

CHIEF FOCUS ON THE FUTURE OFFICER CHIEF I'M A WINNER OFFICER CHIEF UP BRIGHT AND EARLY OFFICER CHIEF FOLLOW A GREAT OFFICER CHIEF READY FOR ANYTHING OFFICER CHIEF ORGANIZE A FAMILY VACATION OFFICER CHIEF SAVE FOR A NEW HOUSE OFFICER CHIEF CONTRIBUTE TO MY 401(k) OFFICER CHIEF VOLUNTEER IN MY COMMUNITY OFFICER CHIEF PLAN FOR TOMORROW OFFICER CHIEF FOLLOW MY PASSIONS OFFICER CHIEF PLAN FOR TOMORROW OFFICER CHIEF ORGANIZE A FAMILY VACATION OFFICER CHIEF FINANCIAL ADVISOR OFFICER CHIEF DETERMINED TO SUCCEED OFFICER CHIEF SAVE FOR A VACATION

Statistical Supplement

Fourth Quarter 2015



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CHIEF PLAN FOR TOMORROW OFFICER CHIEF ORGANIZE A FAMILY VACATION OFFICER CHIEF FINANCIAL ADVISOR OFFICER CHIEF RECYCLE MY WATER BOTTLES OFFICER CHIEF FOCUS ON THE FUTURE OFFICER CHIEF I'M A WINNER OFFICER CHIEF UP BRIGHT AND EARLY OFFICER CHIEF FOLLOW A GREAT OFFICER CHIEF READY FOR ANYTHING OFFICER CHIEF DETERMINED TO SUCCEED OFFICER CHIEF SAVE FOR A NEW HOUSE OFFICER CHIEF CONTRIBUTE TO MY 401(k) OFFICER CHIEF FOLLOW MY PASSIONS OFFICER CHIEF VOLUNTEER IN MY COMMUNITY OFFICER **CHIEF LIFE OFFICER** CHIEF PLAN FOR TOMORROW OFFICER CHIEF SAVE

Lincoln Financial Group
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Analyst Coverage

| <u>Firm</u> | <u>Analyst</u> | <u>Phone Number</u> |
|----------------------------------|-----------------------|----------------------------|
| Bank of America Merrill Lynch | Seth Weiss | 646-855-3783 |
| Barclays Capital | Jay Gelb | 212-526-1561 |
| Citi Research | Erik Bass | 212-816-5257 |
| Credit Suisse | Tom Gallagher | 212-538-2010 |
| Deutsche Bank | Yaron Kinar | 212-250-7927 |
| Dowling & Partners | Humphrey Lee | 860-676-7351 |
| FBR Capital Markets | Randy Binner | 703-312-1890 |
| Goldman Sachs | Michael Kovac | 212-902-2303 |
| J.P. Morgan Securities | Jimmy Bhullar | 212-622-6397 |
| Janney Capital Markets | Bob Glasspiegel | 860-724-1203 |
| Keefe, Bruyette and Woods | Ryan Krueger | 860-722-5930 |
| Macquarie Capital | Sean Dargan | 212-231-0663 |
| Morgan Stanley | Nigel Dally | 212-761-4132 |
| Piper Jaffray | John Nadel | 212-284-6123 |
| Raymond James and Associates | Steven Schwartz | 312-612-7686 |
| RBC Capital | Eric Berg | 212-618-7593 |
| Sandler O'Neill & Partners, L.P. | John Barnidge | 312-281-3412 |
| UBS | Suneet Kamath | 212-713-1355 |
| Wells Fargo Securities | John Hall | 212-214-8032 |

Investor Inquiries May Be Directed To

Chris Giovanni, Senior Vice President, Investor Relations
Email: Christopher.Giovanni@lfg.com
Voice: 484-583-1793

Notes

This list is provided for informational purposes only. Lincoln Financial Group does not endorse the analyses, conclusions or recommendations contained in any report issued by these or any other analysts.

Lincoln Financial Group's Statistical Supplement will be available immediately after the release of earnings for each quarter through our Investor Relations website:

<https://www.lfg.com/public/aboutus/investorrelations>

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Notes

Computations

The quarterly financial information for the current year may not sum to the corresponding year-to-date amount as both are rounded to millions.

The financial ratios reported herein are calculated using whole dollars instead of dollars rounded to millions.

If the effect of equity classification would result in a more dilutive Earnings Per Share (“EPS”), the numerator used in the calculation of our diluted EPS is adjusted to remove the mark-to-market adjustment for deferred units of LNC stock in our deferred compensation plans. In addition, for any period where a loss from continuing operations is experienced, shares used in the diluted EPS calculation represent basic shares, as using dilutive shares would be anti-dilutive to the calculation. In these periods, we would also exclude the deferred compensation adjustment.

Return on equity (“ROE”) measures how efficiently we generate profits from the resources provided by our net assets. ROE is calculated by dividing annualized net income (loss) (or income (loss) from operations) by average equity, excluding accumulated other comprehensive income (loss) (“AOCI”). Management evaluates consolidated ROE by both including and excluding the effect of average goodwill.

Book value per share, excluding AOCI, is calculated by dividing stockholders’ equity, excluding AOCI, by common shares outstanding assuming the conversion of our Series A preferred shares. We provide book value per share, excluding AOCI, to enable investors to analyze the amount of our net worth that is attributable primarily to our business operations.

Pre-tax net margin is calculated by dividing income (loss) from operations before taxes by net revenue, which is defined as total operating revenues less interest credited.

Definitions

Holding company available liquidity consists of cash and invested cash, excluding cash held as collateral, and certain short-term investments that can be readily converted into cash, net of commercial paper outstanding.

Sales as reported consist of the following:

- *MoneyGuard*®, our linked-benefit product – 15% of total expected premium deposits;
- Single premium bank-owned universal life and variable universal life (“BOLP”) – 15% of single premium deposits;
- Universal life (“UL”), indexed universal life (“IUL”), variable universal life (“VUL”), and corporate-owned UL and VUL (“COLP”) – first year commissionable premiums plus 5% of excess premiums received, including an adjustment for internal replacements of approximately 50% of commissionable premiums;
- Term – 100% of annualized first year premiums;
- Annuities – deposits from new and existing customers; and
- Group Protection – annualized first year premiums from new policies.

Throughout the document, “after-DAC” refers to the associated amortization expense of deferred acquisition costs (“DAC”), value of business acquired (“VOBA”), deferred sales inducements (“DSI”) and deferred front-end loads (“DFEL”) and changes in other contract holder funds.

Sources of Earnings are defined as follows:

- Investment spread earnings consist primarily of net investment income, net of interest credited earned on the underlying general account investments supporting our fixed products less related expenses.
- Mortality/morbidity earnings result from mortality margins, morbidity margins, and certain expense assessments and related fees that are a function of the rates priced into the product and level of insurance in force.
- Fees on Assets Under Management (“AUM”) earnings results consist primarily of asset-based fees charged based on variable account values less associated benefits and related expenses.
- Variable Annuity (“VA”) Riders earnings consist of fees charged to the contract holder related to guaranteed benefit rider features, less the net valuation premium and associated change in benefit reserves and related expenses.

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Notes

Non-GAAP Performance Measures

Non-GAAP measures do not replace the most directly comparable GAAP measures, and we have included detailed reconciliations herein.

We exclude the after-tax effects of the following items from GAAP net income (loss) to arrive at income (loss) from operations:

- Realized gains and losses associated with the following (“excluded realized gain (loss)”):
 - Sales or disposals and impairments of securities;
 - Changes in the fair value of derivatives, embedded derivatives within certain reinsurance arrangements and trading securities (“gain (loss) on the mark-to-market on certain instruments”);
 - Changes in the fair value of the derivatives we own to hedge our guaranteed death benefit (“GDB”) riders reflected within our variable annuities;
 - Changes in the fair value of the embedded derivatives of our guaranteed living benefit (“GLB”) riders reflected within variable annuity net derivative results accounted for at fair value;
 - Changes in the fair value of the derivatives we own to hedge our guaranteed living benefit (“GLB”) riders reflected within variable annuity net derivative results;
 - Changes in the fair value of the embedded derivative liabilities related to index call options we may purchase in the future to hedge contract holder index allocations applicable to future reset periods for our indexed annuity products accounted for at fair value (“indexed annuity forward-starting option”);
- Changes in reserves resulting from benefit ratio unlocking on our GDB and GLB riders (“benefit ratio unlocking”);
- Income (loss) from reserve changes, net of related amortization, on business sold through reinsurance;
- Gains (losses) on early extinguishment of debt;
- Losses from the impairment of intangible assets;
- Income (loss) from discontinued operations; and
- Income (loss) from the initial adoption of new accounting standards.

Operating revenues represent GAAP revenues excluding the pre-tax effects of the following items:

- Excluded realized gain (loss);
- Revenue adjustments from the initial adoption of new accounting standards;
- Amortization of DFEL arising from changes in GDB and GLB benefit ratio unlocking; and
- Amortization of deferred gains arising from reserve changes on business sold through reinsurance.

We use our prevailing federal income tax rate of 35% while taking into account any permanent differences for events recognized differently in our financial statements and federal income tax returns when reconciling our non-GAAP measures to the most comparable GAAP measure.

Management believes that the non-GAAP performance measures discussed above explain the results of our ongoing businesses in a manner that allows for a better understanding of the underlying trends in our current business as the excluded items are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments, and, in many instances, decisions regarding these items do not necessarily relate to the operations of the individual segments. In addition, we believe that our definitions of operating revenues and income from operations provide investors with more valuable measures of our performance as they better reveal trends in our business.

Statistical Supplement is Dated

The financial data in this document is dated February 3, 2016, and has not been updated since that date. Lincoln Financial Group does not intend to update this document.

Lincoln Financial Group
Consolidated Statements of Income (Loss)

Unaudited (millions of dollars, except per share data)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|---------|---------|---------|----------|---------|-----------------------------|----------|---------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Revenues | | | | | | | | | |
| Insurance premiums | \$ 753 | \$ 790 | \$ 782 | \$ 825 | \$ 848 | 12.6% | \$ 2,988 | \$ 3,246 | 8.6% |
| Fee income | 1,224 | 1,222 | 1,239 | 1,469 | 1,116 | -8.8% | 4,673 | 5,045 | 8.0% |
| Net investment income | 1,232 | 1,187 | 1,187 | 1,254 | 1,200 | -2.6% | 4,859 | 4,827 | -0.7% |
| Realized gain (loss): | | | | | | | | | |
| Other-than-temporary impairment (“OTTIP”) | (5) | (13) | (7) | (18) | (16) | NM | (16) | (54) | NM |
| Realized gain (loss), excluding OTTI | (101) | (35) | 17 | 45 | (124) | -38.6% | 16 | (97) | NM |
| Total realized gain (loss) | (106) | (48) | 10 | 27 | (140) | -32.1% | - | (151) | NM |
| Amortization of deferred gains on business sold through reinsurance | 18 | 18 | 18 | 18 | 18 | 0.0% | 74 | 74 | 0.0% |
| Other revenues | 565 | 135 | 145 | 123 | 130 | -77.0% | 960 | 531 | -44.7% |
| Total revenues | 3,686 | 3,304 | 3,381 | 3,716 | 3,172 | -13.9% | 13,554 | 13,572 | 0.1% |
| Expenses | | | | | | | | | |
| Interest credited | 632 | 625 | 629 | 622 | 632 | 0.0% | 2,532 | 2,508 | -0.9% |
| Benefits | 1,403 | 1,236 | 1,220 | 1,327 | 1,262 | -10.0% | 4,679 | 5,044 | 7.8% |
| Commissions and other expenses | 1,150 | 1,013 | 1,014 | 1,432 | 859 | -25.3% | 4,079 | 4,318 | 5.9% |
| Interest and debt expense | 67 | 68 | 69 | 67 | 68 | 1.5% | 267 | 272 | 1.9% |
| Total expenses | 3,252 | 2,942 | 2,932 | 3,448 | 2,821 | -13.3% | 11,557 | 12,142 | 5.1% |
| Income (loss) from continuing operations before taxes | 434 | 362 | 449 | 268 | 351 | -19.1% | 1,997 | 1,430 | -28.4% |
| Federal income tax expense (benefit) | 87 | 62 | 105 | 41 | 68 | -21.8% | 483 | 276 | -42.9% |
| Income (loss) from continuing operations | 347 | 300 | 344 | 227 | 283 | -18.4% | 1,514 | 1,154 | -23.8% |
| Income (loss) from discontinued operations | 1 | - | - | - | - | -100.0% | 1 | - | -100.0% |
| Net income (loss) | 348 | 300 | 344 | 227 | 283 | -18.7% | 1,515 | 1,154 | -23.8% |
| Adjustment for LNC stock units in our deferred compensation plans | - | (1) | - | (7) | - | NM | 4 | (4) | NM |
| Net income (loss) available to common stockholders – diluted | \$ 348 | \$ 299 | \$ 344 | \$ 220 | \$ 283 | -18.7% | \$ 1,519 | \$ 1,150 | -24.3% |
| Earnings (Loss) Per Common Share – Diluted | | | | | | | | | |
| Net income (loss) | \$ 1.32 | \$ 1.15 | \$ 1.35 | \$ 0.87 | \$ 1.14 | -13.6% | \$ 5.67 | \$ 4.51 | -20.5% |

Lincoln Financial Group
Consolidated Balance Sheets

Unaudited (millions of dollars)

| | As of | | | | | Change |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | |
| ASSETS | | | | | | |
| Investments: | | | | | | |
| Available-for-sale (“AFS”) securities: | | | | | | |
| Corporate bonds | \$ 74,546 | \$ 77,063 | \$ 74,169 | \$ 74,432 | \$ 74,032 | -0.7% |
| U.S. government bonds | 435 | 452 | 428 | 438 | 429 | -1.4% |
| Foreign government bonds | 541 | 561 | 540 | 532 | 524 | -3.1% |
| Mortgage-backed securities | 4,796 | 4,674 | 4,476 | 4,252 | 4,104 | -14.4% |
| Asset-backed collateralized debt obligations | 375 | 423 | 499 | 515 | 589 | 57.1% |
| State and municipal bonds | 4,593 | 4,705 | 4,418 | 4,480 | 4,480 | -2.5% |
| Hybrid and redeemable preferred securities | 954 | 935 | 892 | 857 | 806 | -15.5% |
| VIEs' fixed maturity securities | 598 | 598 | 598 | 598 | 598 | 0.0% |
| Equity securities | 231 | 210 | 227 | 242 | 237 | 2.6% |
| Total AFS securities | 87,069 | 89,621 | 86,247 | 86,346 | 85,799 | -1.5% |
| Trading securities | 2,065 | 2,077 | 1,949 | 1,914 | 1,854 | -10.2% |
| Mortgage loans on real estate | 7,574 | 7,654 | 8,171 | 8,431 | 8,678 | 14.6% |
| Real estate | 20 | 19 | 24 | 21 | 17 | -15.0% |
| Policy loans | 2,670 | 2,664 | 2,654 | 2,647 | 2,545 | -4.7% |
| Derivative investments | 1,860 | 2,095 | 1,340 | 2,020 | 1,537 | -17.4% |
| Other investments | 1,709 | 1,885 | 1,624 | 1,820 | 1,778 | 4.0% |
| Total investments | 102,967 | 106,015 | 102,009 | 103,199 | 102,208 | -0.7% |
| Cash and invested cash | 3,919 | 3,487 | 2,327 | 3,772 | 3,146 | -19.7% |
| DAC and VOBA | 8,207 | 8,156 | 9,150 | 8,866 | 9,510 | 15.9% |
| Premiums and fees receivable | 473 | 452 | 415 | 383 | 376 | -20.5% |
| Accrued investment income | 1,049 | 1,129 | 1,064 | 1,116 | 1,070 | 2.0% |
| Reinsurance recoverables | 5,730 | 5,598 | 5,608 | 5,559 | 5,623 | -1.9% |
| Funds withheld reinsurance assets | 649 | 646 | 642 | 639 | 629 | -3.1% |
| Goodwill | 2,273 | 2,273 | 2,273 | 2,273 | 2,273 | 0.0% |
| Other assets | 2,845 | 2,901 | 3,647 | 3,450 | 3,483 | 22.4% |
| Separate account assets | 125,265 | 127,828 | 128,079 | 120,275 | 123,619 | -1.3% |
| Total assets | <u>\$ 253,377</u> | <u>\$ 258,485</u> | <u>\$ 255,214</u> | <u>\$ 249,532</u> | <u>\$ 251,937</u> | -0.6% |

Lincoln Financial Group
Consolidated Balance Sheets

Unaudited (millions of dollars)

| | As of | | | | | Change |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | |
| Liabilities | | | | | | |
| Future contract benefits | \$ 20,057 | \$ 20,468 | \$ 20,166 | \$ 20,523 | \$ 20,708 | 3.2% |
| Other contract holder funds | 75,512 | 75,663 | 76,243 | 76,451 | 77,362 | 2.4% |
| Short-term debt | 250 | 250 | - | - | - | -100.0% |
| Long-term debt by rating agency leverage definitions: | | | | | | |
| Operating (see note ⁽²⁾ on page 16 for details) | 1,123 | 1,123 | 1,123 | 1,123 | 1,123 | 0.0% |
| Financial | 4,147 | 4,504 | 4,406 | 4,481 | 4,459 | 7.5% |
| Reinsurance related embedded derivatives | 150 | 165 | 120 | 116 | 87 | -42.0% |
| Funds withheld reinsurance liabilities | 764 | 717 | 718 | 676 | 638 | -16.5% |
| Deferred gain on business sold through reinsurance | 171 | 153 | 134 | 116 | 98 | -42.7% |
| Payables for collateral on investments | 4,409 | 5,046 | 4,587 | 5,297 | 4,657 | 5.6% |
| VIEs' liabilities | 13 | 5 | 3 | 2 | 4 | -69.2% |
| Other liabilities | 5,776 | 6,340 | 4,936 | 6,071 | 5,565 | -3.7% |
| Separate account liabilities | 125,265 | 127,828 | 128,079 | 120,275 | 123,619 | -1.3% |
| Total liabilities | <u>237,637</u> | <u>242,262</u> | <u>240,515</u> | <u>235,131</u> | <u>238,320</u> | 0.3% |
| Stockholders' Equity | | | | | | |
| Common stock | 6,622 | 6,493 | 6,469 | 6,380 | 6,298 | -4.9% |
| Retained earnings | 6,022 | 6,077 | 6,286 | 6,358 | 6,474 | 7.5% |
| AOCI: | | | | | | |
| Unrealized investment gains (losses) | 3,378 | 3,929 | 2,220 | 1,940 | 1,149 | -66.0% |
| Foreign currency translation adjustment | (3) | (4) | 3 | (2) | (5) | -66.7% |
| Funded status of employee benefit plans | (279) | (272) | (279) | (275) | (299) | -7.2% |
| Total AOCI | <u>3,096</u> | <u>3,653</u> | <u>1,944</u> | <u>1,663</u> | <u>845</u> | -72.7% |
| Total stockholders' equity | <u>15,740</u> | <u>16,223</u> | <u>14,699</u> | <u>14,401</u> | <u>13,617</u> | -13.5% |
| Total liabilities and stockholders' equity | <u>\$ 253,377</u> | <u>\$ 258,485</u> | <u>\$ 255,214</u> | <u>\$ 249,532</u> | <u>\$ 251,937</u> | -0.6% |

Lincoln Financial Group

Earnings, Shares, Return on Equity and Return to Stockholder Highlights

Unaudited (millions of dollars, except per share data)

| | As of or For the Three Months Ended | | | | | Change | As of or For the Twelve Months Ended | | |
|---|-------------------------------------|------------------|------------------|------------------|------------------|--------|--------------------------------------|------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Income (Loss) | | | | | | | | | |
| Income (loss) from operations | \$ 439 | \$ 352 | \$ 371 | \$ 289 | \$ 382 | -13.0% | \$ 1,611 | \$ 1,395 | -13.4% |
| Net income (loss) | 348 | 300 | 344 | 227 | 283 | -18.7% | 1,515 | 1,154 | -23.8% |
| Earnings (Loss) Per Diluted Share | | | | | | | | | |
| Income (loss) from operations | \$ 1.67 | \$ 1.35 | \$ 1.46 | \$ 1.11 | \$ 1.54 | -7.8% | \$ 6.03 | \$ 5.46 | -9.5% |
| Net income (loss) | 1.32 | 1.15 | 1.35 | 0.87 | 1.14 | -13.6% | 5.67 | 4.51 | -20.5% |
| Average Stockholders' Equity | | | | | | | | | |
| Average equity, including AOCI | \$ 15,596 | \$ 15,982 | \$ 15,461 | \$ 14,550 | \$ 14,009 | -10.2% | \$ 14,996 | \$ 15,001 | 0.0% |
| Average AOCI | 3,009 | 3,374 | 2,799 | 1,804 | 1,254 | -58.3% | 2,726 | 2,308 | -15.3% |
| Average equity, excluding AOCI | <u>\$ 12,587</u> | <u>\$ 12,608</u> | <u>\$ 12,662</u> | <u>\$ 12,746</u> | <u>\$ 12,755</u> | 1.3% | <u>\$ 12,270</u> | <u>\$ 12,693</u> | 3.4% |
| ROE | | | | | | | | | |
| Income (loss) from operations | 13.9% | 11.2% | 11.7% | 9.1% | 12.0% | | 13.1% | 11.0% | |
| Net income (loss) | 11.1% | 9.5% | 10.9% | 7.1% | 8.9% | | 12.3% | 9.1% | |
| Per Share | | | | | | | | | |
| Dividends declared during the period | \$ 0.20 | \$ 0.20 | \$ 0.20 | \$ 0.20 | \$ 0.25 | 25.0% | \$ 0.68 | \$ 0.85 | 25.0% |
| Book value, including AOCI | 61.35 | 64.14 | 58.58 | 58.19 | 55.85 | -9.0% | 61.35 | 55.85 | -9.0% |
| Book value, excluding AOCI | 49.29 | 49.70 | 50.83 | 51.47 | 52.38 | 6.3% | 49.29 | 52.38 | 6.3% |
| Shares | | | | | | | | | |
| Repurchased during the period | 3.6 | 6.0 | 2.6 | 3.7 | 3.7 | 4.1% | 12.5 | 16.0 | 28.2% |
| Average for the period – diluted | 263.0 | 260.6 | 255.1 | 253.2 | 248.9 | -5.4% | 268.0 | 254.9 | -4.9% |
| End-of-period – basic | 256.6 | 252.9 | 250.9 | 247.5 | 243.8 | -5.0% | 256.6 | 243.8 | -5.0% |
| End-of-period – diluted | 261.5 | 257.2 | 254.1 | 251.2 | 246.7 | -5.7% | 261.5 | 246.7 | -5.7% |
| Cash Returned to Common Stockholders | | | | | | | | | |
| Shares repurchased | \$ 200 | \$ 350 | \$ 150 | \$ 200 | \$ 200 | 0.0% | \$ 650 | \$ 900 | 38.5% |
| Common dividends | 42 | 51 | 51 | 50 | 49 | 16.7% | 168 | 202 | 20.2% |
| Total cash returned to common stockholders | <u>\$ 242</u> | <u>\$ 401</u> | <u>\$ 201</u> | <u>\$ 250</u> | <u>\$ 249</u> | 2.9% | <u>\$ 818</u> | <u>\$ 1,102</u> | 34.7% |

Lincoln Financial Group

Income (Loss) from Operations, Average Equity and ROE By Segment

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|--|----------------------------|------------------|------------------|------------------|------------------|--------|-----------------------------|------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Annuities | \$ 237 | \$ 239 | \$ 255 | \$ 259 | \$ 243 | 2.5% | \$ 925 | \$ 996 | 7.7% |
| Retirement Plan Services | 42 | 35 | 30 | 42 | 33 | -21.4% | 160 | 140 | -12.5% |
| Life Insurance | 193 | 111 | 105 | 36 | 119 | -38.3% | 612 | 370 | -39.5% |
| Group Protection | (7) | (6) | 19 | 17 | 13 | 285.7% | 23 | 43 | 87.0% |
| Other Operations | (26) | (27) | (38) | (65) | (26) | 0.0% | (109) | (154) | -41.3% |
| Income (loss) from operations | <u>\$ 439</u> | <u>\$ 352</u> | <u>\$ 371</u> | <u>\$ 289</u> | <u>\$ 382</u> | -13.0% | <u>\$ 1,611</u> | <u>\$ 1,395</u> | -13.4% |
| Average Equity, Excluding AOCI | | | | | | | | | |
| Segment equity, excluding goodwill: | | | | | | | | | |
| Annuities | \$ 3,786 | \$ 3,887 | \$ 4,073 | \$ 4,262 | \$ 4,335 | 14.5% | \$ 3,510 | \$ 4,139 | 17.9% |
| Retirement Plan Services | 1,002 | 1,006 | 993 | 1,010 | 1,045 | 4.3% | 972 | 1,014 | 4.3% |
| Life Insurance | 6,204 | 6,226 | 6,422 | 6,506 | 6,435 | 3.7% | 6,127 | 6,397 | 4.4% |
| Group Protection | 1,227 | 1,241 | 1,238 | 1,228 | 1,217 | -0.8% | 1,194 | 1,231 | 3.1% |
| Total segment equity, excluding goodwill | 12,219 | 12,360 | 12,726 | 13,006 | 13,032 | 6.7% | 11,803 | 12,781 | 8.3% |
| Other Operations and goodwill | 368 | 248 | (64) | (260) | (277) | NM | 467 | (88) | NM |
| Total average equity, excluding AOCI | <u>\$ 12,587</u> | <u>\$ 12,608</u> | <u>\$ 12,662</u> | <u>\$ 12,746</u> | <u>\$ 12,755</u> | 1.3% | <u>\$ 12,270</u> | <u>\$ 12,693</u> | 3.4% |
| ROE | | | | | | | | | |
| Segment ROE, excluding goodwill: | | | | | | | | | |
| Annuities | 25.1% | 24.6% | 25.0% | 24.3% | 22.4% | | 26.4% | 24.1% | |
| Retirement Plan Services | 16.6% | 14.0% | 12.0% | 16.4% | 12.8% | | 16.4% | 13.8% | |
| Life Insurance | 12.5% | 7.1% | 6.5% | 2.2% | 7.4% | | 10.0% | 5.8% | |
| Group Protection | -2.1% | -2.1% | 6.3% | 5.4% | 4.4% | | 1.9% | 3.5% | |
| Consolidated ROE – income (loss) from operations | 13.9% | 11.2% | 11.7% | 9.1% | 12.0% | | 13.1% | 11.0% | |

Lincoln Financial Group

Sources of Earnings

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|---------------|---------------|---------------|---------------|--------|-----------------------------|-----------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Income (Loss) from Operations, Before Income Taxes | | | | | | | | | |
| Annuities | \$ 297 | \$ 293 | \$ 328 | \$ 328 | \$ 309 | 4.0% | \$ 1,163 | \$ 1,258 | 8.2% |
| Retirement Plan Services | 49 | 48 | 39 | 57 | 45 | -8.2% | 211 | 189 | -10.4% |
| Life Insurance | 280 | 156 | 152 | 46 | 175 | -37.5% | 907 | 529 | -41.7% |
| Group Protection | (10) | (10) | 30 | 26 | 20 | 300.0% | 35 | 66 | 88.6% |
| Other Operations | (40) | (44) | (59) | (93) | (45) | -12.5% | (166) | (240) | -44.6% |
| Income (loss) from operations, before income taxes | <u>\$ 576</u> | <u>\$ 443</u> | <u>\$ 490</u> | <u>\$ 364</u> | <u>\$ 504</u> | -12.5% | <u>\$ 2,150</u> | <u>\$ 1,802</u> | -16.2% |
| Sources of Earnings, Before Income Taxes | | | | | | | | | |
| Investment spread | \$ 202 | \$ 164 | \$ 175 | \$ 136 | \$ 179 | -11.4% | \$ 778 | \$ 656 | -15.7% |
| Mortality/morbidity | 167 | 74 | 110 | 48 | 115 | -31.1% | 528 | 345 | -34.7% |
| Fees on AUM | 205 | 205 | 218 | 282 | 219 | 6.8% | 846 | 924 | 9.2% |
| VA riders | 42 | 44 | 46 | (9) | 36 | -14.3% | 164 | 117 | -28.7% |
| Total sources of earnings, before income taxes | 616 | 487 | 549 | 457 | 549 | -10.9% | 2,316 | 2,042 | -11.8% |
| Other Operations | (40) | (44) | (59) | (93) | (45) | -12.5% | (166) | (240) | -44.6% |
| Income (loss) from operations, before income taxes | <u>\$ 576</u> | <u>\$ 443</u> | <u>\$ 490</u> | <u>\$ 364</u> | <u>\$ 504</u> | -12.5% | <u>\$ 2,150</u> | <u>\$ 1,802</u> | -16.2% |
| Sources of Earnings, Before Income Taxes, % By Component | | | | | | | | | |
| Investment spread | 32.8% | 33.8% | 32.0% | 29.7% | 32.6% | | 33.6% | 32.1% | |
| Mortality/morbidity | 27.1% | 15.2% | 19.9% | 10.4% | 21.0% | | 22.8% | 16.9% | |
| Fees on AUM | 33.3% | 42.0% | 39.7% | 61.9% | 39.9% | | 36.5% | 45.3% | |
| VA riders | 6.8% | 9.0% | 8.4% | -2.0% | 6.5% | | 7.1% | 5.7% | |
| Total | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | | <u>100.0%</u> | <u>100.0%</u> | |

Lincoln Financial Group
Select Earnings Drivers By Segment

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | | For the Twelve Months Ended | | | |
|---------------------------------|----------------------------|----------|----------|----------|----------|--------|-----------------------------|-----------|--------|--|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | Change | 12/31/14 | 12/31/15 | Change | |
| Annuities | | | | | | | | | | |
| Operating revenues | \$ 966 | \$ 989 | \$ 991 | \$ 1,060 | \$ 1,079 | 11.7% | \$ 3,746 | \$ 4,120 | 10.0% | |
| Average account values | 121,079 | 122,877 | 125,820 | 122,668 | 122,330 | 1.0% | 118,988 | 123,570 | 3.9% | |
| Net flows | 555 | 196 | 397 | 536 | 435 | -21.6% | 2,645 | 1,564 | -40.9% | |
| Retirement Plan Services | | | | | | | | | | |
| Operating revenues | \$ 277 | \$ 273 | \$ 270 | \$ 282 | \$ 276 | -0.4% | \$ 1,090 | \$ 1,101 | 1.0% | |
| Average account values | 53,739 | 54,018 | 55,264 | 54,184 | 54,396 | 1.2% | 52,837 | 54,446 | 3.0% | |
| Net flows | (936) | 115 | 306 | 251 | (221) | 76.4% | (881) | 452 | 151.3% | |
| Life Insurance | | | | | | | | | | |
| Operating revenues | \$ 1,858 | \$ 1,432 | \$ 1,443 | \$ 1,727 | \$ 1,348 | -27.4% | \$ 6,003 | \$ 5,948 | -0.9% | |
| Average account values | 41,858 | 42,468 | 42,891 | 42,963 | 43,269 | 3.4% | 41,114 | 42,898 | 4.3% | |
| Average in-force face amount | 637,935 | 642,258 | 646,261 | 651,256 | 657,846 | 3.1% | 628,941 | 649,405 | 3.3% | |
| Net flows | 1,096 | 888 | 929 | 1,019 | 1,170 | 6.8% | 3,777 | 4,005 | 6.0% | |
| Group Protection | | | | | | | | | | |
| Operating revenues | \$ 616 | \$ 605 | \$ 617 | \$ 570 | \$ 565 | -8.3% | \$ 2,445 | \$ 2,357 | -3.6% | |
| Non-medical earned premiums | 541 | 535 | 535 | 522 | 516 | -4.6% | 2,129 | 2,108 | -1.0% | |
| Consolidated | | | | | | | | | | |
| Operating revenues | \$ 3,834 | \$ 3,394 | \$ 3,417 | \$ 3,735 | \$ 3,354 | -12.5% | \$ 13,716 | \$ 13,900 | 1.3% | |
| Average account values | 216,676 | 219,363 | 223,975 | 219,815 | 219,995 | 1.5% | 212,939 | 220,914 | 3.7% | |
| Net flows | 715 | 1,199 | 1,632 | 1,806 | 1,384 | 93.6% | 5,541 | 6,021 | 8.7% | |

Lincoln Financial Group
Deposits, Net Flows and Account Balances By Segment

Unaudited (millions of dollars)

| | As of or For the Three Months Ended | | | | | Change | As of or For the Twelve Months Ended | | |
|---|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------|--------------------------------------|-------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Deposits | | | | | | | | | |
| Annuities | \$ 3,381 | \$ 2,990 | \$ 3,380 | \$ 3,304 | \$ 3,018 | -10.7% | \$ 13,779 | \$ 12,693 | -7.9% |
| Retirement Plan Services | 2,332 | 1,704 | 1,862 | 1,884 | 2,095 | -10.2% | 7,515 | 7,545 | 0.4% |
| Life Insurance | 1,474 | 1,311 | 1,344 | 1,400 | 1,542 | 4.6% | 5,332 | 5,597 | 5.0% |
| Total deposits | <u>\$ 7,187</u> | <u>\$ 6,005</u> | <u>\$ 6,586</u> | <u>\$ 6,588</u> | <u>\$ 6,655</u> | -7.4% | <u>\$ 26,626</u> | <u>\$ 25,835</u> | -3.0% |
| Net Flows | | | | | | | | | |
| Annuities | \$ 555 | \$ 196 | \$ 397 | \$ 536 | \$ 435 | -21.6% | \$ 2,645 | \$ 1,564 | -40.9% |
| Retirement Plan Services | (936) | 115 | 306 | 251 | (221) | 76.4% | (881) | 452 | 151.3% |
| Life Insurance | 1,096 | 888 | 929 | 1,019 | 1,170 | 6.8% | 3,777 | 4,005 | 6.0% |
| Total net flows | <u>\$ 715</u> | <u>\$ 1,199</u> | <u>\$ 1,632</u> | <u>\$ 1,806</u> | <u>\$ 1,384</u> | 93.6% | <u>\$ 5,541</u> | <u>\$ 6,021</u> | 8.7% |
| Account Balances as of End-of-Period | | | | | | | | | |
| Annuities | \$ 122,041 | \$ 124,254 | \$ 124,535 | \$ 118,607 | \$ 121,596 | -0.4% | \$ 122,041 | \$ 121,596 | -0.4% |
| Retirement Plan Services | 53,539 | 54,632 | 54,989 | 52,844 | 54,100 | 1.0% | 53,539 | 54,100 | 1.0% |
| Life Insurance | 42,213 | 42,724 | 43,059 | 42,868 | 43,669 | 3.4% | 42,213 | 43,669 | 3.4% |
| Total account balances | <u>\$ 217,793</u> | <u>\$ 221,610</u> | <u>\$ 222,583</u> | <u>\$ 214,319</u> | <u>\$ 219,365</u> | 0.7% | <u>\$ 217,793</u> | <u>\$ 219,365</u> | 0.7% |
| Average Account Balances | | | | | | | | | |
| Annuities | \$ 121,079 | \$ 122,877 | \$ 125,820 | \$ 122,668 | \$ 122,330 | 1.0% | \$ 118,988 | \$ 123,570 | 3.9% |
| Retirement Plan Services | 53,739 | 54,018 | 55,264 | 54,184 | 54,396 | 1.2% | 52,837 | 54,446 | 3.0% |
| Life Insurance | 41,858 | 42,468 | 42,891 | 42,963 | 43,269 | 3.4% | 41,114 | 42,898 | 4.3% |
| Total average account balances | <u>\$ 216,676</u> | <u>\$ 219,363</u> | <u>\$ 223,975</u> | <u>\$ 219,815</u> | <u>\$ 219,995</u> | 1.5% | <u>\$ 212,939</u> | <u>\$ 220,914</u> | 3.7% |

Lincoln Financial Group

Sales By Segment

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-----------------|--------|-----------------------------|------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Sales | | | | | | | | | |
| Annuities: | | | | | | | | | |
| Variable | \$ 3,175 | \$ 2,697 | \$ 3,015 | \$ 2,738 | \$ 2,362 | -25.6% | \$ 12,521 | \$ 10,813 | -13.6% |
| Fixed | 206 | 293 | 365 | 566 | 656 | 218.4% | 1,258 | 1,880 | 49.4% |
| Total Annuities | <u>\$ 3,381</u> | <u>\$ 2,990</u> | <u>\$ 3,380</u> | <u>\$ 3,304</u> | <u>\$ 3,018</u> | -10.7% | <u>\$ 13,779</u> | <u>\$ 12,693</u> | -7.9% |
| Retirement Plan Services: | | | | | | | | | |
| First year sales | \$ 1,190 | \$ 382 | \$ 673 | \$ 706 | \$ 902 | -24.2% | \$ 2,712 | \$ 2,664 | -1.8% |
| Recurring deposits | 1,142 | 1,322 | 1,189 | 1,178 | 1,193 | 4.5% | 4,803 | 4,881 | 1.6% |
| Total Retirement Plan Services | <u>\$ 2,332</u> | <u>\$ 1,704</u> | <u>\$ 1,862</u> | <u>\$ 1,884</u> | <u>\$ 2,095</u> | -10.2% | <u>\$ 7,515</u> | <u>\$ 7,545</u> | 0.4% |
| Life Insurance: | | | | | | | | | |
| UL: | | | | | | | | | |
| Excluding <i>MoneyGuard</i> ® and IUL | \$ 26 | \$ 20 | \$ 22 | \$ 23 | \$ 25 | -3.8% | \$ 97 | \$ 91 | -6.2% |
| <i>MoneyGuard</i> ® | 47 | 40 | 46 | 52 | 54 | 14.9% | 163 | 191 | 17.2% |
| IUL | 24 | 15 | 23 | 21 | 27 | 12.5% | 76 | 86 | 13.2% |
| Total UL | 97 | 75 | 91 | 96 | 106 | 9.3% | 336 | 368 | 9.5% |
| VUL | 52 | 45 | 43 | 47 | 58 | 11.5% | 198 | 192 | -3.0% |
| Term | 21 | 19 | 21 | 20 | 25 | 19.0% | 91 | 86 | -5.5% |
| Total individual life insurance | 170 | 139 | 155 | 163 | 189 | 11.2% | 625 | 646 | 3.4% |
| COLI and BOLI | 22 | 14 | 46 | 10 | 9 | -59.1% | 44 | 79 | 79.5% |
| Total Life Insurance | <u>\$ 192</u> | <u>\$ 153</u> | <u>\$ 201</u> | <u>\$ 173</u> | <u>\$ 198</u> | 3.1% | <u>\$ 669</u> | <u>\$ 725</u> | 8.4% |
| Group Protection: | | | | | | | | | |
| Life | \$ 112 | \$ 25 | \$ 26 | \$ 24 | \$ 86 | -23.2% | \$ 204 | \$ 161 | -21.1% |
| Disability | 103 | 22 | 23 | 22 | 94 | -8.7% | 200 | 162 | -19.0% |
| Dental | 35 | 9 | 13 | 15 | 43 | 22.9% | 75 | 79 | 5.3% |
| Total Group Protection | <u>\$ 250</u> | <u>\$ 56</u> | <u>\$ 62</u> | <u>\$ 61</u> | <u>\$ 223</u> | -10.8% | <u>\$ 479</u> | <u>\$ 402</u> | -16.1% |

Lincoln Financial Group
Operating Revenues and General and Administrative Expenses By Segment

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|--------|-----------------------------|------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Operating Revenues | | | | | | | | | |
| Annuities | \$ 966 | \$ 989 | \$ 991 | \$ 1,060 | \$ 1,079 | 11.7% | \$ 3,746 | \$ 4,120 | 10.0% |
| Retirement Plan Services | 277 | 273 | 270 | 282 | 276 | -0.4% | 1,090 | 1,101 | 1.0% |
| Life Insurance | 1,858 | 1,432 | 1,443 | 1,727 | 1,348 | -27.4% | 6,003 | 5,948 | -0.9% |
| Group Protection | 616 | 605 | 617 | 570 | 565 | -8.3% | 2,445 | 2,357 | -3.6% |
| Other Operations | 117 | 95 | 96 | 96 | 86 | -26.5% | 432 | 374 | -13.4% |
| Total | <u>\$ 3,834</u> | <u>\$ 3,394</u> | <u>\$ 3,417</u> | <u>\$ 3,735</u> | <u>\$ 3,354</u> | -12.5% | <u>\$ 13,716</u> | <u>\$ 13,900</u> | 1.3% |
| General and Administrative Expenses, Net of Amounts Capitalized | | | | | | | | | |
| Annuities | \$ 126 | \$ 109 | \$ 118 | \$ 113 | \$ 120 | -4.8% | \$ 455 | \$ 459 | 0.9% |
| Retirement Plan Services | 82 | 71 | 78 | 77 | 80 | -2.4% | 294 | 306 | 4.1% |
| Life Insurance | 124 | 108 | 114 | 105 | 115 | -7.3% | 435 | 442 | 1.6% |
| Group Protection | 75 | 67 | 71 | 70 | 72 | -4.0% | 267 | 279 | 4.5% |
| Other Operations | 35 | 14 | 26 | 56 | 18 | -48.6% | 83 | 115 | 38.6% |
| Total | <u>\$ 442</u> | <u>\$ 369</u> | <u>\$ 407</u> | <u>\$ 421</u> | <u>\$ 405</u> | -8.4% | <u>\$ 1,534</u> | <u>\$ 1,601</u> | 4.4% |
| General and Administrative Expenses, Net of Amounts Capitalized, As a Percentage of Operating Revenues | | | | | | | | | |
| Annuities | 13.0% | 11.1% | 11.9% | 10.6% | 11.1% | | 12.1% | 11.1% | |
| Retirement Plan Services | 29.6% | 25.9% | 28.9% | 27.2% | 29.0% | | 27.0% | 27.8% | |
| Life Insurance | 6.7% | 7.6% | 7.9% | 6.1% | 8.5% | | 7.2% | 7.4% | |
| Group Protection | 12.3% | 11.1% | 11.4% | 12.2% | 12.7% | | 10.9% | 11.9% | |
| Other Operations | 29.7% | 14.3% | 27.5% | 57.9% | 22.0% | | 19.2% | 30.7% | |
| Total | <u>11.5%</u> | <u>10.9%</u> | <u>11.9%</u> | <u>11.3%</u> | <u>12.1%</u> | | <u>11.2%</u> | <u>11.5%</u> | |

Lincoln Financial Group
Operating Commissions and Other Expenses

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|-----------------|-----------------|-----------------|---------------|---------|-----------------------------|-----------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Operating Commissions and Other Expenses Incurred | | | | | | | | | |
| General and administrative expenses | \$ 501 | \$ 416 | \$ 452 | \$ 468 | \$ 465 | -7.2% | \$ 1,735 | \$ 1,800 | 3.7% |
| Commissions | 617 | 577 | 602 | 598 | 623 | 1.0% | 2,398 | 2,400 | 0.1% |
| Media expenses | 16 | 14 | 14 | - | - | -100.0% | 60 | 29 | -51.7% |
| Taxes, licenses and fees | 52 | 74 | 57 | 63 | 46 | -11.5% | 246 | 240 | -2.4% |
| Interest and debt expense | 67 | 68 | 69 | 67 | 68 | 1.5% | 268 | 272 | 1.5% |
| Expenses associated with reserve financing and unrelated letters of credit | 16 | 19 | 18 | 18 | 18 | 12.5% | 68 | 73 | 7.4% |
| Total operating commissions and other expenses incurred | <u>1,269</u> | <u>1,168</u> | <u>1,212</u> | <u>1,214</u> | <u>1,220</u> | -3.9% | <u>4,775</u> | <u>4,814</u> | 0.8% |
| Less Amounts Capitalized | | | | | | | | | |
| General and administrative expenses | (59) | (47) | (45) | (47) | (60) | -1.7% | (201) | (199) | 1.0% |
| Commissions | (345) | (296) | (313) | (320) | (340) | 1.4% | (1,315) | (1,268) | 3.6% |
| Taxes, licenses and fees | (8) | (8) | (8) | (8) | (7) | 12.5% | (30) | (31) | -3.3% |
| Total amounts capitalized | <u>(412)</u> | <u>(351)</u> | <u>(366)</u> | <u>(375)</u> | <u>(407)</u> | 1.2% | <u>(1,546)</u> | <u>(1,498)</u> | 3.1% |
| Total expenses incurred, net of amounts capitalized, excluding amortization | <u>857</u> | <u>817</u> | <u>846</u> | <u>839</u> | <u>813</u> | -5.1% | <u>3,229</u> | <u>3,316</u> | 2.7% |
| Amortization | | | | | | | | | |
| Amortization of DAC and VOBA | 358 | 261 | 237 | 674 | 110 | -69.3% | 1,111 | 1,283 | 15.5% |
| Amortization of intangibles | 1 | 1 | 1 | 1 | 1 | 0.0% | 4 | 4 | 0.0% |
| Total amortization | <u>359</u> | <u>262</u> | <u>238</u> | <u>675</u> | <u>111</u> | -69.1% | <u>1,115</u> | <u>1,287</u> | 15.4% |
| Total operating commissions and other expenses | <u>\$ 1,216</u> | <u>\$ 1,079</u> | <u>\$ 1,084</u> | <u>\$ 1,514</u> | <u>\$ 924</u> | -24.0% | <u>\$ 4,344</u> | <u>\$ 4,603</u> | 6.0% |

Lincoln Financial Group
Interest Rate Yields and Spreads By Segment

Unaudited

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|---------|---------|---------|----------|--------|-----------------------------|----------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Annuities | | | | | | | | | |
| Earned rate on reserves | 4.31% | 4.24% | 4.20% | 4.19% | 4.12% | (19) | 4.44% | 4.18% | (26) |
| Prepayment and make whole premiums | 0.37% | 0.20% | 0.06% | 0.18% | 0.15% | (22) | 0.17% | 0.15% | (2) |
| Net investment income yield on reserves | 4.68% | 4.44% | 4.26% | 4.37% | 4.27% | (41) | 4.61% | 4.33% | (28) |
| Interest rate credited to contract holders | 2.75% | 2.64% | 2.61% | 2.56% | 2.53% | (22) | 2.79% | 2.57% | (22) |
| Interest rate spread | 1.93% | 1.80% | 1.65% | 1.81% | 1.74% | (19) | 1.82% | 1.76% | (6) |
| Retirement Plan Services | | | | | | | | | |
| Earned rate on reserves | 4.67% | 4.65% | 4.61% | 4.71% | 4.62% | (5) | 4.78% | 4.65% | (13) |
| Prepayment and make whole premiums | 0.33% | 0.18% | 0.03% | 0.19% | 0.12% | (21) | 0.18% | 0.13% | (5) |
| Net investment income yield on reserves | 5.00% | 4.83% | 4.64% | 4.90% | 4.74% | (26) | 4.96% | 4.78% | (18) |
| Interest rate credited to contract holders | 3.00% | 3.02% | 3.01% | 3.01% | 3.01% | 1 | 3.04% | 3.02% | (2) |
| Interest rate spread | 2.00% | 1.81% | 1.63% | 1.89% | 1.73% | (27) | 1.92% | 1.76% | (16) |
| Life Insurance | | | | | | | | | |
| <u>Attributable to interest-sensitive products:</u> | | | | | | | | | |
| Earned rate on reserves | 5.37% | 5.34% | 5.33% | 5.33% | 5.34% | (3) | 5.41% | 5.34% | (7) |
| Prepayment and make whole premiums | 0.29% | 0.18% | 0.03% | 0.14% | 0.08% | (21) | 0.14% | 0.11% | (3) |
| Alternative investments | 0.06% | 0.05% | 0.18% | 0.33% | -0.01% | (7) | 0.17% | 0.14% | (3) |
| Net investment income yield on reserves | 5.72% | 5.57% | 5.54% | 5.80% | 5.41% | (31) | 5.72% | 5.59% | (13) |
| Interest rate credited to contract holders | 3.96% | 3.89% | 3.97% | 3.92% | 3.97% | 1 | 3.95% | 3.94% | (1) |
| Interest rate spread | 1.76% | 1.68% | 1.57% | 1.88% | 1.44% | (32) | 1.77% | 1.65% | (12) |
| <u>Attributable to traditional products:</u> | | | | | | | | | |
| Earned rate on reserves | 5.54% | 5.24% | 5.08% | 5.15% | 5.23% | (31) | 5.53% | 5.18% | (35) |
| Prepayment and make whole premiums | 0.17% | 0.15% | 0.04% | 0.10% | 0.12% | (5) | 0.23% | 0.10% | (13) |
| Alternative investments | -0.04% | 0.00% | 0.00% | 0.00% | 0.00% | 4 | -0.01% | 0.00% | 1 |
| Net investment income yield on reserves | 5.67% | 5.39% | 5.12% | 5.25% | 5.35% | (32) | 5.75% | 5.28% | (47) |

Lincoln Financial Group

Select Investment Data

Unaudited (millions of dollars)

| | As of 12/31/14 | | As of 12/31/15 | | | | | | |
|---|----------------|----------|----------------|----------|----------|--------|------------------------------------|----------|--------|
| | Amount | % | Amount | % | | | | | |
| AFS and Trading Securities, at Fair Value | | | | | | | | | |
| AFS securities: | | | | | | | | | |
| Corporate bonds | \$ 74,545 | 83.6% | \$ 74,032 | 84.5% | | | | | |
| U.S. government bonds | 435 | 0.5% | 429 | 0.5% | | | | | |
| Foreign government bonds | 541 | 0.6% | 524 | 0.6% | | | | | |
| Mortgage-backed securities | 4,796 | 5.4% | 4,104 | 4.7% | | | | | |
| Asset-backed collateralized debt obligations | 375 | 0.4% | 589 | 0.7% | | | | | |
| State and municipal bonds | 4,594 | 5.2% | 4,480 | 5.1% | | | | | |
| Hybrid and redeemable preferred securities | 954 | 1.1% | 806 | 0.9% | | | | | |
| VIEs' fixed maturity securities | 598 | 0.7% | 598 | 0.7% | | | | | |
| Equity securities | 231 | 0.3% | 237 | 0.3% | | | | | |
| Total AFS securities | 87,069 | 97.8% | 85,799 | 98.0% | | | | | |
| Trading securities | 2,065 | 2.2% | 1,854 | 2.0% | | | | | |
| Total AFS and trading securities | \$ 89,134 | 100.0% | \$ 87,653 | 100.0% | | | | | |
| AFS and Trading Securities, at Amortized Cost | | | | | | | | | |
| Fixed maturity securities | \$ 80,960 | 99.7% | \$ 84,241 | 99.7% | | | | | |
| Equity securities | 216 | 0.3% | 226 | 0.3% | | | | | |
| Total AFS and trading securities | \$ 81,176 | 100.0% | \$ 84,467 | 100.0% | | | | | |
| Percentage of Fixed Maturity AFS Securities, at Amortized Cost | | | | | | | | | |
| Investment grade | | 95.0% | | 95.1% | | | | | |
| Below investment grade | | 5.0% | | 4.9% | | | | | |
| For the Three Months Ended | | | | | | | | | |
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | Change | For the Twelve Months Ended | | |
| | 12/31/14 | 12/31/15 | | | | Change | 12/31/14 | 12/31/15 | Change |
| Net Investment Income | \$ 1,232 | \$ 1,187 | \$ 1,187 | \$ 1,254 | \$ 1,200 | -2.6% | \$ 4,859 | \$ 4,827 | -0.7% |
| Average Invested Assets, at Amortized Cost | 93,251 | 94,379 | 95,496 | 96,121 | 97,122 | 4.2% | 92,215 | 95,780 | 3.9% |
| Net Investment Income Yield | 5.29% | 5.03% | 4.97% | 5.22% | 4.94% | (35) | 5.27% | 5.04% | (23) |

Lincoln Financial Group

Realized Gain (Loss) and Benefit Ratio Unlocking, After-DAC

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|--|----------------------------|----------------|----------------|----------------|-----------------|--------|-----------------------------|-----------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Realized Gain (Loss), Pre-Tax | | | | | | | | | |
| Total operating realized gain (loss) | \$ 43 | \$ 43 | \$ 47 | \$ 45 | \$ 43 | 0.0% | \$ 165 | \$ 178 | 7.9% |
| Total excluded realized gain (loss) | (149) | (91) | (37) | (18) | (183) | -22.8% | (165) | (329) | -99.4% |
| Total realized gain (loss), pre-tax | <u>\$ (106)</u> | <u>\$ (48)</u> | <u>\$ 10</u> | <u>\$ 27</u> | <u>\$ (140)</u> | -32.1% | <u>\$ -</u> | <u>\$ (151)</u> | NM |
| Realized Gain (Loss) Net of Benefit Ratio | | | | | | | | | |
| Unlocking, After-Tax | | | | | | | | | |
| Realized gain (loss) related to investments | \$ (19) | \$ (10) | \$ (14) | \$ (26) | \$ (35) | -84.2% | \$ (47) | \$ (86) | -83.0% |
| Variable annuity net derivative results: | | | | | | | | | |
| Hedge program performance, including unlocking | | | | | | | | | |
| for GLB reserves hedged | (52) | (35) | - | (102) | (13) | 75.0% | (24) | (150) | NM |
| GLB non-performance risk component | 16 | 7 | (8) | 84 | (43) | NM | 20 | 40 | 100.0% |
| Total variable annuity net derivative results | (36) | (28) | (8) | (18) | (56) | -55.6% | (4) | (110) | NM |
| Indexed annuity forward-starting option | (9) | (13) | (4) | (18) | (8) | 11.1% | (20) | (45) | NM |
| Gain (loss) on sale of subsidiaries/businesses | (28) | (1) | (1) | - | - | 100.0% | (28) | (2) | 92.9% |
| Excluded realized gain (loss) net of | | | | | | | | | |
| benefit ratio unlocking, after-tax | <u>\$ (92)</u> | <u>\$ (52)</u> | <u>\$ (27)</u> | <u>\$ (62)</u> | <u>\$ (99)</u> | -7.6% | <u>\$ (99)</u> | <u>\$ (243)</u> | NM |
| Components of Realized Gain (Loss) | | | | | | | | | |
| Related to Investments, After-Tax | | | | | | | | | |
| OTTI | \$ (3) | \$ (8) | \$ (5) | \$ (12) | \$ (10) | NM | \$ (10) | \$ (35) | NM |
| Other realized gain (loss) related to | | | | | | | | | |
| certain investments | (1) | (9) | 4 | (4) | (12) | NM | (2) | (22) | NM |
| Gain (loss) on the mark-to-market | | | | | | | | | |
| on certain instruments | (15) | 7 | (13) | (10) | (13) | 13.3% | (35) | (29) | 17.1% |
| Total realized gain (loss) related | | | | | | | | | |
| to investments, after-tax | <u>\$ (19)</u> | <u>\$ (10)</u> | <u>\$ (14)</u> | <u>\$ (26)</u> | <u>\$ (35)</u> | -84.2% | <u>\$ (47)</u> | <u>\$ (86)</u> | -83.0% |

Lincoln Financial Group
Select Liquidity and Rating Agency Data

Unaudited (millions of dollars)

| | As of | | | | | Change |
|--|-----------|-----------|-----------|-----------|-----------|---------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | |
| Leverage Ratio | | | | | | |
| Short-term debt | \$ 250 | \$ 250 | \$ - | \$ - | \$ - | -100.0% |
| Long-term debt | 5,270 | 5,627 | 5,529 | 5,604 | 5,582 | 5.9% |
| Total debt ⁽¹⁾ | 5,520 | 5,877 | 5,529 | 5,604 | 5,582 | 1.1% |
| Less: | | | | | | |
| Long-term operating debt ⁽²⁾ | 1,123 | 1,123 | 1,123 | 1,123 | 1,123 | 0.0% |
| 75% of capital securities | 909 | 909 | 909 | 909 | 909 | 0.0% |
| Carrying value of fair value hedges | 259 | 315 | 217 | 292 | 270 | 4.2% |
| Total numerator | \$ 3,229 | \$ 3,530 | \$ 3,280 | \$ 3,280 | \$ 3,280 | 1.6% |
| Stockholders' equity, excluding AOCI | \$ 12,644 | \$ 12,570 | \$ 12,755 | \$ 12,738 | \$ 12,772 | 1.0% |
| Total debt ⁽¹⁾ | 5,520 | 5,877 | 5,529 | 5,604 | 5,582 | 1.1% |
| Total denominator | \$ 18,164 | \$ 18,447 | \$ 18,284 | \$ 18,342 | \$ 18,354 | 1.0% |
| Leverage ratio | 17.8% | 19.1% | 17.9% | 17.9% | 17.9% | |
| Holding Company Available Liquidity | \$ 554 | \$ 786 | \$ 545 | \$ 505 | \$ 608 | 9.7% |

Ratings as of February 3, 2016

| | <u>A.M. Best</u> | <u>Fitch</u> | <u>Moody's</u> | <u>Standard & Poor's</u> |
|--|------------------|--------------|----------------|------------------------------|
| Senior Debt Ratings | a- | BBB+ | Baa1 | A- |
| Financial Strength Ratings | | | | |
| Lincoln National Life Insurance Company | A+ | A+ | A1 | AA- |
| First Penn-Pacific Life Insurance Company | A | A+ | A1 | A- |
| Lincoln Life & Annuity Company of New York | A+ | A+ | A1 | AA- |

⁽¹⁾ Excludes obligations under capital leases of \$130 million that are reported in other liabilities on our Consolidated Balance Sheets.

⁽²⁾ We have categorized as operating debt the senior notes issued in October 2007 and June 2010 because the proceeds were used as a long-term structured solution to reduce the strain on increasing statutory reserves associated with secondary guarantee UL and term policies and the senior note issued in September 2008 by our primary insurance subsidiary.

Lincoln Financial Group
Annuities – Select Earnings and Operational Data

Unaudited (millions of dollars)

| | As of or For the Three Months Ended | | | | | Change | As of or For the Twelve Months Ended | | |
|--|-------------------------------------|---------------|---------------|---------------|---------------|--------|--------------------------------------|---------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 47 | \$ 79 | \$ 55 | \$ 129 | \$ 154 | 227.7% | \$ 174 | \$ 418 | 140.2% |
| Fee income | 507 | 510 | 531 | 520 | 517 | 2.0% | 1,960 | 2,077 | 6.0% |
| Net investment income | 260 | 247 | 247 | 257 | 252 | -3.1% | 1,033 | 1,004 | -2.8% |
| Operating realized gain (loss) | 42 | 43 | 45 | 45 | 44 | 4.8% | 161 | 176 | 9.3% |
| Other revenues | 110 | 110 | 113 | 109 | 112 | 1.8% | 418 | 445 | 6.5% |
| Total operating revenues | <u>966</u> | <u>989</u> | <u>991</u> | <u>1,060</u> | <u>1,079</u> | 11.7% | <u>3,746</u> | <u>4,120</u> | 10.0% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 150 | 143 | 139 | 134 | 135 | -10.0% | 610 | 551 | -9.7% |
| Benefits | 92 | 129 | 90 | 219 | 214 | 132.6% | 359 | 652 | 81.6% |
| Commissions incurred | 266 | 249 | 267 | 261 | 257 | -3.4% | 1,057 | 1,034 | -2.2% |
| Other expenses incurred | 234 | 222 | 231 | 220 | 227 | -3.0% | 876 | 900 | 2.7% |
| Amounts capitalized | (168) | (147) | (165) | (160) | (146) | 13.1% | (681) | (617) | 9.4% |
| Amortization | 95 | 100 | 101 | 58 | 83 | -12.6% | 362 | 342 | -5.5% |
| Total operating expenses | <u>669</u> | <u>696</u> | <u>663</u> | <u>732</u> | <u>770</u> | 15.1% | <u>2,583</u> | <u>2,862</u> | 10.8% |
| Income (loss) from operations before taxes | 297 | 293 | 328 | 328 | 309 | 4.0% | 1,163 | 1,258 | 8.2% |
| Federal income tax expense (benefit) | 60 | 54 | 73 | 69 | 66 | 10.0% | 238 | 262 | 10.1% |
| Income (loss) from operations | <u>\$ 237</u> | <u>\$ 239</u> | <u>\$ 255</u> | <u>\$ 259</u> | <u>\$ 243</u> | 2.5% | <u>\$ 925</u> | <u>\$ 996</u> | 7.7% |
| Effective Federal Income Tax Rate | 20.1% | 18.2% | 22.4% | 20.9% | 21.4% | | 20.5% | 20.8% | |
| Average Equity, Excluding Goodwill and AOCI | \$ 3,786 | \$ 3,887 | \$ 4,073 | \$ 4,262 | \$ 4,335 | 14.5% | \$ 3,510 | \$ 4,139 | 17.9% |
| ROE, Excluding Goodwill | 25.1% | 24.6% | 25.0% | 24.3% | 22.4% | | 26.4% | 24.1% | |
| Return on Average Account Values | 78 | 78 | 81 | 84 | 79 | 1 | 78 | 81 | 3 |
| Account Values | | | | | | | | | |
| Separate account values: | | | | | | | | | |
| Average | \$ 99,827 | \$ 101,970 | \$ 104,794 | \$ 101,515 | \$ 100,842 | 1.0% | \$ 97,694 | \$ 102,275 | 4.7% |
| End-of-period | 100,823 | 102,976 | 103,408 | 97,409 | 99,908 | -0.9% | 100,823 | 99,908 | -0.9% |
| General account values: | | | | | | | | | |
| Average | 21,252 | 20,907 | 21,026 | 21,153 | 21,488 | 1.1% | 21,294 | 21,295 | 0.0% |
| End-of-period | 21,218 | 21,278 | 21,127 | 21,198 | 21,688 | 2.2% | 21,218 | 21,688 | 2.2% |

Lincoln Financial Group
Retirement Plan Services – Select Earnings and Operational Data

Unaudited (millions of dollars)

| | As of or For the Three Months Ended | | | | | Change | As of or For the Twelve Months Ended | | |
|--|-------------------------------------|--------------|--------------|--------------|--------------|--------|--------------------------------------|---------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Fee income | \$ 62 | \$ 62 | \$ 61 | \$ 60 | \$ 61 | -1.6% | \$ 246 | \$ 243 | -1.2% |
| Net investment income | 213 | 208 | 206 | 219 | 213 | 0.0% | 831 | 846 | 1.8% |
| Other revenues | 2 | 3 | 3 | 3 | 2 | 0.0% | 13 | 12 | -7.7% |
| Total operating revenues | <u>277</u> | <u>273</u> | <u>270</u> | <u>282</u> | <u>276</u> | -0.4% | <u>1,090</u> | <u>1,101</u> | 1.0% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 119 | 123 | 123 | 124 | 126 | 5.9% | 473 | 496 | 4.9% |
| Benefits | - | - | 1 | - | - | NM | 1 | 1 | 0.0% |
| Commissions incurred | 18 | 20 | 20 | 19 | 19 | 5.6% | 72 | 77 | 6.9% |
| Other expenses incurred | 91 | 80 | 85 | 83 | 88 | -3.3% | 326 | 337 | 3.4% |
| Amounts capitalized | (9) | (7) | (7) | (6) | (9) | 0.0% | (30) | (29) | 3.3% |
| Amortization | 9 | 9 | 9 | 5 | 7 | -22.2% | 37 | 30 | -18.9% |
| Total operating expenses | <u>228</u> | <u>225</u> | <u>231</u> | <u>225</u> | <u>231</u> | 1.3% | <u>879</u> | <u>912</u> | 3.8% |
| Income (loss) from operations before taxes | 49 | 48 | 39 | 57 | 45 | -8.2% | 211 | 189 | -10.4% |
| Federal income tax expense (benefit) | 7 | 13 | 9 | 15 | 12 | 71.4% | 51 | 49 | -3.9% |
| Income (loss) from operations | <u>\$ 42</u> | <u>\$ 35</u> | <u>\$ 30</u> | <u>\$ 42</u> | <u>\$ 33</u> | -21.4% | <u>\$ 160</u> | <u>\$ 140</u> | -12.5% |
| Effective Federal Income Tax Rate | 16.0% | 26.8% | 24.1% | 27.3% | 25.4% | | 24.1% | 26.1% | |
| Average Equity, Excluding Goodwill and AOCI | \$ 1,002 | \$ 1,006 | \$ 993 | \$ 1,010 | \$ 1,045 | 4.3% | \$ 972 | \$ 1,014 | 4.3% |
| ROE, Excluding Goodwill | 16.6% | 14.0% | 12.0% | 16.4% | 12.8% | | 16.4% | 13.8% | |
| Pre-tax Net Margin | 31.3% | 32.1% | 26.8% | 36.2% | 29.8% | | 34.1% | 31.3% | |
| Return on Average Account Values | 31 | 26 | 22 | 31 | 25 | (6) | 30 | 26 | (4) |
| Average Account Values | | | | | | | | | |
| Separate account | \$ 15,218 | \$ 15,275 | \$ 15,391 | \$ 14,529 | \$ 14,263 | -6.3% | \$ 15,259 | \$ 14,861 | -2.6% |
| Mutual fund | 22,732 | 22,499 | 23,505 | 23,103 | 23,469 | 3.2% | 22,023 | 23,139 | 5.1% |
| General account | 15,789 | 16,244 | 16,368 | 16,552 | 16,664 | 5.5% | 15,555 | 16,446 | 5.7% |
| Net Flows – Trailing Twelve Months | \$ (881) | \$ (405) | \$ (465) | \$ (264) | \$ 452 | 151.3% | \$ (881) | \$ 452 | 151.3% |

Lincoln Financial Group
Life Insurance – Select Earnings and Operational Data

Unaudited (millions of dollars)

| | As of or For the Three Months Ended | | | | | Change | As of or For the Twelve Months Ended | | |
|--|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------|--------------------------------------|-------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 133 | \$ 149 | \$ 160 | \$ 166 | \$ 174 | 30.8% | \$ 558 | \$ 649 | 16.3% |
| Fee income | 656 | 649 | 647 | 890 | 538 | -18.0% | 2,466 | 2,724 | 10.5% |
| Net investment income | 639 | 626 | 626 | 662 | 628 | -1.7% | 2,529 | 2,541 | 0.5% |
| Operating realized gain (loss) | 1 | - | 2 | - | (1) | NM | 3 | 2 | -33.3% |
| Other revenues | 429 | 8 | 8 | 9 | 9 | -97.9% | 447 | 32 | -92.8% |
| Total operating revenues | <u>1,858</u> | <u>1,432</u> | <u>1,443</u> | <u>1,727</u> | <u>1,348</u> | -27.4% | <u>6,003</u> | <u>5,948</u> | -0.9% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 341 | 338 | 345 | 344 | 352 | 3.2% | 1,349 | 1,377 | 2.1% |
| Benefits | 825 | 650 | 673 | 578 | 661 | -19.9% | 2,435 | 2,561 | 5.2% |
| Commissions incurred | 182 | 162 | 160 | 175 | 199 | 9.3% | 690 | 698 | 1.2% |
| Other expenses incurred | 196 | 185 | 183 | 182 | 181 | -7.7% | 727 | 731 | 0.6% |
| Amounts capitalized | (206) | (179) | (182) | (193) | (224) | -8.7% | (760) | (779) | -2.5% |
| Amortization | 240 | 120 | 112 | 595 | 4 | -98.3% | 655 | 831 | 26.9% |
| Total operating expenses | <u>1,578</u> | <u>1,276</u> | <u>1,291</u> | <u>1,681</u> | <u>1,173</u> | -25.7% | <u>5,096</u> | <u>5,419</u> | 6.3% |
| Income (loss) from operations before taxes | 280 | 156 | 152 | 46 | 175 | -37.5% | 907 | 529 | -41.7% |
| Federal income tax expense (benefit) | 87 | 45 | 47 | 10 | 56 | -35.6% | 295 | 159 | -46.1% |
| Income (loss) from operations | <u>\$ 193</u> | <u>\$ 111</u> | <u>\$ 105</u> | <u>\$ 36</u> | <u>\$ 119</u> | -38.3% | <u>\$ 612</u> | <u>\$ 370</u> | -39.5% |
| Effective Federal Income Tax Rate | 31.0% | 28.8% | 31.4% | 22.5% | 31.6% | | 32.5% | 29.9% | |
| Average Equity, Excluding Goodwill and AOCI | \$ 6,204 | \$ 6,226 | \$ 6,422 | \$ 6,506 | \$ 6,435 | 3.7% | \$ 6,127 | \$ 6,397 | 4.4% |
| ROE, Excluding Goodwill | 12.5% | 7.1% | 6.5% | 2.2% | 7.4% | | 10.0% | 5.8% | |
| Average Account Values | \$ 41,858 | \$ 42,468 | \$ 42,891 | \$ 42,963 | \$ 43,269 | 3.4% | \$ 41,114 | \$ 42,898 | 4.3% |
| In-Force Face Amount | | | | | | | | | |
| UL and other | \$ 324,356 | \$ 324,815 | \$ 326,026 | \$ 328,115 | \$ 331,299 | 2.1% | \$ 324,356 | \$ 331,299 | 2.1% |
| Term insurance | 316,513 | 318,832 | 322,848 | 325,522 | 330,755 | 4.5% | 316,513 | 330,755 | 4.5% |
| Total in-force face amount | <u>\$ 640,869</u> | <u>\$ 643,647</u> | <u>\$ 648,874</u> | <u>\$ 653,637</u> | <u>\$ 662,054</u> | 3.3% | <u>\$ 640,869</u> | <u>\$ 662,054</u> | 3.3% |

Lincoln Financial Group
Group Protection – Select Earnings and Operational Data

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|--|----------------------------|---------------|--------------|--------------|--------------|--------|-----------------------------|--------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 567 | \$ 561 | \$ 567 | \$ 519 | \$ 516 | -9.0% | \$ 2,252 | \$ 2,163 | -4.0% |
| Net investment income | 46 | 43 | 47 | 48 | 45 | -2.2% | 180 | 184 | 2.2% |
| Other revenues | 3 | 1 | 3 | 3 | 4 | 33.3% | 13 | 10 | -23.1% |
| Total operating revenues | <u>616</u> | <u>605</u> | <u>617</u> | <u>570</u> | <u>565</u> | -8.3% | <u>2,445</u> | <u>2,357</u> | -3.6% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 1 | 1 | 1 | - | 1 | 0.0% | 4 | 2 | -50.0% |
| Benefits | 460 | 440 | 421 | 386 | 387 | -15.9% | 1,774 | 1,635 | -7.8% |
| Commissions incurred | 70 | 66 | 69 | 62 | 63 | -10.0% | 273 | 260 | -4.8% |
| Other expenses incurred | 111 | 94 | 93 | 95 | 104 | -6.3% | 377 | 386 | 2.4% |
| Amounts capitalized | (30) | (17) | (12) | (16) | (27) | 10.0% | (75) | (72) | 4.0% |
| Amortization | 14 | 31 | 15 | 17 | 17 | 21.4% | 57 | 80 | 40.4% |
| Total operating expenses | <u>626</u> | <u>615</u> | <u>587</u> | <u>544</u> | <u>545</u> | -12.9% | <u>2,410</u> | <u>2,291</u> | -4.9% |
| Income (loss) from operations before taxes | (10) | (10) | 30 | 26 | 20 | 300.0% | 35 | 66 | 88.6% |
| Federal income tax expense (benefit) | (3) | (4) | 11 | 9 | 7 | NM | 12 | 23 | 91.7% |
| Income (loss) from operations | <u>\$ (7)</u> | <u>\$ (6)</u> | <u>\$ 19</u> | <u>\$ 17</u> | <u>\$ 13</u> | 285.7% | <u>\$ 23</u> | <u>\$ 43</u> | 87.0% |
| Effective Federal Income Tax Rate | 35.0% | 35.0% | 35.0% | 35.0% | 35.0% | | 35.0% | 35.0% | |
| Average Equity, Excluding Goodwill and AOCI | \$ 1,227 | \$ 1,241 | \$ 1,238 | \$ 1,228 | \$ 1,217 | -0.8% | \$ 1,194 | \$ 1,231 | 3.1% |
| ROE, Excluding Goodwill | -2.1% | -2.1% | 6.3% | 5.4% | 4.4% | | 1.9% | 3.5% | |
| Loss Ratios by Product Line | | | | | | | | | |
| Life | 75.5% | 77.7% | 72.0% | 70.5% | 72.3% | | 76.9% | 73.1% | |
| Disability | 89.2% | 79.7% | 75.4% | 79.3% | 79.5% | | 81.6% | 78.4% | |
| Dental | 68.6% | 73.0% | 72.3% | 70.3% | 69.1% | | 71.1% | 71.2% | |
| Total non-medical | 81.0% | 78.1% | 73.6% | 74.5% | 75.3% | | 78.4% | 75.4% | |

Lincoln Financial Group

Other Operations and Discontinued Operations - Select Earnings and Operational Data

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|----------------|----------------|----------------|----------------|---------|-----------------------------|-----------------|---------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Other Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 5 | \$ - | \$ 1 | \$ 11 | \$ 4 | -20.0% | \$ 5 | \$ 18 | 260.0% |
| Net investment income | 75 | 63 | 61 | 67 | 62 | -17.3% | 286 | 252 | -11.9% |
| Amortization of deferred gain on business sold through reinsurance | 18 | 18 | 18 | 18 | 18 | 0.0% | 71 | 71 | 0.0% |
| Media revenues | 19 | 14 | 16 | - | - | -100.0% | 68 | 31 | -54.4% |
| Other revenues | - | - | - | - | 2 | NM | 2 | 2 | 0.0% |
| Total operating revenues | <u>117</u> | <u>95</u> | <u>96</u> | <u>96</u> | <u>86</u> | -26.5% | <u>432</u> | <u>374</u> | -13.4% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 20 | 21 | 20 | 20 | 19 | -5.0% | 96 | 80 | -16.7% |
| Benefits | 34 | 27 | 30 | 52 | 31 | -8.8% | 121 | 140 | 15.7% |
| Media expenses | 16 | 14 | 14 | - | - | -100.0% | 60 | 29 | -51.7% |
| Commissions and other expenses | 20 | 9 | 22 | 50 | 13 | -35.0% | 53 | 93 | 75.5% |
| Interest and debt expenses | 67 | 68 | 69 | 67 | 68 | 1.5% | 268 | 272 | 1.5% |
| Total operating expenses | <u>157</u> | <u>139</u> | <u>155</u> | <u>189</u> | <u>131</u> | -16.6% | <u>598</u> | <u>614</u> | 2.7% |
| Income (loss) from operations before taxes | (40) | (44) | (59) | (93) | (45) | -12.5% | (166) | (240) | -44.6% |
| Federal income tax expense (benefit) | (14) | (17) | (21) | (28) | (19) | -35.7% | (57) | (86) | -50.9% |
| Income (loss) from operations | <u>\$ (26)</u> | <u>\$ (27)</u> | <u>\$ (38)</u> | <u>\$ (65)</u> | <u>\$ (26)</u> | 0.0% | <u>\$ (109)</u> | <u>\$ (154)</u> | -41.3% |
| Discontinued Operations | | | | | | | | | |
| Gain (loss) on disposal before taxes | \$ 1 | \$ - | \$ - | \$ - | \$ - | -100.0% | \$ 1 | \$ - | -100.0% |
| Federal income tax expense (benefit) | - | - | - | - | - | NM | - | - | NM |
| Gain (loss) on disposal | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | -100.0% | <u>\$ 1</u> | <u>\$ -</u> | -100.0% |

Lincoln Financial Group
Consolidated – DAC, VOBA, DSI and DFEL Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|---------|-----------------------------|-----------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| DAC and VOBA | | | | | | | | | |
| Balance as of beginning-of-period | \$ 8,372 | \$ 8,207 | \$ 8,156 | \$ 9,150 | \$ 8,866 | 5.9% | \$ 8,886 | \$ 8,207 | -7.6% |
| Business acquired (sold) through reinsurance | - | - | 15 | 2 | - | NM | 2 | 16 | NM |
| Deferrals | 412 | 351 | 366 | 375 | 407 | -1.2% | 1,546 | 1,498 | -3.1% |
| Operating amortization | (358) | (261) | (237) | (675) | (110) | 69.3% | (1,112) | (1,283) | -15.4% |
| Deferrals, net of operating amortization | 54 | 90 | 129 | (300) | 297 | NM | 434 | 215 | -50.5% |
| Amortization associated with benefit ratio unlocking | (1) | (2) | 1 | 14 | (2) | -100.0% | (2) | 11 | NM |
| Adjustment related to realized (gains) losses | 4 | 3 | (15) | (24) | 19 | NM | (32) | (16) | 50.0% |
| Adjustment related to unrealized (gains) losses | (222) | (142) | 864 | 24 | 330 | 248.6% | (1,081) | 1,077 | 199.6% |
| Balance as of end-of-period | <u>\$ 8,207</u> | <u>\$ 8,156</u> | <u>\$ 9,150</u> | <u>\$ 8,866</u> | <u>\$ 9,510</u> | 15.9% | <u>\$ 8,207</u> | <u>\$ 9,510</u> | 15.9% |
| DSI | | | | | | | | | |
| Balance as of beginning-of-period | \$ 242 | \$ 240 | \$ 235 | \$ 244 | \$ 245 | 1.2% | \$ 267 | \$ 240 | -10.1% |
| Deferrals | 3 | 7 | 8 | 5 | 8 | 166.7% | 13 | 29 | 123.1% |
| Operating amortization | (9) | (9) | (8) | (6) | (7) | 22.2% | (36) | (31) | 13.9% |
| Deferrals, net of operating amortization | (6) | (2) | - | (1) | 1 | 116.7% | (23) | (2) | 91.3% |
| Amortization associated with benefit ratio unlocking | - | - | - | 1 | - | NM | - | - | NM |
| Adjustment related to realized (gains) losses | - | - | (1) | (1) | 1 | NM | (4) | (1) | 75.0% |
| Adjustment related to unrealized (gains) losses | 4 | (3) | 10 | 2 | 9 | 125.0% | - | 19 | NM |
| Balance as of end-of-period | <u>\$ 240</u> | <u>\$ 235</u> | <u>\$ 244</u> | <u>\$ 245</u> | <u>\$ 256</u> | 6.7% | <u>\$ 240</u> | <u>\$ 256</u> | 6.7% |
| DFEL | | | | | | | | | |
| Balance as of beginning-of-period | \$ 1,523 | \$ 1,401 | \$ 1,322 | \$ 1,797 | \$ 1,593 | 4.6% | \$ 1,938 | \$ 1,401 | -27.7% |
| Deferrals | 123 | 120 | 128 | 141 | 150 | 22.0% | 402 | 539 | 34.1% |
| Operating amortization | (121) | (76) | (73) | (306) | 78 | 164.5% | (385) | (377) | 2.1% |
| Deferrals, net of operating amortization | 2 | 44 | 55 | (165) | 228 | NM | 17 | 162 | NM |
| Amortization associated with benefit ratio unlocking | - | - | - | 2 | (1) | NM | - | 1 | NM |
| Adjustment related to realized (gains) losses | - | - | (2) | (3) | 1 | NM | (6) | (4) | 33.3% |
| Adjustment related to unrealized (gains) losses | (124) | (123) | 422 | (38) | 131 | 205.6% | (548) | 392 | 171.5% |
| Balance as of end-of-period | <u>\$ 1,401</u> | <u>\$ 1,322</u> | <u>\$ 1,797</u> | <u>\$ 1,593</u> | <u>\$ 1,952</u> | 39.3% | <u>\$ 1,401</u> | <u>\$ 1,952</u> | 39.3% |

Lincoln Financial Group
Annuities – DAC, VOBA, DSI and DFEL Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|---------|-----------------------------|-----------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| DAC and VOBA | | | | | | | | | |
| Balance as of beginning-of-period | \$ 2,951 | \$ 3,063 | \$ 3,088 | \$ 3,248 | \$ 3,374 | 14.3% | \$ 2,770 | \$ 3,063 | 10.6% |
| Deferrals | 168 | 147 | 165 | 160 | 146 | -13.1% | 681 | 617 | -9.4% |
| Operating amortization | (95) | (100) | (101) | (58) | (83) | 12.6% | (362) | (342) | 5.5% |
| Deferrals, net of operating amortization | 73 | 47 | 64 | 102 | 63 | -13.7% | 319 | 275 | -13.8% |
| Amortization associated with benefit ratio unlocking | (1) | (2) | 1 | 14 | (2) | -100.0% | (2) | 11 | NM |
| Adjustment related to realized (gains) losses | 9 | 7 | (9) | (21) | 22 | 144.4% | (12) | (1) | 91.7% |
| Adjustment related to unrealized (gains) losses | 31 | (27) | 104 | 31 | 101 | 225.8% | (12) | 210 | NM |
| Balance as of end-of-period | <u>\$ 3,063</u> | <u>\$ 3,088</u> | <u>\$ 3,248</u> | <u>\$ 3,374</u> | <u>\$ 3,558</u> | 16.2% | <u>\$ 3,063</u> | <u>\$ 3,558</u> | 16.2% |
| DSI | | | | | | | | | |
| Balance as of beginning-of-period | \$ 231 | \$ 227 | \$ 221 | \$ 228 | \$ 228 | -1.3% | \$ 259 | \$ 227 | -12.4% |
| Deferrals | 2 | 5 | 7 | 3 | 6 | 200.0% | 6 | 21 | 250.0% |
| Operating amortization | (9) | (9) | (8) | (6) | (7) | 22.2% | (35) | (29) | 17.1% |
| Deferrals, net of operating amortization | (7) | (4) | (1) | (3) | (1) | 85.7% | (29) | (8) | 72.4% |
| Amortization associated with benefit ratio unlocking | - | - | - | 1 | - | NM | - | - | NM |
| Adjustment related to realized (gains) losses | - | - | (1) | (1) | 1 | NM | (4) | (1) | 75.0% |
| Adjustment related to unrealized (gains) losses | 3 | (2) | 9 | 3 | 8 | 166.7% | 1 | 18 | NM |
| Balance as of end-of-period | <u>\$ 227</u> | <u>\$ 221</u> | <u>\$ 228</u> | <u>\$ 228</u> | <u>\$ 236</u> | 4.0% | <u>\$ 227</u> | <u>\$ 236</u> | 4.0% |
| DFEL | | | | | | | | | |
| Balance as of beginning-of-period | \$ 263 | \$ 266 | \$ 266 | \$ 265 | \$ 266 | 1.1% | \$ 265 | \$ 266 | 0.4% |
| Deferrals | 10 | 8 | 10 | 10 | 10 | 0.0% | 34 | 38 | 11.8% |
| Operating amortization | (7) | (8) | (9) | (8) | (5) | 28.6% | (29) | (31) | -6.9% |
| Deferrals, net of operating amortization | 3 | - | 1 | 2 | 5 | 66.7% | 5 | 7 | 40.0% |
| Amortization associated with benefit ratio unlocking | - | - | - | 2 | (1) | NM | - | 1 | NM |
| Adjustment related to realized (gains) losses | - | - | (2) | (3) | 3 | NM | (4) | (2) | 50.0% |
| Adjustment related to unrealized (gains) losses | - | - | - | - | - | NM | - | 1 | NM |
| Balance as of end-of-period | <u>\$ 266</u> | <u>\$ 266</u> | <u>\$ 265</u> | <u>\$ 266</u> | <u>\$ 273</u> | 2.6% | <u>\$ 266</u> | <u>\$ 273</u> | 2.6% |

Lincoln Financial Group

Retirement Plan Services, Life Insurance and Group Protection – DAC, VOBA and DFEL Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|--------|-----------------------------|-----------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| DAC and VOBA – Retirement Plan Services | | | | | | | | | |
| Balance as of beginning-of-period | \$ 147 | \$ 148 | \$ 148 | \$ 183 | \$ 185 | 25.9% | \$ 173 | \$ 148 | -14.5% |
| Deferrals | 9 | 7 | 7 | 6 | 9 | 0.0% | 30 | 29 | -3.3% |
| Operating amortization | (9) | (9) | (9) | (5) | (7) | 22.2% | (37) | (30) | 18.9% |
| Deferrals, net of operating amortization | - | (2) | (2) | 1 | 2 | NM | (7) | (1) | 85.7% |
| Adjustment related to unrealized (gains) losses | 1 | 2 | 37 | 1 | 29 | NM | (18) | 69 | NM |
| Balance as of end-of-period | <u>\$ 148</u> | <u>\$ 148</u> | <u>\$ 183</u> | <u>\$ 185</u> | <u>\$ 216</u> | 45.9% | <u>\$ 148</u> | <u>\$ 216</u> | 45.9% |
| DAC and VOBA – Life Insurance | | | | | | | | | |
| Balance as of beginning-of-period | \$ 5,043 | \$ 4,749 | \$ 4,686 | \$ 5,489 | \$ 5,078 | 0.7% | \$ 5,713 | \$ 4,749 | -16.9% |
| Business acquired (sold) through reinsurance | - | - | 15 | 2 | - | NM | 2 | 16 | NM |
| Deferrals | 206 | 179 | 182 | 193 | 224 | 8.7% | 760 | 779 | 2.5% |
| Operating amortization | (240) | (120) | (112) | (595) | (4) | 98.3% | (655) | (831) | -26.9% |
| Deferrals, net of operating amortization | (34) | 59 | 70 | (402) | 220 | NM | 105 | (52) | NM |
| Adjustment related to realized (gains) losses | (4) | (4) | (5) | (3) | (3) | 25.0% | (18) | (15) | 16.7% |
| Adjustment related to unrealized (gains) losses | (256) | (118) | 723 | (8) | 200 | 178.1% | (1,053) | 797 | 175.7% |
| Balance as of end-of-period | <u>\$ 4,749</u> | <u>\$ 4,686</u> | <u>\$ 5,489</u> | <u>\$ 5,078</u> | <u>\$ 5,495</u> | 15.7% | <u>\$ 4,749</u> | <u>\$ 5,495</u> | 15.7% |
| DFEL – Life Insurance | | | | | | | | | |
| Balance as of beginning-of-period | \$ 1,259 | \$ 1,135 | \$ 1,056 | \$ 1,532 | \$ 1,327 | 5.4% | \$ 1,673 | \$ 1,135 | -32.2% |
| Deferrals | 114 | 111 | 119 | 131 | 140 | 22.8% | 369 | 501 | 35.8% |
| Operating amortization | (115) | (67) | (64) | (298) | 83 | 172.2% | (356) | (347) | 2.5% |
| Deferrals, net of operating amortization | (1) | 44 | 55 | (167) | 223 | NM | 13 | 154 | NM |
| Adjustment related to realized (gains) losses | (1) | (1) | (1) | - | (1) | 0.0% | (2) | (2) | 0.0% |
| Adjustment related to unrealized (gains) losses | (122) | (122) | 422 | (38) | 130 | 206.6% | (549) | 392 | 171.4% |
| Balance as of end-of-period | <u>\$ 1,135</u> | <u>\$ 1,056</u> | <u>\$ 1,532</u> | <u>\$ 1,327</u> | <u>\$ 1,679</u> | 47.9% | <u>\$ 1,135</u> | <u>\$ 1,679</u> | 47.9% |
| DAC and VOBA – Group Protection | | | | | | | | | |
| Balance as of beginning-of-period | \$ 232 | \$ 248 | \$ 234 | \$ 231 | \$ 230 | -0.9% | \$ 230 | \$ 248 | 7.8% |
| Deferrals | 30 | 17 | 12 | 16 | 27 | -10.0% | 75 | 72 | -4.0% |
| Operating amortization | (14) | (31) | (15) | (17) | (17) | -21.4% | (57) | (80) | -40.4% |
| Deferrals, net of operating amortization | 16 | (14) | (3) | (1) | 10 | -37.5% | 18 | (8) | NM |
| Balance as of end-of-period | <u>\$ 248</u> | <u>\$ 234</u> | <u>\$ 231</u> | <u>\$ 230</u> | <u>\$ 240</u> | -3.2% | <u>\$ 248</u> | <u>\$ 240</u> | -3.2% |

Lincoln Financial Group
Annuities – Account Value Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|-------------------|-------------------|-------------------|-------------------|--------|-----------------------------|-------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Fixed Annuities | | | | | | | | | |
| Balance as of beginning-of-period | \$ 18,746 | \$ 18,661 | \$ 18,651 | \$ 18,597 | \$ 18,672 | -0.4% | \$ 18,552 | \$ 18,661 | 0.6% |
| Gross deposits | 206 | 293 | 365 | 566 | 656 | 218.4% | 1,258 | 1,880 | 49.4% |
| Withdrawals and deaths | (481) | (454) | (543) | (525) | (452) | 6.0% | (1,841) | (1,974) | -7.2% |
| Net flows | (275) | (161) | (178) | 41 | 204 | 174.2% | (583) | (94) | 83.9% |
| Reinvested interest credited | 188 | 146 | 117 | 31 | 200 | 6.4% | 686 | 494 | -28.0% |
| Sales inducements deferred | 2 | 5 | 7 | 3 | 6 | 200.0% | 6 | 21 | 250.0% |
| Balance as of end-of-period, gross | 18,661 | 18,651 | 18,597 | 18,672 | 19,082 | 2.3% | 18,661 | 19,082 | 2.3% |
| Reinsurance ceded | (693) | (676) | (662) | (645) | (631) | 8.9% | (693) | (631) | 8.9% |
| Balance as of end-of-period, net | <u>\$ 17,968</u> | <u>\$ 17,975</u> | <u>\$ 17,935</u> | <u>\$ 18,027</u> | <u>\$ 18,451</u> | 2.7% | <u>\$ 17,968</u> | <u>\$ 18,451</u> | 2.7% |
| Variable Annuities | | | | | | | | | |
| Balance as of beginning-of-period | \$ 102,238 | \$ 104,073 | \$ 106,279 | \$ 106,600 | \$ 100,581 | -1.6% | \$ 97,298 | \$ 104,073 | 7.0% |
| Gross deposits | 3,175 | 2,697 | 3,015 | 2,738 | 2,362 | -25.6% | 12,521 | 10,813 | -13.6% |
| Withdrawals and deaths | (2,345) | (2,340) | (2,440) | (2,243) | (2,131) | 9.1% | (9,293) | (9,155) | 1.5% |
| Net flows | 830 | 357 | 575 | 495 | 231 | -72.2% | 3,228 | 1,658 | -48.6% |
| Change in market value and reinvestment | 1,005 | 1,849 | (254) | (6,514) | 2,334 | 132.2% | 3,547 | (2,585) | NM |
| Balance as of end-of-period, gross | 104,073 | 106,279 | 106,600 | 100,581 | 103,146 | -0.9% | 104,073 | 103,146 | -0.9% |
| Reinsurance ceded | - | - | - | (1) | (1) | NM | - | (1) | NM |
| Balance as of end-of-period, net | <u>\$ 104,073</u> | <u>\$ 106,279</u> | <u>\$ 106,600</u> | <u>\$ 100,580</u> | <u>\$ 103,145</u> | -0.9% | <u>\$ 104,073</u> | <u>\$ 103,145</u> | -0.9% |
| Total | | | | | | | | | |
| Balance as of beginning-of-period | \$ 120,984 | \$ 122,734 | \$ 124,930 | \$ 125,197 | \$ 119,253 | -1.4% | \$ 115,850 | \$ 122,734 | 5.9% |
| Gross deposits | 3,381 | 2,990 | 3,380 | 3,304 | 3,018 | -10.7% | 13,779 | 12,693 | -7.9% |
| Withdrawals and deaths | (2,826) | (2,794) | (2,983) | (2,768) | (2,583) | 8.6% | (11,134) | (11,129) | 0.0% |
| Net flows | 555 | 196 | 397 | 536 | 435 | -21.6% | 2,645 | 1,564 | -40.9% |
| Change in market value and reinvestment | 1,193 | 1,995 | (137) | (6,483) | 2,534 | 112.4% | 4,233 | (2,091) | NM |
| Sales inducements deferred | 2 | 5 | 7 | 3 | 6 | 200.0% | 6 | 21 | 250.0% |
| Balance as of end-of-period, gross | 122,734 | 124,930 | 125,197 | 119,253 | 122,228 | -0.4% | 122,734 | 122,228 | -0.4% |
| Reinsurance ceded | (693) | (676) | (662) | (646) | (632) | 8.8% | (693) | (632) | 8.8% |
| Balance as of end-of-period, net | <u>\$ 122,041</u> | <u>\$ 124,254</u> | <u>\$ 124,535</u> | <u>\$ 118,607</u> | <u>\$ 121,596</u> | -0.4% | <u>\$ 122,041</u> | <u>\$ 121,596</u> | -0.4% |

Lincoln Financial Group
Retirement Plan Services – Account Value Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|------------------|------------------|------------------|------------------|--------|-----------------------------|------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Small Market | | | | | | | | | |
| Balance as of beginning-of-period | \$ 8,459 | \$ 8,574 | \$ 8,676 | \$ 8,643 | \$ 8,250 | -2.5% | \$ 8,203 | \$ 8,574 | 4.5% |
| Gross deposits | 485 | 453 | 451 | 530 | 698 | 43.9% | 1,812 | 2,132 | 17.7% |
| Withdrawals and deaths | (505) | (472) | (449) | (442) | (508) | -0.6% | (1,779) | (1,871) | -5.2% |
| Net flows | (20) | (19) | 2 | 88 | 190 | NM | 33 | 261 | NM |
| Transfers between fixed and variable accounts | 7 | 2 | (10) | 1 | (14) | NM | 9 | (21) | NM |
| Change in market value and reinvestment | 128 | 119 | (25) | (482) | 227 | 77.3% | 329 | (161) | NM |
| Balance as of end-of-period | <u>\$ 8,574</u> | <u>\$ 8,676</u> | <u>\$ 8,643</u> | <u>\$ 8,250</u> | <u>\$ 8,653</u> | 0.9% | <u>\$ 8,574</u> | <u>\$ 8,653</u> | 0.9% |
| Mid – Large Market | | | | | | | | | |
| Balance as of beginning-of-period | \$ 28,062 | \$ 28,067 | \$ 29,040 | \$ 29,622 | \$ 28,597 | 1.9% | \$ 26,468 | \$ 28,067 | 6.0% |
| Gross deposits | 1,716 | 1,116 | 1,279 | 1,214 | 1,262 | -26.5% | 5,110 | 4,872 | -4.7% |
| Withdrawals and deaths | (2,370) | (729) | (724) | (855) | (1,447) | 38.9% | (5,078) | (3,755) | 26.1% |
| Net flows | (654) | 387 | 555 | 359 | (185) | 71.7% | 32 | 1,117 | NM |
| Transfers between fixed and variable accounts | (6) | (15) | 13 | 14 | 23 | NM | (4) | 34 | NM |
| Change in market value and reinvestment | 665 | 601 | 14 | (1,398) | 844 | 26.9% | 1,571 | 61 | -96.1% |
| Balance as of end-of-period | <u>\$ 28,067</u> | <u>\$ 29,040</u> | <u>\$ 29,622</u> | <u>\$ 28,597</u> | <u>\$ 29,279</u> | 4.3% | <u>\$ 28,067</u> | <u>\$ 29,279</u> | 4.3% |
| Multi-Fund® and Other | | | | | | | | | |
| Balance as of beginning-of-period | \$ 16,841 | \$ 16,898 | \$ 16,916 | \$ 16,724 | \$ 15,997 | -5.0% | \$ 16,947 | \$ 16,898 | -0.3% |
| Gross deposits | 131 | 135 | 132 | 140 | 135 | 3.1% | 593 | 541 | -8.8% |
| Withdrawals and deaths | (393) | (388) | (383) | (336) | (361) | 8.1% | (1,539) | (1,467) | 4.7% |
| Net flows | (262) | (253) | (251) | (196) | (226) | 13.7% | (946) | (926) | 2.1% |
| Change in market value and reinvestment | 319 | 271 | 59 | (531) | 397 | 24.5% | 897 | 196 | -78.1% |
| Balance as of end-of-period | <u>\$ 16,898</u> | <u>\$ 16,916</u> | <u>\$ 16,724</u> | <u>\$ 15,997</u> | <u>\$ 16,168</u> | -4.3% | <u>\$ 16,898</u> | <u>\$ 16,168</u> | -4.3% |
| Total | | | | | | | | | |
| Balance as of beginning-of-period | \$ 53,362 | \$ 53,539 | \$ 54,632 | \$ 54,989 | \$ 52,844 | -1.0% | \$ 51,618 | \$ 53,539 | 3.7% |
| Gross deposits | 2,332 | 1,704 | 1,862 | 1,884 | 2,095 | -10.2% | 7,515 | 7,545 | 0.4% |
| Withdrawals and deaths | (3,268) | (1,589) | (1,556) | (1,633) | (2,316) | 29.1% | (8,396) | (7,093) | 15.5% |
| Net flows | (936) | 115 | 306 | 251 | (221) | 76.4% | (881) | 452 | 151.3% |
| Transfers between fixed and variable accounts | 1 | (13) | 3 | 15 | 9 | NM | 5 | 13 | 160.0% |
| Change in market value and reinvestment | 1,112 | 991 | 48 | (2,411) | 1,468 | 32.0% | 2,797 | 96 | -96.6% |
| Balance as of end-of-period | <u>\$ 53,539</u> | <u>\$ 54,632</u> | <u>\$ 54,989</u> | <u>\$ 52,844</u> | <u>\$ 54,100</u> | 1.0% | <u>\$ 53,539</u> | <u>\$ 54,100</u> | 1.0% |

Lincoln Financial Group
Life Insurance – Account Value Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|------------------|------------------|------------------|------------------|--------|-----------------------------|------------------|--------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Interest-Sensitive Life | | | | | | | | | |
| Balance as of beginning-of-period | \$ 34,315 | \$ 34,612 | \$ 34,753 | \$ 34,930 | \$ 35,213 | 2.6% | \$ 33,721 | \$ 34,612 | 2.6% |
| Deposits | 1,029 | 921 | 964 | 1,012 | 1,082 | 5.2% | 3,721 | 3,979 | 6.9% |
| Withdrawals and deaths | (256) | (299) | (299) | (214) | (208) | 18.8% | (1,060) | (1,020) | 3.8% |
| Net flows | 773 | 622 | 665 | 798 | 874 | 13.1% | 2,661 | 2,959 | 11.2% |
| Contract holder assessments | (819) | (814) | (830) | (855) | (882) | -7.7% | (3,115) | (3,381) | -8.5% |
| Reinvested interest credited | 343 | 333 | 342 | 340 | 340 | -0.9% | 1,345 | 1,355 | 0.7% |
| Balance as of end-of-period, gross | 34,612 | 34,753 | 34,930 | 35,213 | 35,545 | 2.7% | 34,612 | 35,545 | 2.7% |
| Reinsurance ceded | (784) | (782) | (773) | (770) | (763) | 2.7% | (784) | (763) | 2.7% |
| Balance as of end-of-period, net | <u>\$ 33,828</u> | <u>\$ 33,971</u> | <u>\$ 34,157</u> | <u>\$ 34,443</u> | <u>\$ 34,782</u> | 2.8% | <u>\$ 33,828</u> | <u>\$ 34,782</u> | 2.8% |
| VUL | | | | | | | | | |
| Balance as of beginning-of-period | \$ 8,854 | \$ 9,263 | \$ 9,635 | \$ 9,766 | \$ 9,213 | 4.1% | \$ 8,094 | \$ 9,263 | 14.4% |
| Deposits | 445 | 390 | 380 | 388 | 460 | 3.4% | 1,611 | 1,618 | 0.4% |
| Withdrawals and deaths | (122) | (124) | (116) | (167) | (164) | -34.4% | (495) | (572) | -15.6% |
| Net flows | 323 | 266 | 264 | 221 | 296 | -8.4% | 1,116 | 1,046 | -6.3% |
| Contract holder assessments | (128) | (130) | (127) | (132) | (143) | -11.7% | (477) | (533) | -11.7% |
| Change in market value and reinvestment | 214 | 236 | (6) | (642) | 330 | 54.2% | 530 | (80) | NM |
| Balance as of end-of-period, gross | 9,263 | 9,635 | 9,766 | 9,213 | 9,696 | 4.7% | 9,263 | 9,696 | 4.7% |
| Reinsurance ceded | (878) | (882) | (864) | (788) | (809) | 7.9% | (878) | (809) | 7.9% |
| Balance as of end-of-period, net | <u>\$ 8,385</u> | <u>\$ 8,753</u> | <u>\$ 8,902</u> | <u>\$ 8,425</u> | <u>\$ 8,887</u> | 6.0% | <u>\$ 8,385</u> | <u>\$ 8,887</u> | 6.0% |
| Total | | | | | | | | | |
| Balance as of beginning-of-period | \$ 43,169 | \$ 43,875 | \$ 44,388 | \$ 44,696 | \$ 44,426 | 2.9% | \$ 41,815 | \$ 43,875 | 4.9% |
| Deposits | 1,474 | 1,311 | 1,344 | 1,400 | 1,542 | 4.6% | 5,332 | 5,597 | 5.0% |
| Withdrawals and deaths | (378) | (423) | (415) | (381) | (372) | 1.6% | (1,555) | (1,592) | -2.4% |
| Net flows | 1,096 | 888 | 929 | 1,019 | 1,170 | 6.8% | 3,777 | 4,005 | 6.0% |
| Contract holder assessments | (947) | (944) | (957) | (987) | (1,025) | -8.2% | (3,592) | (3,914) | -9.0% |
| Change in market value and reinvestment | 557 | 569 | 336 | (302) | 670 | 20.3% | 1,875 | 1,275 | -32.0% |
| Balance as of end-of-period, gross | 43,875 | 44,388 | 44,696 | 44,426 | 45,241 | 3.1% | 43,875 | 45,241 | 3.1% |
| Reinsurance ceded | (1,662) | (1,664) | (1,637) | (1,558) | (1,572) | 5.4% | (1,662) | (1,572) | 5.4% |
| Balance as of end-of-period, net | <u>\$ 42,213</u> | <u>\$ 42,724</u> | <u>\$ 43,059</u> | <u>\$ 42,868</u> | <u>\$ 43,669</u> | 3.4% | <u>\$ 42,213</u> | <u>\$ 43,669</u> | 3.4% |

Lincoln Financial Group
Select Non-GAAP to GAAP Reconciliations

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Twelve Months Ended | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|---------|-----------------------------|------------------|---------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | | 12/31/14 | 12/31/15 | Change |
| Revenues | | | | | | | | | |
| Operating revenues | \$ 3,834 | \$ 3,394 | \$ 3,417 | \$ 3,735 | \$ 3,354 | -12.5% | \$ 13,716 | \$ 13,900 | 1.3% |
| Excluded realized gain (loss) | (149) | (91) | (37) | (18) | (183) | -22.8% | (165) | (329) | -99.4% |
| Amortization of DFEL on benefit ratio unlocking | - | - | - | (2) | - | NM | - | (2) | NM |
| Amortization of deferred gains arising from reserve changes on business sold through reinsurance | 1 | 1 | 1 | 1 | 1 | 0.0% | 3 | 3 | 0.0% |
| Total revenues | <u>\$ 3,686</u> | <u>\$ 3,304</u> | <u>\$ 3,381</u> | <u>\$ 3,716</u> | <u>\$ 3,172</u> | -13.9% | <u>\$ 13,554</u> | <u>\$ 13,572</u> | 0.1% |
| Excluded Realized Gain (Loss) Net of Benefit Ratio Unlocking, After-Tax | | | | | | | | | |
| Total excluded realized gain (loss) | \$ (96) | \$ (60) | \$ (23) | \$ (11) | \$ (118) | -22.9% | \$ (106) | \$ (214) | NM |
| Benefit ratio unlocking | 4 | 8 | (4) | (51) | 19 | NM | 7 | (29) | NM |
| Net gain (loss), after-tax | <u>\$ (92)</u> | <u>\$ (52)</u> | <u>\$ (27)</u> | <u>\$ (62)</u> | <u>\$ (99)</u> | -7.6% | <u>\$ (99)</u> | <u>\$ (243)</u> | NM |
| Net Income | | | | | | | | | |
| Income (loss) from operations | \$ 439 | \$ 352 | \$ 371 | \$ 289 | \$ 382 | -13.0% | \$ 1,611 | \$ 1,395 | -13.4% |
| Excluded realized gain (loss) | (96) | (60) | (23) | (11) | (118) | -22.9% | (106) | (214) | NM |
| Benefit ratio unlocking | 4 | 8 | (4) | (51) | 19 | NM | 7 | (29) | NM |
| Income (loss) from reserve changes (net of related amortization) on business sold through reinsurance | - | - | - | - | - | NM | 2 | 2 | 0.0% |
| Income (loss) from discontinued operations | 1 | - | - | - | - | -100.0% | 1 | - | -100.0% |
| Net income (loss) | <u>\$ 348</u> | <u>\$ 300</u> | <u>\$ 344</u> | <u>\$ 227</u> | <u>\$ 283</u> | -18.7% | <u>\$ 1,515</u> | <u>\$ 1,154</u> | -23.8% |
| Earnings (Loss) Per Common Share – Diluted | | | | | | | | | |
| Income (loss) from operations | \$ 1.67 | \$ 1.35 | \$ 1.46 | \$ 1.11 | \$ 1.54 | -7.8% | \$ 6.03 | \$ 5.46 | -9.5% |
| Excluded realized gain (loss) | (0.36) | (0.23) | (0.09) | (0.04) | (0.48) | -33.3% | (0.39) | (0.83) | NM |
| Benefit ratio unlocking | 0.01 | 0.03 | (0.02) | (0.20) | 0.08 | NM | 0.03 | (0.12) | NM |
| Net income (loss) | <u>\$ 1.32</u> | <u>\$ 1.15</u> | <u>\$ 1.35</u> | <u>\$ 0.87</u> | <u>\$ 1.14</u> | -13.6% | <u>\$ 5.67</u> | <u>\$ 4.51</u> | -20.5% |