

SECURITIES AND EXCHANGE COMMISSION

FORM N-4 EL

Registration statements for separate accounts (unit investment trusts)

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FILER

**LINCOLN LIFE & ANNUITY VAR ANN SEP ACCT L GROUP
VAR ANN II**

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-4

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933 /x/
(GROUP VARIABLE ANNUITY II)

Pre-Effective Amendment No. / /
Post-Effective Amendment No. / /

AND/OR

REGISTRATION STATEMENT UNDER
THE INVESTMENT COMPANY ACT OF 1940 / /

Amendment No. 1 /X/

LINCOLN LIFE & ANNUITY
VARIABLE ANNUITY ACCOUNT L
(Exact Name of Registrant)
LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK
(Name of Depositor)
120 Madison Street, 17th Floor
Syracuse, New York 13202
(Address of Depositor's Principal Executive Offices)

DEPOSITOR'S TELEPHONE NUMBER, INCLUDING AREA CODE: _____

JOHN L. STEINKAMP, ESQUIRE
VICE PRESIDENT & ASSOCIATE GENERAL COUNSEL
THE LINCOLN NATIONAL LIFE INSURANCE COMPANY
1300 SOUTH CLINTON STREET, P.O. BOX 1110
FORT WAYNE, IN 46801
(Name and Complete Address of Agent for Service)

Copy to:
Frederick R. Bellamy, Esquire
Sutherland, Asbill & Brennan
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2404

Approximate date of proposed public offering: As soon as practicable after the effective date of this Registration Statement.

Variable Annuity Contracts -- Registration of an indefinite amount of securities pursuant to Rule 24f-2 under the Investment Company Act of 1940. The amount of the filing fee is \$500.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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LINCOLN LIFE & ANNUITY
COMPANY OF NEW YORK

Group Variable Annuity Contracts
Lincoln Life & Annuity
Variable Annuity Account L
120 Madison Street, 17th Floor
Syracuse, New York 13202

GROUP VARIABLE ANNUITY II

PROSPECTUS

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFERING IN ANY JURISDICTION IN WHICH SUCH OFFERING MAY NOT LAWFULLY BE MADE. NO PERSON IS AUTHORIZED TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS.

THIS PROSPECTUS IS VALID ONLY WHEN ACCOMPANIED BY THE CURRENT PROSPECTUS OF THE APPLICABLE UNDERLYING FUNDS WHICH SHOULD BE RETAINED FOR FUTURE REFERENCE.

INVESTMENT IN THE CONTRACTS INVOLVES INVESTMENT RISK, INCLUDING MARKET FLUCTUATION AND POSSIBLE LOSS OF PRINCIPAL AMOUNT INVESTED.

This prospectus describes group annuity contracts ("Contracts") offered by Lincoln Life & Annuity Company of New York ("Lincoln Life"), a subsidiary of The Lincoln National Life Insurance Company. The Contracts are designed to enable Participants and Employers to accumulate funds for retirement programs meeting the requirements of the following Sections of the Internal Revenue Code of 1986, as amended (the "Code"): 401(a), 403(b), 408 and 457 and other related Sections as well as for programs offering non-qualified annuities. A Participant is an employee or other person affiliated with the Contractholder on whose behalf a Participant Account is maintained under the terms of the Contract.

The Contracts permit Contributions to be deposited in the Guaranteed Interest Division, which is part of Lincoln Life's General Account, and in certain Sub-Accounts in Lincoln Life's Lincoln Life & Annuity Variable Annuity Account L ("Variable Investment Division"). Contributions to the Guaranteed Interest Division earn interest at a guaranteed rate declared by Lincoln Life. Contributions to the Variable Investment Division will increase or decrease in dollar value depending on the investment performance of the underlying funds in which the Sub-Accounts invest.

Currently, the Variable Investment Division consists of the nine Sub-Accounts listed below: Next to each listed Sub-Account is the name of the fund (the "Fund") in which the Sub-Account invests. For more information about the investment objectives, policies and risks of the Funds please refer to the prospectus for each of the Funds.

Index Account.....	Dreyfus Stock Index Fund
Growth I Account.....	Fidelity's Variable Insurance Products Fund: Growth Portfolio
Asset Manager Account.....	Fidelity's Variable Insurance Products Fund II: Asset Manager Portfolio
Growth II Account.....	Twentieth Century's TCI Portfolios, Inc.: TCI Growth
Balanced Account.....	Twentieth Century's TCI Portfolios, Inc.: TCI Balanced
International Stock Account.....	T. Rowe Price International Series, Inc.
Socially Responsible Account.....	Calvert Responsibly Invested Balanced Portfolio
Equity-Income Account.....	Fidelity's Variable Insurance Products Fund: Equity-Income Portfolio
Small Cap Account.....	Dreyfus Variable Investment Fund: Small Cap Portfolio

This prospectus is intended to provide information regarding the Contracts offered by Lincoln Life that you should know before investing. Please read and retain this prospectus for future reference. A Statement of Additional Information ("SAI"), dated _____, 1996, has been filed with the Securities and Exchange Commission and is incorporated by this reference into this Prospectus. If you would like a free copy write to Lincoln Life & Annuity Company of New York 120 Madison Street, 17th Floor, Syracuse, New York 13202, or call 1-800-____-____. A table of contents for the SAI appears on the last page of this Prospectus.

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DEFINITIONS

ACCUMULATION UNIT: An accounting unit of measure used to record amounts of increases to, decreases from and accumulations in each Sub-Account during the Accumulation Period.

ACCUMULATION UNIT VALUE: The dollar value of an Accumulation Unit in each Sub-Account on any Valuation Date.

ACCUMULATION PERIOD: The period commencing on a Participant's Participation Date and terminating when the Participant's Account balance is reduced to zero, either through withdrawal(s), annuitization, imposition of charges, payment of a Death Benefit or a combination thereof.

ANNUITANT: The person receiving annuity payments under the terms of the Contract.

ANNUITY COMMENCEMENT DATE: The date on which Lincoln Life makes the first annuity payment to the Annuitant as required by the Retired Life Certificate.

ANNUITY CONVERSION AMOUNT: The amount applied toward the purchase of an annuity.

ANNUITY PERIOD: The period concurrent with or following the Accumulation Period, during which an Annuitant's annuity payments are made.

BENEFICIARY: The person(s) designated to receive a Participant's Account balance in the event of the Participant's death during the Accumulation Period or the person(s) designated to receive any applicable remainder of an annuity in the event of the Annuitant's death during the Annuity Period.

BUSINESS DAY: A day on which the New York Stock Exchange is customarily open for business.

CONTRIBUTIONS: All amounts deposited under a Contract, including any amount transferred from another contract or Trustee.

CONTRACT: A Group Variable Annuity contract issued by Lincoln Life to the Contractholder.

CONTRACTHOLDER: The party named as the Contractholder on the group annuity contract issued by Lincoln Life. The Contractholder may be an Employer, a retirement plan trust, an association or any other entity allowed under the law.

DIVISION(S): The Guaranteed Interest Division and/or the Variable Investment Division.

EMPLOYER: The organization specified in the Contract which offers the Plan to its employees.

FUNDS: The underlying funds in which the Sub-Accounts invest. Funds are investment vehicles which offer their shares only to insurance companies' separate accounts.

GENERAL ACCOUNT: All assets of Lincoln Life other than those in the Variable Investment Division or any other separate account.

GROSS WITHDRAWAL AMOUNT: The amount by which a Participant's Account is reduced when a withdrawal occurs, including any applicable contingent deferred sales charge and Annual Administration Charge.

GUARANTEED ANNUITY: An annuity for which Lincoln Life guarantees the amount of each payment for as long as the annuity is payable.

GUARANTEED INTEREST DIVISION: The Division maintained by Lincoln Life for the Contracts and other contracts for which Lincoln Life guarantees the principal amount and interest credited thereto subject to any fees and charges as set forth in the Contract. Amounts allocated to the Guaranteed Interest Division are part of the General Account.

LINCOLN LIFE: Lincoln Life & Annuity Company of New York.

NET CONTRIBUTIONS: The sum of all Contributions credited to a Participant Account less any Net Withdrawal Amounts, outstanding loan (including principal and due and accrued interest) and amounts converted to a Payout Annuity.

NET WITHDRAWAL AMOUNT: The amount paid when a withdrawal occurs.

PARTICIPANT: An employee or other person affiliated with the Contractholder on whose behalf an Account is maintained under the terms of the Contract.

PARTICIPANT ACCOUNT: An account maintained for a Participant during the Accumulation Period the total balance of which equals the Participant's Account balance in the Variable Investment Division plus the Participant's Account balance in the Guaranteed Interest Division.

PARTICIPATION ANNIVERSARY: For each Participant, a date at one year intervals from the Participant's Participation Date. If an anniversary occurs on a non-Business Day, it is treated as occurring on the next Business Day.

PARTICIPATION DATE: A date assigned to each Participant corresponding to the date on which the first Contribution on behalf of that Participant is received by Lincoln Life. A Participant will receive a new Participation Date if such Participant makes a Total Withdrawal, as defined in this prospectus, and Contributions on behalf of the Participant are resumed under any Contract.

PARTICIPATION YEAR: A period beginning with one Participation Anniversary and ending the day before the next Participation Anniversary, except for the first Participation Year which begins with the Participation Date.

PAYOUT ANNUITY: A series of payments paid under the terms of a Contract to a person. A Payout Annuity may be either a Guaranteed Annuity or a Variable Annuity or a combination Guaranteed and Variable Annuity.

PLAN: The retirement program offered by an Employer to its employees for which a Contract is used to accumulate funds.

RECEIPT: Receipt by Lincoln Life at its service office in Portland, Maine.

SUB-ACCOUNT: An account established in the Variable Investment Division which invests in shares of a corresponding Fund.

VALUATION DATE: A Business Day. Accumulation Units and Annuity Units are computed as of the close of trading on the New York Stock Exchange.

VALUATION PERIOD: A period used in measuring the investment experience of each Sub-Account. The Valuation Period begins at the close of trading on the New York Stock Exchange on one Valuation Date and ends at the corresponding time on the next Valuation Date.

VARIABLE ANNUITY: An annuity with payments that increase or decrease in accordance with the investment results of the selected Sub-Accounts.

VARIABLE INVESTMENT DIVISION: The Division which is maintained by Lincoln Life for these Contracts and other Lincoln Life contracts for which Lincoln Life does not guarantee the principal amount or investment results. The Variable Investment Division is the Lincoln Life & Annuity Variable Annuity Account L which is a group of assets segregated from the General Account whose income, gains and losses, realized or unrealized, are credited to or charged against the Variable Investment Division without regard to other income, gains or losses of Lincoln Life. The Variable Investment Division currently consists of nine Sub-Accounts. Additional Sub-Accounts may be added in the future.

SUMMARY

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

Lincoln Life is a life insurance company founded in New York on _____, 1996. Lincoln Life is a subsidiary of The Lincoln National Life Insurance Company.

CONTRACTS OFFERED

The Group Variable Annuity Contracts offered by this prospectus are available to Employers and other entities to provide a way to accumulate funds for retirement and to provide Payout Annuities. Lincoln Life offers Contracts designed to enable Participants and Employers to accumulate funds for retirement programs meeting the requirements of the following Sections of the Internal Revenue Code of 1986, as amended (the "Code"): 401(a), 403(b), 408, 457 and other related Sections as well as for programs offering non-qualified annuities.

HOW CONTRIBUTIONS ARE MADE

Contributions under the Contract are deposited by the Contractholder. Depending upon the type of Plan offered, Contributions may consist of salary reduction Contributions, Employer Contributions or Participant post-tax Contributions. Contributions are forwarded by the Contractholder to Lincoln Life and allocated among the two Divisions in accordance with information provided by the Contractholder. See "Contract Provisions, Contributions under the Contract."

DIVISIONS OFFERED

Contributions may be allocated to the Guaranteed Interest Division or to the Variable Investment Division or to both Divisions. The Variable Investment Division currently consists of nine Sub-Accounts. A Contractholder may choose to offer between zero and nine of the Sub-Accounts to its Participants under a Contract. The Sub-Accounts invest their assets in shares of a corresponding Fund. For a full description of the Funds, see the prospectuses for the Funds.

TRANSFERS BETWEEN DIVISIONS AND SUB-ACCOUNTS

During the Accumulation Period, a Participant or a Contractholder under certain Plans may make transfers between and among Divisions and Sub-Accounts. Certain Plans may limit the transfers in dollar amount, type of Contribution, or frequency. Certain Plans may require Contractholder approval for a transfer. See "Transfers between Divisions and Sub-Accounts."

WITHDRAWALS AND DISTRIBUTIONS

During the Accumulation Period, a Participant may withdraw any part of their Account balance subject to the restrictions imposed by the Code and regulations thereof and by the applicable Plan. With respect to Section 401(a) Plans and Plans subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA), the Contractholder must authorize Lincoln Life to process a withdrawal request by a Participant. Withdrawal requests under Section 457 Plans must also be authorized by the Contractholder. With respect to withdrawal requests by Participants under Plans not subject to Title I of ERISA, certain Contracts may require that the Participants must certify to Lincoln Life that an eligible event under the Code has occurred. Withdrawal and Distribution requests must be in writing and in a form acceptable to Lincoln Life.

Certain Plans are also subject to the distribution requirements under Section 401(a)(9) of the Code including the incidental death benefit requirements of Section 401(a)(9)(G). Certain transfers from one Qualified Plan contract to another Qualified Plan contract are not subject to withdrawal restrictions under the Code. Withdrawals and distributions may have tax consequences, including possibly a 10% Federal Excise Tax for premature distributions. See "Federal Income Tax Considerations."

Certain types of withdrawals are subject to a contingent deferred sales

charge. See "Contract Provisions, Deductions and Charges."

DEATH BENEFITS

The Contracts provide for a Death Benefit for a Participant who dies during the Accumulation Period. See "Contract Provisions, Death Benefits."

PAYOUT ANNUITIES

As permitted by the applicable Plan, a Contractholder or a Participant who requests a withdrawal or a Beneficiary of a deceased Participant may elect to convert all or part of the Participant's Account balance or the Death Benefit, as appropriate, to a Payout Annuity. Lincoln Life offers both Guaranteed and Variable Annuities or a combination Guaranteed and Variable Annuity. The range of annuity options available includes life annuities and annuities for a specific time period as well as others described more fully in this prospectus. See "Annuity Period."

FREE-LOOK PROVISION

A Participant under a Section 403(b) or 408 Plan and certain Non-qualified Plans has ten days, in most cases, from the date the Participant receives an Active Life Certificate to notify Lincoln Life in writing that the Participant does not choose to participate under the Contract and to receive a return of funds. See "Free-Look Period."

FEE TABLE

The following table and examples, prescribed by the SEC, are included to assist Contractholders and Participants in understanding the transaction and operating expenses imposed directly or indirectly under the Contracts. The standardized tables and examples assume the highest deductions possible under the Contracts, whether or not such deductions actually would be made from a Participant's Account. Contingent deferred sales charges ("CDSC") are deducted from a Participant's Account balance only if a total or partial withdrawal is made, and then only if one of the exceptions does not apply.

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CONTRACT RELATED TRANSACTION EXPENSES 1/

Sales Load Imposed on Purchases: 0%
 MAXIMUM CDSC
 (as a percentage of the Gross Withdrawal Amount): 6%

ANNUAL ADMINISTRATION CHARGE 2/ \$25

SEPARATE ACCOUNT ANNUAL EXPENSES

(as a percentage of average daily net assets)
 Mortality and Expense Risk Charge: 1.20%
 Other Charges: 0.00%
 Total Separate Account
 Annual Expenses: 1.20%

FUND EXPENSES 3/

(as a percentage of average daily net assets)

	Index4/	G-I	AMgr5/	G-II	Bal	Int'l	Soc Res6/	Eq1	SmCap
Management Fees:	.27	.61	.71	1.0	1.0	1.05	.70	.51	.75
Other Expenses (after expense reimbursements):	.12	.09	__				.13	.10	.08
Total Fund Expenses:	.39	.70	__	1.0	1.0	1.05	.83	.61	.83

Example #1: Assuming total withdrawal of the Participant's Account balance at the end of the period shown. 7/

A \$1,000 investment would be subject to the expenses shown, assuming 5% annual return on assets.

Index	G-I	AMgr	G-II	Bal	Int'l	Soc Res	Eq1	SmCap
-------	-----	------	------	-----	-------	---------	-----	-------

1 Year
 3 Years

Example #2: Assuming annuitization of the Participant's Account at the end of the period shown.

A \$1,000 investment would be subject to the expenses shown, assuming 5% annual return on assets.

Index	G-I	AMgr	G-II	Bal	Int'l	Soc Res	Eql	SmCap
-----	---	----	----	---	-----	-----	---	-----

1 Year
3 Years

Example #3: Assuming persistency of the Participant's Account through the periods shown.

A \$1,000 investment would be subject to the expenses shown, assuming 5% annual return on assets.

Index	G-I	AMgr	G-II	Bal	Int'l	Soc Res	Eql	SmCap
-----	---	----	----	---	-----	-----	---	-----

1 Year
3 Years

For purposes of these examples, the effect of the Annual Administration Charge has been computed based on an estimated aggregate amount of Annual Administration Charges collected equal to \$_____ and an estimated Participant's Account equal to \$_____.

- 1/ The examples do not take into account any deduction for premium taxes which may be applicable.
- 2/ The Employer has the option of paying the Annual Administration Charge on behalf of the Participants under a Contract. In such a situation, the projected expenses would be lower than those indicated in the examples. This charge is not imposed during the Annuity Period. In certain situations the Annual Administrative Charge may be reduced or eliminated. See "Deductions & Charges - Annual Administrative Charge".
- 3/ Until complete order instructions are received, initial Contributions may be allocated temporarily to Fidelity's Variable Insurance Products Fund: Money Market Portfolio ("VIPF Money Market Portfolio"). Management fees for this fund are 0.24%. Other expenses are 0.09%. Total Fund Expenses are 0.33%. The Mortality and Expense Risk Charge is not assessed.
- 4/ Total Fund Operating Expenses, excluding brokerage commissions and transaction fees, are guaranteed not to exceed .40% of the Dreyfus Stock Index Fund, Inc.'s average daily net assets. To the extent these Fund expenses exceed .40% of the Fund's average daily net assets, The Dreyfus Corporation, the Fund's administrator, will bear such excess expense. In the absence of such reimbursement, the Other Expenses and Total Fund Expenses for fiscal year ending December 31, 1995 would have been _____ and _____ respectively.
- 5/ A portion of the brokerage commissions the Fund paid was used to reduce its expenses. Without this reduction, total operating expenses would have been: Asset Manager-0.79%.
- 6/ "Other Expenses" reflect an indirect fee of 0.02%. Net Fund Operating Expenses after reduction for fees paid indirectly would be 0.81%.
- 7/ The Contracts are designed for retirement planning. Withdrawals prior to retirement or the Annuity Commencement Date are not consistent with the long-term purposes of the Contracts and the applicable tax laws.

The fee table and examples reflect expenses and charges of the Sub-Accounts and the expenses of the applicable Fund for the year ended December 31, 1995. However, the examples should not be considered a representation of past or future expenses and charges of the Sub-Accounts or the Funds. Similarly, the

assumed 5% annual rate of return is not an estimate or a guarantee of future investment performance. See "Deductions and Charges" in this prospectus and the discussion of Fund Management in the prospectus for each of the Funds for further information.

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PERFORMANCE INFORMATION

The Variable Investment Division may advertise or use in sales literature information concerning the investment performance of the various Sub-Accounts. No performance presentation should be considered as representative of future investment results. Actual performance is a function not only of the investment management of the underlying Funds and market forces, but of the time and frequency of Contributions, the charges and fees imposed under the Contract, the fees and expenses of the Funds, and transfers made by a Participant, among other factors.

The investment performance of the Sub-Accounts may be advertised in comparison with the performances of other variable annuities, other investment companies (such as mutual funds), and recognized indices (such as the Dow Jones Industrial Average, Standard & Poor's 500 Composite Stock Price Index, NASDAQ Index, Consumer Price Index), and data published by Lipper Analytical Services, Inc., Morningstar, and Variable Annuity Research and Data Service or comparable services. Performance of the Sub-Accounts may also be compared with performance of other types of investments. Some advertisements may also include published editorial comments and performance rankings by independent organizations and publications that monitor the performance of separate accounts and mutual funds.

The Sub-Accounts may advertise average annual total return performance information according to the SEC standardized formula. Average annual total return shows the average annual percentage increase, or decrease, in the value of a hypothetical \$1,000 contribution allocated to a Sub-Account from the beginning to the end of each specified period of time. The SEC standardized formula gives effect to all applicable charges under the Contracts. This method of calculating performance further assumes that (i) a \$1,000 contribution was allocated to a Sub-Account, (ii) no transfers or additional payments were made and (iii) the withdrawal of the investment occurs at the end of the period. Premium taxes are not included in this calculation. The Sub-Accounts may also advertise this total return performance as described above on a cumulative basis.

The Sub-Accounts may present total return information computed on a calendar year basis. The Sub-Accounts may also present total return information over specified periods of time (computed on an average annual or cumulative basis) either assuming that no CDSC will be deducted or assuming that no CDSC or administrative charge will be deducted. The Sub-Accounts may present hypothetical examples that apply the total return to a hypothetical initial investment. The Sub-Accounts may also present total return information based on different amounts of periodic investments. For additional performance information, please refer to the Statement of Additional Information.

PUBLISHED RATINGS

From time to time, in advertisements or in reports to Contractholders, Lincoln Life may reflect endorsements. Endorsements are often in the form of a list of organizations, individuals or other parties which recommend Lincoln Life or the Contracts. The endorser's name will be used only with the endorser's consent. It should be noted that the list of endorsements may change from time to time.

Also, from time to time, the rating of Lincoln Life as an Insurance company by A.M. Best may be referred to in advertisements or in reports to Contractholders. Each year the A.M. Best Company reviews the financial status of thousands of Insurers, culminating in the assignment of Best's Ratings. These ratings reflect their current opinion of the relative financial strength and operating performance of an insurance company in comparison to the norms of the life/health insurance Industry. Best's ratings range from A++ to F.

In addition, the claims-paying ability of Lincoln Life as measured by the Standard and Poor's Rating Group may be referred to in advertisements or in reports to Contractholders. A Standard and Poor's insurance claims-

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paying ability rating is an assessment of an operating insurance company's financial capacity to meet the obligations of its insurance policies in accordance with their terms. Standard and Poor's ratings range from AAA to CCC.

From time to time Lincoln Life may refer to Moody's Investors Service rating of Lincoln Life. Moody's Investors Service financial strength ratings indicate an insurance company's ability to discharge policyholder obligations and claims and are based on an analysis of the insurance company and its relationship to its parent, subsidiaries, and affiliates. Moody's Investors Service ratings range from Aaa to C.

These ratings are opinions of an operating insurance company's financial capacity to meet the obligations of its insurance contracts in accordance with their terms. Claims-paying ability ratings do not refer to an insurer's ability to meet non-contract obligations (i.e., debt/commercial paper). Lincoln Life's ratings should not be considered as bearing on the investment performance of assets held in the Variable Investment Division or the safety (or lack thereof) for an investment in the Variable Investment Division.

CONDENSED FINANCIAL INFORMATION

No condensed financial information for the Variable Investment Division is presented because, as of the date of this Prospectus, the Variable Investment Division had not yet commenced operations.

FINANCIAL STATEMENTS

The financial statements of Lincoln Life may be found in the Statement of Additional Information. As of the date of this Prospectus, the Variable Investment Division had not yet commenced operations. Accordingly, it has no financial statements.

LINCOLN LIFE, THE VARIABLE INVESTMENT DIVISION AND THE FUNDS

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

Lincoln Life is a life insurance company chartered under New York law on June 6, 1996. Lincoln Life's principal executive offices are located at 120 Madison Street, 17th Floor, Syracuse, New York 13202. Lincoln Life's telephone number is (____) ____-____. Lincoln Life is licensed to sell variable contracts in New York.

Lincoln Life is a subsidiary of The Lincoln National Life Insurance Company. The Lincoln National Life Insurance Company is a stock life insurance company incorporated under the laws of Indiana on June 12, 1905. The Lincoln National Life Insurance Company is principally engaged in offering life insurance policies and annuity policies, and ranks among the ten largest United States stock life insurance companies in terms of assets and life insurance in force.

The Lincoln National Life Insurance Company is wholly owned by Lincoln National Corporation ("LNC"), a publicly held insurance holding company incorporated under Indiana law on January 5, 1968. The principal offices of both The Lincoln National Life Insurance Company and LNC are located at 1300 South Clinton Street, Fort Wayne, Indiana 46801. Through subsidiaries, LNC engages primarily in the issuance of life insurance and annuities, property casualty insurance, and other financial services. Administrative services necessary for the operation of the Variable Investment Division and the Contracts are currently provided by the Lincoln National Life Insurance Company. See "Deductions and Charges - Annual Administration Charge."

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LNC EQUITY SALES CORPORATION

LNC Equity Sales Corporation ("LNC Equity"), a registered broker-dealer, is the principal underwriter of the Contracts. As such, LNC Equity will be offering the Contracts and performing all duties and functions that are necessary and proper for distribution of the Contracts. LNC Equity has also entered into sales agreements with independent broker-dealers for the sale of the Contracts. LNC Equity may pay sales commissions to broker-dealers up to an amount equal to ____% of Contributions under a Contract. LNC Equity's principal business address is 1300 South Clinton Street, Fort Wayne, Indiana 46802.

THE VARIABLE INVESTMENT DIVISION

On July 24, 1996, the Board of Directors of Lincoln Life authorized the establishment of the Variable Investment Division in accordance with New York Insurance Laws. Under New York law, funds in the Variable Investment Division are owned by Lincoln Life and Lincoln Life is not, nor can Lincoln Life be, a trustee with respect to those funds. The Variable Investment Division is registered with the Securities and Exchange Commission ("SEC") as a unit investment trust under the Investment Company Act of 1940 ("1940 Act"). Registration with the SEC does not involve supervision of the management or investment practices or policies of either the Variable Investment Division or Lincoln Life by the SEC.

The Variable Investment Division currently consists of nine Sub-Accounts. The Sub-Accounts invest in shares of the Funds. Therefore, the investment experience of the Sub-Accounts depends on the performance of the Funds.

The Variable Investment Division is a segregated investment account, meaning that its assets may not be charged with liabilities resulting from any other business Lincoln Life may conduct. The income, gains and losses, realized or unrealized, from assets allocated to each Sub-Account of the Variable Investment Division are credited to or charged against that Sub-Account, without regard to other income, gains or losses in Lincoln Life's general account or any other separate account or Sub-Account. The Contract provides that the assets of the Variable Investment Division may not be charged with liabilities arising out of any other business of Lincoln Life. Lincoln Life may accumulate in the Variable Investment Division proceeds from charges under the Contract and other amounts in excess of the Variable Investment Division assets representing Contract reserves and liabilities. Lincoln Life is the issuer of the Contracts and the obligations set forth therein, other than those of the Contractholder or the Participant, are obligations of Lincoln Life.

THE FUNDS

The nine Sub-Accounts invest directly in nine corresponding Funds. Each of these Funds was formed as an investment vehicle for insurance company separate accounts.

Information about each of the Funds, including their investment objectives and investment management, is contained below. Additional information about the Funds, their investment policies, risks, fees and expenses and all other aspects of their operations, can be found in the prospectuses for the Funds, which should be read carefully before investing. THERE IS NO ASSURANCE THAT ANY FUND WILL ACHIEVE ITS STATED OBJECTIVES. Additional copies of the Funds' prospectuses, as well as their Statements of Additional Information, can be obtained directly from each of the Funds without charge by writing to the particular Funds at the addresses noted on the front of the prospectus. Shares of the Funds are sold not only to the Sub-Accounts but also to variable annuity and variable life separate accounts of other insurance companies and qualified retirement plans. For a disclosure of possible conflicts involved in the Sub-Accounts investing in Funds that are so offered, see the applicable Fund prospectus.

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DREYFUS STOCK INDEX FUND

Dreyfus Stock Index Fund is an open-end, non-diversified management investment company known as an index fund. Its goal is to provide investment results that correspond to the price and yield performance of publicly traded common stocks in the aggregate, as represented by the Standard & Poor's 500 Composite Stock Price Index. The Fund is neither sponsored by nor affiliated with Standard & Poor's Corporation. The Fund sells its shares to the Index Account at net asset value, without the imposition of a sales charge.

The Dreyfus Corporation, located at 200 Park Avenue, New York, New York 10166, acts as the Fund manager and Mellon Equity Associates, an affiliate of Dreyfus located at 500 Grant Street, Pittsburgh, Pennsylvania 15258, is the Fund index manager.

CALVERT RESPONSIBLY INVESTED BALANCED PORTFOLIO

The Calvert Responsibly Invested Balanced Portfolio is a series of Acacia Capital Corporation (the "Fund"), an open-end management investment company whose investment advisor is Calvert Asset Management Company, Inc. located at 4550 Montgomery Avenue, Suite 1000N, Bethesda, Maryland 20814.

The Calvert Responsibly Invested Balanced Portfolio seeks total return above the rate of inflation through an actively managed, non-diversified portfolio of common and preferred stocks, bonds, and money market instruments which offer income and growth opportunity and which satisfy the social concern criteria established for the Portfolio. Shares of the Fund are offered only to insurance companies for allocation to certain of their variable accounts.

DREYFUS VARIABLE INVESTMENT FUND

Dreyfus Variable Investment Fund is an open-end, diversified management investment company that is intended to be a funding vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of various life insurance companies.

THE SMALL CAP PORTFOLIO: The Portfolio seeks to maximize capital appreciation. The Small Cap Portfolio seeks out companies that The Dreyfus Corporation believes have the potential for significant growth. Under normal market conditions, the Portfolio will invest at least 65% of its total assets in companies with market capitalization of less than \$750 million, at the time of purchase, both domestic and foreign where there is a belief that new or innovative products or services should enhance prospects for growth in future earnings. The Portfolio may also invest in special situations such as corporate restructurings, mergers or acquisitions.

The Dreyfus Corporation, located at 200 Park Avenue, New York, New York 10166, serves as the Fund's investment adviser.

FIDELITY'S VARIABLE INSURANCE PRODUCTS FUND

The Variable Insurance Products Fund was designed to provide investment vehicles for variable annuity and variable life insurance contracts of various life insurance companies.

EQUITY-INCOME PORTFOLIO: The Portfolio seeks reasonable income by normally investing at least 65% of its total assets in income-producing common or preferred stock and the remainder in debt securities.

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GROWTH PORTFOLIO: The Portfolio seeks to achieve capital appreciation. The Portfolio normally purchases common stocks, although its investments are not restricted to any one type of security. Capital appreciation may also be found in other types of securities, including bonds and preferred stocks.

MONEY MARKET PORTFOLIO: The Portfolio seeks to obtain as high a level of current income as is consistent with preserving capital and providing liquidity. For more information regarding the Portfolio, into which initial Contributions are invested pending Lincoln Life's receipt of a complete order, please see the "Initial Contributions" section.

Fidelity Management & Research Company ("FMR") is the manager of the Equity-Income Portfolio, the Growth Portfolio and the Money Market Portfolio and is located at 82 Devonshire Street, Boston, Massachusetts 02109.

FIDELITY'S VARIABLE INSURANCE PRODUCTS FUND II

Variable Insurance Products Fund II is designed to provide investment vehicles for variable annuity and variable life insurance contracts.

ASSET MANAGER PORTFOLIO: The Portfolio seeks high total return with reduced risk over the long term by allocating its assets among domestic and foreign stocks, bonds and short-term fixed income instruments.

FMR is the manager of the Portfolio and is located at 82 Devonshire Street, Boston, Massachusetts 02109.

TWENTIETH CENTURY'S TCI PORTFOLIOS, INC.

TCI Portfolios, Inc. is a fund which offers its shares only to life insurance companies to fund the benefits of variable annuity or variable life insurance contracts. The Portfolios are managed by Investors Research Corporation which also manages the Twentieth Century family of mutual funds. Investors Research Corporation has its principal place of business at Twentieth Century Tower, 4500 Main Street, Kansas City, Missouri 64111.

Lincoln Life may perform certain administrative services that would otherwise be performed by Twentieth Century Services, Inc., and Investors Research may pay Lincoln Life for such services.

TCI GROWTH: The Portfolio seeks capital growth by investing in common stocks (including securities convertible into common stocks) and other securities that meet certain fundamental and technical standards of selection and, in the opinion of the fund's management, have better than average potential for appreciation.

TCI BALANCED: The Portfolio seeks capital growth and current income. Its investment team intends to maintain approximately 60% of the portfolio's assets in common stocks that are considered by its manager to have better than average prospects for appreciation and the balance in bonds and other fixed income securities.

T. ROWE PRICE INTERNATIONAL SERIES, INC.

T. Rowe Price International Series is a fund which offers its shares only to life insurance companies to fund the benefits of variable annuity and variable life contracts. It is managed by Rowe Price-Fleming International, Inc., one of America's largest international no load mutual fund managers with approximately \$20.0 billion under management as of December 31, 1995 from its offices in Baltimore, London, Tokyo and Hong Kong.

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The International Stock Portfolio seeks long-term growth of capital through investments primarily in common stocks of established, non-U.S. companies.

CONTRACT PROVISIONS

GENERAL

These Contracts were designed for Employers and other entities to enable Participants and Employers to accumulate funds for retirement programs meeting the requirements of the following Sections of the Internal Revenue Code of 1986, as amended (the "Code"): 401(a), 403(b), 408, 457 and other related Sections as well as for programs offering non-qualified annuities. An Employer, Association or trustee in some circumstances, may enter into a Contract with Lincoln Life by filling out an application and returning it to Lincoln Life. Upon Lincoln Life's acceptance of the application, Contractholders or an affiliated Employer can forward Contributions on behalf of employees who then become Participants under the Contracts. For Plans that have allocated rights to the Participant, Lincoln Life will issue to each Participant a separate Active Life Certificate that describes the basic provisions of the Contract to each Participant.

CONTRIBUTIONS UNDER THE CONTRACT

Generally, under the Contracts, Contributions are forwarded by the Contractholders to Lincoln Life for investment. Depending on the Plan, the Contributions may consist of salary reduction Contributions, Employer Contributions or post-tax Contributions.

Contributions may accumulate on either a guaranteed or variable basis depending upon the Divisions available under the Contract and/or the Division in which the Contributions are deposited. Contributions to the Guaranteed Interest Division become part of Lincoln Life's General Account and are guaranteed a minimum rate of interest. Contributions to the Variable Investment Division increase or decrease in value daily to reflect the investment experience of the Sub-Accounts in which the Contributions are invested.

Contributions by Participants may be in any amount unless there is a minimum amount set by the Contractholder or Plan. A Contract may require the Contractholder to contribute a minimum annual amount on behalf of all Participants. Annual Contributions under Qualified Plans may be subject to maximum limits imposed by the Code. Annual Contributions under non-qualified plans may be limited by the terms of the Contract. In the Statement of Additional Information see "Tax Law Considerations" for a discussion of these limits. Subject to any restrictions imposed by the Plan or the Code, transfers from other contracts and qualified rollover Contributions will be accepted.

Contributions must be in United States funds. All withdrawals and distributions under this Contract will be in U.S. funds. If a bank or other

financial institution does not honor the check or other payment method constituting a Contribution, Lincoln Life will treat the Contribution as invalid. All allocation and subsequent transfers resulting from the invalid Contributions shall be reversed and the party responsible for the invalid Contribution shall reimburse Lincoln Life for any losses or expenses resulting from the invalid Contribution.

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INITIAL CONTRIBUTIONS

The initial Contribution for a Participant will be credited to the Participant's Account no later than two Business Days after it is received by Lincoln Life at its service office if it is preceded or accompanied by a completed enrollment form containing all the information necessary for processing the Participant's Contribution. If Lincoln Life does not receive a complete enrollment form, Lincoln Life will notify the Contractholder or the Participant that Lincoln Life does not have the necessary information to process the Contribution. If the necessary information is not provided to Lincoln Life within five (5) Business Days after Lincoln Life first receives the initial Contribution, Lincoln Life will return the initial Contribution less any withdrawal(s) by the Participant or by the Contractholder, unless the Participant or the Contractholder specifically consents to Lincoln Life retaining the Contribution until the enrollment form is made complete.

Notwithstanding the above, when the Contract includes language regarding the "Pending Allocation Account", the following shall apply: Where state approval has been obtained, if Lincoln Life receives Contributions which are not accompanied by a properly completed Enrollment Form, Lincoln Life will notify the Contractholder of that fact and deposit the Contributions to the Pending Allocation Account, unless such Contributions are designated to another Account in accordance with the Plan. Within two Business Days of receipt of a properly completed Enrollment Form, the Participant's Account balance in the Pending Allocation Account will be transferred in accordance with the allocation percentages elected on the Enrollment Form. All future Contributions will also be allocated in accordance with these percentages until such time as the Participant may notify Lincoln Life of a change. If a properly completed Enrollment Form is not received after three monthly notices have been sent, the Participant's Account balance in the Pending Allocation Account will be refunded to the Contractholder within 105 days of the date of the initial Contribution. The Pending Allocation Account invests in Fidelity's Variable Insurance Products Fund Money Market Portfolio and is not available as an investment option under the group annuity contract. Mortality & Expense Risk Charges and the Annual Administration Charge do not apply to this Account. These charges will be applicable upon receipt of a properly completed Enrollment Form and the Participant's contract Participation Date will be the date money was deposited in the Pending Allocation Account.

ALLOCATION OF CONTRIBUTIONS

A Participant must designate in writing, subject to the Plan, the percent of their Contribution which will be allocated to each Division and to each Sub-Account available under their Contract. The Contributions allocation percentage to the Guaranteed Investment Division or any Sub-Account can be in any whole percent. Participants, whose Employer offers two or more Lincoln Life contracts for the same type of Qualified or Non-qualified Plans, may allocate Contributions to a maximum of ten Sub-Accounts and the Guaranteed Interest Division. Participants, subject to the terms of the Plan, may change the allocation of Contributions by notifying Lincoln Life in writing or by telephone in accordance with procedures published by Lincoln Life. Telephone requests for allocation changes follow the same verification of identity rules as for Transfers. (See "Telephone Transfers.") When Lincoln Life receives a notice in writing, the form must be acceptable to Lincoln Life. Upon receipt by Lincoln Life, the change will be effective for all Contributions received concurrently with the allocation change form and for all future Contributions, unless a later date is requested. Changes in the allocation of future Contributions have no effect on amounts a Participant may have already contributed. Such amounts, however, may be transferred between Divisions and Sub-Accounts pursuant to the requirements described in "Transfers between Divisions and Sub-Accounts." Allocations of Employer Contributions may be restricted by the applicable plan.

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SUBSEQUENT CONTRIBUTIONS

The Contractholder will forward Contributions to Lincoln Life specifying the amount being contributed on behalf of each Participant. The Contractholder must send Contributions and provide such allocation information in accordance with procedures established by Lincoln Life. The Contributions shall be allocated among the Guaranteed Interest Division and the Variable Investment Division in accordance with the Contractholder's or the Participant's written instructions as described above in "Allocation of Contributions."

INVESTMENT OF CONTRIBUTIONS

Contributions are invested as of the date of receipt at Lincoln Life's service office, provided that they are received prior to 4:00 p.m. (Eastern Time) on a Business Day and allocation information is provided in a form acceptable to Lincoln Life in accordance with procedures established by Lincoln Life. If the Contribution is not received prior to 4:00 p.m. (Eastern Time), Lincoln Life will invest the Contribution on the next Business Day. Contributions on behalf of a Participant which are allocated to the Variable Investment Division will be credited with Accumulation Units as of that date. A Participant's interest in the Variable Investment Division during the Accumulation Period is represented by the value of the Accumulation Units credited to the Participant's Account balance in the Variable Investment Division. The number of Accumulation Units credited to a Participant's Account in a Sub-Account is calculated by dividing the Contribution allocated to the Sub-Account by the dollar value of an Accumulation Unit next determined after receipt of the Contribution. The number of Accumulation Units purchased will not vary as a result of any subsequent fluctuations in the Accumulation Unit Value. The Accumulation Unit Value, of course, fluctuates with the investment performance of the underlying Fund and also reflects deductions and charges made against the Variable Investment Division.

DETERMINATION OF ACCUMULATION UNIT VALUE

Lincoln Life determines the Accumulation Unit Value of each Sub-Account on each Valuation Date. Accumulation Unit Values are determined by multiplying the Net Investment Factor for the current Valuation Period by the Accumulation Unit Value as of the end of the immediately preceding Valuation Period.

Lincoln Life uses a Net Investment Factor to measure the daily fluctuations in value of a Sub-Account. The Net Investment Factor for any Valuation Period is determined as follows:

- (a) The net asset value per share of the underlying Fund as of the end of a Valuation Period is added to the amount per share of any dividends or capital gain distributions paid by the Fund during that Valuation Period;
- (b) The amount in (a) above is then divided by the net asset value per share of the underlying Fund as of the end of the immediately preceding Valuation Period;
- (c) The result of (a) divided by (b) is then multiplied by one minus the annual mortality and expense risk charge to the $n/365$ th power where n equals the number of calendar days since the immediately preceding Valuation Date.

The above calculation will be adjusted by the amount per share of any taxes which are incurred by Lincoln Life because of the existence of the Variable Investment Division.

The Participant's Account balance is equal to the sum of the Participant's Account balances in both the Variable Investment Division and the Guaranteed Interest Division.

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TRANSFERS BETWEEN DIVISIONS AND SUB-ACCOUNTS

During the Accumulation Period, transfers may be made of all or part of a Participant's Account balance in any Division or Sub-Account to another Sub-Account or Division subject to the limitations described below and in the

applicable Plan. Transfers will not change the allocation of future Contributions to the Divisions and Sub-Accounts. Lincoln Life does not require that any minimum amount be transferred. To effect a transfer, Lincoln Life must receive a written transfer request in a form acceptable to Lincoln Life.

Transfers to or from the Variable Investment Division are made using the Accumulation Unit Value next computed following Lincoln Life's receipt of the written transfer request.

TELEPHONE TRANSFERS BETWEEN DIVISIONS AND SUB-ACCOUNTS

Lincoln Life may accept telephone transfers from Participants when this is allowed by the Contractholder. In order to prevent unauthorized or fraudulent transfers, Lincoln Life will require a Participant to provide certain identifying information before Lincoln Life will act upon their instructions. Lincoln Life may also assign the Participant a Personal Identification Number (PIN) to serve as identification. Lincoln Life will not be liable for following telephone instructions it reasonably believes are genuine. Telephone transfer requests may be recorded and written confirmation of all transfer requests will be mailed to the Participant or Contractholder on the next Business Day. Telephone transfers will be processed on the Business Day that they are received when they are received at the Lincoln Life service office before 4:00 P.M. Eastern Time. If the Participant or Contractholder determines that a transfer has been made in error, the Participant or Contractholder must notify Lincoln Life within 30 days of the confirmation notice date. See "Contract Provisions, Transfers between Divisions and Sub-Accounts."

WITHDRAWALS

During the Accumulation Period, withdrawals may be made from either or both Divisions of all or part of the Participant's Account balance in a Division or Sub-Account remaining after deductions for any applicable (1) Contingent Deferred Sales Charge ("CDSC"); (2) Annual Administration Charge (imposed on Total Withdrawals), (3) premium taxes, and (4) outstanding loan including loan security. Annuity Conversion Amounts are not considered withdrawals. See "Annuity Period, Annuities: General."

All withdrawal requests must indicate the amount to be withdrawn and be submitted in a form acceptable to Lincoln Life. If the request does not specify the Sub-Accounts and/or the Divisions from which the withdrawal is to be made, the withdrawal will be made pro rata based on balances in the Sub-Accounts and the Guaranteed Investment Division. Lincoln Life does not require that any minimum amount be withdrawn. Telephone withdrawal requests are not permitted.

Withdrawals from the Variable Investment Division are made by reducing the Participant's number of Accumulation Units in the applicable Sub-Account. In determining the number of Accumulation Units to be reduced, Lincoln Life uses the Accumulation Unit Value next computed after Lincoln Life's receipt of the written withdrawal request.

Payment of all Variable Investment Division withdrawal amounts generally will be made within seven days after receipt by Lincoln Life of the withdrawal request in a form acceptable to Lincoln Life. See "Market Emergencies."

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TOTAL WITHDRAWALS

A Total Withdrawal can only be made by a Participant who has no outstanding loans under the Contract. A Total Withdrawal of a Participant's Account will occur when (a) the Participant or Contractholder requests the liquidation of the Participant's entire Account balance, or (b) the amount requested plus any CDSC results in a remaining Participant's Account balance of less than or equal to the Annual Administration Charge, in which case the request is treated as if it were a request for liquidation of the Participant's entire Account balance.

Any Active Life Certificate must be surrendered to Lincoln Life when a Total Withdrawal occurs. If a Contractholder resumes Contributions on behalf of a Participant after a Total Withdrawal, the Participant will receive a new Participation Date and Active Life Certificate.

A Participant refund under the free-look provisions is not considered a Total Withdrawal.

PARTIAL WITHDRAWALS

A Partial Withdrawal of a Participant's Account will occur when less than a Total Withdrawal is made from a Participant's Account.

SYSTEMATIC WITHDRAWAL OPTION

Participants who are at least age 59 1/2, are separated from service from their employer or are disabled and certain spousal beneficiaries and alternate payees who are former spouses may be eligible for a Systematic Withdrawal Option ("SWO") under the Contract. Payments are made only from the Guaranteed Interest Division. Under the SWO a Participant may elect to withdraw either a monthly amount which is an approximation of the interest earned between each payment period based upon the interest rate in effect at the beginning of each respective payment period or a flat dollar amount withdrawn on a periodic basis. A Participant must have a vested pre-tax account balance of at least \$10,000 in the Guaranteed Interest Division in order to select the SWO. A Participant may transfer amounts from the Variable Investment Division to the Guaranteed Interest Division in order to support SWO payments. These transfers, however, are subject to the transfer restrictions described in this Prospectus and/or imposed by any applicable Plan. A one-time fee of up to \$30 may be charged to set up the SWO. This charge is waived for total vested pre-tax account balances of \$25,000 or more. More information about SWO, including applicable fees and charges, is available in the Contracts and Active Life Certificates as well as from Lincoln Life.

MAXIMUM CONSERVATION OPTION

Under certain Contracts Participants who are at least age 70 1/2 may request that Lincoln Life calculate and pay to them the minimum annual distribution required by Sections 401(a)(9), 403(b)(10), 408 or 457(d) of the Code. The Participant must complete forms as required by Lincoln Life in order to elect this option. Lincoln Life will base its calculation solely on the Participant's Account value with Lincoln Life. Participants who select this option are responsible for determining the minimum distributions amount applicable to their non-Lincoln Life contracts.

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WITHDRAWAL RESTRICTIONS

Withdrawals under Section 403(b) Contracts are subject to the limitations under Section 403(b)(11) of the Code and regulations thereof and in any applicable Plan document. That section provides that salary reduction Contributions deposited and earnings credited on any salary reduction Contributions after December 31, 1988 may only be withdrawn if the Participant has (1) died; (2) become disabled; (3) attained age 59 1/2; (4) separated from service; or (5) incurred a hardship. If amounts accumulated in a Section 403(b)(7) custodial account are deposited in a Contract, such amounts will be subject to the same withdrawal restrictions as are applicable to post-1988 salary reduction Contributions under the Contracts. For more information on these provisions see "Federal Income Tax Considerations."

Withdrawal requests for a Participant under Section 401(a) Plans, Section 457(b) Plans and Plans subject to Title I of ERISA must be authorized by the Contractholder on behalf of a Participant. All withdrawal requests will require the Contractholder's written authorization and written documentation specifying the portion of the Participant's Account balance which is available for distribution to the Participant. Withdrawal requests for Section 457(f) Plans must be requested by the Contractholder.

For withdrawal requests (other than transfers to other investment vehicles), by Participants under Plans not subject to Title I of ERISA and non-401(a) Plans and non-457 Plans, the Participant must certify to Lincoln Life that one of the permitted distribution events listed in the Code has occurred (and provide supporting information, if requested) and that Lincoln Life may rely on such representation in granting such withdrawal request. See "Federal Income Tax Considerations." A Participant should consult their tax adviser as well as review the provisions of their Plan before requesting a withdrawal.

In addition to the restrictions noted above, a Plan and applicable law may contain additional withdrawal or transfer restrictions.

Withdrawals may have Federal tax consequences. In addition, early withdrawals, as defined under Section 72(q) and 72(t) of the Code, may be subject to a ten percent excise tax.

DEATH BENEFITS

The payment of death benefits will be governed by the provisions of the applicable Plan and the Code. In the event of the death of a Participant during the Accumulation Period, Lincoln Life will pay the Beneficiary, if one is living, or the Plan the greater of the following amounts:

- (1) The Net Contributions, or
- (2) The Participant's Account balance less any outstanding loan (including principal and due and accrued interest)

PROVIDED THAT, if Lincoln Life is not notified of the Participant's death within six months of such death, the Beneficiary will receive the Death Benefit amount described in paragraph (2).

A Beneficiary may elect to have the Death Benefit (1) paid as a lump sum, (2) converted to a Payout Annuity or (3) as a combination of a lump sum payment and a Payout Annuity.

Lincoln Life will calculate the Death Benefit as of the end of the Valuation Period during which it receives both satisfactory notification of the Participant's death and an election of a form of Death Benefit (as described below). Payment of a lump sum election generally will be made within seven days following such calculation.

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Payment of an annuity option will be paid in accordance with the provisions regarding annuities. See "Annuity Period." If no election is made within sixty days following Lincoln Life's receipt of satisfactory notice of the Participant's death, the Death Benefit will be paid in the form of a lump sum payment and will be calculated as of the end of the Valuation Period during which that sixtieth day occurs (and payment generally will be made within seven days after such calculation date).

Satisfactory proof of death may consist of: a copy of a certified death certificate; a copy of a certified decree of a court of competent jurisdiction as to the finding of death; a written statement by a medical doctor who attended the deceased at the time of death; or any other proof satisfactory to Lincoln Life.

Notwithstanding the above, under qualified annuities, if the Beneficiary is someone other than the spouse of the deceased Participant, the Code provides that the Beneficiary may not elect an annuity which would commence later than December 31st of the calendar year following the calendar year of the Participant's death. If a non-spousal Beneficiary elects to receive payment in a single lump sum, the Code provides that such payment must be received no later than December 31st of the fourth calendar year following the calendar year of the Participant's death.

If the Beneficiary is the surviving spouse of the deceased Participant, distributions generally are not required under the Code to begin earlier than December 31st of the calendar year in which the Participant would have attained age 70 1/2. If the surviving spouse dies before the date distributions commence, then, for purposes of determining the date distributions to the Beneficiary must commence, the date of death of the surviving spouse is substituted for the date of death of the Participant.

Other rules apply to non-qualified annuities. See Federal Income Tax Considerations.

If there is no living named Beneficiary on file with Lincoln Life at the time of a Participant's death and unless the Plan directs otherwise, Lincoln Life will pay the Death Benefit to the Participant's estate in the form of a lump sum payment, upon receipt of satisfactory proof of the Participant's death, but only if such proof of death is received by Lincoln Life no later than the end of the fourth calendar year following the year of the Participant's death. In such case, valuation of the Death Benefit will occur as of the end of the Valuation Period during which due proof of death is received by Lincoln Life, and the lump sum Death Benefit generally will be paid within seven days of that date.

DEDUCTIONS AND CHARGES

CHARGES AGAINST THE VARIABLE INVESTMENT DIVISION

Certain charges will be assessed as a percentage of the value of the net

assets of the Variable Investment Division to compensate Lincoln Life for risks assumed in connection with the Contracts.

MORTALITY AND EXPENSE RISK CHARGES

Lincoln Life deducts from the net assets of the Variable Investment Division a daily charge of 1.20% on an annual basis.

This charge is assessed both during the Accumulation Period and the Annuity Period although, during the Annuity Period, Lincoln Life will bear no mortality risk with respect to the Annuity Options that do not involve life contingencies. This amount is intended to compensate Lincoln Life for certain Mortality and Expense Risks Lincoln Life assumes in operating the Variable Investment Division and for providing services to the Participant. The 1.2%

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total charge consists of .25% for the Expense Risk and .95% for the Mortality Risk. The relative proportion of these charges, consistent with industry practice, is estimated and, therefore, may change based on Lincoln Life's experience in administering the Contracts. However, the total charge may not be altered.

The Expense Risk is the risk that Lincoln Life's actual expenses in issuing and administering the Contract will be more than Lincoln Life estimated. The Mortality Risk borne by Lincoln Life arises from the chance that Lincoln Life's actuarial estimate of mortality rates during the Annuity Period, as guaranteed in the Contract, may prove erroneous and that an Annuitant may live longer than expected. This contractual guarantee assures that neither an Annuitant's own longevity nor an improvement in life expectancy generally will have any adverse effect under the Contracts. In addition, Lincoln Life bears the Mortality Risk because it guarantees to pay a Death Benefit that may be higher than the Participant's Account balance upon the death of the Participant prior to the Annuity Period.

Lincoln Life may ultimately realize a profit from these charges to the extent they are not needed to meet the actual expenses incurred.

CHARGES AGAINST THE CONTRACTS

The charges that Lincoln Life assesses in connection with the Contracts are described below.

ANNUAL ADMINISTRATION CHARGE

Lincoln Life provides many administrative functions in connection with the Contracts, including receiving and allocating Contributions in accordance with the Contracts, making annuity payments when they become due, and preparing and filing all reports required to be filed by the Variable Investment Division. In addition, Lincoln Life provides Participants with Account statements and accounting services that keep track of pre-tax monies, employee and Employer monies, vested Account balances and rollover or transferred monies.

In consideration for these administrative services, Lincoln Life currently deducts \$25 (or the balance of the Participant's Account if less) per year from each Participant's Account balance on the last Business Day of the month in which a Participation Anniversary occurs. This charge is deducted only during the Accumulation Period. This Annual Administration Charge is also withdrawn from a Participant's Account balance if and when a Participant's Account is totally withdrawn. The charge may be increased or decreased (subject to any appropriate regulatory approvals), but Lincoln Life does not anticipate a profit from this charge.

The Annual Administration Charge may be reduced or waived for those Participants who are participating under another Lincoln Life contract which imposes an Annual Administration Charge or where Lincoln Life's interest costs or expenses are reduced due to the terms of the Contract, economies of scale or administrative assistance provided by the Contractholder. In addition, the Employer has the option of paying the Annual Administration charge on behalf of the Participants under a Contract.

Under certain Contracts, the Contractholder may also choose to have the Annual Administration Charge paid only by those Participants in the Variable Investment Division. Contracts offering this provision will typically have a declared interest rate in the Guaranteed Interest Division which is lower than under contracts not offering this provision. For contracts offering this

provision, the Annual Administration Charge will be deducted as described in this section.

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PREMIUM TAXES

Certain states require that a premium tax be paid on contributions to a variable annuity contract. Others assess a premium tax at the time of annuitization. Lincoln Life will deduct a charge for any applicable premium tax from the Participant's Account balance either: (1) at the time of a Total Withdrawal of a Participant's Account balance; (2) on the Annuity Commencement Date; (3) at such other date as the taxes are assessed. Various states levy a premium tax, currently ranging from 0.5% to 4.0%, on variable annuity contracts.

CONTINGENT DEFERRED SALES CHARGE

Lincoln Life does not impose a sales charge at the time a Contribution is made to a Participant's Account under the Contract. During the Accumulation Period Lincoln Life charges a Contingent Deferred Sales Charge ("CDSC") in an amount of 6% on all Total or Partial Withdrawals of a Participant's Account balance unless Lincoln Life receives at the time of the withdrawal request reasonable proof necessary to verify that: (a) the Participant has attained age 59 1/2; (b) the Participant has died; (c) the Participant has incurred a disability as defined under the Contract; or (d) the Participant has terminated employment with the Employer and is at least age 55.

The CDSC reimburses Lincoln Life for part or all of its expenses related to distributing the Contracts. If the revenues generated by the CDSC are not sufficient to cover Lincoln Life's actual costs of distribution, such costs will be paid from Lincoln Life's General Account assets, which may include any ultimate profit derived from the mortality and expense risk charge.

A Contractholder may choose to add "financial hardship" as another event under the Contract which is not subject to a CDSC. A Contractholder may also choose to eliminate the requirement that a Participant be at least age 55 when he terminates employment. Finally, a Contractholder can add a provision to their Contract entitling Participants to withdraw, once each calendar year, 20% of their Account balance without the imposition of a CDSC. These Contracts, which provide additional benefits to Participants, will typically have a declared guaranteed interest rate which is lower than other Contracts not providing these additional benefits.

The CDSC on any withdrawal may be reduced or eliminated but only to the extent that Lincoln Life anticipates that it will incur lower sales expenses or perform fewer sales services due to economies arising from (a) the size of the particular group, (b) an existing relationship with the Contractholder or Employer, (c) the utilization of mass enrollment procedures, or (d) the performance of sales functions by the Contractholder or an Employer which Lincoln Life would otherwise be required to perform.

The CDSC is imposed on the Gross Withdrawal Amount. A Participant may request to receive a specific Net Withdrawal Amount. If the Participant requests a specific Net Withdrawal Amount, the CDSC will be imposed on a Gross Withdrawal Amount, which after deducting the CDSC, gives the Participant the Net Withdrawal Amount requested. The following example illustrates the formula:

Participant requests a Net Withdrawal Amount of \$100 in their tenth Participation Year. Lincoln Life will impose the 1% CDSC on a Gross Withdrawal Amount of \$101.01 and the Participant will receive \$100. This is the standard procedure for withdrawals.

The CDSC will be deducted from the Divisions and Sub-Accounts in proportion to amounts withdrawn therefrom. Death Benefit payments and amounts converted to an annuity are not subject to a CDSC. In no event will the CDSC, when added to any CDSC previously imposed due to a Participant withdrawal, exceed 8.5% of the cumulative Contributions to a Participant's Account.

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MISCELLANEOUS

The Variable Investment Division purchases shares from the Funds at net asset value. The net asset value reflects investment management fees and other expenses that have already been deducted from the assets of the Funds. The

Funds' investment management fees, expenses and expense limitations, if applicable, are more fully described in each prospectus for the Funds.

ANNUITY PERIOD

GENERAL

To the extent permitted by the Plan, the Participant, or the Beneficiary of a deceased Participant, may elect to convert all or part of the Participant's Account balance or the Death Benefit to a Payout Annuity. Payout Annuities are available as either a Guaranteed or Variable Annuity or a combination of both. Annuity payments from the Guaranteed Interest Division remain constant throughout the annuity period. Annuity payments from the Variable Investment Division fluctuate depending upon the investment experience of the applicable Sub-Accounts. Variable Annuity payments are based upon Annuity Unit Values. See "Annuity Payments" below and "Determination of Variable Annuity Payments" in the Statement of Additional Information for further information.

The Annuity Commencement Date marks the date on which Lincoln Life makes the first annuity payment to an Annuitant. For Plans subject to Section 401(a)(9)(B) of the Code, a Beneficiary must select an Annuity Commencement Date that is not later than one year after the date of the Participant's death. A Participant or Contractholder may select any Annuity Commencement Date for the Annuitant which is then reflected in the Retired Life Certificate. However, since an annuity payment is considered a distribution under the Code, selection of an Annuity Commencement Date may be affected by the distribution restrictions under the Code and the minimum distribution requirements under Section 401(a)(9) of the Code. See "Federal Income Tax Considerations." The selection of an Annuity Commencement Date, the annuity option, the amount of the Payout Annuity and whether the amount is to be paid as a Guaranteed or a Variable Annuity must be made by the Participant in writing, in a form satisfactory to Lincoln Life, and received by Lincoln Life at least 30 days in advance of the Annuity Commencement Date. After the Annuity Commencement Date an Annuitant may not change either their annuity option or the type (i.e., variable or guaranteed) of Payout Annuity for any amount applied toward the purchase of an annuity.

The Annuity Conversion Amount is either the Participant's Account balance, or a portion thereof, or the Death Benefit plus interest, as of the Annuity Payment Calculation Date. The initial Annuity Payment Calculation Date will be the first day of the calendar month next following the Annuity Commencement Date for a Guaranteed Annuity and 10 Business Days prior to the first day of the calendar month next following the Annuity Commencement Date for a Variable Annuity. For Guaranteed Annuities, the Annuity Payment Calculation Date is the first day of a calendar month. For Variable Annuities, the Annuity Payment Calculation Date is the date 10 Business Days prior to the first day of a calendar month; the 10 Business Days being necessary to calculate the amount of the Payout Annuity payments and to mail the checks in advance of their first-of-month due dates.

If the Participant's Account balance or the Beneficiary's Death Benefit is less than \$2,000.00 or if the amount of the first scheduled payment is less than \$20.00, Lincoln Life may, at its option, cancel the annuity and pay the Participant or Beneficiary the entire amount in a lump sum.

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PAYOUT ANNUITY PAYMENTS

The amount of each annuity payment will depend upon the Annuity Conversion Amount applied to an annuity option, the form of the annuity option selected and the age of the Participant at the Annuity Commencement Date. Unless otherwise notified, Lincoln Life will apply the Participant's Account balance in the Guaranteed Interest Division toward a Guaranteed Annuity and the Participant's Account balance in the Variable Investment Division toward a Variable Annuity.

The payment amount for a Guaranteed Annuity is determined by dividing the Participant's Annuity Conversion Amount in the Guaranteed Interest Division as of the initial Annuity Payment Calculation Date by the applicable Annuity Conversion Factor as defined in the Contract.

The initial payment amount for a Variable Annuity is determined by dividing the Participant's Annuity Conversion Amount(s) in the applicable Sub-Account(s) as of the initial Annuity Payment Calculation Date by the applicable Annuity Conversion Factor as defined in the Contract. The amounts of subsequent payments vary depending on the investment experience of the Sub-Account(s) and the interest rate option selected by the Contractholder or Annuitant. The payment amounts will not be affected by Lincoln Life's mortality or expense experience and will not be reduced by an Annual Administration Charge. For

additional information on the determination of subsequent payment amounts, refer to the Statement of Additional Information, "Determination of Variable Annuity Payments."

PAYOUT ANNUITY OPTIONS

Lincoln Life offers a range of annuity options including, but not limited to, the following:

LIFE ANNUITY

Payments are made monthly during the lifetime of the Annuitant, and the annuity terminates with the last payment preceding death.

LIFE ANNUITY WITH PAYMENTS GUARANTEED FOR 10, 15 OR 20 YEARS

Payments are made monthly during the lifetime of the Annuitant with a monthly payment guaranteed to the Beneficiary for the remainder of the selected number of years, if the Annuitant dies before the end of the period selected. Payments under this annuity option are smaller than a Life Annuity without a guaranteed payment period.

JOINT AND SURVIVOR ANNUITIES

Payments are made monthly during the joint lifetime of the Annuitant and a designated second person.

PAYMENTS GUARANTEED FOR 10, 15 OR 20 YEARS

Annuity payments are guaranteed monthly for the selected number of years. While there is no right to make any total or partial withdrawals during the Annuity Period, an Annuitant who has selected this annuity option as a Variable Annuity or a surviving Beneficiary may request at any time during the payment period that the present value of any remaining installments be paid in one lump sum. Such lump sum payment will be treated as a Total

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Withdrawal during the Accumulation Period and may be subject to a CDSC. See, "Deductions and Charges" and "Federal Income Tax Considerations."

Under Qualified Plans, any annuity selected must be payable over a period that does not extend beyond the life expectancy of the Participant and the Participant's designated Beneficiary. If the Beneficiary is someone other than the Participant's spouse, the present value of payments to be made to the Participant must be more than 50% of the present value of the total payments to be made to the Participant and the Beneficiary.

In the event that an Annuitant dies before the end of a designated Annuity period, the Beneficiary, if any, or the Annuitant's estate will receive any remaining payments due under the annuity option in effect.

NOTE CAREFULLY: Under the Life Annuity and Joint and Survivor Annuities options it would be possible for only one annuity payment to be made if the Annuitant(s) were to die before the due date of the second annuity payment; only two annuity payments if the Annuitant(s) were to die before the due date of the third annuity payment; and so forth.

FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general discussion of federal income tax considerations relating to the Contract and is not intended as tax advice. This discussion is not intended to address the tax consequences resulting from all of the situations in which a person may be entitled to or may receive a distribution under the Contract. Any person concerned about these tax implications should consult a competent tax adviser before initiating any transaction. This discussion is based upon the Company's understanding of the present federal income tax laws as they are currently interpreted by the Internal Revenue Service ("IRS"). No representation is made as to the likelihood of the continuation of the present federal income tax laws or of the current interpretation by the IRS. Moreover, no attempt has been made to consider any applicable state or other tax laws.

The Contract may be purchased on a non-tax qualified basis ("Non-Qualified Contract") or purchased and used in connection with certain retirement

arrangements entitled to special income tax treatment under section 401(a), 403(b), 408(b) or 457 of the Code ("Qualified Contracts"). The ultimate effect of federal income taxes on the amounts held under a Contract, on Annuity Payments, and on the economic benefit to the Contract Owner, the Annuitant, or the Beneficiary may depend on the tax status of the individual concerned.

In addition, certain requirements must be satisfied in purchasing a Qualified Contract with proceeds from a tax qualified retirement plan in order to continue receiving favorable tax treatment. Therefore, you should consult your legal counsel and tax adviser regarding the suitability of the Contract for your situation, the applicable requirements and the tax treatment of the rights and benefits of the Contract. This summary assumes that Qualified Contracts are purchased with proceeds from retirement plans that qualify for the intended special Federal income tax treatment.

All dollar amounts and percentages stated below are subject to change according to Federal law. For additional Federal Income Tax Consideration, please refer to the Statement of Additional Information.

NON-QUALIFIED CONTRACTS

In general, under non-qualified annuity contracts, an individual may make Contributions to the Contracts which are not tax-deductible. A participant is generally not taxed on increases in the value of a contract until a distribution occurs. This can be in the form of a lump sum payment received by requesting all or part of the cash value (i.e., WITHDRAWALS) or as Annuity Payouts. For this purpose, the assignment or pledge of, or the agreement

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to assign or pledge, any portion of the value of a contract will be treated as a distribution. A transfer of ownership of a contract, or designation of an annuitant (or other beneficiary) who is not also the participant, may also result in tax consequences. The taxed portion of a distribution (in the form of a lump sum payment or an annuity) is taxed as ordinary income. For Contributions made after February 28, 1986, a participant who is not a natural person (for example, a corporation) will, subject to limited exceptions, be taxed on any increase in the contract's cash value over the investment in the contract during the taxable year, even if no distribution occurs. The following discussion applies to contracts owned by or on behalf of participants who are natural persons.

WITHDRAWALS. In the case of a withdrawal, generally amounts received are first treated as taxable income to the extent that the cash value of the contract immediately before the withdrawal exceeds the investment in the contract at that time. Any additional amount withdrawn is not taxable. The investment in the contract generally equals the portion, if any, of any contributions paid by or on behalf of a participant under a contract which is not excluded from the participant's gross income.

ANNUITY PAYOUTS. Even though the tax consequences may vary depending on the form of Annuity Payout selected under the contract, the recipient of an Annuity Payout generally is taxed on the portion of such payout that exceeds the investment in the contract. For variable Annuity Payouts the taxable portion is determined by a formula that establishes a specific dollar amount of each payout that is not taxed. The dollar amount is determined by dividing the investment in the contract by the total number of expected periodic payouts. For fixed Annuity Payouts, there generally is no tax on the portion of each payout that represents the same ratio that the investment in the contract bears to the total expected value of payouts for the term of the annuity; the remainder of each payout is taxable. For individuals whose annuity starting date is after December 31, 1986, the entire distribution will be fully taxable once the recipient is deemed to have recovered the dollar amount of the investment in the contract.

EXCISE TAX. There may be imposed an excise tax on distributions equal to 10% of the amount treated as taxable income. The excise tax is not imposed in certain circumstances, which generally are distributions:

1. Received on or after the participant attains age 59 1/2;
2. Made as a result of the participant's death or disability;
3. Received in substantially equal installments as a life annuity (subject to special recapture rules if the series of payouts is subsequently modified);
4. Allocable to the investment in the contract before August 14, 1982;

5. Under a qualified funding asset in a structured settlement;
6. Under an Immediate Annuity contract as defined in the Code; and/or
7. Under a contract purchased in connection with the termination of certain retirement plans.

MULTIPLE CONTRACTS. All non-qualified annuity contracts entered into after October 21, 1988, and issued by the same insurance company (or its affiliates) to the same participant during any calendar year will be treated as a single contract for tax purposes.

DIVERSIFICATION. Section 817(h) of the Code provides that separate account investments (or the investments of a mutual fund the shares of which are owned by separate accounts of insurance companies) underlying a non-qualified annuity contract must be "adequately diversified" in accordance with treasury regulations in order for the contract to qualify as an annuity contract under section 72 of the Code. The Variable Investment Division, through the Fund, intends to comply with the diversification requirements prescribed in the regulations.

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REQUIRED DISTRIBUTIONS. In addition to the requirements of section 817(h), the Code (section 72(s)) provides that non-qualified annuity contracts issued after January 18, 1985, will not be treated as annuity contracts for purposes of section 72 unless the contract provides that (a) if any Participant dies on or after the annuity starting date but prior to the time the entire interest in the contract has been distributed, the remaining portion of such interest must be distributed at least as rapidly as under the method of distribution in effect at the time of the Participant's death; and (B) if any Participant dies prior to the annuity starting date, the entire interest must be distributed within five years after the death of the Participant. These requirements are considered satisfied if any portion of the Participant's interest that is payable to or for the benefit of a "designated beneficiary" is distributed over that designated beneficiary's life, or a period not extending beyond the designated beneficiary's life expectancy, and if that distribution begins within one year of the Participant's death. The "designated beneficiary" must be a natural person. Contracts issued after January 18, 1985 contain provisions intended to comply with these Code requirements, although regulations interpreting these requirements have yet to be issued. The Company intends to review such provisions and modify them, if necessary, to assure that they comply with the requirements of section 72(s) when clarified by regulation or otherwise.

QUALIFIED CONTRACTS

IN GENERAL. The Qualified Contract is designed for use with several types of retirement plans. The tax rules applicable to participants and beneficiaries in retirement plans vary according to the type of plan and the terms and conditions of the plan. Special favorable tax treatment may be available for certain types of contributions and distributions. Adverse tax consequences may result from contributions in excess of specified limits; distributions prior to age 59 1/2 (subject to certain exceptions); distributions that do not conform to specified commencement and minimum distribution rules; aggregate distributions in excess of a specified annual amount; and in other specified circumstances.

The Company makes no attempt to provide more than general information about use of the Contracts with the various types of retirement plans. Owners and participants under retirement plans as well as annuitants and beneficiaries are cautioned that the rights of any person to any benefits under Qualified Contracts may be subject to the terms and conditions of the plans themselves, regardless of the terms and conditions of the Contract issued in connection with such a plan. Some retirement plans are subject to distribution and other requirements that are not incorporated in the administration of the Contracts. Owners are responsible for determining that contributions, distributions and other transactions with respect to the Contracts satisfy applicable law. Purchasers of Contracts for use with any retirement plan should consult their legal counsel and tax adviser regarding the suitability of the Contract.

SECTION 401(A) PLANS. Section 401(a) of the Code provides special tax treatment for pension, profit sharing and stock bonus Plans established by Employers for their employees. Contributions to a Section 401(a) Plan and any earnings attributable to such Contributions are currently excluded from the Participant's income. Section 401(a) Plans are subject to, among other things, limitations on: maximum Contributions, minimum coverage and participation, minimum funding, minimum vesting requirements and distribution requirements.

The specific limitations are outlined in the plan document adopted by the employer.

A Participant who makes a withdrawal from a Section 401(a) program generally must include that amount in current income. In addition, Section 401(k)(2) of the Code requires that salary reduction Contributions made and/or earnings credited on any salary reduction Contributions may not be withdrawn from the Participant's Section 401(k) program prior to the Participant having (1) attained age 59 1/2, (2) separated from service, (3) become disabled, (4) died or (5) incurred a hardship. Hardship withdrawals may not include any income credited after December 31, 1988 that is attributable to any salary reduction Contributions. In addition, Section 402 of the Code permits tax-free rollovers from Section 401(a) programs to individual retirement annuities or certain other Section 401(a) programs under certain circumstances. Qualified distributions eligible for rollover treatment may be subject

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to a 20% federal tax withholding depending on whether or not the distribution is paid directly to an eligible retirement plan.

SECTION 403(b) PLANS. A Participant who is an employee of a hospital or other tax-exempt organization described in Section 501(c)(3) or 501(e) of the Code may exclude from current earnings amounts contributed to a Section 403(b) program. Under the terms of a Section 403(b) program, an Employer may make Contributions directly to the program on behalf of the Participant, the Participant may enter into a salary reduction agreement with the Participant's Employer authorizing the Employer to contribute a percentage of the Participant's salary to the program and/or the Participant may authorize the Employer to make after tax Contributions to the program. Currently, the Code permits employees to defer up to \$9,500 of their income through salary reduction agreements. All Contributions made to the Section 403(b) program are subject to the limitations described in Code Sections 402(g) regarding elective deferral amounts, 403(b)(2) regarding the maximum exclusion allowance, and 415(a)(2) and 415(c) regarding the limitations on annual additions.

A Participant who makes a withdrawal from their Section 403(b) program generally must include that amount in current income. In addition, Section 403(b)(11) of the Code requires that salary reduction Contributions made and/or earnings credited on any salary reduction Contributions after December 31, 1988 may not be withdrawn from the Participant's Section 403(b) program prior to the Participant having (1) attained age 59 1/2, (2) separated from service, (3) become disabled, (4) died or (5) incurred a hardship. Hardship withdrawals may not include any income credited after December 31, 1988 that is attributable to any salary reduction Contributions. The Internal Revenue Service has ruled (Revenue Ruling 90-24) that amounts may be transferred between Section 403(b) investment vehicles as long as the transferred funds retain withdrawal restrictions at least as restrictive as that of the transferring investment vehicle. Such transferred amounts are considered withdrawals under the Contract and will be subject to a CDSC, if applicable. See "Deductions and Charges - Contingent Deferred Sales Charges." In addition, Section 403(b)(8) of the Code permits tax-free rollovers from Section 403(b) programs to individual retirement annuities or other Section 403(b) programs under certain circumstances. Qualified distributions eligible for rollover treatment may be subject to a 20% federal tax withholding depending on whether or not the distribution is paid directly to an eligible retirement plan.

SECTION 408 PLANS (IRAS). Under current law, individuals may contribute and deduct the lesser of \$2,000 or 100% of their compensation to an IRA. In the case of a spousal IRA, the maximum deduction is the lesser of \$2,250 or 100% of compensation. The deduction for contributions is phased out for individuals who are considered active participants under qualified Plans and whose Adjusted Gross Income attains a certain level. For a single person the \$2,000 deduction is available when the taxpayers Adjusted Gross Income is \$25,000 or less. For each \$50 that the taxpayer's Adjusted Gross Income rises above \$25,000, the taxpayer's deductible IRA is reduced by \$10. When the single taxpayer's Adjusted Gross Income is \$35,000 or greater, a tax deduction for an IRA is no longer available. For a married couple filing jointly, the threshold level is \$40,000 rather than \$25,000. For a married person filing separately, the threshold is \$0.

In addition, certain amounts distributed from Section 401(a) and 403(b) Plans may be rolled over to an IRA on a tax-free basis if done in a timely manner (within 60 days of the Participant's receipt of the distribution). The limitations on contributions discussed above do not apply to amounts rolled over to an IRA.

All Participants in an IRA receive an IRA Disclosure. This document explains the tax rules that apply to IRAs in greater detail.

ELIGIBLE SECTION 457 PLANS. Eligible Section 457 Plans may be established by state and local governments as well as private tax-exempt organizations (other than churches). Participants may contribute on a before tax basis to a deferred compensation Plan of their employer in accordance with the employer's Plan and Section 457 of the Code. Section 457 places limitations on the amount of Contributions to these Plans. Generally, the limitation is one-third of includable compensation or \$7,500 whichever is less. In the Participant's final three years of employment before normal retirement age, the \$7,500 limit is increased to \$15,000.

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Participants in an Eligible 457 Plan may not receive a withdrawal or other distribution from their Plan except in the event of separation of service from the employer, attainment of age 70 1/2, or when faced with an unforeseen emergency. The Contractholder's Plan may further restrict the Participant's rights to a withdrawal. In general, all amounts received under a Section 457 Plan are taxable.

An employee electing to participate in an Eligible Section 457 Plan should understand that their rights and benefits are governed strictly by the terms of the Plan, that they are in fact a general creditor of the Employer under the terms of the Plan, that the Employer is legal owner of any contract issued with respect to the Plan and that the Employer retains all rights under the contract issued with respect to the Plan. Depending on the terms of the particular Plan, the Employer may be entitled to draw on deferred amounts for purposes unrelated to its Section 457 Plan obligations. Participants under Eligible Section 457 Plans should look to the terms of their Plan for any charges in regard to participation other than those disclosed in this Prospectus.

SECTION 457(f) PLANS. Section 457(f) Plans may be established by state and local governments as well as private tax-exempt organizations. Employers and Participants may contribute on a before-tax basis to a deferred compensation Plan of their Employer in accordance with the Employer's Plan. Section 457(f) does not place limitations on the amount of Contributions to these Plans; however, the Internal Revenue Service may review these plans to determine if the deferral amount is acceptable to the IRS based on the nature of the 457(f) Plan.

Participants in 457(f) Plans may not receive a withdrawal or other distribution from their 457(f) Plans until a distributable event occurs. The Plan will define such events.

An employee electing to participate in a Section 457(f) Plan should understand that their rights and benefits are governed strictly by the terms of the Plan, that they are in fact a general creditor of the Employer under the terms of the Plan, that the Employer is legal owner of any contract issued with respect to the Plan and that the Employer retains all rights under the contract issued with respect to the Plan. Participants under Section 457(f) Plans should look to the terms of their Plan for any charges in regard to participating other than those disclosed in this Prospectus.

TAXATION OF QUALIFIED ANNUITIES: GENERAL. In Qualified Plans such as 401(a), 403(b) and 408 and Eligible 457, the Participant is not taxed on the value in their Accounts until they receive payments from the Account. In some situations, default or forgiveness of a loan, assignment or other transactions will result in taxable income. Distributions from all these Plans are taxed under the rules of Sections 72 and 402 of the Code.

PENALTY TAX FOR PREMATURE DISTRIBUTIONS. Section 72(t) imposes a 10% excise tax on certain premature distributions for non-qualified and Section 401(a), 403(b) and 408 Plans. The penalty tax will not apply to distributions made on account of the Participant having (i) attained age 59 1/2; (ii) become disabled; or (iii) died. The penalty tax will also not apply under 401(a) and 403(b) retirement plans where a Participant separates from service after age 55. In addition, the penalty does not apply if the distribution is received as a series of substantially equal periodic payments made for the life (or life expectancy) of the Participant or the joint lives (or life expectancies) of the Participant and a designated Beneficiary. Certain other exceptions may also apply. The 10% excise tax is an additional tax; it does not apply to any money that the Participant receives as a return of their cost basis. The 10% excise tax does not apply to Section 457 Plans.

MINIMUM DISTRIBUTIONS. Participants in Plans subject to Code Sections 401(a), 403(b), 408 and Eligible 457 Plans are subject to Minimum Distribution Rules. For a Participant who attains age 70 1/2 after December 31, 1987, distributions generally must begin by April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2. For a Participant who attains age 70 1/2 before January 1, 1988, distributions must begin on the

April 1 of the calendar year following the later of (1) the calendar year in which the Participant attains age 70 1/2 or (2) the calendar year in which the Participant retires. Additional requirements may apply with respect to certain Plans.

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Participants in Eligible 457 Plans are taxed when Plan benefits are distributed or made available to them. Participants in 457(f) Plans are taxed when services related to contributions are performed or when distributions are not subject to a substantial risk of forfeiture. Distributions under Eligible 457 or 457(f) Plans are taxed as ordinary income.

IN GENERAL. Section 72 of the Code governs taxation of annuities in general. The Company believes that an Owner who is a natural person generally is not taxed on increases in the Owner's Account Value until distribution occurs by withdrawing all or part of such Account Value (e.g., withdrawals or Annuity payments under the Annuity Option elected). For this purpose, the assignment, pledge, or agreement to assign or pledge any portion of the Account Value (and in the case of a Qualified Contract, any portion of an interest in the qualified plan) generally will be treated as a distribution. The taxable portion of a distribution (in the form of a single sum payment or an annuity) is taxable as ordinary income.

The owner of any Contract who is not a natural person generally must include in income any increase in the excess of the Account Value over the "investment in the contract" (discussed below) during the taxable year. There are some exceptions to this rule and prospective Owners that are not natural persons may wish to discuss these with a competent tax adviser.

The following discussion generally applies to a Contract owned by a natural person.

WITHDRAWALS. In the case of a withdrawal under a Qualified Contract, including withdrawals under the Systematic Withdrawal Option, a ratable portion of the amount received is taxable, generally based on the ratio of the "investment in the contract" to the individual's total accrued benefit under the retirement plan. The "investment in the contract" generally equals the amount of any non-deductible Purchase Payments paid by or on behalf of any individual. For a Contract issued in connection with qualified plans, the "investment in the contract" can be zero. Special tax rules may be available for certain distributions from a Qualified Contract.

With respect to Non-Qualified Contracts, partial withdrawals, including withdrawals under the Systematic Withdrawal Option, are generally treated as taxable income to the extent that the Account Value immediately before the withdrawal exceeds the "investment in the contract" at that time.

Full surrenders of a Non-qualified Contract are treated as taxable income to the extent that the amount received exceeds the "investment in the contract".

ANNUITY PAYMENTS. Although the tax consequences may vary depending on the Annuity payment elected under the Contract, in general, only the portion of the Annuity payment that represents the amount by which the Account Value exceeds the "investment in the contract" will be taxed; after the "investment in the contract" is recovered, the full amount of any additional Annuity payments is taxable. For Variable Annuity payments, the taxable portion is generally determined by an equation that establishes a specific dollar amount of each payment that is not taxed. The dollar amount is determined by dividing the "investment in the contract" by the total number of expected periodic payments. However, the entire distribution will be taxable once the recipient has recovered the dollar amount of his or her "investment in the contract". For Fixed Annuity payments, in general there is no tax on the portion of each payment which represents the same ratio that the "investment in the contract" bears to the total expected value of the Annuity payments for the term of the payments; however, the remainder of each Annuity payment is taxable. Once the "investment in the contract" has been fully recovered, the full amount of any additional Annuity payments is taxable. If Annuity payments cease as a result of an Annuitant's death before full recovery of the "investment in the contract," consult a competent tax advisor regarding deductibility of the unrecovered amount.

RESTRICTIONS UNDER QUALIFIED CONTRACTS. Other restrictions with respect to the election, commencement, or distribution of benefits may apply under Qualified Contracts or under the terms of the plans in respect of which Qualified Contracts are issued.

INVESTOR CONTROL

The Treasury Department has indicated that guidelines may be issued under which a variable annuity contract will not be treated as an annuity contract for tax purposes if the contract owner has excessive control over the investments underlying the contract. The issuance of those guidelines may require us to impose limitations on your right to control the investment. We do not know whether any such guidelines would have a retroactive effect.

VOTING RIGHTS

Lincoln Life is the legal owner of the shares of the Funds held by the Variable Investment Division. As such, Lincoln Life is entitled to vote those Fund shares with respect to issues such as the election of a Fund's directors, ratification of a Fund's choice of independent auditors and other matters required by the 1940 Act to be voted on by shareholders.

In those years in which the Funds hold a shareholder meeting, Lincoln Life will solicit from Contractholders voting instructions with respect to Fund shares held by the Variable Investment Division. Each Contractholder will receive a number of votes in proportion to the Contractholder's investment in the corresponding Sub-Account as of the record date established by the Fund.

During the Accumulation Period, a Participant has the right to instruct Contractholders as to the votes attributable to their Participant Account balance in the Sub-Accounts. Annuitants have similar rights with respect to the annuity amount attributable to the Sub-Accounts.

Lincoln Life will furnish Contractholders with sufficient Fund proxy material and voting instruction forms for all Participants who have voting rights under the Contract. Lincoln Life will vote those Fund shares attributable to the Contract for which Lincoln Life receives no voting instructions in the same proportion as Lincoln Life will vote shares for which Lincoln Life has received instructions. Lincoln Life will vote shares attributable to amounts Lincoln Life may have in the Variable Investment Division in the same proportion as votes that Lincoln Life receives from Contractholders. If the federal securities laws or regulations or any interpretation of them changes so that Lincoln Life is permitted to vote shares of the Fund in Lincoln Life's own right or to restrict Participant voting, Lincoln Life may do so.

Fund shares may be held by separate accounts of insurance companies unaffiliated with Lincoln Life. Fund shares held by those separate accounts will be voted, in most cases, according to the instruction of owners of insurance policies and contracts issued by those other unaffiliated insurance companies. This will dilute the effect of the voting instructions of the Contractholders in the Variable Investment Division. Lincoln Life does not foresee any disadvantage to this. Pursuant to conditions imposed in connection with regulatory relief, the Fund's Board of Directors has an obligation to monitor events to identify conflicts that may arise and to determine what action, if any, should be taken. For further information, see the prospectuses for the Funds.

OTHER CONTRACT PROVISIONS

RIGHTS RESERVED BY LINCOLN LIFE

Lincoln Life reserves the right, subject to compliance with applicable law, including approval by the Contractholder or the Participants if required by law, (1) to create additional Sub-Accounts in the Variable Investment Division, (2) to combine or eliminate Sub-Accounts in the Variable Investment Division, (3) to transfer assets from one Sub-Account in the Variable Investment Division to another, (4) to transfer assets to the General Account and other separate accounts, (5) to cause the deregistration of the Variable Investment Division under the

Investment Company Act of 1940, (6) to operate the Variable Investment Division under a committee and to discharge such committee at any time, and (7) to eliminate any voting rights which the Contractholder or the Participants may have with respect to the Variable Investment Division, (8) to amend the Contract to meet state law requirements or to meet the requirements of the Investment

Company Act of 1940 or other federal securities laws and regulations, (9) to operate the Variable Investment Division in any form permitted by law, (10) to substitute shares of another fund for the shares held by a Sub-Account, and (11) to make any change required by the Internal Revenue Code, ERISA or the Securities Act of 1933. Participants will be notified if any changes are made that result in a material change in the underlying investments of the Variable Investment Division.

ASSIGNABILITY

The Contracts are not assignable without Lincoln Life's prior written consent. In addition, a Participant, a Beneficiary or an Annuitant may not, unless permitted by law, assign or encumber any payment due under the Contract.

MARKET EMERGENCIES

While Lincoln Life generally may not suspend the right of redemption or delay payment from the Variable Investment Division for more than seven days, the following events may delay payment for more than seven days: (1) any period when the New York Stock Exchange is closed (other than customary weekend and holiday closings); (2) any period when trading in the markets normally utilized is restricted, or an emergency exists as determined by the Securities and Exchange Commission, so that disposal of investments or determination of the Accumulation Unit Value or Variable Annuity payment value is not reasonably practicable; or (3) for such other periods as the Securities and Exchange Commission by order may permit for the protection of the Participants.

CONTRACT DEACTIVATION

Under certain Contracts, Lincoln Life may deactivate a Contract by prohibiting new contributions and/or new Participants after the date of deactivation. Lincoln Life will give the Contractholder and the Participants at least 90 days notice of the date of deactivation.

FREE-LOOK PERIOD

Participants under Sections 403(b), 408 and certain Non-qualified Plans will receive an Active Life Certificate upon Lincoln Life's receipt of a duly completed participation enrollment form. If the Participant chooses not to participate under the Contract, the Participant may exercise the free-look right by sending a written notice to Lincoln Life that the Participant does not wish to participate under the Contract, within 10 days after the date the Active Life Certificate is received by the Participant. For purposes of determining the date on which the Participant has sent written notice, the postmark date will be used.

If a Participant exercises the free-look right in accordance with the foregoing procedure, Lincoln Life will refund in full the Participant's aggregate Contributions less aggregate withdrawals made on behalf of the Participant or, if greater, with respect to Contributions to the Variable Investment Division, the Participant's Account balance in the Variable Investment Division on the date the Participant's written notice is received by Lincoln Life.

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GUARANTEED INTEREST DIVISION

GENERAL

Contributions to the Guaranteed Interest Division become part of Lincoln Life's General Account. The General Account is subject to regulation and supervision by the New York Insurance Department as well as the insurance laws and regulations of the jurisdictions in which the Contracts are distributed.

IN RELIANCE ON CERTAIN EXEMPTIONS, EXCLUSIONS AND RULES, LINCOLN LIFE HAS NOT REGISTERED THE INTERESTS IN THE GENERAL ACCOUNT AS A SECURITY UNDER THE SECURITIES ACT OF 1933 AND HAS NOT REGISTERED THE GENERAL ACCOUNT AS AN INVESTMENT COMPANY UNDER THE 1940 ACT. ACCORDINGLY, NEITHER THE GENERAL ACCOUNT NOR ANY INTERESTS THEREIN ARE SUBJECT TO REGULATION UNDER THE 1933 ACT OR THE 1940 ACT. LINCOLN LIFE HAS BEEN ADVISED THAT THE STAFF OF THE SEC HAS NOT MADE A REVIEW OF THE DISCLOSURES WHICH ARE INCLUDED IN THIS PROSPECTUS WHICH RELATE TO THE GENERAL ACCOUNT AND THE GUARANTEED INTEREST DIVISION. THESE DISCLOSURES, HOWEVER, MAY BE SUBJECT TO CERTAIN GENERALLY APPLICABLE PROVISIONS OF THE FEDERAL SECURITIES LAWS RELATING TO THE ACCURACY AND COMPLETENESS OF STATEMENTS

MADE IN PROSPECTUSES. THIS PROSPECTUS IS GENERALLY INTENDED TO SERVE AS A DISCLOSURE DOCUMENT ONLY FOR ASPECTS OF THE CONTRACT INVOLVING THE VARIABLE INVESTMENT DIVISION AND CONTAINS ONLY SELECTED INFORMATION REGARDING THE GUARANTEED INTEREST DIVISION. COMPLETE DETAILS REGARDING THE GUARANTEED INTEREST DIVISION ARE IN THE CONTRACT.

Amounts contributed to the Guaranteed Interest Division are guaranteed a minimum interest rate of at least 3.0%. A Participant who makes a Contribution to the Guaranteed Interest Division is credited with interest from the day of deposit in the Guaranteed Interest Division.

ANY INTEREST IN EXCESS OF 3.0% WILL BE DECLARED IN LINCOLN LIFE'S SOLE DISCRETION. THE PARTICIPANTS BEAR THE RISK THAT NO INTEREST IN EXCESS OF 3.0% WILL BE DECLARED.

PARTICIPANT'S ACCOUNT BALANCE IN THE GUARANTEED INTEREST DIVISION

The Participant's Account balance in the Guaranteed Interest Division on any Valuation Date will reflect the amount and frequency of any Contributions allocated to the Guaranteed Interest Division, plus any transfers from the Variable Investment Division and interest credited to the Guaranteed Interest Division, less any withdrawals, CDSC, Annual Administration Charges and loan-related charges allocated to the Guaranteed Interest Division and any transfers to the Variable Investment Division.

TRANSFERS, TOTAL AND PARTIAL WITHDRAWALS

Amounts in the Guaranteed Interest Division are generally subject to the same rights and limitations and will be subject to the same charges as are amounts allocated to the Variable Investment Division with respect to Total or Partial Withdrawals. See "Deferral Periods."

LOANS

During a Participant's Accumulation Period, a Participant, whose Plan permits loans, may apply for a loan under the Contract by completing a loan application available from Lincoln Life. Loans are secured by the Participant's Account balance in the Guaranteed Interest Division. The amounts and terms of a Participant loan may be subject to the restrictions imposed under Section 72(p) of the Code, Title I of ERISA, and any applicable Plans. With respect to Plans subject to Title I of ERISA, the initial amount of a Participant loan may not exceed the lesser

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of 50% of the Participant's vested Account balance in the Guaranteed Interest Division or \$50,000 and must be at least \$1,000.00. A Participant in a Plan that is not subject to ERISA may borrow up to \$10,000 of their vested Account balance without regard to the 50% limitation stated above. A Participant may have only one loan outstanding at any time and may not establish more than one loan in any six month period. More information about loans, including interest rates and applicable fees and charges, is available in the Contracts, Active Life Certificates, and Annuity Loan Agreement as well as from Lincoln Life.

DEFERRAL PERIODS

If a payment is to be made from the Guaranteed Interest Division, Lincoln Life may defer the payment for the period permitted by the law of the jurisdiction in which the Contract is distributed, but in no event, for more than 6 months after a written election is received by Lincoln Life. During the period of deferral, interest at the then current interest rate will continue to be credited to a Participant's Account in the Guaranteed Interest Division.

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VARIABLE ANNUITY II

STATEMENT OF ADDITIONAL INFORMATION
 _____, 1996

GROUP ANNUITY CONTRACTS
 FUNDED THROUGH THE SUB-ACCOUNTS OF
 LINCOLN LIFE & ANNUITY
 VARIABLE ANNUITY ACCOUNT L
 OF
 LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

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This Statement of Additional Information (SAI) is not a prospectus. It should be read in conjunction with the prospectus for the Group Annuity Contracts (the "Contracts"), dated _____, 1996.

A copy of the prospectus to which this SAI relates is available at no charge by writing to Lincoln Life at Lincoln Life & Annuity Company of New York, 120 Madison Street, 17th Floor, Syracuse, New York 13202; or by calling Lincoln Life at 1-800-_____.

DEFINITIONS

ANNUITY CONVERSION FACTOR: The factor applied to the Annuity Conversion Amount in determining the dollar amount of an annuitant's annuity payments for Guaranteed Annuities or the initial payment for Variable Annuities.

ANNUITY PAYMENT CALCULATION DATE: For Guaranteed Annuities, this is the first day of a calendar month. For Variable Annuities, this is the Valuation Date ten (10) business days prior to the first day of a calendar month.

ANNUITY UNIT: An accounting unit of measure that is used in calculating the amounts of annuity payments to be made from a Sub-Account during the Annuity Period.

ANNUITY UNIT VALUE: The dollar value of an Annuity Unit in a Sub-Account on any Valuation Date.

CODE: The Internal Revenue Code of 1986, as amended.

DETERMINATION OF ACCUMULATION UNIT VALUES

As described more fully in the prospectus, Contributions are allocated to the Divisions in accordance with directions from the Employer. A Participant who

makes Contributions which are allocated to the Variable Investment Division is credited with Accumulation Units. The following examples illustrate the method by which Lincoln Life determines the Net Investment Factor (NIF) for the current Valuation Period and the Accumulation Unit Value as of the end of the current Valuation Period.

DETERMINATION OF NIF:

- (a) Assumed Fund net asset value as of the close of the New York Stock Exchange on June 1 = 10.45.
- (b) Assumed Fund net asset value as of the close of the New York Stock Exchange on June 2 = 10.56 (no capital gains or dividend distributions or deductions for taxes).
- (c) The NIF for the current Valuation Period = (b) divided by (a) times (1-annual M & E) to the 1/365th power.
- (d) $1.010526 \times .999966 = 1.0104916$.

DETERMINATION OF ACCUMULATION UNIT VALUE:

The Accumulation Unit Value as of the end of the current Valuation Period is determined by multiplying the NIF for the current Valuation Period by the Accumulation Unit Value as of the end of the immediately preceding Valuation Period.

- (a) Assumed Accumulation Unit Value as of the end of the immediately preceding Valuation Period = 11.125674.
- (b) Accumulation Unit Value as of the end of the current Valuation Period = $11.125674 \times 1.0104916$ (NIF) = 11.2424.

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The number of Accumulation Units which are credited to the Participant's Account for each Sub-Account on each Valuation Date equals the amount of Contributions allocated to the Sub-Account on each Valuation Date divided by the Accumulation Unit Value rounded to four decimal places. For example,

- (a) Participant's assumed Contribution allocated to a Sub-Account on June 2 = \$150.
- (b) Number of Accumulation Units credited to Participant = $\$150$ divided by 11.2424 = 13.3423.

DETERMINATION OF VARIABLE ANNUITY PAYMENTS

As stated in the prospectus, the amount of each Variable Annuity payment will vary depending on the investment experience of the selected Sub-Accounts. The initial payment amount of the Annuitant's Variable Annuity for each Sub-Account is determined by dividing his Annuity Conversion Amount in each Sub-Account as of the initial Annuity Payment Calculation Date ("APCD") by the Applicable Annuity Conversion Factor as defined as follows:

The Annuity Conversion Factors which are used to determine the initial payments are based on the 1983 Individual Annuity Mortality Table, set back four (4) years, and an interest rate in an integral percentage ranging from zero to six percent (0 to 6.00%) as selected by the Annuitant.

The amount of the Annuitant's subsequent Variable Annuity payment for each Sub-Account is determined by:

- (a) Dividing the Annuitant's initial Variable Annuity payment amount by the Annuity Unit Value for that Sub-Account selected for his interest rate option as described above as of his initial APCD; and
- (b) Multiplying the resultant number of annuity units by the Annuity Unit Values for the Sub-Account selected for his interest rate option for his respective subsequent APCDs.

The Annuity Unit Value for all Sub-Accounts for all interest rate options will initially be set at _____ dollars (\$_____). Each subsequent Annuity Unit Value for a Sub-Account for an interest rate option is determined by:

Dividing the Accumulation Unit Value for the Sub-Account as of subsequent APCD by the Accumulation Unit Value for the Sub-Account as of the immediately preceding APCD;

Dividing the resultant factor by one (1.00) plus the interest rate option to the n/365 power where n is the number of days from the immediately preceding APCD to the subsequent APCD; and

Multiplying this factor times the Annuity Unit Value as of the immediately preceding APCD.

ILLUSTRATION OF CALCULATION OF ANNUITY UNIT VALUE

<TABLE>
<CAPTION>

<S>	<C>
1. Annuity Unit Value as of immediately preceding Annuity Payment Calculation Date.....	\$11.0000
2. Accumulation Unit Value as of Annuity Payment Calculation Date.....	\$20.0000
3. Accumulation Unit Value as of immediately preceding Annuity Payment Calculation Date....	\$19.0000
4. Interest Rate.....	6.00%
5. Interest Rate Factor (30 days).....	1.0048
6. Annuity Unit Value as of Annuity Payment Calculation Date = 1 times 2 divided by 3 divided by 5.....	\$11.5236

</TABLE>

ILLUSTRATION OF ANNUITY PAYMENTS

<TABLE>
<CAPTION>

<S>	<C>
1. Annuity Conversion Amount as of Participant's initial Annuity Payment Calculation Date.....	\$100,000.00
2. Assumed Annuity Conversion Factor per \$1 of Monthly Income for an individual age 65 selecting a Life Annuity with Assumed Interest Rate of 6%.....	\$138.63
3. Participant's initial Annuity Payment = 1 divided by 2.....	\$721.34
4. Assumed Annuity Unit Value as of Participant's initial Annuity Payment Calculation Date.....	\$11.5236
5. Number of Annuity Units = 3 divided by 4.....	62.5968
6. Assumed Annuity Unit Value as of Participant's second Annuity Payment Calculation Date.....	\$11.9000
7. Participant's second Annuity Payment = 5 times 6.....	\$744.90

</TABLE>

PERFORMANCE CALCULATIONS

STANDARD TOTAL RETURN CALCULATION

The Variable Investment Division may advertise average annual total return information calculated according to a formula prescribed by the Securities and Exchange Commission ("SEC"). Average annual total return shows the average annual percentage increase, or decrease, in the value of a hypothetical Contribution allocated to a Sub-Account from the beginning to the end of each specified period of time. The SEC standardized version of this performance information is based on an assumed Contribution of \$1,000 allocated to a Sub-Account at the beginning of each period and surrender or withdrawal of the value of that amount at the end of each specified period, giving effect to any CDSC and all other charges and fees applicable under the Contract. This method of calculating performance further assumes that (i) a \$1,000 Contribution was allocated to a Sub-Account and (ii) no transfers or additional payments were made. Premium taxes are not included in the term "charges" for purposes of this calculation. Average annual total return is calculated by finding the average annual compounded rates of return of a hypothetical Contribution that would compare the Accumulation Unit value on the first day of the specified period to the ending redeemable value at the end of the period according to the following formula:

$$T = (ERV/C)^{1/n} - 1$$

Where T equals average annual total return, where ERV (the ending redeemable value) is the value at the end of the applicable period of a hypothetical

Contribution of \$1,000 made at the beginning of the applicable period, where C equals a hypothetical Contribution of \$1,000, and where n equals the number of years.

NON-STANDARDIZED CALCULATION OF TOTAL RETURN PERFORMANCE

In addition to the standardized average annual total return information described above, we may present total return information computed on bases different from that standardized method. The Variable Investment Division may present total return information computed on the same basis as the standardized method except that charges deducted from the hypothetical Contribution will not include any CDSC. Consistent with the long-term investment and retirement objectives of the Contract, this total return presentation assumes investment in the Contract continues beyond the period when the CDSC applies. The Variable Investment Division may also present total return information computed on the same basis as the standardized method except that charges deducted from the hypothetical Contribution will not include either the CDSC or the Annual Administration Charge. The total return percentage under both of these non-standardized methods will be higher than that resulting from the standardized method.

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The Sub-Accounts also may present total return information calculated by subtracting a Sub-Account's Accumulation Unit Value at the beginning of a period from the Accumulation Unit Value of that Sub-Account at the end of the period and dividing that difference (in that Sub-Account's Accumulation Unit Value) by the Accumulation Unit Value of that Sub-Account at the beginning of the period. This computation results in a total growth rate for the specified period which we annualize in order to obtain the average annual percentage change in the Accumulation Unit Value for the period used. This method of calculating performance does not take into account CDSC, the Annual Administration Charge and premium taxes, and assumes no transfers. Such percentages would be lower if these charges were included in the calculation.

In addition, the Variable Investment Division may present actual aggregate total return figures for various periods, reflecting the cumulative change in value of an investment in the Variable Investment Division for the specified period.

PERFORMANCE INFORMATION

The tables below provide performance information for each Sub-Account for specified periods ending December 31, 1995. For the periods prior to the date the Sub-Accounts commenced operations, performance information for the Contracts will be calculated based on the performance of the fund portfolios and the assumption that the Sub-Accounts were in existence for the same periods as those indicated for the fund portfolios, with the level of Contract charges that were in effect at the inception of the Sub-Accounts (this is referred to as "hypothetical performance data"). This information does not indicate or represent future performance.

TOTAL RETURN

Total returns quoted in sales literature or advertisements reflect all aspects of a Sub-Account's return. Average annual returns are calculated by determining the growth or decline in value of a hypothetical historical investment in the Sub-Account over a stated period of time, and then calculating the annually compounded percentage rate that would have produced the same result if the rate of growth or decline had been constant over the period. Contractholders and participants should recognize that average annual returns represent averaged returns rather than actual year-to-year performance.

The respective underlying funds in which the Sub-Accounts invest had performance history prior to the Sub-Accounts' inception. Performance information covering those periods reflects a hypothetical performance as if the funds were part of the Lincoln Life & Annuity Variable Annuity Account L at that time, using the charges applicable to the Contracts.

Table 1A below assumes a hypothetical investment of \$1,000 at the beginning of the period via the Sub-Account investing in the applicable fund and withdrawal of the investment on 12/31/95. The rates thus reflect the mortality and expense risk charge, the withdrawal charge and a pro rata portion of the Annual Administrative Charge. Table 1B shows the cumulative total return on the same basis.

<TABLE>
<CAPTION>

TABLE 1A -- SUB-ACCOUNT STANDARDIZED "HYPOTHETICAL" AVERAGE ANNUAL TOTAL RETURN

	FUND INCEPTION DATE	1 YEAR ENDING 12/31/95	3 YEARS ENDING 12/31/95	5 YEARS ENDING 12/31/95	LIFE OF FUND ENDING 12/31/95
<S>	<C>	<C>	<C>	<C>	<C>
Fund VIP II: Asset Manager (Asset Manager) Calvert Responsibly Invested	09/06/89	8.48	6.35	9.94	8.74

</TABLE>

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<TABLE>
<CAPTION>

	<C>	<C>	<C>	<C>	<C>
Balanced Portfolio (Socially Responsible)	09/02/86	20.45	7.06	8.42	8.07
TCI Balanced (Balanced)	05/01/91	12.49	5.98	N/A	7.08
VIP Equity-Income (Equity-Income)	10/09/86	25.29	15.63	18.31	11.15
Dreyfus Stock Index (Index Account)	09/29/89	26.96	10.94	13.10	9.82
Fund VIP Growth (Growth I)	10/09/86	25.50	13.41	17.76	12.62
TCI Growth (Growth II)	11/20/87	21.65	8.96	12.06	10.60
T. Rowe Price International Stock Portfolio (International Stock)	03/31/94	3.18	N/A	N/A	2.26
Dreyfus Small Cap (Small Cap)	08/31/90	19.94	28.48	55.83	52.10

</TABLE>

<TABLE>
<CAPTION>

TABLE 1B -- SUB-ACCOUNT "HYPOTHETICAL" CUMULATIVE TOTAL RETURN

	FUND INCEPTION DATE	QUARTER 12/31/95	YEAR TO DATE 12/31/95	1 YEAR ENDING 12/31/95	3 YEARS ENDING 12/31/95	5 YEARS ENDING 12/31/95	LIFE OF FUND ENDING 12/31/95
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fund VIP II: Asset Manager (Asset Manager) Calvert Responsibly Invested	09/06/89	-2.87	8.48	8.48	20.27	60.64	69.80
Balanced Portfolio (Socially Responsible)	09/02/86	-2.95	20.45	20.45	22.72	49.84	106.35
TCI Balanced (Balanced)	05/01/91	-4.14	12.49	12.49	19.04	N/A	37.64
VIP Equity-Income (Equity-Income)	10/09/86	-0.71	25.29	25.29	54.60	131.82	165.39
Dreyfus Stock Index (Index)	09/29/89	-0.91	26.96	26.96	36.55	85.06	79.74
Fund VIP Growth (Growth I)	10/09/86	-10.42	25.50	25.50	45.85	126.49	199.48
TCI Growth (Growth II)	11/20/87	-9.92	21.65	21.65	29.36	76.67	126.51
T. Rowe Price International Stock Portfolio (International Stock)	03/31/94	-3.90	3.18	3.18	N/A	N/A	3.99
Dreyfus Small Cap (Small Cap)	08/31/90	-5.64	19.94	19.94	112.08	819.01	837.46

</TABLE>

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Table 2A below shows annual average total return on the same assumptions as Table 1A except that the value in the Sub-Account is not withdrawn at the end of the period or is withdrawn to affect an annuity. Table 2B shows the cumulative total return on the same basis. The rates of return shown below reflect the mortality and expense risk charge and a pro rata portion of the Annual Administrative Charge.

<TABLE>
<CAPTION>

TABLE 2A -- SUB-ACCOUNT "HYPOTHETICAL" AVERAGE TOTAL RETURN ASSUMING NO WITHDRAWAL

	FUND INCEPTION DATE	1 YEAR ENDING 12/31/95	3 YEARS ENDING 12/31/95	5 YEARS ENDING 12/31/95	LIFE OF FUND ENDING 12/31/95
<S>	<C>	<C>	<C>	<C>	<C>
Fund VIP II: Asset Manager (Asset Manager)	09/06/89	15.40	8.56	11.31	9.81
Calvert Responsibly Invested Balanced Portfolio (Socially Responsible)	09/02/86	28.14	9.29	9.77	8.79
TCI Balanced (Balanced)	05/01/91	19.67	8.19	N/A	8.51
VIP Equity-Income (Equity-Income)	10/09/86	33.29	18.04	19.79	11.90
Dreyfus Stock Index (Index Account)	09/29/89	35.06	13.25	14.51	10.91
Fund VIP Growth (Growth I)	10/09/86	33.51	15.77	19.23	13.38
TCI Growth (Growth II)	11/20/87	29.42	11.23	13.45	11.45
T. Rowe Price International Stock Portfolio (International Stock)	03/31/94	9.76	N/A	N/A	5.93
Dreyfus Small Cap (Small Cap)	08/31/90	27.59	31.16	57.78	53.87

</TABLE>

<TABLE>
<CAPTION>

TABLE 2B -- SUB-ACCOUNT "HYPOTHETICAL" CUMULATIVE TOTAL RETURN ASSUMING NO WITHDRAWAL

	FUND INCEPTION DATE	QUARTER 12/31/95	YEAR TO DATE 12/31/95	1 YEAR ENDING 12/31/95	3 YEARS ENDING 12/31/95	5 YEARS ENDING 12/31/95	LIFE OF FUND ENDING 12/31/95
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fund VIP II: Asset Manager (Asset Manager)	09/06/89	3.33	15.40	15.40	27.95	70.89	80.64
Calvert Responsibly Invested Balanced Portfolio (Socially Responsible)	09/02/86	3.25	28.14	28.14	30.56	59.40	119.53
TCI Balanced (Balanced)	05/01/91	1.98	19.67	19.67	26.64	N/A	46.43
VIP Equity-Income	10/09/86	5.62	33.29	33.29	64.47	146.62	182.33

</TABLE>

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<TABLE>
<CAPTION>

	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
(Equity-Income)							
Dreyfus Stock Index (Index)	09/29/89	5.41	35.06	35.06	45.26	96.87	91.21
Fund VIP Growth (Growth I)	10/09/86	-4.70	33.51	33.51	55.16	140.94	218.60
TCI Growth	11/20/87	-4.17	29.42	29.42	37.62	87.95	140.97

(Growth II)							
T. Rowe Price International Stock Portfolio (International Stock)	03/31/94	2.23	9.76	9.76	N/A	N/A	10.63
Dreyfus Small Cap (Small Cap)	08/31/90	0.38	27.59	27.59	125.62	877.67	897.29

</TABLE>

Tables 3A and 3B show performance information on the same assumptions as Tables 2A and 2B except that Tables 3A and 3B do not reflect deductions of the pro rata portion of the Annual Administrative Charge because certain Contract and Participants are not assessed such a charge.

<TABLE>
<CAPTION>

TABLE 3A -- SUB-ACCOUNT "HYPOTHETICAL" AVERAGE ANNUAL TOTAL RETURN ASSUMING NO WITHDRAWAL AND NO ANNUAL ADMINISTRATIVE CHARGE

	FUND INCEPTION DATE	1 YEAR ENDING 12/31/95	3 YEARS ENDING 12/31/95	5 YEARS ENDING 12/31/95	LIFE OF FUND ENDING 12/31/95
<S>	<C>	<C>	<C>	<C>	<C>
Fund VIP II: Asset Manager (Asset Manager)	09/06/89	15.57	8.71	11.42	9.92
Calvert Responsibly Invested Balanced Portfolio (Socially Responsible)	09/02/86	28.24	9.38	9.84	8.84
TCI Balanced (Balanced)	05/01/91	19.68	8.20	N/A	8.52
VIP Equity-Income (Equity-Income)	10/09/86	33.49	18.18	19.88	11.99
Dreyfus Stock Index (Index Account)	09/29/89	35.16	13.33	14.57	10.98
Fund VIP Growth (Growth I)	10/09/86	33.75	15.95	19.35	13.47
TCI Growth (Growth II)	11/20/87	29.55	11.33	13.53	11.51
T. Rowe Price International Stock Portfolio (International Stock)	03/31/94	9.86	N/A	N/A	6.04
Dreyfus Small Cap (Small Cap)	08/31/90	27.85	31.30	57.82	53.91

</TABLE>

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<TABLE>
<CAPTION>

TABLE 3B -- SUB-ACCOUNT "HYPOTHETICAL" CUMULATIVE TOTAL RETURN ASSUMING NO WITHDRAWAL AND NO ANNUAL ADMINISTRATIVE CHARGE

	FUND INCEPTION DATE	QUARTER 12/31/95	YEAR TO DATE 12/31/95	1 YEAR ENDING 12/31/95	3 YEARS ENDING 12/31/95	5 YEARS ENDING 12/31/95	LIFE OF FUND ENDING 12/31/95
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fund VIP II: Asset Manager (Asset Manager)	09/06/89	3.50	15.57	15.57	28.46	71.74	81.82
Calvert Responsibly Invested Balanced Portfolio (Socially Responsible)	09/02/86	3.35	28.24	28.24	30.85	59.90	120.51
TCI Balanced (Balanced)	05/01/91	1.99	19.68	19.68	26.68	N/A	46.50
VIP Equity-Income (Equity-Income)	10/09/86	5.82	33.49	33.49	65.06	147.61	184.31
Dreyfus Stock Index (Index)	09/29/89	5.51	35.16	35.16	45.56	97.36	91.90
Fund VIP Growth (Growth I)	10/09/86	-4.46	33.75	33.75	55.88	142.14	221.00
TCI Growth (Growth II)	11/20/87	-4.04	29.55	29.55	38.00	88.59	142.11

T. Rowe Price International Stock Portfolio (International Stock)	03/31/94	2.33	9.86	9.86	N/A	N/A	10.83
Dreyfus Small Cap (Small Cap)	08/31/90	0.64	27.85	27.85	126.38	878.94	898.82

</TABLE>

Table 4 below shows total return information on a calendar year basis using the same assumptions as Tables 3A and 3B. The rates of return shown reflect the mortality and expense risk charge. Similar to Tables 3A and 3B, Table 4 does not reflect deduction of the pro rata portion of the Annual Administrative Charge because certain Contracts and Participants are not assessed such a charge.

<TABLE>
<CAPTION>

TABLE 4 -- SUB-ACCOUNT "HYPOTHETICAL" CALENDAR YEAR ANNUAL RETURN ASSUMING NO WITHDRAWAL AND NO ANNUAL ADMINISTRATIVE CHARGE*

	1987	1988	1989	1990	1991	1992	1993	1994	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Asset Manager	na	na	na	5.45	21.11	10.53	19.60	-7.20	15.57
Socially Responsible	5.51	10.42	19.53	2.94	15.02	6.33	6.72	-4.39	28.24
Balanced	na	na	na	na	na	-7.17	6.38	-0.58	19.68
Equity-Income	-2.30	21.25	15.95	-16.29	29.88	15.50	16.89	5.80	33.49
Index	na	na	na	-4.69	28.29	5.82	8.02	-0.32	35.16
Growth I	2.43	14.21	29.95	-12.78	43.78	8.00	17.94	-1.21	33.75
Growth II	na	-3.41	27.17	-2.40	40.18	-2.52	8.99	-2.34	29.55
International Stock	na	na	na	na	na	na	na	na	9.86
Small Cap	na	na	na	na	156.65	69.25	66.31	6.47	27.85

</TABLE>

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*The above calendar-year returns assume a hypothetical investment of \$1,000 on January 1 of the first full calendar year that the underlying fund was in existence. The returns assume that the money will be left on account until retirement and thus no CDSC will be deducted. Returns are provided for years before the fund was an available investment option under the Contract. Returns for those periods reflect a hypothetical return as if those funds were available under the Contract, and reflect the deduction of the mortality and expense risk charge. The returns do not reflect deductions for the pro rata portion of the Annual Administrative Charge or the CDSC.

SEC regulations require that any product performance data be accompanied by standardized performance data.

TAX LAW CONSIDERATIONS

Retirement Programs:

Participants are urged to discuss the income taxes considerations of their retirement plan with their tax advisors. In many situations special rules may apply to the plans and/or to the participants. See the Prospectus for a more complete discussion of tax considerations and for limitations on the following discussion.

Contributions to retirement programs subject to Sections 401(a), 403(b), 408 and 457(b) may be excludable from a Participant's reportable gross income if the Contributions do not exceed the limitations imposed under the Code. Certain plans allow employees to make Elective Salary Deferral Contributions. Certain Plans allow Employers to make Contributions. The information below is a brief summary of some the important federal tax considerations that apply to retirement plans. When there is a written Plan, often the Contribution limits, withdrawal rights and other provisions of the Plan may be more restrictive than those allowed by the Code.

Elective Salary Deferral Contributions

For calendar year 1996 the maximum elective salary deferral contributions to a 401(k) Plan which is a type of 401(a) Plan is limited to \$9,500; For a 403(b)

plan the limit is \$9,500 unless the employee is a qualified employee; For an Eligible 457 Plan the limit is \$7,500. When an employee is covered by two or more of these Plans, the elective salary deferral contribution limits for all the Plans must be coordinated.

Total Salary Deferral & Employer Contributions

QUALIFIED RETIREMENT PLAN - 401(a) PLAN

The Code limits the Contributions to a defined contribution 401(a) plan to the lesser of \$30,000 or 25% of compensation.

TAX SHELTERED ANNUITY PLAN - 403(b) PLAN

Total contributions which include both salary deferral contributions and employer contributions are also limited.

The combined limit is:

(a) the amount determined by multiplying 20 percent of the employee's includable compensation by the number of years of service, over

(b) the aggregate of the amount contributed by the employer for annuity contracts and excludable from the gross income of the employee for the prior taxable year.

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Therefore, if the maximum exclusion allowance is less than \$9,500 a year, the employee's elective deferrals plus any other employer Contributions cannot exceed this lesser amount.

Section 415 of the Code imposes limitations with respect to annual contributions to all Section 403(b) programs, qualified plans and simplified employee pensions maintained by the Employer. A Participant's annual contributions to these programs and defined contribution plans generally cannot exceed the lesser of \$30,000 or 25 percent of the employee's compensation. This amount is subject to the maximum exclusion allowance and the salary deferral amount limitations.

ELIGIBLE 457 PLAN - 457(b) PLAN

For a 457(b) plan the contribution limit is generally the lesser of \$7,500 or 33% of the employee's compensation.

SECTION 457(f) PLANS

These are non-qualified deferred compensation arrangements between an Employer and its employees. There are no stated limits in the Code regarding this type of Plan.

INDIVIDUAL RETIREMENT ACCOUNT - IRA OR 408 PLAN

For IRA's the maximum deductible contribution is the lesser of \$2,000 or 100% of taxable income. The \$2,000 is increased to \$2,250 when the IRA covers the taxpayer and a non-working spouse.

Transfers and Rollovers

Participants who receive distributions from their 401(a) or 403(b) contract may transfer the amount not representing employee contributions to an Individual Retirement Account or Annuity (IRA) or another Section 401(a) or 403(b) program without including that amount in gross income for the taxable year in which paid. Note 401(a) distributions may not be transferred to a 403(b) plan or vice versa. If the amount is paid directly to an acceptable rollover account, Lincoln Life is not required to withhold any amount. In order for the distribution to qualify for rollover, the distribution must be made on account of the employee's death, after the employee attains age 59-1/2, on account of the employee's separation from service, or after the employee has become disabled. The distribution cannot be part of a series of substantially equal payments made over the life expectancy of the employee or the joint life expectancies of the employee and his or her spouse or made for a specified period of 10 years or more. The rollover must be made within sixty days of the distribution to avoid taxation.

Pursuant to Revenue Ruling 90-24, a Participant, to the extent permitted by any applicable Contract or Plan, may transfer funds between Section 403(b) investment vehicles, including both Section 403(b)(1) annuity contracts and Section 403(b)(7) custodial accounts. Any amount transferred must continue to be subject to withdrawal restrictions at least as restrictive as that of the

transferring investment vehicle. Lincoln Life considers any total or partial transfer from a Lincoln Life investment vehicle to a non-Lincoln Life investment vehicle to be a withdrawal.

Once every twelve months a participant in an IRA may roll the money from one IRA to another IRA.

The rollover rules are not available to Section 457 Plans; limited transfers are permitted under Eligible 457 Plans. If the rollover amount is paid directly to the Participant, the amount distributed may be subject to a 20% federal tax withholding.

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Excise Tax on Early Distributions

Section 72(t) of the Code provides that any distribution made to a Participant in a 401(a), 403(b) or 408 plan other than on account of the following events will be subject to a 10 percent excise tax on the taxable amount distributed:

- a) the employee has attained age 59 1/2;
- b) the employee has died;
- c) the employee is disabled;
- d) the employee is 55 and has separated from service (Does not apply to IRA's).

Distributions which are received as a life annuity where payment is made at least annually will not be subject to an excise tax. Certain amounts paid for medical care may also not be subject to an excise tax.

Minimum Distribution Rules

The value in a contract under Sections 401(a), 403(b), 408 and Eligible 457 Plans are subject to the distribution rules provided in Section 401(a)(9) of the Code. Generally, that section requires that an employee must begin receiving distributions of his post-1986 balance by April 1 of the calendar year following the calendar year in which the employee attains age 70 1/2. Such distributions must not exceed the life expectancy of the employee or the life expectancy of such employee and the designated beneficiary (as defined under the plan). An employee who attained age 70 1/2 before January 1, 1988 must begin receiving distributions by April 1 of the calendar year following the later of (a) the calendar year in which the employee attains age 70 1/2 or (b) the calendar year in which the employee retires. There are special rules for Section 403(b) Plans.

Amounts contributed to an Eligible 457 contract must be distributed not earlier than the earliest of: (1) calendar year in which the Participant attains age 70 1/2, (2) the Participant separates from service with the Employer, or (3) when the Participant has an unforeseen emergency. However, in no event may the distribution begin any later than described in Sections 401(a)(9) and 457(d) of the Code.

Additionally, distribution of an employee's entire account balance (including pre-1987 funds) must satisfy the minimum distribution incidental benefit requirement. In general, this requires that death and other non-retirement benefits payable under the above plans be incidental to the primary purpose of the program which is to provide deferred compensation to the employee. A payee is subject to a penalty for failing to receive the required minimum annual distribution. Section 4974(a) of the Code provides that a payee will be subject to a penalty equal to 50 percent of the amount by which the required minimum distribution exceeds the actual amount distributed during the taxable year.

Additional information on federal income taxation is included in the prospectus.

DISTRIBUTION OF CONTRACTS

LNC Equity Sales Corporation ("LNC Equity"), an indirect subsidiary of Lincoln National Corporation, is registered with the Securities and Exchange Commission as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. LNC Equity is the Variable Investment Division's principal underwriter and also enters into selling agreements with other unaffiliated broker-dealers authorizing them to offer the Contracts.

INDEPENDENT AUDITORS/ACCOUNTANTS

The financial statements of Lincoln Life & Annuity Company of New York included in this SAI have been examined by Ernst & Young, independent accountants, for the period indicated in their report thereon which appears elsewhere herein. The financial statements examined by Ernst & Young have been included in reliance on their report given on their authority as experts in accounting and auditing.

FINANCIAL STATEMENTS

As of the date of this SAI, the Variable Investment Division had not yet commenced operations, had no assets or liabilities and no income. Accordingly, it has no financial statements for prior periods.

The financial statements of Lincoln Life which are included in this SAI, should be considered only as bearing on the ability of Lincoln Life to meet its obligations under the Contracts. The financial statements of Lincoln Life are presented in accordance with generally accepted accounting principles.

FINANCIAL STATEMENTS WILL BE PROVIDED BY AMENDMENT.

PART C
OTHER INFORMATION

Item 24. Financial statements and Exhibits

(a) The following financial statements are included in Part B:

Financial Statements of Registrant - Lincoln Life & Annuity Variable Annuity Account L.

Financial Statements of Depositor - Lincoln Life & Annuity Company of New York:

(b) Exhibits

1. Resolution adopted by the Board of Directors of Lincoln Life & Annuity Company of New York on July 24, 1996 establishing the Lincoln Life & Annuity Variable Annuity Account L of Lincoln Life & Annuity Company of New York.
2. Not applicable.
- 3(a). Principal Underwriting Contract.*
- 3(b). Broker-dealer sales agreement.*
4. Forms of Group Annuity Contracts.*
- 5(a). Form of application for Group Annuity Contract.
- 5(b). Form of Participant enrollment form (including acknowledgement of restrictions on redemption imposed by I.R.C. Section 403(b)).*
6. Copy of certificate of incorporation and by-laws of Lincoln Life & Annuity Company of New York.
7. Not applicable.
- 8(a). Participation Agreement between Lincoln Life & Annuity Company of New York and Dreyfus Life & Annuity Index Fund, Inc.*
- 8(b). Participation Agreement between Lincoln Life & Annuity Company of New York and Variable Insurance Products Fund I and Fidelity Distributors Corporation.*
- 8(c). Participation Agreement between Lincoln Life & Annuity

- 8(d). Participation Agreement between Lincoln Life & Annuity Company of New York and Twentieth Century Management Company.*

*To be filed by amendment

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- 8(e). Participation Agreement between Lincoln Life & Annuity Company of New York and Dreyfus Variable Investment Fund and Dreyfus Corporation.*
- 8(f). Participation Agreement between Lincoln Life & Annuity Company of New York and Acacia Capital Corporation.*
- 8(g). Participation Agreement between Lincoln Life & Annuity Company of New York and T. Rowe Price.*
- 9. Consent and opinion of General Counsel of Lincoln Life & Annuity Company of New York, as to the legality of the securities being registered.*
- 10(a). Consent of Ernst & Young, Independent Auditors.*
- 10(b). Powers of Attorney.*
- 11. Not applicable.
- 12. Not applicable.
- 13. Schedule for Computation of Performance Quotations.*

Item 25. DIRECTORS AND OFFICERS OF THE DEPOSITOR

The following list contains the officers and directors of Lincoln Life & Annuity Company of New York who are engaged directly or indirectly in activities relating to the Lincoln Life & Annuity Variable Annuity Account L as well as the Contracts. The list also shows Lincoln Life & Annuity Company of New York's executive officers.

NAME AND ADDRESS	POSITIONS AND OFFICES WITH LINCOLN LIFE
------------------	---

To be provided by amendment.

Item 26. Persons Controlled by or Under Common Control with Lincoln Life & Annuity Company of New York or the Lincoln Life & Annuity Variable Annuity Account L.

Lincoln Life & Annuity Variable Annuity Account L is a separate account of Lincoln Life and may be deemed to be controlled by Lincoln Life although Lincoln Life will follow voting instructions of Contractholders with respect to voting on certain important matters requiring a vote of Contractholders.

The following chart indicates the persons controlled or under common control with Lincoln Life and the Lincoln Life & Annuity Variable Annuity Account L:

To be provided by amendment.

Item 27. Number of Contractholders

Not applicable.

*To be filed by amendment

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Item 28. Indemnification

Under the Participation Agreements entered into between Lincoln Life and the

Dreyfus Life & Annuity Index Fund, Inc., Dreyfus Variable Investment Fund and Dreyfus Corporation, Variable Insurance Products Funds I and II and Fidelity Distributors Corporation, Twentieth Century Management Company, Acacia Capital Corporation, and T. Rowe Price (the "Funds"), Lincoln Life and its directors, officers, employees, agents and control persons have been indemnified by the Funds against any losses, claims or liabilities that arise out of any untrue statement or alleged untrue statement or omission of a material fact in the Funds' registration statements, prospectuses or sales literature. In addition, the Funds will indemnify Lincoln Life against any liability, loss, damages, costs or expenses which Lincoln Life may incur as a result of the Funds' incorrect calculations, incorrect reporting and/or untimely reporting of the Funds' net asset values, dividend rates or capital gain distribution rates.

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

Item 29. Principal Underwriter

(a) LNC EQUITY SALES CORPORATION ACTS AS THE PRINCIPAL UNDERWRITER FOR _____.

To be provided by amendment.

(b) (1) The following table sets forth certain information regarding the officers and directors of LNC Equity Sales Corporation:

NAME AND PRINCIPAL BUSINESS ADDRESS	POSITION AND OFFICES WITH UNDERWRITERS
-------------------------------------	--

To be provided by amendment.

(c)

Name of Principal Underwriter	Net Underwriting Discounts and Commissions	Compensation on Redemption	Brokerage Commissions	Compensation
-----	-----	-----	-----	-----

Not applicable.

Item 30. Location of Accounts and Records

The records required to be maintained by Section 31(a) of the Investment Company Act of 1940 and Rules 31a-1 to 31a-3 thereunder are maintained by Lincoln Life at 120 Madison Street, 17th Floor, Syracuse, New York 13202.

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Item 31. Management Services

None

Item 32. Undertakings

The Registrant hereby undertakes:

- (a) to file a post-effective amendment to this registration statement as frequently as is necessary to ensure that the audited financial statements in this registration statement are never more than 16 months old for so long as payments under the variable annuity contracts may be accepted, unless otherwise permitted.
- (b) to include either (1) as part of any application to purchase a contract offered by the prospectus, a space that an applicant can check to request a

Statement of Additional Information, or (2) a post card or similar written communication affixed to or included in the prospectus that the applicant can remove to send for a Statement of Additional Information.

- (c) To deliver any Statement of Additional Information and any financial statements required to be made available under this Form promptly upon written or oral request.

403(b) ANNUITIES

The Registrant intends to rely on the no-action response dated November 28, 1988, from Ms. Angela C. Goelzer of the Commission staff to the American Council of Life Insurance concerning the redeemability of Section 403(b) annuity contracts and the Registrant has complied with the provisions of paragraphs (1)-(4) thereof.

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SIGNATURES

As required by the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant and the Depositor have duly caused this Registration Statement to be signed on their behalf, in the City of Syracuse, and State of New York on this 22nd day of August, 1996.

Lincoln Life & Annuity Variable Annuity Account L
(Registrant)

By: Lincoln Life & Annuity Company of New York

By: /s/ Philip L. Holstein

President

Lincoln Life & Annuity Company of New York
(Depositor)

By: /s/ Philip L. Holstein

President

As required by the Securities Act of 1933 this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Philip L. Holstein ----- Philip L. Holstein		August 22, 1996
/s/ Robert A. Anker ----- Robert A. Anker	Director	August 22, 1996
----- Roland C. Baker	Director	August __, 1996

----- John P. Barrett	Director	August __, 1996
----- Thomas D. Bell, Jr.	Director	August __, 1996
/s/ Jon A. Boscia ----- Jon A. Boscia	Director	August 22, 1996
----- Harry L. Kavetas	Director	August __, 1996
/s/ Barbara Steury Kowalczyk ----- Barbara Steury Kowalczyk	Director	August 22, 1996
----- Marguerite Leanne Lachman	Director	August __, 1996
----- John M. Pietruski	Director	August __, 1996
/s/ Gabriel L. Shaheen ----- Gabriel L. Shaheen	Director	August 22, 1996
/s/ John L. Steinkamp ----- John L. Steinkamp	Director	August 22, 1996
/s/ Richard C. Vaughan ----- Richard C. Vaughan	Director	August 22, 1996

[Conformed Copy of Officers Letter Establishing
Separate Account L]

ESTABLISHMENT OF SEPARATE INVESTMENT ACCOUNT
OF
LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

Pursuant to the authority given me by Resolution Number 96-21 adopted by the Board of Directors of Lincoln Life & Annuity Company of New York (the "Company") on July 24, 1996, I establish a separate investment account designated as "Lincoln Life & Annuity Company of New York Variable Annuity Account L" (the "Account"). The Account is to be used in connection with the assumption reinsurance of the tax sheltered group annuity business of UNUM Life Insurance Company of America. The Account will be registered as a unit investment trust with the Securities and Exchange Commission ("SEC") and shall invest in shares of the investment companies which are registered with the SEC. The establishment and operation of the Account will be in accordance with the applicable provisions of New York Insurance Law and all rules and regulations issued pursuant thereto ("New York Insurance Law"), and subject to the approval of the Superintendent of the Insurance Department of the State of New York. The Account's investment objectives, policies, and limitations shall be in accordance with (1) the registration statement for the policies filed with the SEC under the Securities Act of 1933, and (2) applicable provisions of New York Insurance Law and any other applicable legal requirements.

/s/Philip L. Holstein

Philip L. Holstein, President

Dated:

July 24, 1996

I, C. Suzanne Womack, hereby certify that I am the duly elected and qualified Secretary of Lincoln Life & Annuity Company of New York, and that the following is a true and correct copy of a resolution adopted by the Board of Directors at their meeting of July 24, 1996, and that such resolution is in full force and effect as of the date hereof:

RESOLVED, That the chief executive officer of

Lincoln Life & Annuity Company of New York (the "Company") is hereby authorized in his discretion from time to time to establish one or more separate investment accounts in accordance with the provisions of the New York Insurance Law, for such purpose or purposes as he may determine and as may be appropriate under the New York Insurance Law; and

RESOLVED FURTHER, THAT if in the opinion of legal counsel of the Company, it is necessary or desirable to register any of such accounts under the Investment Company Act of 1940 or to register a security issued by any such account under the Securities Act of 1933, or to make application for exemption from registration, the chief executive officer or such other officers as he may designate are hereby authorized to accomplish any such registration or to make any such application for exemption, and to perform all other acts as may be desirable or necessary in connection with the conduct of business of the Company with respect to any such account.

/S/

C. Suzanne Womack, Secretary

Dated:

July 24,
1996

LOGO

LINCOLN LIFE & ANNUITY
COMPANY OF NEW YORK
SYRACUSE, NEW YORK

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

APPLICATION FOR GROUP ANNUITY CONTRACT

WITH

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK
(HEREIN TERMED "LL&A")

SYRACUSE, NEW YORK

of

(herein termed the "Contractholder")
(address)

hereby authorizes LL&A to issue a Group Annuity Contract providing retirement benefits for the Contractholder's Employees, members of an Association, or the Employees of the Company on whose behalf the above designated Contractholder serves as Trustee.

Plan Type: 403 (b) 401 (a) other
 ----- ----- ----- -----

It is understood that Participants under the Contract may be subject to the restrictions on withdrawals imposed by the Internal Revenue Code of 1986, as amended.

Contributions to the Contract and transfers of value within the Contract shall be subject to the limitations imposed by the Plan, if any, named in the Contract.

If a deposit is not made to the Contract within ninety (90) days after the later of: (1) the date the Application is signed, or (2) the Effective Date of the Contract, LL&A may, at its option, declare the Contract invalid and deem it null and void for all purposes, notwithstanding any provision to the contrary in the Contract. LL&A will provide the Contractholder thirty (30) days notice prior to declaring this Contract invalid.

It is agreed that this Application together with the Contract comprise the

entire agreement between the Applicant and LL&A.

Form No. 96-100A

By signing this Application the Contractholder designates

of

(name) (address)

as Broker for said Contract, and as such to receive any commissions payable with respect to deposits made to the Company in accordance with the terms and provisions of the Contract.

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Dated at _____ this _____ day of _____

By _____

(Contractholder)

(Official Title)

By _____

(Broker)

Applicable to Variable Annuity Contracts only:

It is acknowledged that the Contractholder has received a Prospectus relating to this Group Variable Annuity Contract prior to the date of this Application.

----- Check here to request a Statement of Additional Information.

Form No. 96-100A

SHORT CERTIFICATE

STATE OF NEW YORK

INSURANCE DEPARTMENT

EDWARD J. MUHL
SUPERINTENDENT OF INSURANCE

IT IS HEREBY CERTIFIED THAT the annexed copy of Declaration of Intention and Charter of LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK, of Syracuse, New York, as filed in this Department June 6, 1996,

HAS BEEN COMPARED WITH THE ORIGINAL ON FILE IN THIS DEPARTMENT AND THAT IT IS A CORRECT TRANSCRIPT THEREFROM AND OF THE WHOLE OF SAID ORIGINAL.

IN WITNESS WHEREOF, I have here-
unto set my hand and affixed
the official seal of this Department
at the City of Albany, this
30th day of July, 1996.

[SEAL]

/s/
Special Deputy Superintendent

TRIPPLICATE

STATE OF NEW YORK--INSURANCE DEPARTMENT

Albany, New York
June 6, 1996

\$1,000.00

RECEIVED from Lincoln Life & Annuity Company Of New York.....
One Thousand.....Dollars,
in payment of tax provided by section 180, Tax Law, as amended by Chapter 794,
Laws of 1923. One-twentieth of one per centum upon \$2,000,000.00 of shares
with par value.....\$1,000.00

By /s/

Special Deputy Superintendent of Insurance

[Conformed Copy]

DECLARATION OF INTENTION
AND CHARTER OF
LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

DECLARATION

We, the undersigned, all being natural persons over the age of eighteen, and a majority of us being citizens of the United States, and at least three of us being residents of the State of New York, do hereby declare our intention to form a stock insurance corporation pursuant to the provisions of the Insurance Law of the State of New York for the purpose of doing the kinds of insurance business authorized by paragraphs 1, 2 and 3 of Section 1113(a) of the Insurance Law of the State of New York, under the name Lincoln Life & Annuity Company of New York, and we do hereby make, sign, acknowledge and file this Declaration of Intention and adopt and set forth the proposed Charter of such corporation for the aforesaid purpose, as follows:

CHARTER
ARTICLE I
NAME

The name of the corporation shall be Lincoln Life & Annuity Company of New York.

ARTICLE II
PRINCIPAL OFFICE

The principal office of the corporation shall be located in the City of Syracuse, County of Onondaga and State of New York.

ARTICLE III
POWERS

The corporation shall have the power to transact life insurance, annuities and accident and health insurance business as described in paragraphs 1, 2 and 3 of Section 1113(a) of the Insurance Law of the State of New York, as amended, to wit:

(1) Life insurance, meaning every insurance upon the lives of human beings, and every insurance appertaining thereto, including the granting of endowment benefits, additional benefits in the event of death by accident, additional benefits to safeguard the contract from lapse, accelerated

payments of part or all of the death benefit or a special surrender value upon diagnosis (A) of terminal illness defined as a life expectancy of twelve months or less, or (B) of a medical condition requiring extraordinary medical care or treatment regardless of life expectancy, or provide a special surrender value, upon total and permanent disability of the insured, and optional modes of settlement of proceeds. "Life insurance" also includes additional benefits to safeguard the contract against lapse in the event of unemployment of the insured. Amounts paid the corporation for life insurance and

proceeds applied under optional modes of settlement or under dividend options may be allocated by the corporation to one or more separate accounts pursuant to section four thousand two hundred forty of the New York Insurance Law;

(2) Annuities, meaning all agreements to make periodical payments for a period certain or where the making or continuance of all or some of a series of such payments, or the amount of any such payment, depends upon the continuance of human life, except payments made under the authority of paragraph one hereof. Amounts paid the corporation to provide annuities and proceeds applied under optional modes of settlement or under dividend options may be allocated by the corporation to one or more separate accounts pursuant to section four thousand two hundred forty of the New York Insurance Law;

(3) Accident and health insurance, meaning (A) insurance against death or personal injury by accident or by any specified kind or kinds of accident and insurance against sickness, ailment or bodily injury, including insurance providing disability benefits pursuant to article nine of the New York State Workers' Compensation Law, except as specified in item (B) hereof; and (B) non-cancellable disability insurance, meaning insurance against disability resulting from sickness, ailment or bodily injury (but excluding insurance solely against accidental injury) under any contract which does not give the corporation the option to cancel or otherwise terminate the contract at or after one year from its effective date or renewal date;

and any amendments to such paragraphs or provisions in substitution therefor which may be hereafter adjusted. The corporation shall also have the power to effect reinsurance of risks taken by it, and to assume by way of reinsurance similar risks taken by other insurers and reinsurers. In addition, the corporation shall have the power to transact any other kind or kinds of business to the extent now or hereafter permitted for life insurance companies

under the Insurance Law of the State of New York and necessarily or properly incidental to the kind or kinds of insurance business which the corporation is authorized to do.

ARTICLE IV
EXERCISE OF CORPORATE POWERS

Section 1. The corporate powers shall be exercised by a Board of Directors and by a President and by one or more Vice Presidents, a Secretary and a Treasurer and by such other officers and such committees as the Board of Directors may elect or appoint. The Directors shall have all of the qualifications, powers and authority and shall be subject to all of the limitations as set forth in the Insurance Law of the State of New York.

Section 2. The Board of Directors shall have the power

to make, alter, amend or repeal the bylaws of the corporation (except in those cases where stockholder action is required by law).

ARTICLE V
NUMBER OF DIRECTORS

The number of Directors shall be thirteen.

ARTICLE VI
PROVISIONS CONCERNING DIRECTORS AND OFFICERS

Section 1. An election of directors shall be held annually at a place and time specified by the Board of Directors on the first Wednesday of May, if not a legal holiday in the state of New York, and, if such day is a legal holiday, then on the next succeeding business day not a legal holiday at the corporation's principal office at 9:00 a.m. Each Director shall serve until his successor is elected and qualified.

Section 2. The President, one or more Vice Presidents, a Secretary and a Treasurer shall be elected annually by the Directors at the first meeting of the Board of Directors held after the election of the Directors as provided in Section 1 of this Article VI. Each of such officers shall hold office until the election of his successor. All other officers shall be elected or appointed by the Board of Directors, or in such manner as the By-laws may prescribe.

Section 3. Whenever any vacancy or vacancies shall occur in the Board of Directors by death, resignation, removal or otherwise, a majority of the remaining members of the Board of Directors, at a meeting called for that purpose, or at any regular meeting, shall elect a Director or Directors to fill the vacancy or vacancies thus occasioned, and each Director so elected shall serve

until his successor is elected and is qualified. If, because of any vacancy or vacancies in the Board of Directors, the number of Directors shall be less than thirteen, the corporation shall not for that reason be dissolved, but every Director shall continue to hold office and discharge his duties until his successor shall have been elected and qualified.

Section 4. Vacancies in any office may be filled for the remainder of the term in which the same shall occur by a majority vote of the Board of Directors.

Section 5. At all times, a majority of Directors shall be citizens and residents of the United States, not less than three Directors shall be residents of New York and no Director shall be less than twenty-one years of age. Not less than one-third of the Board of Directors shall be persons who are not officers or employees of the corporation or any entity controlling, controlled by, or under common control with the corporation and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity. Directors need not be stockholders.

ARTICLE VII
INITIAL DIRECTORS

The names and post office residence addresses of the Directors who shall serve until the first annual meeting of stockholders and until their successors are duly elected are:

Names	Addresses
Robert Alvin Anker	3603 West Hamilton Road Fort Wayne, Indiana 46804
Roland Charles Baker	1230 N. State Parkway Apartment 23-C Chicago, Illinois 60610
John Patrick Barrett	4605 Watergap Manlius, New York 13104
Thomas D. Bell, Jr.	2 Lakewood Circle South Greenwich, Connecticut 06830
Jon Andrew Boscia	4715 Creek Ridge Place Fort Wayne, Indiana 46835
Harry Louis Kavetas	52 Woodbury Place Rochester, New York 14618
Barbara Steury Kowalczyk	4745 Hartman Road

Marguerite Leanne Lachman	870 United Nations Plaza Apartment 8-C New York, New York 10017
John Michael Pietruski	27 Paddock Lane Colts Neck, New Jersey 07722
Gabriel L. Shaheen	2101 Sycamore Hills Drive Fort Wayne, Indiana 46804
John Lyman Steinkamp	4910 Oak Creek Court Fort Wayne, Indiana 46835
Richard Charles Vaughan	1618 Sycamore Hills Drive Fort Wayne, Indiana 46804
Michael Dean Wilkins	5605 Albany Court Fort Wayne, Indiana 46835

ARTICLE VIII
DURATION

The duration of the existence of the corporation shall be perpetual.

ARTICLE IX
CAPITAL

The amount of the capital of the corporation shall be two million dollars (\$2,000,000), which shall consist of twenty thousand (20,000) shares of Common Stock with a par value of one hundred dollars (\$100.00) per share.

ARTICLE X
EXCULPATION

No Director shall be personally liable to the corporation or any of its stockholders for damages for any breach of duty as a Director; provided, however, that the foregoing provision shall not eliminate or limit the liability of a Director if a judgment or other final adjudication adverse to him or her establishes that his or her acts or omissions were in bad faith or involved intentional misconduct or were acts or omissions (i) which he or she knew or reasonably should have known violated the New York Insurance Law or (ii) which violated a specific standard of care imposed on Directors directly, and not by reference, by a provision of the

New York Insurance Law (or any regulations promulgated thereunder) or (iii) which constituted a knowing violation of any other law, or establishes that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

IN WITNESS WHEREOF, the undersigned hereby make, sign and acknowledge this Declaration of Intention and Charter.

/s/

Robert Alvin Anker

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEM)

On May 9, 1996, before me personally came Robert Alvin Anker, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public

/s/

Linda Zimmer Smith

/s/

Roland Charles Baker

STATE OF Illinois)
) ss:.

COUNTY OF DuPaige)

On May 8, 1996, before me personally came Roland Charles Baker, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public

/s/

Denise Karen Hauser

/s/

John Patrick Barrett

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came John Patrick Barrett, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public

/S/

Mary L. Lung

/S/

Thomas D. Bell, Jr.

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came Thomas D. Bell, Jr., to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public

/S/

Mary L. Lung

/S/

Jon Andrew Boscia

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came Jon Andrew Boscia, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public

/S/

Mary L. Lung

/S/

Harry Louis Kavetas

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came Harry Louis Kavetas, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public

/S/

Mary L. Lung

/S/

Barbara Steury Kowalczyk

STATE OF Indiana)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came Barbara Steury Kowalczyk, to me personally known and known to me to be the person who executed the foregoing instrument, and she duly acknowledged before me that she executed the same.

Notary Public

/S/

Mary L. Lung

/S/

Marguerite Leanne Lachman

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came Marguerite Leanne Lachman, to me personally known and known to me to be the person who executed the foregoing instrument, and she duly acknowledged before me that she executed the same.

Notary Public

/S/

/S/

John Michael Pietruski

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came John Michael Pietruski, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public
 /S/
Mary L. Lung

 /S/
Gabriel L. Shaheen

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came Gabriel L. Shaheen, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public
 /S/
Mary L. Lung

 /S/
John Lyman Steinkamp

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 9, 1996, before me personally came John Lyman Steinkamp, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public
 /S/
Mary L. Lung

/S/

Richard Charles Vaughan

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 7, 1996, before me personally came Richard Charles Vaughan, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public
/S/
Sharlene K. Geer

/S/

Michael Dean Wilkins

STATE OF INDIANA)
) ss:.
COUNTY OF ALLEN)

On May 7, 1996, before me personally came Michael Dean Wilkins, to me personally known and known to me to be the person who executed the foregoing instrument, and he duly acknowledged before me that he executed the same.

Notary Public
/S/

Mary L. Lung

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

I, C. Suzanne Womack, hereby certify that I am the Secretary of Lincoln Life & Annuity Company of New York and that the attached is a true, complete and correct copy of the bylaws of said Company as adopted by its Board of Directors, and that such bylaws are in full force and effect as of the date hereof.

/S/ C. Suzanne Womack

C. Suzanne Womack, Secretary

Dated: July 24, 1996

[conformed copy]

BYLAWS

OF

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK
A New York Company

ARTICLE I

Shareholders

Section 1. ANNUAL MEETING. An annual meeting of the shareholders shall be held at a time and place, specified by the board of directors, on the first Wednesday of May in each year for the purpose of electing directors for the terms hereinafter provided and for the transaction of such other business as may properly come before the meeting. If such date shall be a legal holiday in the state of New York, the annual meeting shall be held on the next succeeding business day not such a legal holiday at the corporation's principal office at 9:00 a.m..

Section 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called by the chief executive officer, by the board of directors, or by shareholders holding not less than 25% of all votes entitled to be cast on any issue to be considered at the special meeting who sign, date and deliver to the secretary of the corporation one or more written demands for the meeting describing the purpose or purposes for which it is to be held. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders meeting.

Section 3. PLACE OF MEETINGS. All meetings of shareholders shall be held at the principal office of the corporation in the state of New York, or at such other place, either within or without the state of New York, as may be specified in the respective notices, or waivers of notice, of such meetings.

Section 4. NOTICE OF MEETINGS. A written or printed notice, stating the place, day and hour of the meeting, and in the case of a special meeting or when required by law or by the charter or these bylaws, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the secretary, or by the officer or persons calling the meeting, at least thirty (30) days but no more than fifty (50) days before the date of the meeting, or such other time period required by law for a special meeting for election of directors, to each shareholder of record entitled to vote at such meeting at such address as appears upon the stock records of the corporation.

Section 5. WAIVER OF NOTICE. Notice of any meeting of shareholders may be waived in writing by any shareholder if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place thereof. Attendance at any meeting in person, or by proxy when the instrument of proxy sets forth in reasonable detail the purpose or purposes for which the meeting is called, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice of such meeting.

Section 6. QUORUM. Unless otherwise provided by the charter or by these bylaws or by law, at any meeting of shareholders a majority of the outstanding shares entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum. If less than a majority of such shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 7. ADJOURNED MEETINGS. At any adjourned meeting at which a quorum shall be represented, any business may be transacted as might have been transacted at the meeting as originally notified. If a new record date is or must be established pursuant to law, notice of the adjourned meeting must be given to persons who are shareholders as of the new record date.

Section 8. VOTING AT SHAREHOLDERS' MEETINGS.

Subsection 1. VOTING RIGHTS. Unless otherwise provided by the charter or by these bylaws or by law, every shareholder shall have the right at every shareholders' meeting to one vote for each share standing in his or her name on the books of the corporation on the date established by the board of directors as the record date for determination of shareholders entitled to vote at such meeting; provided that such date shall not be more than fifty (50) nor less than ten (10) days preceding the date of the meeting. If such date is not established by the board of directors, such date shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held. Any shareholder acquiring title to a share after the record date has been established shall upon written request to the shareholder of record be entitled to receive from the shareholder of record a proxy, with power of substitution, to vote that share.

Subsection 2. PROHIBITION AGAINST VOTING SHARES. No share shall be voted at any meeting:

(a) upon which any installment is due and unpaid; or

(b) which belongs to this corporation.

Subsection 3. VOTING OF SHARES OWNED BY CORPORATIONS AND FIDUCIARIES. Shares of this corporation standing in the name of another corporation may be voted by such officer, agent

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or proxy as the board of directors of such other corporation may appoint, or as the bylaws of such other corporation may direct, or in the absence of such direction, or the inability of the fiduciaries to act in accordance therewith, the following provisions shall apply:

(a) where shares are held jointly by three (3) or more fiduciaries, such shares shall be voted in accordance with the will of the majority;

(b) where the fiduciaries, or a majority of them cannot agree, or where they are equally divided upon the question of voting such shares, any court of general equity jurisdiction may, upon petition filed by any of such fiduciaries, or by any party in interest, direct the voting of such shares as it may deem to be for the best interests of the beneficiaries, and such shares shall be voted in accordance with such direction.

Subsection 4. VOTING OF JOINTLY HELD SHARES. Shares issued and held in the name of two or more persons shall be voted in accordance with the will of the majority, and if a majority of them cannot agree, or if they are equally divided as to the voting of such shares, the shares shall be divided equally between or among such persons for voting purposes.

Subsection 5. PROXIES. A shareholder may vote either in person or by proxy executed in writing by the shareholder or a duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless a longer time is expressly provided therein.

Section 9. ORDER OF BUSINESS. The order of business at each shareholders' meeting shall be established by the person presiding at the meeting.

Section 10. REQUIRED VOTES. A majority of the votes entitled to vote on a matter represented at a meeting of shareholders at which a quorum is present shall be required to take action on the matter, except for elections of directors which shall require a plurality of votes cast at a meeting of shareholders by the holders of shares entitled to vote in the election, unless

a different number is required by the articles of incorporation, these bylaws or by law.

ARTICLE II

Board of Directors

Section 1. NUMBER, ELECTION AND TERM OF DIRECTORS. The business of the corporation shall be managed by a board of directors composed of 13 members. The directors shall be elected annually by the shareholders by a plurality of votes, each for a term of one year, and shall hold office until their successors are elected and have qualified or until their earlier death, resignation,

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disqualification or removal. No decrease in the number of directors shall shorten the term of any incumbent director.

A notice of the election of directors (setting forth the names of the nominees and any other information required by law) shall be filed with the office of the Superintendent of the Insurance Department of the State of New York at least ten days before the date of election of directors.

Section 2. QUALIFICATIONS OF DIRECTORS. A majority of the directors must, during their entire terms of service, be citizens of the United States, and at least three of the directors shall reside in the state of New York. At least one third of the directors shall be persons who are not officers or employees of the corporation or officers or employees of any entity controlling, controlled by or under common control with the corporation and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity.

Section 3. REGULAR MEETINGS. A regular meeting of the board of directors shall be held without other notice than this bylaw immediately after, and at the same place as, the annual meeting of shareholders, or within thirty days thereafter upon notice in the manner provided by these bylaws for calling special meetings of the board. The board of directors may provide by resolution the time and place, either within or without the state of New York, for the holding of additional regular meetings without other notice than such resolution. In lieu of a regular meeting of the board of directors, any action required or permitted to be taken therein may be taken without a meeting in the manner described in Section 10 of this Article.

Section 4. SPECIAL MEETINGS. Special meetings of the board of directors

may be called by the chairman of the board, or in his absence or incapacity or if such office is vacant, by the president. The secretary shall call special meetings of the board of directors when requested in writing to do so by any member thereof. All special meetings of the board of directors shall be held at the principal office of the corporation in the state of New York, or at such other place, either within or without the state of New York, as may be unanimously designated by the board of directors, and upon notice provided by these bylaws.

Section 5. NOTICE OF MEETINGS. Unless otherwise provided by these bylaws, notice of any meeting of the board of directors shall be given not less than two days before the date fixed for such meeting by oral, telefax, telegraphic, telephonic, electronic or written communication stating the time and place thereof and delivered to each member of the board of directors or telegraphed or mailed to such director at his or her address as it appears on the books of the corporation.

Section 6. WAIVER OF NOTICE. A director may sign a written waiver of notice either before the time of the meeting, at the time of the meeting or after the time of the meeting, if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place thereof. A director's attendance at, or participation in, a meeting waives any required notice to the director of the meeting.

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Section 7. VACANCIES. A vacancy in the board of directors caused by an increase in the number of directors or otherwise (except death, resignation, removal or disqualification), shall be filled by a majority vote of the remaining members of the board until the next annual meeting of the shareholders. A vacancy in the board of directors caused by death, resignation, removal, disqualification or otherwise shall be filled by a majority vote of the remaining members of the board for the unexpired term of the directorship.

Whenever any directors of the corporation shall have resigned and successors shall have been chosen pursuant to the provisions of these bylaws, such successors shall not take office nor exercise their duties until ten days after written notice of their election shall have been filed in the office of the Superintendent of the Insurance Department of the State of New York.

Section 8. QUORUM. The attendance of not less than a majority of the whole board of directors shall be necessary to constitute a quorum for the transaction of any business except the filling of vacancies, but if fewer than a majority of the directors is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. At least one director who is not an officer or employee of the corporation or an officer or employee of any entity controlling, controlled by

or under common control with the corporation and who is not a beneficial owner of a controlling interest in the corporation or any such entity must be included in any quorum for the transaction of business.

Section 9. REQUIRED VOTES. The vote of a majority of the directors present at any meeting at the time of the vote, if a quorum is present at such time, shall be the act of the board of directors, unless a greater number is required by the charter or by these bylaws or by law.

Section 10. ACTION WITHOUT A MEETING. Unless otherwise provided in the charter, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if, a written consent to such action is signed by all members of the board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee.

Section 11. MEETING BY CONFERENCE CALL. Unless otherwise provided by the charter, any or all members of the board of directors or of a committee designated by the board may participate in a meeting of the board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time, and participation in this manner shall constitute presence in person at the meeting.

Section 12. REMOVAL OF DIRECTORS. Any or all members of the board of directors may be removed, with or without cause, at a meeting of shareholders called for that purpose by a vote of three-fourths of the shares of the corporation outstanding and entitled to vote. A director may be removed only at a meeting called for that purpose and the notice of the meeting must state that the purpose, or one of the purposes, of the meeting is removal of the director.

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Section 13. OTHER DUTIES OF DIRECTORS. The board of directors shall keep a record of the attendance of directors at meetings thereof, and the secretary shall annually, for and on behalf of the board of directors, make a report showing the names of the directors, the number of regular and special meetings of the board, the number of meetings attended, and the number of meetings from which each director was absent, which report shall be read at, and incorporated in the minutes of, each annual meeting of shareholders.

Section 14. ANNUAL STATEMENT OF CONDITION. The board of directors, or a committee therefrom, shall examine the corporation once each year and submit a complete statement of the condition of the corporation to the Superintendent of the Insurance Department of the State of New York.

ARTICLE III

Board Committees

Section 1. COMMITTEES. The board of directors may, by resolution adopted by a majority of the entire board, from time to time, designate from among its members an executive committee, an investment committee or one or more other committees, each of which shall have five or more members who are directors and shall serve until the meeting of the board of directors held immediately after the next annual meeting of the shareholders. The board of directors shall, by resolution adopted by the majority of the whole board from time to time, designate from among its members an independent director's committee which shall be comprised solely of directors who are not officers or employees of the corporation or officers or employees of any entity controlling, controlled by or under common control with the corporation and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity. Each committee shall exercise such authority of the board of directors as provided by law, these bylaws, and provided in the resolution establishing the committee; however, no such committee shall (1) authorize distributions, except to authorize or approve a reacquisition of shares if done according to a formula or method prescribed by the board of directors; (2) approve or propose to shareholders, action required by law to be approved by shareholders; (3) fill vacancies on the board or directors or any committee thereof; (4) amend the charter; (5) adopt, amend, or repeal the bylaws; (6) approve a plan of merger not requiring shareholder approval; or (7) amend or repeal any resolution of the board which by its terms is not so amendable or repealable.

Section 2. EXECUTIVE COMMITTEE. The executive committee may exercise all the authority of the board of directors in the management of the corporation during the interval between the meetings of the board, except that reserved for the independent directors committee.

Section 3. INDEPENDENT DIRECTORS COMMITTEE. The independent directors committee shall have the responsibility for recommending the selection of independent certified public accountants, reviewing the company's financial condition, the scope and results of the independent audit and any

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internal audits, nominating candidates for director for election by shareholders, evaluating the performance of the principal officers of the corporation and recommending to the board of directors the selection and compensation of such officers.

Section 4. INVESTMENT COMMITTEE. The board of directors may, by resolution adopted by a majority of the whole board, from time to time designate from among its members an investment committee, which shall consist

of five members who shall serve until the meeting of the board of directors held immediately after the next annual meeting of the shareholders.

The investment committee shall have and possess all the rights and powers of the board of directors to make, supervise and direct the investments of the corporation, to sell, assign, exchange, lease, or otherwise dispose of such investments, and to do and perform all things deemed necessary and proper in relation to such investments. The investment committee shall have the further right and power to delegate its powers and duties to such officers, employees and agents, including investment advisers, of the corporation as it may select and appoint in its discretion, subject to such policies, plans, standards, limitations and objectives as the investment committee may prescribe from time to time.

The investment committee shall keep a record of its proceedings, shall submit a report of its action to the board of directors at its next meeting and as otherwise may be required by law or by the board, shall adopt its own rules of procedure, and shall take such other actions as may be required from time to time by law.

Section 5. QUALIFICATION OF COMMITTEE MEMBERS. Unless a greater number is required by the charter or by these bylaws or by law, at least one-third of the members of each committee shall be a person or persons who are not officers or employees of the corporation or officers or employees of any entity controlling, controlled by or under common control with the corporation and who are not beneficial owners of a controlling interest in the voting stock of the corporation or any such entity.

Section 6. QUORUM. The attendance of not less than a majority of the members of a committee shall be necessary to constitute a quorum for the transaction of any business, but if fewer than a majority of the directors is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. At least one director who is not an officer or employee of the corporation or an officer or employee of any entity controlling, controlled by or under common control with the corporation and who is not a beneficial owner of a controlling interest in the voting stock of the corporation or any such entity, must be included in any quorum for the transaction of business.

ARTICLE IV

Officers

Section 1. ELECTED OFFICERS. The elected officers of the corporation shall be a president, a secretary, and a treasurer, and may also include a

chairman of the board, one or more vice presidents of a class or classes as the board of directors may determine, and such other officers as the board of directors may determine. Any two or more offices may be held by the same person except the offices of president and secretary.

Section 2. APPOINTED OFFICERS. The appointed officers of the corporation may include one or more second vice presidents, assistant vice presidents, assistant treasurers, and assistant secretaries.

Section 3. ELECTION OR APPOINTMENT AND TERM OF OFFICE. The elected officers of the corporation shall be elected annually by the board of directors, each for a term of one year, at the regular meeting of the board of directors held immediately after the annual meeting of the shareholders. The appointed officers of the corporation shall be appointed annually by the chief executive officer immediately following the regular board meeting held after each annual meeting of shareholders. Additional officers may be elected at any regular or special meeting of the board of directors to serve until the regular meeting of the board held immediately after the next annual meeting of the shareholders and additional officers may be appointed by the chief executive officer at any time to serve until the next annual appointment of officers. Each officer shall hold office for a term of one year until his or her successor, if any, is elected or appointed and has qualified or until his or her earlier death, resignation, retirement or removal.

Section 4. REMOVAL. Any officer may be removed by the board of directors and any appointed officer may be removed by the chief executive officer, with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 5. VACANCIES. A vacancy in the office of president, secretary or treasurer because of death, resignation, retirement, removal or otherwise, shall be filled by the board of directors, and a vacancy in any other elected office may be filled by the board of directors.

Section 6. CHIEF EXECUTIVE OFFICER. If the elected officers of the corporation include both a chairman of the board and a president, the board of directors shall designate one of such officers to be the chief executive officer of the corporation. If the office of chairman of the board is vacant, the president shall be chief executive officer of the corporation. The chief executive officer of the corporation shall be, subject to the board of directors, in general charge of the affairs of the corporation.

Section 7. CHAIRMAN OF THE BOARD. The chairman of the board shall preside at all meetings of the shareholders and of the board of directors at which he may be present and shall have such other powers and duties as may be

determined by the board of directors.

Section 8. PRESIDENT. The president shall have such powers and duties as may be determined by the board of directors. In the absence of the chairman of the board, or if such office is vacant, the president shall have all the powers of the chairman of the board and shall perform all his or her duties.

Section 9. VICE PRESIDENTS. A vice president shall perform such duties as may be assigned by the chief executive officer or the board of directors. In the absence of the president and in accordance with such order of priority as may be established by the board of directors, a vice president may perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president.

Section 10. SECOND VICE PRESIDENTS AND ASSISTANT VICE PRESIDENTS. A second vice president and an assistant vice president shall perform such duties as may be assigned by the chief executive officer or the board of directors.

Section 11. SECRETARY. The secretary shall (a) keep the minutes of the shareholders' and board of directors' meetings in one or more books provided for that purpose, (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law, (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized, and (d) in general perform all duties incident to the office of secretary and such other duties as may be assigned by the chief executive officer or the board of directors.

Section 12. ASSISTANT SECRETARIES. In the absence of the secretary, an assistant secretary shall have the power to perform his or her duties including the certification, execution and attestation of corporate records and corporate instruments. Assistant secretaries shall perform such other duties as may be assigned to them by the chief executive officer or the board of directors.

Section 13. TREASURER. The treasurer shall (a) have charge and custody of all funds and securities of the corporation, (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever, (c) deposit all such monies in the name of the corporation in such depositories as are selected in the manner designated by the board of directors, and (d) in general perform all duties incident to the office of treasurer and such other duties as may be assigned by the chief executive officer or the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such form and with such surety or sureties as the board of directors shall determine.

Section 14. ASSISTANT TREASURERS. In the absence of the treasurer, an assistant treasurer shall have the power to perform his or her duties. Assistant treasurers shall perform such other duties as may be assigned to them by the chief executive officer or the board of directors.

Section 15. POSITIONS AND TITLES. The chief executive officer may establish such positions and appoint persons to them with such titles as he or she may deem necessary. He or she may also fix the duties of such positions and may discharge persons from them.

ARTICLE V

Corporate Instruments, Loans, Books and Records

Section 1. CORPORATE INSTRUMENTS. The board of directors may authorize any officer or officers to execute and deliver any instrument in the name of or on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. LOANS. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

Section 3. LOANS TO OFFICERS AND DIRECTORS. Neither the corporation, nor any of its directors or officers acting for and on its behalf, shall directly or indirectly loan any of its funds, monies, capital or other property to any director or officer of the corporation. This section shall not apply to loans upon a policy of insurance issued by the corporation not in excess of the net cash surrender value thereof.

Section 4. BOOKS AND RECORDS. The corporation shall keep at its principal office correct and complete books of account and minutes of the proceedings of its shareholders, directors and board committees, and shall likewise keep at its principal office a complete and accurate list of shareholders, giving the names and addresses of all shareholders and the number of shares held by each.

ARTICLE VI

Stock Certificates and Transfer of Shares

Section 1. Certificates for Shares. Each shareholder shall be entitled to a certificate, signed by the president or a vice president and the secretary or an assistant secretary of the corporation,

certifying the number of shares owned by him or her in the corporation. If such certificate is countersigned by the written signature of a transfer agent other than the corporation or an employee of the corporation, the signatures of the officers of the corporation may be facsimiles. If such certificate is countersigned by the written signature of a registrar other than the corporation or an employee of the corporation, the signatures of the transfer agent and the officers of the corporation may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent, or registrar at the date of its issue. Certificates representing shares of the corporation shall be in such form consistent with the laws of the state of New York as shall be determined by the board of directors. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and the date of issue, shall be entered on the stock transfer records of the corporation.

Section 2. LOST, DESTROYED OR WRONGFULLY TAKEN CERTIFICATES. Any person claiming a certificate of stock to have been lost, destroyed or wrongfully taken, and who requests the issuance of a new certificate before the corporation has notice that the certificate alleged to have been lost, destroyed or wrongfully taken has been acquired by a bona fide purchaser, shall make an affidavit of the fact and shall give the corporation and its transfer agents and registrars a bond of indemnity with unlimited liability, in form and with one or more corporate sureties satisfactory to the chief executive officer or treasurer of the corporation (except that the chief executive officer or treasurer may authorize the acceptance of a bond of different amount, or a bond with personal surety thereon, or a personal agreement of indemnity), whereupon in the discretion of the chief executive officer or the treasurer and except as otherwise provided by law a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to have been lost, destroyed or wrongfully taken. In lieu of a separate bond of indemnity in each case, the chief executive officer or the treasurer may accept an assumption of liability under a blanket bond issued in favor of the corporation and its transfer agents and registrars by one or more corporate sureties satisfactory to the chief executive officer or treasurer.

Section 3. TRANSFER OF SHARES. Transfer of shares of the corporation shall be made on the stock transfer records of the corporation by the holder of record thereof or by his or her legal representative, who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto

authorized by power of attorney duly executed and filed with the corporation, and, except as otherwise provided in these bylaws, upon surrender for cancellation of the certificates for such shares.

Section 4. TRANSFER AGENT AND REGISTRARS. The board of directors by resolution may appoint a transfer agent or agents or a registrar or registrars of transfer, or both. All such appointments shall confer such powers, rights, duties and obligations consistent with the laws of the state of New York as the board of directors shall determine. The board of directors may appoint the treasurer of the corporation and one or more assistant treasurers to serve as transfer agent or agents.

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ARTICLE VII

Indemnification

Section 1. ACTIONS BY A THIRD PARTY. To the extent permitted or required by the laws of New York, the corporation shall indemnify any person who is or was a party, or is threatened to be made a defendant or respondent, to a proceeding, including any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than actions by or in the right of the corporation), and whether formal or informal, who is or was a director, officer, or employee of the corporation or who, while a director, officer, or employee of the corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, whether for profit or not, against:

- (a) action, suit or any reasonable expenses (including attorneys' fees) actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, if such person is wholly successful on the merits or otherwise in the defense of such action, suit or proceeding, or
- (b) judgments, settlements, penalties, fines (including excise taxes assessed with respect to employee benefit plans) and reasonable expenses (including attorneys' fees) actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, where such person is not wholly successful on the merits or otherwise in the defense of the action, suit or proceeding if:
 - (i) the individual's conduct was in good faith; and

- (ii) the individual reasonably believed:
 - (A) in the case of conduct in the individual's capacity as a director, officer or employee of the corporation, that the individual's conduct was in the corporation's best interests; and
 - (B) in all other cases, that the individual's conduct was not opposed to the corporation's best interests; and
- (iii) in the case of any criminal proceeding, the individual also had no reasonable cause to believe the individual's conduct was unlawful.

The termination of a proceeding by a judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director, officer, or employee did

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not meet the standard of conduct described in this section.

Section 2. ACTIONS BY OR IN THE RIGHT OF THE CORPORATION. To the extent permitted or required by the laws of New York, the corporation shall indemnify any person who is or was a party or is threatened to be made a defendant or respondent, to a proceeding, including any threatened, pending or completed action, suit or proceeding, by or in the right of the corporation to procure a judgment in its favor, by reason of the fact that such person is or was a director, officer, or employee of the corporation or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, whether for profit or not, against any reasonable expenses (including attorneys' fees) actually and necessarily incurred by such person in connection with the defense or settlement of such action, suit or proceeding, or any appeal therein:

- (a) if such person is wholly successful on the merits or otherwise in the defense of such proceeding, or
- (b) if not wholly successful:
 - (i) the individual's conduct was in good faith; and
 - (ii) the individual reasonably believed:
 - (A) in the case of conduct in the individual's capacity as a director, officer, or employee of the corporation, that the individual's conduct was in the corporation's

best interests; and

- (B) in all other cases that the individual's conduct was not opposed to the corporation's best interests,

except that no indemnification shall be made in respect of a threatened action or pending action which is settled or otherwise disposed of, or any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was brought or, if no action was brought, any court of competent jurisdiction shall determine upon application, that despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court shall deem proper.

Section 3. METHODS OF DETERMINING WHETHER STANDARDS FOR INDEMNIFICATION HAVE BEEN MET. Any indemnification under Sections 1 or 2 of this Article (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, or employee is proper in the circumstances because he has met the applicable standards of conduct set forth in Section 1 or 2. In the case of directors of the

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corporation, such determination shall be made by any one of the following procedures:

- (a) by the board of directors by a majority vote of a quorum consisting of directors not at the time parties to the proceeding;
- (b) if a quorum of the board of directors cannot be obtained under (a) or, even if obtainable, a quorum of disinterested directors so directs:
 - (i) by the board upon the written opinion of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set forth in Section 1 or 2 of this Article has been met by such director or officer, or,
 - (ii) by the shareholders upon a finding that the director or officer has met the applicable standard of conduct set forth in section 1 or 2 of this Article.

Section 4. ADVANCEMENT OF DEFENSE EXPENSES. The corporation may pay for or reimburse the reasonable expenses incurred by a director, officer, or employee who is a party to a proceeding described in Section 1 or 2 of this

Article in advance of the final disposition of said proceeding if:

- (a) the director, officer, or employee furnishes the corporation a written affirmation of his good faith belief that he has met the standard of conduct described in Section 1 or 2; and
- (b) the director, officer, or employee furnishes the corporation a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that the director, officer, or employee is not entitled to indemnification, or, where indemnification is granted, to the extent the expenses so advanced by the corporation, or allowed by a court, exceed the indemnification to which such person is entitled and
- (c) a determination is made that the facts then known to those making the determination pursuant to Section 3 of this Article VII would not preclude indemnification under Section 1 or 2.

The undertaking required by this Section must be an unlimited general obligation of the director, officer, or employee.

Section 5. NON-EXCLUSIVENESS OF INDEMNIFICATION. To the extent permitted by the laws of New York, the indemnification and advancement of expenses provided for or authorized by this Article does not exclude any other rights to indemnification or advancement of expenses that a person may have under:

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- (a) the corporation's charter or these bylaws;
- (b) any resolution of the board of directors or the shareholders of the corporation;
- (c) an agreement providing for indemnification or
- (d) otherwise as provided by law, provided that no indemnification may be made to or on behalf of any director, officer or employee if a judgment or other final adjudication adverse to the director, officer or employee establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

Such indemnification shall continue as to a person who has ceased to be a director, officer, or employee, and shall inure to the benefit of the heirs

and personal representatives of such person.

If any expenses or other amounts are paid by way of indemnification, otherwise than by court order or action by the shareholders the corporation shall, not later than the next annual meeting of shareholders unless such meeting is held within three months form the date of such payment, and in any event, within fifteen months from the date of such payment, mail to its shareholders of record at the time entitled to vote for the election of directors a statement specifying the persons paid, the amounts paid, and the nature and status at the time of such payment of the litigation or threatened litigation

Section 6. NOTICE OF INDEMNIFICATION. No payment of indemnification or advancement shall be made under this Article unless a notice has been filed with the Superintendent of the Insurance Department of the State of New York not less than 30 days prior to such payment, specifying the payee(s), the amount(s) , the manner in which such payment is authorized, the nature and status (at the time of such notice) of the litigation or threatened litigation and any other information required by law.

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ARTICLE VIII

Fiscal Year

The fiscal year of the corporation shall begin on the first day of January of each year and end upon the last day of December next succeeding.

ARTICLE IX

Amendments

These bylaws may be altered, amended or repealed and new bylaws may be made by the shareholders and by the board of directors provided that any such alteration, amendment or repeal is approved by the Superintendent of the Insurance Department of the State of New York. Any bylaw adopted, altered, amended or repealed by the board of directors may be amended or repealed by the shareholders entitled to vote therein.

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