

## Lincoln National Life Insurance Company

### Update of separate account holdings issued by Lehman Brothers Holdings, Inc. and American International Group, Inc.

REVISED as of October 3, 2008

Dear Client,

Given the recent volatility in the financial markets, and specifically the news about Lehman Brothers and American International Group (AIG), we wanted to take this opportunity to inform you of the exposure to these securities in the Lincoln National Life Insurance Company non-registered separate accounts. Below is a chart showing the exposure to these issuers as of September 18, 2008 by separate account. Not included below is any indirect exposure that Separate Accounts 21 (Balanced), 30 (Conservative Balanced) & 32 (Aggressive Balanced) may have as a result of their investments in underlying separate accounts.

Lincoln National Life Insurance Company Separate Accounts	Percentage of Net Assets invested in securities issued by Lehman Brothers as of 9/18/08	Percentage of Net Assets invested in securities issued by AIG as of 9/18/08
Separate Account 11 - Core Equity	0.00%	0.00%
Separate Account 12 - Government/Corporate Bond	0.15%	0.40%
Separate Account 14 - Short Term	0.00%	1.59%
Separate Account 17 - Medium Capitalization Equity	0.00%	0.00%
Separate Account 20 - High Yield Bond	0.00%	0.00%
Separate Account 22 - International Equity	0.00%	0.00%
Separate Account 23 - Large Cap Equity	0.00%	0.00%
Separate Account 24 - Small Cap Equity	0.00%	0.00%
Separate Account 28 - Value Equity	0.00%	0.00%
Separate Account B1 (BOLI)	1.60%	0.04%
Separate Account B2 (BOLI)	0.00%	0.00%

Separate Account 12 – Government/Corporate Bond also had indirect exposure in the currency markets through forward foreign currency contracts with Lehman. The total forward contract currency exposure to Lehman was less than 0.10% in Separate Account 12 – Government/Corporate Bond as of 9/18/08 (this exposure was inadvertently omitted from the previous notice released on September 19, 2008).

We continue to believe that the diversified range of investment options offered through our products provide you with the tools to achieve capital appreciation over the long-term while managing the risk inherent in a volatile market. We will continue to work diligently in managing the separate accounts to earn the confidence that you have placed in us.

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The portfolio holdings information noted above were current as of September 18, 2008. **Please note that prior to September 18, the separate accounts may have had greater exposure to Lehman or AIG, but the amounts of exposure**

**have been reduced by market depreciation and trading activity.** Portfolio holdings are subject to change at any time without notice. The portfolio holdings information included herein should not be relied upon as a recommendation or an offer for a particular security or portfolio, nor should they be taken as an indication of the portfolios' future investment intent or composition.

Lincoln Director<sup>SM</sup> is a group variable annuity contract issued on contract form # 19476 (and variations thereof) by The Lincoln National Life Insurance Company, Fort Wayne, IN and offered by broker/dealers with an effective selling agreement. **Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.**

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates. Affiliates are separately responsible for their own financial and contractual obligations.