

---

**A Split Annuity Policy Illustration**

---

Single Premium Deferred Annuity  
with Market Value Adjustment

**Lincoln Classic<sup>SM</sup> 7**

and

Single Premium Immediate Annuity

*Designed for*

**Mildred Jones  
TX**

*Presented by*

**Andy Agent CLU  
TX**

August 1, 2007

**This Illustration is intended to show how the Lincoln Split Annuity policy works.**

**The Lincoln Classic<sup>SM</sup> 7 Annuity is a fixed indexed annuity intended for retirement or other long-term needs. A fixed annuity provides a guaranteed minimum interest rate, tax-deferred accumulation of your money subject to a surrender charge schedule and Market Value Adjustment (MVA), a wide range of income payment options including an income you cannot outlive, and a death benefit. It is intended for a person who has sufficient cash or other liquid assets for living expenses and unexpected emergencies, such as medical expenses.**

**Please also read the Client Brochure, Client Guide and Disclosure Statement for the Lincoln Classic<sup>SM</sup> 7 Annuity, which contain complete information about the annuity, including costs and details of coverage.**

# The Lincoln National Life Insurance Company

Designed for  
**Mildred Jones**  
 Age: 65, Sex: Male

**Split Annuity Supplement**  
 Lincoln Classic<sup>SM</sup> 7 - Single Premium Deferred Annuity  
 with Market Value Adjustment  
 Non-Qualified Single Premium Immediate Annuity

Single Premium: \$300,000.00      Monthly Income: \$1,233.96      Income Period: 7 years

### Deferred Annuity (Lincoln Classic<sup>SM</sup> 7)

Values Assuming the Policy Guaranteed Renewal Interest Rate(s)      Values Assuming a Non-Guaranteed Renewal Interest Rate of 4.75%

End of Year	Age	Immediate Annuity			Values Assuming the Policy Guaranteed Renewal Interest Rate(s)		Values Assuming a Non-Guaranteed Renewal Interest Rate of 4.75%		
		Premium	Monthly Income	Cum. Income	#Accum Value	#Cash Value*	#Accum Value	#Cash Value*	
1	66	\$89,244	\$1,233.96	\$14,808	\$210,756	\$227,090	\$208,695	\$227,090	\$208,695
2	67		1,233.96	29,615		237,876	220,749	237,876	220,749
3	68		1,233.96	44,423		249,175	233,477	249,175	233,477
4	69		1,233.96	59,230		261,011	246,917	261,011	246,917
5	70		1,233.96	74,038		273,409	261,106	273,409	261,106
6	71		1,233.96	88,845		286,396	276,086	286,396	276,086
7	72		1,233.96	103,653		300,000	291,900	300,000	291,900

This quote is valid from August 1, 2007 through August 8, 2007.

Rates and factors are subject to change without notice. This quote assumes funds are received at the Home Office within the effective period of the prevailing rate scale. Please submit a copy of this illustration and the accompanying deferred annuity and immediate annuity policy illustrations with the application. Each quote must be approved by The Lincoln National Life Insurance Company. Please verify with the Home Office that this is the correct rate scale and current software version.

\* The cash surrender values do not reflect any MVA and the actual cash surrender values that you receive may be more or less favorable than the cash surrender values illustrated here.

# Does not reflect any MVA. The MVA may either increase or decrease the accumulation value surrendered before the application of surrender charges.

*The premium is paid at the beginning of policy year one.*

*Cash Surrender Values and Accumulation Values are as of the end of the policy year.*

*This illustration assumes the non-guaranteed elements will continue unchanged for all policy years shown. This is not likely to occur, and actual results may be higher or lower than illustrated.*

# The Lincoln National Life Insurance Company

Designed for  
**Mildred Jones**  
 Age: 65, Sex: Male

**Split Annuity Supplement**  
 Lincoln Classic<sup>SM</sup> 7 - Single Premium Deferred Annuity  
 with Market Value Adjustment  
 Non-Qualified Single Premium Immediate Annuity

	VS	Single Premium Immediate Annuity \$89,244.07 Premium	Split Annuity \$300,000.00 Premium	Deferred Annuity Lincoln Classic <sup>SM</sup> 7 \$210,755.93 Premium
Bank CD \$300,000.00 Premium @ 5.00% Annual Effective		Gross Monthly Income \$1,233.96/Month Guaranteed for 7 Years		
Gross Monthly Income \$1,222.24/Month * (Interest Only)		Exclusion Ratio 86.10% ** Tax-Free Amount \$1,062.44/Month Amount Taxable \$171.52/Month		
100% Taxable Tax-Free Amount \$0.00/Month Amount Taxable \$1,222.24/Month		Taxes Payable \$48.03/Month Assuming a 28% Tax Bracket		
Taxes Payable \$342.23/Month Assuming a 28% Tax Bracket		\$1,185.93 Net Spendable Monthly Income! 34.76% More Spendable Income!		\$300,000 Guaranteed accumulation value at the end of policy year 7 assuming a base interest rate of 4.75% for the first 7 years and 1.00% thereafter.
\$880.01 Net Spendable Monthly Income! Only a 3.58% After Tax Return!		The Alternative Investment would need to Earn an Annual Effective Interest Rate of 6.79% to Equal!		\$300,000 Non-guaranteed accumulation value at the end of policy year 7 assuming a base interest rate of 4.75% for the first 7 years and 4.75% thereafter.
\$300,000 Value after 7 Years				

\* Assumes a 0.00% sales charge on the Bank CD.

\*\* Please see the Single Premium Immediate Annuity illustration for assumptions used in exclusion ratio calculation. Any cost basis is split pro-rata based on premium between the immediate and deferred annuities.

The annuity values illustrated as non-guaranteed are hypothetical and are for illustrative purposes only. Actual interest rates, monthly income and other product features may be more or less favorable. Income taxes are paid when interest is withdrawn from the annuity. Withdrawals made from the tax-deferred annuity prior to age 59½ may also be subject to a 10% Federal penalty tax. Withdrawals made from an annuity during the surrender charge period may be subject to a MVA and a surrender charge. The annuity values in the tax-deferred annuity illustrated do not reflect any withdrawals being made or deductions for any premium taxes. The Lincoln National Life Insurance Company and its affiliates do not give tax advice and urge you to seek the counsel of a qualified tax advisor regarding taxation and how it applies to you specifically.

## The Lincoln National Life Insurance Company

Designed for  
**Mildred Jones**  
 Age: 65, Sex: Male

**Policy Disclosure**  
 Lincoln Classic<sup>SM</sup> 7 - Single Premium Deferred Annuity  
 with Market Value Adjustment

	Explanation of Terms used in the illustration:																		
<b>End Of Yr</b>	The end of the policy year or duration since issue of the policy.																		
<b>Age</b>	The owner and annuitant's age as of the last birthday prior to the policy's issue date plus the number of years since issue.																		
<b>Premium For Year</b>	The single premium is assumed to be paid at the beginning of policy year one. No subsequent premium payments are allowed.																		
<b>Partial Withdrawal</b>	<p>The total partial withdrawal for the policy year. Partial withdrawals are made at the end of each annual period. Accumulation Values reflect any surrender charges applicable to the withdrawals illustrated. Withdrawals are referred to as surrenders in the policy.</p> <p>Surrenders in the first seven policy years are subject to a surrender charge. Surrender charges are expressed as a percentage of the policy's accumulation value after application of any MVA. The surrender charge schedule is as follows:</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="padding-right: 10px;">Policy Year:</td> <td style="padding-right: 10px;">1</td> <td style="padding-right: 10px;">2</td> <td style="padding-right: 10px;">3</td> <td style="padding-right: 10px;">4</td> <td style="padding-right: 10px;">5</td> <td style="padding-right: 10px;">6</td> <td style="padding-right: 10px;">7</td> <td style="padding-right: 10px;">8+</td> </tr> <tr> <td>Surrender Charge:</td> <td>9.00%</td> <td>8.00%</td> <td>7.00%</td> <td>6.00%</td> <td>5.00%</td> <td>4.00%</td> <td>3.00%</td> <td>0.00%</td> </tr> </table> <p>Each policy year you may take free partial surrenders of up to 10% of the policy's Accumulation Value without an MVA or surrender charge, but any amount in excess of 10% is subject to an MVA and surrender charge. The remaining Accumulation Value after any partial surrender must be at least \$5,000. Surrenders and partial withdrawals made from your policy may be subject to Federal and state income taxes, including a 10% Federal penalty tax on certain distributions before age 59½. Contact your personal tax advisor for information on tax-related issues. Due to surrender charges, you may receive less than your premium payment if you surrender the policy in the early years.</p>	Policy Year:	1	2	3	4	5	6	7	8+	Surrender Charge:	9.00%	8.00%	7.00%	6.00%	5.00%	4.00%	3.00%	0.00%
Policy Year:	1	2	3	4	5	6	7	8+											
Surrender Charge:	9.00%	8.00%	7.00%	6.00%	5.00%	4.00%	3.00%	0.00%											
<b>Interest Rate</b>	<p>The interest rate illustrated is 4.75% and is guaranteed for the first seven policy years. The actual interest rate will be the interest rate in effect as of the date the premium is received. After the seventh policy year the renewal interest rate will be declared annually at the Company's discretion, subject to a 1.00% minimum guarantee. Each annual renewal interest rate will be guaranteed for that year. The non-guaranteed renewal interest rate illustrated is 4.75%. This renewal interest rate is not guaranteed, nor an estimate of future interest rates, and the illustrated Cash Surrender Values and Accumulation Values that are based on this interest rate are neither guaranteed nor an estimate of future results. All interest rates are expressed as annual effective interest rates.</p> <p>Under current company practice, which may change, a 3.00% first year interest rate bonus is added in the first policy year. The first year interest rate bonus applies only to the first policy year and is not credited beyond the end of the first policy year.</p>																		
<b>Accumulation Value</b>	The Accumulation Value is the premium(s) paid plus credited interest, less any previous deductions for premium taxes, surrenders, market value adjustments and surrender charges. Interest is credited daily at the declared annual effective interest rate.																		
<b>Cash Surrender Value</b>	The Cash Surrender Value is the Accumulation Value less any Market Value Adjustment, less any applicable surrender charge, and less any taxes payable by the Company not previously deducted.																		

# The Lincoln National Life Insurance Company

Designed for  
**Mildred Jones**  
Age: 65, Sex: Male

**Policy Disclosure (Continued)**  
Lincoln Classic<sup>SM</sup> 7 - Single Premium Deferred Annuity  
with Market Value Adjustment

<b>Guaranteed Minimum Cash Surrender Value</b>	The Guaranteed Minimum Cash Surrender Values are the absolute lowest possible values available under this policy assuming no partial surrenders are made other than those illustrated. No Market Value Adjustment can lower the Cash Surrender Value of the policy below the Guaranteed Minimum Cash Surrender Value. The Guaranteed Minimum Cash Surrender Value is the single premium paid, less any surrenders and any applicable taxes, accumulated at the guaranteed minimum interest rate(s), less the surrender charge in effect at the time of surrender.
<b>Values Assuming the Policy Guaranteed Renewal Interest Rate(s)</b>	The interest rate credited to the Accumulation Value will not be less than the guaranteed minimum interest rate(s) of: 2.00% during the first seven policy years and 1.00% after the seventh policy year. The illustrated Cash Surrender Values and the Accumulation Values assume that the current interest rate is credited in the first seven policy years and that a guaranteed minimum interest rate of 1.00% is credited thereafter.
<b>Values Assuming a Non-Guaranteed Renewal Interest Rate of 4.75%</b>	The illustrated Cash Surrender Values and Accumulation Values for policy years eight and later are not guaranteed. Values assume that the renewal interest rate continues unchanged for all policy years shown. This is not likely to occur. The assumptions on which these values are based are subject to changes by the Company, at its discretion. Actual results may be higher or lower than illustrated.

## ACKNOWLEDGEMENTS

I have received a copy of this illustration. I understand that any non-guaranteed elements illustrated are hypothetical and actual results could be either higher or lower than illustrated. The agent has told me they are not guaranteed. I also understand that the Accumulation Value may be subject to a Market Value Adjustment and surrender charge as described in the Market Value Adjustment and Surrender Charge sections. I believe that this annuity is suitable for my financial needs.

\_\_\_\_\_  
*Owner/Applicant Signature*                      *Date*

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are hypothetical and actual results could be either higher or lower than illustrated. I have made no statements that are inconsistent with the illustration.

\_\_\_\_\_  
*Agent Signature*    *Date*

**Annuities marketed by or through a bank or other financial institution are: \* Not A Deposit \* Not FDIC Insured \* Not Insured by any Federal Government Agency \* Not Guaranteed by the Bank**

# The Lincoln National Life Insurance Company

Designed for  
**Mildred Jones**  
 Age: 65, Sex: Male

**Policy Disclosure**  
 Non-Qualified Single Premium Immediate Annuity

**Single Premium  
 Immediate  
 Annuity**

Payment Option: Period Certain				
Single Premium	Monthly Income	Non-Taxable Amount	Taxable Amount	Exclusion Ratio
\$89,244.07	\$1,233.96	\$1,062.44	\$171.52	86.10%

*The illustrated single premium immediate annuity is issued by The Lincoln National Life Insurance Company ("Company"). This quote is made on August 1, 2007 and is valid through August 8, 2007.*

(Rate codes - 3NXB X7BP DTCH X7BP 3NXB)

**Payment Option:  
 Period Certain**

\$1,233.96 monthly payments, beginning February 8, 2007. 84 annuity payments will be paid. If the Annuitant dies before the 84 annuity payments have been paid, annuity payments will continue to be paid to the beneficiary as scheduled until the 84 payments have been paid; at which time annuity payments stop and no further benefits are payable.

**State**

This quote is valid only in Texas.

**State Premium  
 Taxes**

Values do not reflect any state premium taxes. The Company deducts premium taxes if it is required to pay them.

**Age/Sex**

This quote is based on the age and sex shown above. If this is not correct, the quote will be adjusted when the premium is received by the Company at its Home Office.

**Rates**

Rates and factors are subject to change without notice. This quote assumes all funds are received by the Company at its Home Office within the effective period of the prevailing rate scale. Please submit a copy of the illustration with the application. Each quote must be approved by the Company.

**Surrender Values**

I understand there are no surrender values available for this annuity. Annuity payments may not be commuted prior to the end of the payment schedule.

\_\_\_\_\_  
 Applicant/Owner Signature      Date

\_\_\_\_\_  
 Agent Signature      Agent Number      Annuitant Signature  
 (if different than Owner)      Date