



The strength to deliver
on our promises

Our financial strength is at the core of who we are as Lincoln Financial Group

Having comprehensive products and services is important, but it doesn't mean much without the financial strength to support them. Lincoln Financial Group, the marketing name for Lincoln National Corporation (NYSE:LNC) and its family of financial services affiliates, has more than a century-long history of delivering on our promises.

Helping customers build, protect, and enjoy wealth

Through our family of companies, Lincoln Financial provides the tools to help customers build, protect, and enjoy their wealth. We offer a wide range of financial services including retirement solutions, financial planning, life insurance, annuities, mutual funds, managed accounts, and institutional investment management. We're also strong because we align ourselves with the right partners. Lincoln Financial has become a strategic partner for some of the industry's top financial intermediaries.

Lincoln Financial has long been recognized for its disciplined approach to financial and risk management. Throughout our history—and through vastly changing economic climates—this approach has served us well and has never been more critical than it is today. Our financial strength is at the core of who we are as a company. We were named for one of the most revered presidents in our nation's history, one who was known for his honesty, integrity, and strength. Because we've had an unwavering focus on these values since 1905, we're strong enough to deliver on our promises to our partners and our clients well into the future.

Financial strength ratings apply only to the company's claims-paying ability. The ratings do not imply approval of the products and do not refer to the performance of the underlying variable investment options.



The Lincoln National Life Insurance Company is formed in Fort Wayne, Indiana. The founders receive permission from Abraham Lincoln's son to use the Lincoln name and likeness.

1905

1910s

Lincoln Life enters its first reinsurance contract.

Increased scale and fiscal strength

Lincoln Financial Group

- Revenues of \$5.2 billion for the six months ended June 30, 2008
- Generated net income of \$414 million or \$1.58 per diluted share, for the six months ended June 30, 2008
- 24-year track record of increasing stock dividends
- Seventh-largest variable annuity company (Lincoln National Life Insurance Company) in the U.S. — more than \$72.8 billion of variable annuity assets under management (Source: Variable Annuity Sales and Asset Survey, 2nd Quarter MARC Report, 2008)

Employer Markets

Operates through two segments offering group protection, retirement income, and executive benefits solutions

- Retirement Products: variable and fixed annuities, mutual fund-based 401(k), 403(b), and 457 programs (including *Lincoln Director*SM business reported in the Investment Management segment through 1st quarter 2006), and corporate and bank-owned life insurance
 - \$27.5 billion of variable and fixed annuity account values; overall \$35.0 billion of account values, including Alliance Mutual Funds and corporate and bank-owned life insurance as of June 30, 2008
 - Total deposits of \$3.0 billion as of June 30, 2008, including Alliance Mutual Funds and corporate and bank-owned life insurance
 - \$517 million of positive net flows as of June 30, 2008, including Alliance Mutual Funds and corporate and bank-owned life insurance
- Group Protection: group life, disability, and dental insurance
 - Sales of \$119 million for the six months ended June 30, 2008

Individual Markets

Operates through two segments: Individual Annuities and Individual Life

- Individual Annuities: fixed, variable, and indexed annuities
 - Total deposits of \$6.5 billion for the six months ended June 30, 2008
 - \$2.8 billion in positive net flows for the six months ended June 30, 2008
- Individual Life: single and survivorship universal life, variable universal life, interest-sensitive whole life, term insurance, and a universal life insurance policy linked with riders that provide for long-term care costs
 - \$522.8 billion of life insurance in-force as of June 30, 2008

Investment Management

Delaware Investments is the investment management arm of Lincoln Financial Group. It provides managed accounts and portfolios, mutual funds, subadvised funds, and other investment products to individual and institutional investors.

- Managed \$141.7 billion of assets as of June 30, 2008

Lincoln Life attains \$1 billion of insurance in-force.

Lincoln Life introduces the variable annuity; now the 10th largest life insurance company in the U.S. and the world's largest reinsurer.

Lincoln National Investment Management Company

1920s–1930s

1940s–1950s

1960s

1970s

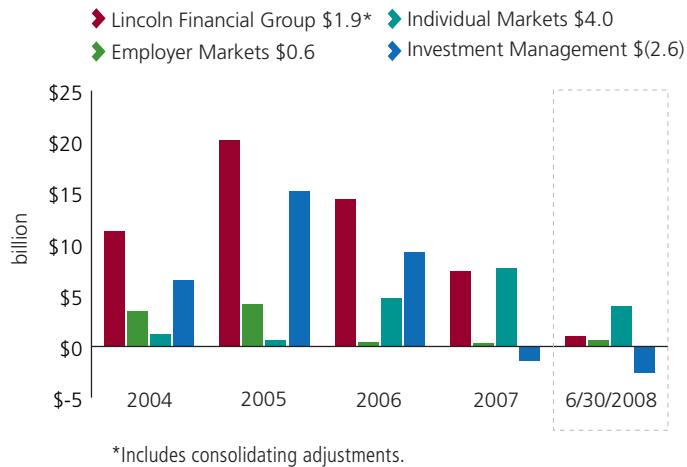
Geographic expansion and entry into the employee benefits business generate a “corporate family” feel within Lincoln Life.

Lincoln National Corporation is formed, introducing one of the insurance industry's first holding companies.

LNC trades on the NYSE and Midwest Stock Exchanges.

Lincoln Life acquires American States Insurance Company.

Total domestic net flows



Fundamentals

Key indicators of strong fundamentals for Lincoln Financial Group are positive net flows overall. Lincoln Financial had total domestic deposits of \$17.5 billion for the six months ended June 30, 2008.

Consolidated investment portfolio

Lincoln Financial general account assets are managed by Delaware Investments, the company's investment management group. Delaware employs a bottom-up investment style in which in-depth fundamental research is the cornerstone of the investment process. Individual security selection and an emphasis on superior trading also add value to the process. Lincoln Financial has long been recognized by the rating agencies for its conservative approach to asset-liability management and related interest rate

risk management. Portfolio goals maximize after-tax GAAP income consistent with the long-term preservation of capital, allowing Lincoln Financial to maintain a high-quality investment portfolio. The following tables show Lincoln Financial consolidated investment portfolio characteristics.

Lincoln Financial consolidated investment portfolio

(based on market—as of June 30, 2008)

	(\$ in billions)	%
Fixed maturities	54.5	77.6
Equity securities	0.5	0.7
Trading securities	2.6	3.7
Other	12.6	17.9
Total	70.2	100%*

*Total may vary due to rounding.

Credit rating distribution of fixed maturity securities

(based on market—as of June 30, 2008)

Source: LNC Form 10Q

	%
Aaa/Aa/A	60.9
Baa	33.2
Ba	4.2
B	1.2
Caa & lower	0.5
Total	100%

Lincoln Financial purchases First Penn-Pacific Life Insurance Company.

Assets under management reach \$10 billion.

Lincoln Financial purchases Delaware Management Holdings, Inc. (Delaware Investments).

Lincoln Financial purchases CIGNA's individual life and annuity businesses.

Lincoln Financial celebrates its 100th anniversary.

Lincoln Financial Distributors forms.

70s

1980s

1990s

2000s

Lincoln Life surpasses \$100 billion of insurance in-force.

LNC trades on London Stock Exchange and Pacific Stock Exchange.

Lincoln Financial establishes a U.K. presence.

LNC introduces its marketing name, "Lincoln Financial Group."

Lincoln Financial buys Aetna's domestic individual life insurance operations.

Lincoln Financial completes sale of American States Insurance Company.

Lincoln Financial divests its reinsurance operation.

Lincoln Financial enters into a management buyout agreement to sell Delaware International Advisers, Ltd. (DIAL) and certain affiliates.

Lincoln National Corporation (NYSE: LNC) and Jefferson-Pilot Corporation merge, solidifying the company's leadership position in financial services.

Financial strength

Financial strength has made Lincoln Financial Group one of the strongest, most enduring financial services organizations in the country. A.M. Best noted, "LFG is a leading asset manager and innovative life and annuity product manufacturer with best-in-class asset/liability and risk management practices. The rating...reflects the Lincoln Financial Group's (LFG) execution of a strategic repositioning of its businesses, which now focuses on less volatile wealth management and asset accumulation in the high net worth market."

The Lincoln National Life Insurance Company claims-paying ability

A.M. Best	A+ (2nd highest of 16)	"Excellent financial strength...strong ability to meet their ongoing obligations to policyholders."
Fitch	AA (3rd highest of 21)	"...reflects the company's long-standing competitive position."
Moody's	Aa3 (4th highest of 21)	"...offers excellent financial security."
Standard & Poor's	AA (3rd highest of 21)	"...a recognized leader in the high income market."

These ratings apply only to the company's claims-paying ability. As of July 28, 2008, these ratings represent the most recently affirmed ratings by the respective agencies. Individual issuing companies are separately responsible for satisfying their own financial and contractual obligations.





A Lincoln®

A tradition of integrity

At Lincoln Financial Group, we have a 100-year heritage of helping people find solutions to their financial challenges—with the same honesty, integrity, and responsibility that you’d expect from our namesake. It’s a legacy that we proudly and respectfully continue each day. We believe our continued commitment to strength and stability is indispensable to who we are and critical to your confidence in us. We are a proven industry leader in identifying and delivering sophisticated financial strategies and product solutions for the creation, protection, and enjoyment of wealth. We are committed to helping clients redefine their retirement because we don’t believe retirement is an end—it’s an opportunity for everyone to start doing what they were meant for all along.

Important disclosures. Please read.

Investment company products are sold by prospectus. Investors should consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. A prospectus contains this and other important information about the investment. To request a prospectus call 877 533-0003 or obtain one from your investment representative. Please read it carefully before you invest or send money.

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Lincoln Financial Group is the marketing name for Lincoln National Corporation (NYSE:LNC) and its family of financial services affiliates. Affiliates are separately responsible for their own financial and contractual obligations. The oldest Lincoln Financial affiliate, The Lincoln National Life Insurance Company, was founded in 1905 in Fort Wayne, IN. Lincoln Financial Group includes: Lincoln Life & Annuity Company of New York, Lincoln Financial Advisors, Lincoln Financial Distributors, Lincoln UK, and Delaware Investments.

Life insurance and annuities are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, First Penn-Pacific Life Insurance Company, Schaumburg, IL, and in New York, Lincoln Life & Annuity Company of New York, Syracuse, NY. Financial planning services are offered through Lincoln Financial Advisors and Sagemark Consulting, a division of Lincoln Financial Advisors, a registered investment advisor. Securities are offered by Lincoln Financial Advisors, a broker/dealer (member SIPC), and distributed by Lincoln Financial Distributors, Inc., a broker/dealer (member SIPC), and Delaware Distributors, L.P. Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its subsidiaries.

Financial data as of June 30, 2008, and subject to change. For the most up-to-date information, contact Lincoln Financial Distributors at 877 533-0003 or www.LincolnFinancial.com.

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