

OLD WEST ANNUITY & LIFE INSURANCE COMPANY
IN REHABILITATION

March 5, 2004

Dear Old West Policyholder:

The purpose of this letter is to notify you that Old West Annuity & Life Insurance Company ("Old West") was placed into rehabilitation receivership on March 2, 2004. This means that, upon a request by the Arizona Director of Insurance and with the consent of Old West, the Maricopa County Superior Court in Arizona, where Old West is domiciled, appointed the Arizona Director of Insurance as the rehabilitator of Old West. In essence, Old West is now being operated by the Arizona Director of Insurance, under the guidance of the Receivership Court. The Insurance Director has appointed me as her Special Deputy Receiver, the person responsible for the day-to-day operations of Old West.

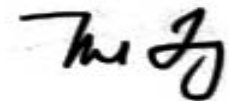
Old West will continue to make all of its claim and annuity payments to policy and annuity contract holders. The terms of the contracts and policies are not changed by the implementation of the rehabilitation. Likewise, policyholders and contract holders must continue to make any payments to Old West required under their contract or policy.

The Arizona Director of Insurance took this rehabilitation action to protect the Old West policyholders, like you, while the financial problems of Old West's parent holding company, Summit Securities, Inc. ("Summit") and Summit's sister company, Metropolitan Mortgage & Securities Co., Inc., ("Metropolitan") are dealt with in bankruptcy proceedings, which were filed on February 4, 2004 in the state of Washington. This process is simply an effort to maximize the protection to Old West and its policyholders during this time that Old West's affiliated companies experience financial problems. By obtaining a court-ordered receivership, the Arizona Director of Insurance is taking the strongest action the law allows to enable Old West to meet its responsibilities under state law and to fulfill all of its obligations to policyholders.

We understand that publicity about the problems of Old West's related companies and their bankruptcy filings can be unsettling. However, as things now stand, I expect to operate Old West on a business-as-usual basis. We do not anticipate at this time that Old West will have any problem in continuing to pay all of its obligations as they become due. It is our belief that the interests of everyone will be best served if Old West continues its operations unaffected and unimpaired by the proceedings that affect Metropolitan and Summit.

For information about this or about your annuity, you should continue to contact Old West at 1-800-521-5305. Please see the Old West website www.oldwestannuitylife.com or the Arizona Insurance Department website at www.id.state.az.us for additional information.

Very Truly Yours,



Mark D. Tharp
Special Deputy Receiver

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