.57     | 16.80                 | 16.80    | 16.80  | 16.80    | 16.80                           | 16.80    | 16.80                   | 16.80  |
| Ending Unit Value                     | 13.89                                     | 16.51    | 14.24                               | 14.24     | 17.21                 | 17.21    | 17.21  | 17.21    | 17.21                           | 17.21    | 17.21                   | 17.21  |
| Number of Units Outstanding           | 58,143                                    | 37,685   | 86,709                              | 86,709    | 101,532               | 101,532  | 101,532  | 101,532  | 1,748                           | 1,748    | 1,748                   | 1,748  |
| Net Assets (000's)                    | 808                                       | 622      | 1,235                               | 1,235     | 1,748                 | 1,748    | 1,748  | 1,748    | 1,748                           | 1,748    | 1,748                   | 1,748  |



|                             | Janus Aspen<br>Janus | Janus Aspen<br>Overseas<br>Institutional<br>Shares | Janus Aspen<br>Overseas<br>Service Shares | Janus Aspen<br>Worldwide | Lazard<br>Retirement<br>Emerging<br>Markets Equity<br>Series | LVIP Baron<br>Growth<br>Opportunities | MFS<br>International<br>Value |
|-----------------------------|----------------------|--|---|--------------------------|--|---------------------------------------|-------------------------------|
| <b>2004</b>                 |                      |  |   |                          |  |                                       |                               |
| Beginning Unit Value        | 12.96                | 10.67  |   | 13.06                    |  | 13.48                                 |                               |
| Ending Unit Value           | 13.44                | 12.58  |   | 13.57                    |  | 16.80                                 |                               |
| Number of Units Outstanding | 92,051               | 25,290   |   | 119,266                  |  | 92,684                                |                               |
| Net Assets (000's)          | 1,237                | 318  |   | 1,618                    |  | 1,557                                 |                               |
| <b>2003</b>                 |                      |  |   |                          |  |                                       |                               |
| Beginning Unit Value        | 9.93                 | 7.98   |   | 10.62                    |  | 10.46                                 |                               |
| Ending Unit Value           | 12.96                | 10.67  |   | 13.06                    |  | 13.48                                 |                               |
| Number of Units Outstanding | 117,555              | 22,769   |   | 133,687                  |  | 106,084                               |                               |
| Net Assets (000's)          | 1,524                | 243  |   | 1,746                    |  | 1,430                                 |                               |
| <b>2002</b>                 |                      |  |   |                          |  |                                       |                               |
| Beginning Unit Value        | 13.62                | 10.81  |   | 14.38                    |  | 12.29                                 |                               |
| Ending Unit Value           | 9.93                 | 7.98   |   | 10.62                    |  | 10.46                                 |                               |
| Number of Units Outstanding | 140,676              | 41,736   |   | 167,744                  |  | 109,736                               |                               |
| Net Assets (000's)          | 1,396                | 333  |   | 1,782                    |  | 1,148                                 |                               |
| <b>2001</b>                 |                      |  |   |                          |  |                                       |                               |
| Beginning Unit Value        | 18.26                | 14.21  |   | 18.71                    |  | 11.04                                 |                               |
| Ending Unit Value           | 13.62                | 10.81  |   | 14.38                    |  | 12.29                                 |                               |
| Number of Units Outstanding | 195,165              | 64,470   |   | 197,508                  |  | 75,949                                |                               |
| Net Assets (000's)          | 2,658                | 697  |   | 2,841                    |  | 934                                   |                               |

|                             | Janus Aspen<br>Janus | Janus Aspen<br>Overseas<br>Institutional<br>Shares | Janus Aspen<br>Overseas<br>Service Shares | Janus Aspen<br>Worldwide | Lazard<br>Retirement<br>Emerging<br>Markets Equity<br>Series | LVIP Baron<br>Growth<br>Opportunities | MFS<br>International<br>Value |
|-----------------------------|----------------------|--|---|--------------------------|--|---------------------------------------|-------------------------------|
| <b>2000</b>                 |                      |  |   |                          |  |                                       |                               |
| Beginning Unit Value        | 21.55                | 17.04  |   | 22.37                    |  | 11.43                                 |                               |
| Ending Unit Value           | 18.26                | 14.21  |   | 18.71                    |  | 11.04                                 |                               |
| Number of Units Outstanding | 255,120              | 71,548   |   | 284,204                  |  | 56,176                                |                               |
| Net Assets (000's)          | 4,657                | 1,016  |   | 5,316                    |  | 620                                   |                               |

| Date Sub-Account Commenced Operations | MFS Utilities |          | Neuberger Berman AMT Regency |           | NVIT Mid Cap Index |           | Oppenheimer Global Securities VA |           | PIMCO VIT High Yield |           | PIMCO VIT Low Duration |           | PIMCO VIT Total Return |  |
|---------------------------------------|---------------|----------|------------------------------|-----------|--------------------|-----------|----------------------------------|-----------|----------------------|-----------|------------------------|-----------|------------------------|--|
|                                       | 5/1/2008      | 5/1/2006 | 6/13/2003                    | 6/13/2003 | 6/13/2003          | 6/13/2003 | 6/13/2003                        | 6/13/2003 | 6/13/2003            | 6/13/2003 | 6/13/2003              | 6/13/2003 | 5/2/2005               |  |
| <b>2009</b>                           |               |          |                              |           |                    |           |                                  |           |                      |           |                        |           |                        |  |
| Beginning Unit Value                  | 6.31          | 5.59     | 10.80                        | 12.14     | 10.00              | 10.88     | 11.61                            |           |                      |           |                        |           | 11.61                  |  |
| Ending Unit Value                     | 8.32          | 8.11     | 14.62                        | 16.82     | 13.91              | 12.22     | 13.12                            |           |                      |           |                        |           | 13.12                  |  |
| Number of Units Outstanding           | 19,256        | 2,819    | 15,830                       | 71,179    | 151,078            | 151,635   | 369,891                          |           |                      |           |                        |           | 369,891                |  |
| Net Assets (000's)                    | 160           | 23       | 231                          | 1,197     | 2,102              | 1,853     | 4,855                            |           |                      |           |                        |           | 4,855                  |  |
| <b>2008</b>                           |               |          |                              |           |                    |           |                                  |           |                      |           |                        |           |                        |  |
| Beginning Unit Value                  | 10.00         | 10.44    | 17.18                        | 20.46     | 13.19              | 11.01     | 11.17                            |           |                      |           |                        |           | 11.17                  |  |
| Ending Unit Value                     | 6.31          | 5.59     | 10.80                        | 12.14     | 10.00              | 10.88     | 11.61                            |           |                      |           |                        |           | 11.61                  |  |
| Number of Units Outstanding           | 434           | 3,233    | 20,369                       | 67,891    | 67,407             | 130,733   | 293,469                          |           |                      |           |                        |           | 293,469                |  |
| Net Assets (000's)                    | 3             | 18       | 220                          | 824       | 674                | 1,422     | 3,406                            |           |                      |           |                        |           | 3,406                  |  |
| <b>2007</b>                           |               |          |                              |           |                    |           |                                  |           |                      |           |                        |           |                        |  |
| Beginning Unit Value                  |               | 10.22    | 16.14                        | 19.41     | 12.84              | 10.35     | 10.36                            |           |                      |           |                        |           | 10.36                  |  |
| Ending Unit Value                     |               | 10.44    | 17.18                        | 20.46     | 13.19              | 11.01     | 11.17                            |           |                      |           |                        |           | 11.17                  |  |
| Number of Units Outstanding           |               | 4,315    | 26,844                       | 78,225    | 78,400             | 145,251   | 222,136                          |           |                      |           |                        |           | 222,136                |  |
| Net Assets (000's)                    |               | 45       | 461                          | 1,601     | 1,034              | 1,600     | 2,481                            |           |                      |           |                        |           | 2,481                  |  |
| <b>2006</b>                           |               |          |                              |           |                    |           |                                  |           |                      |           |                        |           |                        |  |
| Beginning Unit Value                  |               | 10.00    | 14.83                        | 16.63     | 11.88              | 10.04     | 10.06                            |           |                      |           |                        |           | 10.06                  |  |
| Ending Unit Value                     |               | 10.22    | 16.14                        | 19.41     | 12.84              | 10.35     | 10.36                            |           |                      |           |                        |           | 10.36                  |  |
| Number of Units Outstanding           |               | 1,063    | 31,643                       | 90,026    | 105,750            | 134,424   | 145,543                          |           |                      |           |                        |           | 145,543                |  |
| Net Assets (000's)                    |               | 11       | 511                          | 1,748     | 1,358              | 1,391     | 1,508                            |           |                      |           |                        |           | 1,508                  |  |
| <b>2005</b>                           |               |          |                              |           |                    |           |                                  |           |                      |           |                        |           |                        |  |
| Beginning Unit Value                  |               |          | 13.37                        | 14.68     | 11.51              | 10.02     | 10.00                            |           |                      |           |                        |           | 10.00                  |  |
| Ending Unit Value                     |               |          | 14.83                        | 16.63     | 11.88              | 10.04     | 10.06                            |           |                      |           |                        |           | 10.06                  |  |
| Number of Units Outstanding           |               |          | 27,911                       | 139,028   | 100,978            | 141,466   | 48,946                           |           |                      |           |                        |           | 48,946                 |  |
| Net Assets (000's)                    |               |          | 414                          | 2,313     | 1,199              | 1,420     | 492                              |           |                      |           |                        |           | 492                    |  |

|                             | MFS Utilities | Neuberger<br>Berman AMT<br>Regency | NVIT Mid Cap<br>Index | Oppenheimer<br>Global Securities<br>VA | PIMCO VIT High<br>Yield | PIMCO VIT Low<br>Duration | PIMCO VIT Total<br>Return |
|-----------------------------|---------------|------------------------------------|-----------------------|--|-------------------------|---------------------------|---------------------------|
| <b>2004</b>                 |               |                                    |                       |  |                         |                           |                           |
| Beginning Unit Value        |               |                                    | 11.67                 | 12.42                                  | 10.59                   | 9.92                      |                           |
| Ending Unit Value           |               |                                    | 13.37                 | 14.68                                  | 11.51                   | 10.02                     |                           |
| Number of Units Outstanding |               |                                    | 22,555                | 70,847                                 | 66,616                  | 139,135                   |                           |
| Net Assets (000's)          |               |                                    | 302                   | 1,040                                  | 767                     | 1,394                     |                           |
| <b>2003</b>                 |               |                                    |                       |  |                         |                           |                           |
| Beginning Unit Value        |               |                                    | 10.00                 | 10.00                                  | 10.00                   | 10.00                     |                           |
| Ending Unit Value           |               |                                    | 11.67                 | 12.42                                  | 10.59                   | 9.92                      |                           |
| Number of Units Outstanding |               |                                    | 24,760                | 36,521                                 | 8,024                   | 55,364                    |                           |
| Net Assets (000's)          |               |                                    | 289                   | 454                                    | 85                      | 549                       |                           |
| <b>2002</b>                 |               |                                    |                       |  |                         |                           |                           |
| Beginning Unit Value        |               |                                    |                       |  |                         |                           |                           |
| Ending Unit Value           |               |                                    |                       |  |                         |                           |                           |
| Number of Units Outstanding |               |                                    |                       |  |                         |                           |                           |
| Net Assets (000's)          |               |                                    |                       |  |                         |                           |                           |
| <b>2001</b>                 |               |                                    |                       |  |                         |                           |                           |
| Beginning Unit Value        |               |                                    |                       |  |                         |                           |                           |
| Ending Unit Value           |               |                                    |                       |  |                         |                           |                           |
| Number of Units Outstanding |               |                                    |                       |  |                         |                           |                           |
| Net Assets (000's)          |               |                                    |                       |  |                         |                           |                           |
| <b>2000</b>                 |               |                                    |                       |  |                         |                           |                           |
| Beginning Unit Value        |               |                                    |                       |  |                         |                           |                           |
| Ending Unit Value           |               |                                    |                       |  |                         |                           |                           |
| Number of Units Outstanding |               |                                    |                       |  |                         |                           |                           |
| Net Assets (000's)          |               |                                    |                       |  |                         |                           |                           |

| Date Sub-Account Commenced Operations | Pioneer Fund VCT | Pioneer Growth Opportunities VCT | Pioneer Mid Cap Value VCT | Prudential Series Fund Equity | Royce Capital Fund Small-Cap | Schwab MarketTrack Growth II | Schwab Money Market |
|---------------------------------------|------------------|----------------------------------|---------------------------|-------------------------------|------------------------------|------------------------------|---------------------|
|                                       | 5/15/1997        | 5/3/1999                         | 5/1/2006                  | 5/3/1999                      | 5/1/2009                     | 5/15/1997                    | 5/15/1997           |
| <b>2009</b>                           |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value                  | 9.57             | 9.02                             | 7.29                      | 7.69                          | 10.00                        | 12.96                        | 13.39               |
| Ending Unit Value                     | 11.88            | 12.93                            | 9.05                      | 10.49                         | 13.10                        | 15.94                        | 13.29               |
| Number of Units Outstanding           | 9,700            | 6,535                            | 19,014                    | 6,253                         | 5,323                        | 31,956                       | 431,384             |
| Net Assets (000's)                    | 115              | 84                               | 172                       | 66                            | 70                           | 509                          | 5,803               |
| <b>2008</b>                           |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value                  | 14.69            | 14.10                            | 11.10                     | 12.59                         |                              | 19.04                        | 13.22               |
| Ending Unit Value                     | 9.57             | 9.02                             | 7.29                      | 7.69                          |                              | 12.96                        | 13.39               |
| Number of Units Outstanding           | 16,809           | 15,982                           | 6,384                     | 8,040                         |                              | 39,639                       | 836,784             |
| Net Assets (000's)                    | 161              | 144                              | 47                        | 62                            |                              | 525                          | 11,278              |
| <b>2007</b>                           |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value                  | 14.11            | 14.79                            | 10.63                     | 11.66                         |                              | 18.18                        | 12.73               |
| Ending Unit Value                     | 14.69            | 14.10                            | 11.10                     | 12.59                         |                              | 19.04                        | 13.22               |
| Number of Units Outstanding           | 17,912           | 17,434                           | 6,416                     | 12,959                        |                              | 49,464                       | 624,140             |
| Net Assets (000's)                    | 263              | 246                              | 71                        | 163                           |                              | 954                          | 8,252               |
| <b>2006</b>                           |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value                  | 12.20            | 14.13                            | 10.00                     | 10.49                         |                              | 15.94                        | 12.27               |
| Ending Unit Value                     | 14.11            | 14.79                            | 10.63                     | 11.66                         |                              | 18.18                        | 12.73               |
| Number of Units Outstanding           | 17,205           | 25,902                           | 486                       | 70,278                        |                              | 102,060                      | 394,944             |
| Net Assets (000's)                    | 243              | 383                              | 5                         | 820                           |                              | 1,855                        | 5,028               |
| <b>2005</b>                           |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value                  | 11.59            | 13.36                            |                           | 9.53                          |                              | 15.20                        | 12.05               |
| Ending Unit Value                     | 12.20            | 14.13                            |                           | 10.49                         |                              | 15.94                        | 12.27               |
| Number of Units Outstanding           | 7,846            | 31,790                           |                           | 47,154                        |                              | 92,909                       | 481,922             |
| Net Assets (000's)                    | 96               | 449                              |                           | 495                           |                              | 1,481                        | 5,915               |

|                             | Pioneer Fund VCT | Pioneer Growth Opportunities VCT | Pioneer Mid Cap Value VCT | Prudential Series Fund Equity | Royce Capital Fund Small-Cap | Schwab MarketTrack Growth II | Schwab Money Market |
|-----------------------------|------------------|----------------------------------|---------------------------|-------------------------------|------------------------------|------------------------------|---------------------|
| <b>2004</b>                 |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value        | 10.85            | 11.01                            |                           | 8.78                          |                              | 13.74                        | 12.04               |
| Ending Unit Value           | 11.59            | 13.36                            |                           | 9.53                          |                              | 15.20                        | 12.05               |
| Number of Units Outstanding | 8,482            | 46,953                           |                           | 26,039                        |                              | 95,072                       | 483,806             |
| Net Assets (000's)          | 98               | 627                              |                           | 248                           |                              | 1,445                        | 5,829               |
| <b>2003</b>                 |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value        | 8.77             | 7.77                             |                           | 6.75                          |                              | 10.91                        | 12.06               |
| Ending Unit Value           | 10.85            | 11.01                            |                           | 8.78                          |                              | 13.74                        | 12.04               |
| Number of Units Outstanding | 18,418           | 39,068                           |                           | 1,216                         |                              | 99,603                       | 418,950             |
| Net Assets (000's)          | 200              | 430                              |                           | 11                            |                              | 1,368                        | 5,045               |
| <b>2002</b>                 |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value        | 11.94            | 12.57                            |                           | 8.80                          |                              | 13.01                        | 12.00               |
| Ending Unit Value           | 8.77             | 7.77                             |                           | 6.75                          |                              | 10.91                        | 12.06               |
| Number of Units Outstanding | 31,832           | 33,318                           |                           | 995                           |                              | 98,384                       | 507,990             |
| Net Assets (000's)          | 279              | 259                              |                           | 7                             |                              | 1,073                        | 6,125               |
| <b>2001</b>                 |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value        | 13.29            | 10.64                            |                           | 10.05                         |                              | 14.33                        | 11.67               |
| Ending Unit Value           | 11.94            | 12.57                            |                           | 8.80                          |                              | 13.01                        | 12.00               |
| Number of Units Outstanding | 36,876           | 27,184                           |                           | 809                           |                              | 47,996                       | 1,093,341           |
| Net Assets (000's)          | 440              | 342                              |                           | 7                             |                              | 625                          | 13,120              |
| <b>2000</b>                 |                  |                                  |                           |                               |                              |                              |                     |
| Beginning Unit Value        | 15.02            | 11.44                            |                           | 9.85                          |                              | 15.18                        | 11.11               |
| Ending Unit Value           | 13.29            | 10.64                            |                           | 10.05                         |                              | 14.33                        | 11.67               |
| Number of Units Outstanding | 55,168           | 17,234                           |                           | 17,767                        |                              | 54,059                       | 810,042             |
| Net Assets (000's)          | 733              | 183                              |                           | 179                           |                              | 775                          | 9,452               |

| Date        | Sub-Account                 | Commenced Operations | Schwab S&P<br>500 Index | 5/15/1997 | Seligman<br>Communications<br>& Information | 5/1/2009 | Sentinel Variable<br>Products Bond | 5/1/2009 | Sentinel Variable<br>Products<br>Common Stock | 5/1/2009 | Sentinel Variable<br>Products Small<br>Company | 5/1/2009 | Third Avenue<br>Value | 5/1/2006 | Touchstone Mid<br>Cap Growth | 5/1/2009 |
|-------------|-----------------------------|----------------------|-------------------------|-----------|---|----------|------------------------------------|----------|---|----------|--|----------|-----------------------|----------|------------------------------|----------|
| <b>2009</b> |                             |                      |                         |           |   |          |                                    |          |   |          |  |          |                       |          |                              |          |
|             | Beginning Unit Value        |                      | 11.53                   | 10.00     | 10.00                                       | 10.00    | 10.00                              | 10.00    | 10.00   | 10.00    | 10.00  | 10.00    | 5.44                  | 5.44     | 10.00                        | 10.00    |
|             | Ending Unit Value           |                      | 14.42                   | 10.61     | 10.61                                       | 10.57    | 10.57                              | 12.60    | 12.60   | 12.61    | 12.61  | 12.61    | 7.84                  | 7.84     | 13.10                        | 13.10    |
|             | Number of Units Outstanding |                      | 400,384                 | 2,613     | 2,613                                       | 1,167    | 1,167                              | 131      | 131   | 493      | 493  | 493      | 54,147                | 54,147   | 129                          | 129      |
|             | Net Assets (000's)          |                      | 5,774                   | 28        | 28  | 12       | 12                                 | 2        | 2   | 6        | 6  | 6        | 424                   | 424      | 2                            | 2        |
| <b>2008</b> |                             |                      |                         |           |   |          |                                    |          |   |          |  |          |                       |          |                              |          |
|             | Beginning Unit Value        |                      | 18.32                   |           |   |          |                                    |          |   |          |  |          | 9.73                  | 9.73     |                              |          |
|             | Ending Unit Value           |                      | 11.53                   |           |   |          |                                    |          |   |          |  |          | 5.44                  | 5.44     |                              |          |
|             | Number of Units Outstanding |                      | 360,315                 |           |   |          |                                    |          |   |          |  |          | 143,972               | 143,972  |                              |          |
|             | Net Assets (000's)          |                      | 4,186                   |           |   |          |                                    |          |   |          |  |          | 783                   | 783      |                              |          |
| <b>2007</b> |                             |                      |                         |           |   |          |                                    |          |   |          |  |          |                       |          |                              |          |
|             | Beginning Unit Value        |                      | 17.54                   |           |   |          |                                    |          |   |          |  |          | 10.31                 | 10.31    |                              |          |
|             | Ending Unit Value           |                      | 18.32                   |           |   |          |                                    |          |   |          |  |          | 9.73                  | 9.73     |                              |          |
|             | Number of Units Outstanding |                      | 360,530                 |           |   |          |                                    |          |   |          |  |          | 115,766               | 115,766  |                              |          |
|             | Net Assets (000's)          |                      | 6,646                   |           |   |          |                                    |          |   |          |  |          | 1,127                 | 1,127    |                              |          |
| <b>2006</b> |                             |                      |                         |           |   |          |                                    |          |   |          |  |          |                       |          |                              |          |
|             | Beginning Unit Value        |                      | 15.31                   |           |   |          |                                    |          |   |          |  |          | 10.00                 | 10.00    |                              |          |
|             | Ending Unit Value           |                      | 17.54                   |           |   |          |                                    |          |   |          |  |          | 10.31                 | 10.31    |                              |          |
|             | Number of Units Outstanding |                      | 318,627                 |           |   |          |                                    |          |   |          |  |          | 21,960                | 21,960   |                              |          |
|             | Net Assets (000's)          |                      | 5,590                   |           |   |          |                                    |          |   |          |  |          | 226                   | 226      |                              |          |



|                             | Schwab S&P<br>500 Index | Seligman<br>Communications<br>& Information | Sentinel Variable<br>Products Bond | Sentinel Variable<br>Products<br>Common Stock | Sentinel Variable<br>Products Small<br>Company | Third Avenue<br>Value | Touchstone Mid<br>Cap Growth |
|-----------------------------|-------------------------|---|------------------------------------|---|--|-----------------------|------------------------------|
| <b>2005</b>                 |                         |   |                                    |   |  |                       |                              |
| Beginning Unit Value        | 14.74                   |   |                                    |   |  |                       |                              |
| Ending Unit Value           | 15.31                   |   |                                    |   |  |                       |                              |
| Number of Units Outstanding | 402,180                 |   |                                    |   |  |                       |                              |
| Net Assets (000's)          |                         |   |                                    |   |  |                       |                              |
| <b>2004</b>                 |                         |   |                                    |   |  |                       |                              |
| Beginning Unit Value        | 13.45                   |   |                                    |   |  |                       |                              |
| Ending Unit Value           | 14.74                   |   |                                    |   |  |                       |                              |
| Number of Units Outstanding | 383,040                 |   |                                    |   |  |                       |                              |
| Net Assets (000's)          | 5,645                   |   |                                    |   |  |                       |                              |
| <b>2003</b>                 |                         |   |                                    |   |  |                       |                              |
| Beginning Unit Value        | 10.58                   |   |                                    |   |  |                       |                              |
| Ending Unit Value           | 13.45                   |   |                                    |   |  |                       |                              |
| Number of Units Outstanding | 389,057                 |   |                                    |   |  |                       |                              |
| Net Assets (000's)          | 5,231                   |   |                                    |   |  |                       |                              |
| <b>2002</b>                 |                         |   |                                    |   |  |                       |                              |
| Beginning Unit Value        | 13.75                   |   |                                    |   |  |                       |                              |
| Ending Unit Value           | 10.58                   |   |                                    |   |  |                       |                              |
| Number of Units Outstanding | 348,653                 |   |                                    |   |  |                       |                              |
| Net Assets (000's)          | 3,687                   |   |                                    |   |  |                       |                              |

|  | Schwab S&P<br>500 Index | Seligman<br>Communications<br>& Information | Sentinel Variable<br>Products Bond | Sentinel Variable<br>Products<br>Common Stock | Sentinel Variable<br>Products Small<br>Company | Third Avenue<br>Value | Touchstone Mid<br>Cap Growth |
|--|-------------------------|---|------------------------------------|---|--|-----------------------|------------------------------|
|--|-------------------------|---|------------------------------------|---|--|-----------------------|------------------------------|

**2001**

|                             |         |  |  |  |  |  |  |
|-----------------------------|---------|--|--|--|--|--|--|
| Beginning Unit Value        | 15.79   |  |  |  |  |  |  |
| Ending Unit Value           | 13.75   |  |  |  |  |  |  |
| Number of Units Outstanding | 278,148 |  |  |  |  |  |  |
| Net Assets (000's)          | 3,825   |  |  |  |  |  |  |

**2000**

|                             |         |  |  |  |  |  |  |
|-----------------------------|---------|--|--|--|--|--|--|
| Beginning Unit Value        | 17.57   |  |  |  |  |  |  |
| Ending Unit Value           | 15.79   |  |  |  |  |  |  |
| Number of Units Outstanding | 255,805 |  |  |  |  |  |  |
| Net Assets (000's)          | 4,039   |  |  |  |  |  |  |

|  | Universal Institutional Fund U.S. Real Estate | Van Eck Insurance Trust Worldwide Bond | Van Kampen LIT ComStock | Van Kampen LIT Growth & Income | Wells Fargo Advantage VT Opportunity | Wells Fargo Advantage VT Small/Mid Cap Value |
|--|---|--|-------------------------|--------------------------------|--------------------------------------|--|
| Date   | 9/17/1997                                     | 5/1/2009                               | 5/2/2005                | 5/2/2005                       | 5/1/2006                             | 5/3/1999                                     |
| <b>Date Sub-Account Commenced Operations</b> |   |  |                         |                                |                                      |  |
| <b>2009</b>                                  |   |  |                         |                                |                                      |  |
| Beginning Unit Value                         | 18.03   | 10.00                                  | 7.58                    | 8.72                           | 6.54                                 | 8.29   |
| Ending Unit Value                            | 22.95   | 10.89                                  | 9.68                    | 10.75                          | 9.58                                 | 13.16  |
| Number of Units Outstanding                  | 38,198  | 13,664                                 | 21,588                  | 31,757                         | 19,617                               | 13,371                                       |
| Net Assets (000's)                           | 877   | 149                                    | 209                     | 341                            | 188                                  | 176  |
| <b>2008</b>                                  |   |  |                         |                                |                                      |  |
| Beginning Unit Value                         | 29.29   |  | 11.88                   | 12.94                          | 11.01                                | 15.07  |
| Ending Unit Value                            | 18.03   |  | 7.58                    | 8.72                           | 6.54                                 | 8.29   |
| Number of Units Outstanding                  | 45,472  |  | 20,272                  | 30,535                         | 10,846                               | 14,906                                       |
| Net Assets (000's)                           | 820   |  | 154                     | 266                            | 71                                   | 133  |
| <b>2007</b>                                  |   |  |                         |                                |                                      |  |
| Beginning Unit Value                         | 35.62   |  | 12.23                   | 12.69                          | 10.41                                | 15.31  |
| Ending Unit Value                            | 29.29   |  | 11.88                   | 12.94                          | 11.01                                | 15.07  |
| Number of Units Outstanding                  | 43,380  |  | 19,849                  | 30,258                         | 10,106                               | 15,512                                       |
| Net Assets (000's)                           | 1,270   |  | 236                     | 391                            | 111                                  | 247  |
| <b>2006</b>                                  |   |  |                         |                                |                                      |  |
| Beginning Unit Value                         | 26.02   |  | 10.60                   | 11.01                          | 10.00                                | 13.34  |
| Ending Unit Value                            | 35.62   |  | 12.23                   | 12.69                          | 10.41                                | 15.31  |
| Number of Units Outstanding                  | 70,795  |  | 45,969                  | 15,863                         | 8,050                                | 20,408                                       |
| Net Assets (000's)                           | 2,521   |  | 562                     | 201                            | 84                                   | 312  |
| <b>2005</b>                                  |   |  |                         |                                |                                      |  |
| Beginning Unit Value                         | 22.42   |  | 10.00                   | 10.00                          |                                      | 11.55  |
| Ending Unit Value                            | 26.02   |  | 10.60                   | 11.01                          |                                      | 13.34  |
| Number of Units Outstanding                  | 57,727  |  | 13,602                  | 13,481                         |                                      | 28,311                                       |
| Net Assets (000's)                           | 1,502   |  | 144                     | 148                            |                                      | 378  |

|                             | Universal Institutional Fund U.S. Real Estate | Van Eck Insurance Trust Worldwide Bond | Van Kampen LIT ComStock | Van Kampen LIT Growth & Income | Wells Fargo Advantage VT Opportunity | Wells Fargo Advantage VT Small/Mid Cap Value |
|-----------------------------|---|--|-------------------------|--------------------------------|--------------------------------------|--|
| <b>2004</b>                 |   |  |                         |                                |                                      |  |
| Beginning Unit Value        | 16.58   |  |                         |                                |                                      | 9.97   |
| Ending Unit Value           | 22.42   |  |                         |                                |                                      | 11.55  |
| Number of Units Outstanding | 55,872  |  |                         |                                |                                      | 39,145                                       |
| Net Assets (000's)          | 1,253   |  |                         |                                |                                      | 452  |
| <b>2003</b>                 |   |  |                         |                                |                                      |  |
| Beginning Unit Value        | 12.16   |  |                         |                                |                                      | 7.27   |
| Ending Unit Value           | 16.58   |  |                         |                                |                                      | 9.97   |
| Number of Units Outstanding | 53,856  |  |                         |                                |                                      | 62,422                                       |
| Net Assets (000's)          | 893   |  |                         |                                |                                      | 623  |
| <b>2002</b>                 |   |  |                         |                                |                                      |  |
| Beginning Unit Value        | 12.36   |  |                         |                                |                                      | 9.54   |
| Ending Unit Value           | 12.16   |  |                         |                                |                                      | 7.27   |
| Number of Units Outstanding | 52,232  |  |                         |                                |                                      | 88,871                                       |
| Net Assets (000's)          | 635   |  |                         |                                |                                      | 646  |
| <b>2001</b>                 |   |  |                         |                                |                                      |  |
| Beginning Unit Value        | 11.22   |  |                         |                                |                                      | 9.24   |
| Ending Unit Value           | 12.36   |  |                         |                                |                                      | 9.54   |
| Number of Units Outstanding | 26,658  |  |                         |                                |                                      | 82,944                                       |
| Net Assets (000's)          | 329   |  |                         |                                |                                      | 791  |
| <b>2000</b>                 |   |  |                         |                                |                                      |  |
| Beginning Unit Value        | 8.94  |  |                         |                                |                                      | 8.64   |
| Ending Unit Value           | 11.22   |  |                         |                                |                                      | 9.24   |
| Number of Units Outstanding | 16,089  |  |                         |                                |                                      | 27,382                                       |
| Net Assets (000's)          | 180   |  |                         |                                |                                      | 253  |

\* On September 22, 2000, the net assets of the Van Kampen Life Investment Trust Morgan Stanley Real Estate Securities Portfolio were merged into this underlying Portfolio. The data shown above reflects financial information for the Van Kampen Life Investment Trust Morgan Stanley Real Estate Securities Portfolio until September 22, 2000, and for the Van Kampen Universal Institutional Funds U.S. Real Estate Portfolio after that date.

## Appendix B—Market Value Adjustments

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The amount available for a full surrender, partial withdrawal or Transfer equals the amount requested plus or minus the Market Value Adjustment ("MVA"). The MVA is calculated by multiplying the amount requested by the market value adjustment factor ("MVAF").

The MVA formula

The MVA is determined using the following formula:

$MVA = (\text{amount applied}) \times (\text{Market Value Adjustment Factor})$

The MVAF is:

$$MVAF = \left\{ \frac{(1+i)}{(1+j)} \right\}^{N/12} - 1$$

Where:

- $i$  is the U.S. Treasury Strip ask side yield as published by Bloomberg Professional<sup>®</sup> on the last business day of the week prior to the date the stated rate of interest was established for the Guarantee Period. The term of  $i$  is measured in years and equals the term of the Guarantee Period, and
- $j$  is the U.S. Treasury Strip ask side yield as published by Bloomberg Professional<sup>®</sup> on the last business day of the week prior to the week the Guarantee Period is broken.

The term of  $j$  equals the remaining term to maturity of the Guarantee Period, rounded up to the higher number of years; and  $N$  is the number of complete months remaining until maturity. If  $N$  is less than 6, the MVA will equal 0.

### Examples

Following are four examples of Market Value Adjustments illustrating (1) increasing interest rates,

(2) decreasing interest rates, (3) flat interest rates

( $i$  and  $j$  are within .10% of each other), and (4) less than 6 months to maturity.

**Example #1—Increasing Interest Rates**

|                           |                              |
|---------------------------|------------------------------|
| Deposit                   | \$25,000 on November 1, 1996 |
| Maturity date             | December 31, 2006            |
| Interest Guarantee Period | 10 years                     |
| I                         | assumed to be 6.15%          |
| Surrender date            | July 1, 2001                 |
| J                         | 7.00%                        |
| Amount surrendered        | \$10,000                     |
| N                         | 65                           |

$$\begin{aligned}
MVAF &= \left\{ \frac{(1+i)}{(1+j)} \right\}^{N/12} - 1 \\
&= \left\{ \frac{1.0615}{1.07} \right\}^{65/12} - 1 \\
&= .957718 - 1 \\
&= -.042282
\end{aligned}$$

$$\begin{aligned}
MVA &= (\text{amount Transferred or surrendered}) \times MVAF \\
&= \$10,000 \times -.042282 \\
&= -\$422.82
\end{aligned}$$

$$\begin{aligned}
\text{Surrender Value} &= (\text{amount Transferred or surrendered} + MVA) \times (1-CDSC) \\
&= (\$10,000 + -\$422.82) \times (1-0) \\
&= \$9,577.18
\end{aligned}$$

**Example #2—Decreasing Interest Rates**

|                           |                              |
|---------------------------|------------------------------|
| Deposit                   | \$25,000 on November 1, 1996 |
| Maturity date             | December 31, 2006            |
| Interest Guarantee Period | 10 years                     |
| i                         | assumed to be 6.15%          |
| Surrender date            | July 1, 2000                 |
| j                         | 5.00%                        |
| Amount surrendered        | \$10,000                     |
| N                         | 65                           |

$$\begin{aligned}
MVAF &= \left\{ \frac{(1+i)}{(1+j)} \right\}^{N/12} - 1 \\
&= \left\{ \frac{1.0615}{1.05} \right\}^{65/12} - 1 \\
&= .060778
\end{aligned}$$

$$\begin{aligned}
MVA &= (\text{amount Transferred or surrendered}) \times MVAF \\
&= \$10,000 \times .060778 \\
&= \$607.78
\end{aligned}$$

$$\begin{aligned}
\text{Surrender Value} &= (\text{amount Transferred or surrendered} + MVA) \times (1-CDSC) \\
&= (\$10,000 + \$607.78) \times (1-0) \\
&= \$10,607.78
\end{aligned}$$

**Example #3—Flat Interest Rates**

|                           |                              |
|---------------------------|------------------------------|
| Deposit                   | \$25,000 on November 1, 1996 |
| Maturity date             | December 31, 2006            |
| Interest Guarantee Period | 10 years                     |
| i                         | assumed to be 6.15%          |
| Surrender date            | July 1, 2001                 |
| j                         | 6.24%                        |
| Amount surrendered        | \$10,000                     |
| N                         | 65                           |

$$\begin{aligned} \text{MVAF} &= \left\{ \left[ \frac{1+i}{1+j} \right]^{N/12} \right\} - 1 \\ &= \left\{ \left[ \frac{1.0615}{1.0624} \right]^{65/12} \right\} - 1 \\ &= .995420 - 1 \\ &= -.004580 \end{aligned}$$

$$\begin{aligned} \text{MVA} &= (\text{amount Transferred or surrendered}) \times \text{MVAF} \\ &= \$10,000 \times -.004589 \\ &= \$-45.80 \end{aligned}$$

$$\begin{aligned} \text{Surrender Value} &= (\text{amount Transferred or surrendered} + \text{MVA}) \times (1-\text{CDSC}) \\ &= (\$10,000 - \$45.80) \times (1-0) \\ &= \$9,954.20 \end{aligned}$$



**Example #4—N < 6 (less than 6 months to maturity)**

|                           |                              |
|---------------------------|------------------------------|
| Deposit                   | \$25,000 on November 1, 1996 |
| Maturity date             | December 31, 2006            |
| Interest Guarantee Period | 10 years                     |
| I                         | assumed to be 6.15%          |
| Surrender date            | July 1, 2006                 |
| J                         | 7.00%                        |
| Amount surrendered        | \$10,000                     |
| N                         | 5                            |

$$\begin{aligned} \text{MVAF} &= \left\{ \left[ \frac{(1+i)}{(1+j)} \right]^{N/12} \right\} - 1 \\ &= \left\{ \left[ \frac{1.0615}{1.07} \right]^{5/12} \right\} - 1 \\ &= .99668 - 1 \\ &= -.00332 \end{aligned}$$

However,  $N < 6$ , so  $\text{MVAF} = 0$

$$\begin{aligned} \text{MVA} &= (\text{amount Transferred or surrendered}) \times \text{MVAF} \\ &= \$10,000 \times 0 \\ &= \$0 \end{aligned}$$

$$\begin{aligned} \text{Surrender Value} &= (\text{amount Transferred or surrendered} + \text{MVA}) \times (1 - \text{CDSC}) \\ &= (\$10,000 + \$0) \times (1 - 0) \\ &= \$10,000 \end{aligned}$$

---

## **Appendix C—Net Investment Factor**

The net investment factor is determined by dividing (a) by (b), and subtracting (c) from the result where:

(a) is the net result of:

- 1) the net asset value per share of the Portfolio shares determined as of the end of the current Valuation Period, plus
- 2) the per share amount of any dividend (or, if applicable, capital gain distributions) made by the Portfolio on shares if the "ex-dividend" date occurs during the current Valuation Period, plus or minus
- 3) a per unit charge or credit for any taxes incurred by or provided for in the Sub-Account, which is determined by First GWL&A to have resulted from the investment operations of the Sub-Account, and

(b) is the net asset value per share of the Portfolio shares determined as of the end of the immediately preceding valuation period, and

(c) is an amount representing the mortality and expense risk charge deducted from each Sub-Account on a daily basis. Such amount is equal to 0.85%.

The net investment factor may be greater than, less than, or equal to one. Therefore, the Accumulation Unit value may increase, decrease or remain unchanged.

The net asset value per share referred to in paragraphs (a)(1) and (b) above, reflects the investment performance of the Portfolio as well as the payment of Portfolio expenses.







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