

August 27, 2007

To: MGA Field Associates
From: Individual Markets Underwriting and Product Management

Now that we've passed the halfway point of 2007, it's amazing to look back on the past year and a half and see the success we've had since the merger of Jefferson Pilot and Lincoln Financial. Despite the merger, we saw unprecedented sales last year, and we've carried that momentum into this year. Our MGA partners have contributed particularly strong sales growth, so our success wouldn't be possible without you.

Lincoln Financial has a portfolio of financial solutions for all stages of life – in particular, we are leaders in the affluent and high net worth marketplace, which, by its very nature, is an older-age marketplace. As part of our ongoing commitment to be leaders in this marketplace, we need your help in gathering the right information to ensure sound financial justification for coverage while still enabling us to process your business efficiently and effectively. With that in mind, the following Underwriting and Product Management announcements will help us all keep the sales momentum on track.

Financial Underwriting Guidelines Update – August 2007

The Underwriting Department of the affiliated companies of Lincoln Financial Group considers financial underwriting one of the cornerstones to successful mortality assessment. Our financial underwriting guidelines over the years reflect our overall underwriting philosophy of responsibly aggressive decision-making.

As part of our ongoing commitment to maintain market-leading underwriting and service, we want our distribution partners to know what the Underwriting Department will be expecting and requiring for older-age, larger face amount business effective **September 15, 2007**.

Submission Requirements

For ages 70 and above, and face amounts \$10 million and above, Lincoln will require third party verification of income and net worth. The documentation required will be:

1. A copy of the latest income tax return, a Request for Transcript of Tax Return IRS Form 4506-T, or signed statements from the client's accountant or attorney that verify the last two years of income figures that were provided to the IRS, **and**
2. A detailed listing of the assets and liabilities of the client, which needs to be signed by the accountant, attorney and/or client.

For ages 70 and above, and face amounts \$2 million - \$10 million, Lincoln expects:

- That the producer will provide information to the Underwriting Department in a cover letter that gives clear information on how the insurance face amount being applied for was determined and sold to the client. The cover letter should also identify the source of the funds being used to pay the premiums.
- The underwriter may ask for additional verifying information if the amount applied for is not within our financial underwriting guidelines, or the information provided is not verifiable through our normal sources.

Financial Guidelines

The financial guidelines that Lincoln Financial uses for older ages (70 and above) include:

- **Estate Growth:** To determine a reasonable amount of insurance being applied for, Lincoln will take 75% of the client's life expectancy years from CSO mortality tables and allow for a 6% estate growth factor as a general estate growth guideline, multiplying that amount by 55% for tax purposes. For any client age 80 and above, we will not allow for estate growth to exceed more than one time their documented net worth.

Income: Underwriting will ask for clarifying information in situations where the premium is high in relation to the reported income on the application. As a general rule of thumb, illustrated premium expense should not exceed more than 20% of an applicant's income.

Asset Sales: If assets are being liquidated to pay the insurance premium, Lincoln Financial would request that a detailed explanation be provided to Underwriting for any asset liquidation that involves more than 20% of stated net worth for the insurance coverage.

- **Premium Financing:** Lincoln Financial requires Premium Financing Certifications to be signed by the insured, owner, producer, and lender in situations where premium financing is being used for the life insurance premiums. We would expect that materials were presented to the client (and advisors as necessary) regarding the need for or advantages of premium financing, and that there is an exit strategy for paying off the loan.

Underwriting should be provided with all financial information sent to the lending institution for financial qualification of the loan and details regarding the sale design in a cover letter to the underwriter.

Please note that these are our general guidelines. Your underwriter will use any information and documentation provided by the producer to consider for any amount above the general guidelines. If you have any questions on financial underwriting guidelines, please contact your underwriter for assistance.

Sincerely,
Jordan J. Carreira
Vice President and Chief Underwriter

Lincoln Universal Life Product Update: Lincoln *LifeElements*SM UL September 15, 2007

Lincoln Financial enjoys a large portfolio of products, each uniquely designed to address specific client needs and to perform optimally within specific marketing strategies. It is essential to Lincoln Financial's long-term success that products be used as intended. We believe that our sales efforts become increasingly effective when the product is marketed and sold as intended. To this end, we are taking a product action effective September 15, 2007, designed to clarify the position of Lincoln *LifeElements*SM UL within our portfolio.

Lincoln *LifeElements*SM UL will now be offered with face amounts of no more than \$2 million at ages 71 and older. The \$2 million limit is a per-life limit on all Lincoln *LifeElements*SM UL and JPF Advantage Solutions business in force and applied for, subject to all other underwriting requirements and considerations. This change applies to JPF Advantage Solutions in states where available.

This action supports the position of the Lincoln ProElements Platform as a strategy delivering security and protection solutions to the market space between affluent and middle-income professional families and small-business owners.

For any business currently in motion that does not comply with this product change, formal applications submitted in accordance with our published Underwriting Guidelines must be received in the Home Office by Friday, September 14, 2007.

Lincoln Sales Platform will be updated in the fourth quarter of 2007 to restrict illustrations that conflict with this product change. Until this change is implemented, please do not run or submit illustrations that conflict with this change.

Thanks again for your business. We appreciate your partnership and look forward to a successful remainder of the year.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Lincoln *LifeElements*SM UL is issued by The Lincoln National Life Insurance Company, Fort Wayne, IN on policy form UL5050. JP Advantage Solutions is issued by The Lincoln National Life Insurance, Company, Fort Wayne, IN on policy form UL5050.