

LNC SETTLEMENT SUMMARY

Plaintiffs and their counsel have concluded that, in light of the costs, risks, and delays inherent in litigation, it is in the best interest of Plaintiffs and the Settlement Class to enter into this Settlement to assure a cash benefit to the Settlement Class and to resolve their individual claims. Thus, we settled the class claims for a total of \$4,300,000.

We all wished we could have received more money from LNC. We wanted the incentive compensation to be classified as wages so we could get three (3) times the amount. Your payments and our fees would have been higher. However, the Judge ruled that the incentive compensation was not wages. The Judge also made other rulings that hurt our suit; the main one being the denial of class certification. After the class was denied we had to proceed with an individual lawsuit. Ned Bade was our remaining plaintiff after dismissals of the other plaintiffs. Due to Ned's persistence, we were able to obtain a global settlement for all the former employees of Lincoln Re who were eligible for the VIP and IVC plans that were subject to the 15% ROE trigger.

If we had not settled this case during the Judicial Settlement Conference with Judge Avery, we would have had to go forward to trial with Ned Bade's individual case. Not only did we have to win his case and prove the 15% ROE was met, but prove all the financial goals were achieved at max and he achieved all of his MBOs to get max payout. If we did win Ned case at trial (at par or max), then we would have to try the cases for the hundreds of you who signed 40% contingent fee contracts with us and track down other individuals to bring a suit personally against LNC. We would also have to prove their MBOs and why they should get max payout. Incidentally the judge told us of a jury case she tried a couple of weeks ago where the defendant

admitted liability and all the doctors agreed the plaintiff was hurt, even the defense doctors, and the jury did not award the plaintiff anything. Juries are getting more and more defense oriented and unpredictable. There was no guarantee that we would have won even though we believed we were right on the 15% ROE.

Furthermore, the releases were still at issue. There was a lawsuit filed in Federal Court with regards to the Releases that people had to sign in order to obtain their severance from Swiss Re. We were trying to obtain a declaratory judgment from the Federal Judge stating that the Releases were not valid so everyone could participate in the lawsuit at the same level. We probably had a less than 50-50 chance at winning that case given New York law applied and was against us. If those releases were deemed valid, then none of the 300+ who were terminated by Swiss could bring a suit against LNC and get any money whatsoever. As a condition of this Settlement, Settlement Class Members Walter Pugh, Jr. and Mark Haarer must dismiss these federal suits as well.

This Settlement will allow all former employees of Lincoln Re eligible for VIP/IVC and who were subject to the 15% ROE trigger, who did or did not sign a release, to obtain some money from LNC. It allows former employees to obtain part of their incentive compensation without having to bring an individual suit against LNC. If one does wish to opt-out of the Settlement, I think you will find that not to be economical. There is just not enough owed to anyone to pay for an individual suit, and the Judge has denied Class Certification. Even if you get a few employees together, the cases will have to be tried independently. You would have to pay a new attorney by the hour, win or lose, or pay a contingency similar to what you are paying now. You would have to pay all the expenses rather than a small portion as our expenses are apportioned to all class members. By the time you are done, you will put very little more in your

pocket even if you get maximum from the jury. As you know over a hundred of you signed contracts with us recognizing that the 40% contingency was necessary to compensate for the time, expense and risk that we would receive nothing.

I know the attorney fees may seem high to some individuals. However, the firm took a huge risk in taking on this case against a Fortune 50 company such as LNC. There was no guarantee that we would recover anything. The firm has incurred many thousands in expenses and invested thousands of hours over two and one half years of time and effort put into this case. Furthermore, counsel was advised by more than one attorney to not further pursue the case after the class certification was denied. However, Henry Price persisted and continued to fight LNC on behalf of the former Lincoln Re employees entitled to their 2001 VIP/IVC incentive compensation. Plaintiffs and their counsel have obtained substantial information, reviewed thousands of LNC and Swiss Re documents and taken numerous depositions of LNC and Swiss Re employees and officers and have thoroughly analyzed the factual and legal issues surrounding the Plaintiffs' claims and LNC's defenses. We have engaged LNC's counsel in practical and often heated negotiations.

Some of you may feel that LNC was sufficiently punished. Any company that gives \$140 million for a football stadium could not be "punished" by whatever we were able to obtain. We feel that getting par (50% of maximum opportunity) for those who did not sign a release releasing Swiss Re and LNC and 1/2 of par for those who did sign a releasing both Swiss Re and LNC, less attorney fees and expenses, is a good settlement and one for which we are very proud. We surely hope you are to.