

Alternative Investment Products

Alternative investments comprise a number of different non-traditional investments, such as Real Estate Investment Trusts (REITs), Limited Partnerships (LPs), private placements and oil and gas programs. They are classified as "alternative" because they are unlike traditional brokerage securities, such as stocks and bonds, and are generally not traded on an exchange. In some cases, alternative investments have a negative correlation to traditional investments and are used to further diversify portfolios beyond the traditional asset classes to help manage risk.

Lincoln Financial Advisors (LFA) offers a range of alternative investment options. We believe it is important that our financial planners evaluate these investment options in order to assist you in selecting the best investment option to help meet your needs. Because there are many alternative investment products available for sale, we focus on a select group of some of the largest and most well-known alternative investment providers that offer a range of products.

Some of the providers whose alternative investment products we sell participate in activities that are designed to help facilitate the distribution of their investment products by making our financial planners more knowledgeable about their products, such as due diligence, educational programs and marketing activities including, but not limited to, attendance by company representatives at LFA conferences, one-on-one marketing meetings and due diligence presentations to our planners.

LFA receives additional compensation, sometimes called marketing support, from many of these companies. These payments are paid by an affiliate of the product sponsor out of the gross offering proceeds, as noted in the prospectus or private offering memorandum for the product. None of the payments received by LFA are paid or directed to any financial planner who sells these investment products. In addition, LFA planners do not receive a greater or lesser commission for sales of alternative investment products for which LFA receives these payments.

The alternative investment companies that participate in the program described above are:

AEI Fund Management	KBS Capital Markets Group
Black Creek Capital	Resource
Carter Validus	Steben & Co.
CNL Securities Corp.	US Energy
Hines Real Estate	WP Carey
Inland Real Estate	

While the arrangement with each alternative investment company may vary, each company may pay up to 50 basis points (.50%) of the gross amount of each sale, and/or up to 50 basis points (0.50%) for bona fide due diligence expense reimbursement on the gross amount of each sale. For example, for a \$10,000 transaction with a participating company, LFA would receive a onetime \$50 payment, and/or a one-time \$50 payment for reimbursement of the due diligence expenses. Participating companies may also make additional payments to LFA for attendance at various educational meetings hosted by LFA throughout the year. Alternative investment companies, including wholesalers, employees and agents, must comply with LFN's non-cash compensation policies as they relate to additional payments and

compensation, including marketing support. Alternative investment companies must also provide documents or information to evidence compliance upon request.

In addition to the alternative investment companies listed above which have formal marketing support agreements, other alternative investment may make flat dollar payments to LFA from time to time. These payments are not made as part of any formalized sales based or asset based agreement, but rather for specific activities including but not limited to exhibit booth space or presentation opportunities at LFA national meetings.

Please Note: Alternative investments can be subject to illiquidity and other special risks. Some may be speculative and involve substantial risk. In some cases it can be difficult to determine the current value of the asset. There is no assurance that the stated investment objectives of an alternative investment will be met. Clients must meet specific suitability standards before investing. Suitability may vary by state. Units or shares of these types of investments may fluctuate in value. Therefore, at the time of redemption, they may be worth more or less in value than the original amount invested. Most of these offerings are sold by prospectus or offering memorandum which contains more complete information including risks, costs and expenses. Clients should read these carefully before investing.

This information is for general information purposes only and should not be considered a solicitation.