

EDWARDS ANGELL PALMER & DODGE LLP

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May 17, 2010

Federal Express

Attorney General Michael A. Delaney
New Hampshire State Attorney General's Office
33 Capitol Street
Concord, NH 03301

Re: The Lincoln National Life Insurance Company
Lincoln Life & Annuity Company of New York

Notification pursuant to N.H. Rev. Stat. 359-C.20

Dear Attorney General Delaney:

On behalf of our clients, The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York (collectively referred to as the "Company"), we hereby notify you of the recent discovery of incidents that potentially exposed certain customer information (identified below) to other customers and their agents.

The Company offers on-line customer account access to its customers and agents who register for the service with the Company. Whenever one of the Company's automated systems produces and mails correspondence to a customer, an electronic version is "filed" in a manner that allows the customer and his or her agent to access the correspondence at anytime through a secure website portal. Correspondence may contain the following information: name, address, policy or contract number, account values, trade and transaction activity, and date of birth. The correspondence at issue did **not** include Social Security numbers or health information.

The incidents involved system generated life and annuity customer correspondence that was erroneously filed in another customer's secure on-line account on the Company's website as a result of technical system errors. Due to these errors, the correspondence could have been potentially viewable by another customer and that customer's agent. We note that Company agents are subject to strict confidentiality requirements to protect against misuse of customer information. These system errors potentially exposed the correspondence of approximately 1286 customers, of which approximately 5 are New Hampshire residents, to other customers. It is important to note that an extensive investigation conducted by the Company's Information

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Technology and Security teams revealed no evidence or reason to believe that these errors subjected customers' personal information to acquisition or misuse, and the Company has taken several immediate and important steps to prevent these types of system errors from occurring in the future, as described below.

Learning about and Investigating the Incident. On January 22, 2010, a Company agent notified the Company that another customer's correspondence was in her client's correspondence file in the on-line account portal, which was corrected. It was discovered on February 5, 2010 that other customer correspondence was affected as well. On February 11, 2010, the Company disabled all customer and agent access to the correspondence section of the on-line account portal. The Company's Information Technology and Security teams began an in-depth review of the correspondence functionality to assess the cause of the filing error and to determine whose correspondence was inadvertently and potentially viewable by another customer or agent.

In investigating this incident, the Information Technology and Security teams identified three technology issues that resulted in the potential inadvertent misfilings. One occurred in January 2002, a second in February 2008 and a third in January 2010. Each of these issues was responsible for misfilings of certain correspondence from the time it occurred to the time the system was disabled in February 2010. On March 25, 2010, the Company completed its review and identified the customer correspondence that was misfiled in the on-line account correspondence file of another customer that had registered for an on-line account. While the Company knows that these customer on-line accounts were accessed during the time the misfilings were present, the Company cannot determine whether the correspondence file was opened or whether a particular correspondence was reviewed.

To date, the Company has no evidence or reason to believe that these electronic correspondence filing errors have resulted in unauthorized acquisition or misuse of customer personal information. The Company is unaware of any reported instance of identity theft or fraud related to these issues.

Precautionary Measures. The Company has taken and will take several important steps to protect its customer's information and to prevent this correspondence error from occurring in the future, including the following:

- (i) All customer and agent access to the correspondence section of the on-line customer account portal was disabled. Access will be re-activated upon removal of misfiled correspondence and confirmation that the system errors have been rectified.
- (ii) Notification will be sent to the Company's affected customers in the form enclosed as Exhibit A, by first-class mail on or about May 19, 2010.

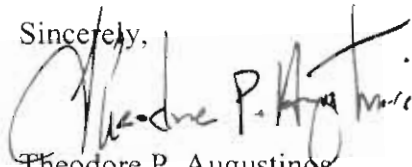
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- (iii) Affected clients will be provided the opportunity to add a password to their policy or annuity contract accounts as an additional layer of security.
- (iv) Additional quality control procedures will be implemented to prevent misfiled correspondence in the future.

We trust that this letter and its enclosures provide you with all the information required to assess this matter. Please let us know if you have additional questions or if we may be of further assistance.

Sincerely,



Theodore P. Augustinos

Enclosure

cc: Charles L. Ingram
Vice President, Life Customer Service, The Lincoln National Life Insurance
Company and Lincoln Life & Annuity Company of New York

Christine Frederick
Vice President and Associate General Counsel, Lincoln Financial Group

May XX, 2010

First Name Last Name
Street Address
City, State Zip

Re: Disclosure of non-public personal information
Policy/Annuity Number:

Dear Valued Customer:

Safeguarding the privacy of our customers' information is a top priority at Lincoln Financial Group and its affiliates (Lincoln). We are committed to protecting your information and recognize your need to know should it ever be compromised or subject to potential unauthorized access. The purpose of this letter is to inform you that on March 25, 2010, Lincoln discovered that certain system generated correspondence for your life insurance policy or annuity contract was erroneously filed in another customer's secure on-line account on the Lincoln website as a result of technical system errors. Due to these errors, the correspondence was potentially viewable by another customer and that customer's Lincoln agent through the Lincoln website.

Lincoln offers on-line account access to its customers and agents who register for the service with Lincoln. Whenever one of the automated systems produces and mails correspondence to a customer, an electronic version is "filed" in a manner that allows the customer and his or her agent to access the information at anytime through a secure website portal. We discovered that the electronic filing function was not working properly, and your correspondence was filed in a way that may have allowed another customer and his or her agent to view it. Please note that Lincoln agents are subject to confidentiality requirements to protect against misuse of your information.

This correspondence may have included your name, address, policy or annuity account number, account values, trade or transaction activity, and date of birth, but did **not** include your Social Security number or health information. We have no evidence or reason to believe that your personal information has been misused. We are notifying you out of an abundance of caution to make you aware of the circumstances and to inform you of the steps that Lincoln has taken to rectify the situation.

Upon discovery of this issue, website access to all correspondence was disabled. This access continues to be disabled while we work to resolve the issue and to avoid any further potential access to correspondence related to your Lincoln policy or annuity. We do not believe your Lincoln accounts or policy numbers could be misused to access your insurance policy or annuity contract because of the security procedures we have in place to protect your accounts with us. Nevertheless, we want you to be completely comfortable with our security procedures, and will be happy to assist you in adding a password to your policy or annuity contract in order to provide you with an additional layer of protection. You may do this by contacting us at the number provided below.

As always, we recommend that you remain vigilant and review your account statements and credit reports regularly. If you would like to add an access password to your policy or annuity contract, speak to someone to clarify or discuss the contents of this letter, or believe you may have an identity theft issue associated with your policy or annuity, call us at 1-800-487-1485, ext 7348 from 8:00am-6:00pm Eastern Time, Monday through Friday.

We take our obligation to protect client information seriously and deeply regret any inconvenience or concern that this incident may cause. Again, we have no evidence or reason to believe that your personal information has been misused. We remain committed to maintaining your privacy and to making the protection of your information a key priority.

Sincerely,

Charles L. Ingram
Vice President
Life Customer Service

Enclosure

CC:
Agent:
First Name Last Name
Street Address
City, State Zip
Phone number

U.S. State Notification Requirements

For residents of Hawaii, Iowa, Maryland, Michigan, Missouri, North Carolina, Oregon, Vermont, Virginia, West Virginia, and Wyoming:

It is required by state laws to inform you that you may obtain a copy of your credit report, free of charge, whether or not you suspect any unauthorized activity on your account. It is recommended by state law that you remain vigilant for incidents of fraud and identity theft by reviewing credit card account statements and monitoring your credit report for unauthorized activity. You may obtain a free copy of your credit report by contacting any one or more of the following national consumer reporting agencies:

Equifax

P.O. Box 740241
Atlanta, Georgia 30374
1-800-685-1111
www.equifax.com

Experian

P.O. Box 2002
Allen, TX 75013
1-888-397-3742
www.experian.com

TransUnion

P.O. Box 2000
Chester, PA 19022
1-800-888-4213
www.transunion.com

For residents of Iowa:

State law advises you to report any suspected identity theft to law enforcement or to the Attorney General.

For residents of Oregon:

State laws advise you to report any suspected identity theft to law enforcement, as well as the Federal Trade Commission.

For residents of Maryland and North Carolina:

You can obtain information from the Maryland and North Carolina Offices of the Attorneys General and the Federal Trade Commission about steps you can take to avoid identity theft.

Maryland Office of the Attorney General

Consumer Protection Division
200 St. Paul Place
Baltimore, MD 21202
1-888-743-0023
www.oag.state.md.us

North Carolina Office of the Attorney General

Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001
1-877-566-7226
www.ncdoj.com

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-IDTHEFT (438-4338)
www.ftc.gov/bcp/edu/microsites/idtheft/

For residents of Massachusetts and West Virginia:

It is required by state law that you are informed of your right to obtain a police report if you are a victim of identity theft. You also have the right to place a security freeze on your credit report. A security freeze is intended to prevent credit, loans and services from being approved in your name without your consent; however, using a security freeze may delay your ability to obtain credit.

To place a security freeze on your credit report, you need to send a request to a consumer reporting agency by certified mail, overnight mail, or regular stamped mail. The following information must be included when requesting a security freeze (note that if you are requesting a credit report for your spouse, this information must be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth; (4) current address and any previous addresses for the past five years; and (5) any applicable incident report or complaint with a law enforcement agency or the Registry of Motor Vehicles. The request must also include a copy of a government-issued identification card and a copy of a recent utility bill or bank or insurance statement. It is essential that each copy be legible, display your name and current mailing address, and the date of issue. The consumer reporting agency may charge a fee of up to \$5.00 to place a freeze or lift or remove a freeze, unless you are a victim of identity theft or the spouse of a victim of identity theft, and you have submitted a valid police report relating to the identity theft incident to the consumer reporting agency.

Equifax Security Freeze

P.O. Box 105788
Atlanta, Georgia 30348
www.equifax.com

Experian Security Freeze

P.O. Box 9554
Allen, TX 75013
www.experian.com

TransUnion (FVAD)

P.O. Box 6790
Fullerton, CA 92834-6790
www.transunion.com

May XX, 2010

First Name Last Name
Street Address
City, State Zip

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www.oag.state.md.us

North Carolina Office of the Attorney General
Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001
1-877-566-7226
www.ncdoj.com

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-IDTHEFT (438-4338)
www.ftc.gov/bcp/edu/microsites/idtheft/

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