2017 CONFERENCE FOR ANALYSTS, INVESTORS AND BANKERS
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Strategic overview

Dennis Glass  |  President and Chief Executive Officer

November 16, 2017
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Proven ability to successfully respond to industry headwinds

Strong, resilient, repeatable financial results driving shareholder value

Powerful retail franchise that is growing today with attractive long-term opportunities

Leveraging technology to meet customer expectations and fuel further growth
PROVEN ABILITY TO RESPOND TO INDUSTRY HEADWINDS

Low interest rates
- Repriced product portfolio to achieve 12%+ new business returns
- Pivoted towards products without long-term guarantees
- Minimized balance sheet impacts through disciplined ALM
- Took actions to grow earnings and reduce impact of spread compression

Capital market volatility
- Further enhanced industry-leading VA hedge program
- Impacted less than peers by “below-the-line” items
- Continued to improve free cash flow
- Focused on increasing mortality and morbidity sources of earnings

Competitive industry environment
- Maintained leadership positions in select, attractive markets
- Preserved shelf space post DOL due to distribution strength and consistent market presence
- Leveraged multi-manager investment model to reduce fees

Changing regulatory landscape
- Played key role in resolving use of captives for life insurance
- Led annuity coalition that enabled DOL to recognize that commissions often times are in the consumer's best interest
- Continue to focus on NAIC VA reserve and capital reform
**SUPERIOR AND DIFFERENTIATED FINANCIAL RESULTS**

Operating EPS

- **11% EPS CAGR**

![Bar chart showing Operating EPS from 2011 to 2016 with a 11% CAGR.]

Operating ROE excluding AOCI

- **70bps expansion**

![Bar chart showing Operating ROE from 2011 to 2016 with a 70bps expansion.]

Capital returned to shareholders

- **75% increase**

![Bar chart showing Capital returned to shareholders from 2011 to 2016 with a 75% increase.]

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1 See Appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures.
Outpacing peers since last Investor Day

Outpacing peers since YE11

Best performing stock in both periods

1 Source: FactSet, prices as of 11/10/17. Last Investor Day held 6/9/16. Peers: AFL, AMP, CNO, MET, PFG, PRU, TMK, UNM and VOYA.
EARNINGS GROWTH TO CONTINUE AS ALL SEGMENTS CONTRIBUTE

Targeted annual EPS growth of 8-10%

Capital market assumptions include: equity markets, 6-8% total return and interest rates, remain at current levels.

Short-term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.

1  Capital market assumptions include: equity markets, 6-8% total return and interest rates, remain at current levels.
2  Short-term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.
**POWERSFUL RETAIL FRANCHISE TARGETING HIGH-GROWTH SEGMENTS**

Distribution strength and broad set of solutions create significant growth opportunities

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**Leading distribution capabilities**

- **700+ wholesalers**
  - *Wholesale and worksite*
- **Broad and deep shelf space**
  - *Multiple channels*
- **Exclusively independent distribution**

**Comprehensive set of retail products**

- Diversified, innovative and multiple solutions across our portfolio
  - ✓ Annuities
  - ✓ Life Insurance
  - ✓ Group Protection
  - ✓ Retirement Plan Services

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**High growth**

- Mass affluent annuity
- High net worth life
- Employer-paid group benefits
- Small corporate and healthcare

**Emerging**

- High net worth annuity
- Gen X and millennial markets
- Employee-paid group benefits
- Mid-large corporate and government
STRONG SALES GROWTH WITH ATTRACTIVE NEW BUSINESS RETURNS

Accelerated sales growth across most businesses

- Retirement Plan Services: 17% YoY growth (YTD16-YTD17), 7% SY CAGR (2012-2016)
- Group Protection: 15% YoY growth (YTD16-YTD17), 4% SY CAGR (2012-2016)
- Life Insurance: 10% YoY growth (YTD16-YTD17), 1% SY CAGR (2012-2016)
- Annuities: (7)% YoY growth (YTD16-YTD17), (5)% SY CAGR (2012-2016)

12%+ returns on new business

- Above 12%
- Below 12%
Implemented click-to-chat

2,500+ chats
75% resolved

Improved customer experience

95%+ of claims survey respondents would recommend Lincoln

Redesigned statements

Easily digestible summary
Guides for agents, brokers and clients
Annual statement video

Expense savings opportunity

Strategic digitization initiative to drive
$90-150M in annual run-rate savings
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Distribution

Will Fuller | President, Annuity Solutions, Lincoln Financial Distributors and Lincoln Financial Network

November 16, 2017

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Consistent market presence allows us to sell through business cycles

Proven ability to be a leader in our U.S. retail products supported by our strategic partner focus

Leveraging best-in-class distribution to adapt to changes and win
DELIVERING EXPERTISE IN GROWING MARKETS

Advisors act as generalists and partner with specialists in our segments

**Wholesale**
- ✔️ Annuities
- ✔️ Life insurance
- ✔️ Linked benefits
- ✔️ Small retirement plans

| 550 Wholesalers |

**Retail**
- ✔️ Financial planning
- ✔️ Insurance producers

| 8,900 Financial advisors |

**Worksite**
- ✔️ Disability
- ✔️ Employee-paid benefits
- ✔️ Mid-large retirement

| 185 Wholesalers |

Trends support growing demand for our value propositions

**By 2030**

75% of **investible assets** will be held by those **near or in retirement**

**By 2025**

61% of **income** will be held by those **age 54 and younger**

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CONSISTENT RESULTS AND LEADERSHIP IN OUR TARGET MARKETS

Steady deposits across a full cycle have resulted in $60B in net flows

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$22B</td>
</tr>
<tr>
<td>2009</td>
<td>$20B</td>
</tr>
<tr>
<td>2010</td>
<td>$21B</td>
</tr>
<tr>
<td>2011</td>
<td>$22B</td>
</tr>
<tr>
<td>2012</td>
<td>$23B</td>
</tr>
<tr>
<td>2013</td>
<td>$27B</td>
</tr>
<tr>
<td>2014</td>
<td>$27B</td>
</tr>
<tr>
<td>2015</td>
<td>$26B</td>
</tr>
<tr>
<td>2016</td>
<td>$22B</td>
</tr>
</tbody>
</table>

Leader in many of our target markets

<table>
<thead>
<tr>
<th>Product</th>
<th>Rank¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance</td>
<td>#1</td>
</tr>
<tr>
<td>Linked benefits</td>
<td>#1</td>
</tr>
<tr>
<td>Variable annuity</td>
<td>#3</td>
</tr>
<tr>
<td>Healthcare retirement</td>
<td>#3</td>
</tr>
<tr>
<td>Group disability</td>
<td>#6</td>
</tr>
</tbody>
</table>

Broad access and reach to independent advisors

- 90K active Lincoln producers
- 1/4 selling multiple types of Lincoln products

Our sales are diverse²

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance</td>
<td>37%</td>
</tr>
<tr>
<td>Annuities</td>
<td>21%</td>
</tr>
<tr>
<td>Group Protection</td>
<td>23%</td>
</tr>
<tr>
<td>Retirement Plan Services</td>
<td>19%</td>
</tr>
</tbody>
</table>

No one product is more than 14% of sales.


2 Sales as of 12/31/16. Annuities and Retirement Plan Services are based on 5% of deposits. Retirement Plan Services deposits include only first-year sales.
OUR STRATEGIC PARTNER STRATEGY DRIVES OUR SUCCESS

**Focused on largest and still growing independent distribution channel**

Annuities

- 2012: 66%
- 2016: 81%

Life

- 2012: 54%
- 2016: 60%

% of industry sales from independent distribution

80% of sales come from relationships with key strategic partners

- Industry leaders
- Access to best producers
- Opportunity to sell full product portfolio
- Shelf space for product expansion

**LFD sales mix is diversified across multiple channels and strategic partners**

<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance brokerage</td>
<td>45%</td>
</tr>
<tr>
<td>Independent broker dealers</td>
<td>26%</td>
</tr>
<tr>
<td>Wirehouse and regional broker dealers</td>
<td>21%</td>
</tr>
<tr>
<td>Banks</td>
<td>8%</td>
</tr>
</tbody>
</table>

1 Source: 2016 LIMRA Annuity Sales; 2016 LIMRA Life Insurance Sales.
A new focus on our strategic partners

Invest in wholesaling targeting these partners

Sustainable sales growth

Raymond James
Merrill Lynch
Bank of America Corporation
Morgan Stanley
WellS Fargo
Lincoln
Financial Network
LPL Financial

✓ Leading sellers of retirement plans
✓ Utilize firm-level data to target top advisors

Small market retirement success, a result of LFD strategy and distribution franchise

<table>
<thead>
<tr>
<th>A new focus on our strategic partners</th>
<th>Invest in wholesaling targeting these partners</th>
<th>Sustainable sales growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broad product portfolio</strong></td>
<td><strong>National wholesaler footprint</strong></td>
<td><strong>Channelized model</strong></td>
</tr>
</tbody>
</table>

Small market retirement wholesalers

- **80** wholesalers
- **240** wholesalers
- **115** wholesalers
- **115** wholesalers

20% of sales from cross-sell

19% CAGR

$529

$1,255

2011

2016

65% of sales from strategic partners

20% of sales from cross-sell

Raymond James, Merrill Lynch, Bank of America Corporation, Morgan Stanley, Wells Fargo, Lincoln Financial Network, LPL Financial
EFFECTIVE MANAGEMENT OF DISTRIBUTION

Managing annuity wholesalers under varying market conditions

1. Pivoted to non-guaranteed VA
2. Right-sized wholesalers for declining sales levels
3. Expansion of product portfolio and wholesalers to grow sales

Growing MoneyGuard® wholesalers to continue market leadership

1. Channelized wholesaling focus
2. Expanded shelf space and added new strategic partners
3. New product broadens offering and reach to younger consumers

Increase wholesaler franchises to drive accelerated growth in 2018 and beyond
LINCOLN IS WELL POSITIONED FOR DOL FIDUCIARY RULE

~50% of distribution partners made reductions to their annuity offerings and / or carriers\(^1\)

Lincoln protected and expanded shelf space

- Our broad product portfolio is in demand
- Benefited from our consistent market presence
- Expanded shelf space with new fee-based annuities, Lincoln Max 6 Select\(^{TM}\) and fixed indexed annuities

97% of our distribution partners continue to offer commission options

Commissions widely accepted to be in the client’s best interest

- Long term, buy and hold investments like annuities
- Advisors’ time and effort is heavily upfront
- Majority of distribution partners offering multiple commission options

Guaranteed lifetime income is in clients’ best interest

1 Source: Deloitte Report: The DOL Fiduciary Rule.
EXPAND DISTRIBUTION TO ACCELERATE SALES GROWTH

Grow best-in-class distribution to 600+ wholesalers

Annuities

275+ wholesalers
- Return annuity wholesalers to pre-2016 levels
- Focused expansion in bank and fixed indexed annuities

Life and MoneyGuard®

240+ wholesalers
- Grow permanent life and MoneyGuard® wholesalers across all channels

Small market retirement

90+ wholesalers
- Grow wholesalers to record level, with higher levels of productivity

Expanding our products with strategic partners to capture sales

- Annuity product and rider expansion
- Linked benefits
- Term insurance
- Mid-size corporate retirement plans
- Fee-based annuities

Opportunities for adding new distribution

- Bank channel
- Aggregators and Insuretech
- Small market retirement partners
- Insurance marketing organizations
- RIA and fee-based channel
Consistent market presence allows us to sell through business cycles, contributing $60B in net flows since 2008.

Proven ability to be a leader across annuities, life insurance, retirement plans and group benefits accessing industry-leading distribution partners.

Leveraging best-in-class distribution to adapt to disruption in the marketplace and drive future growth.
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Group Protection

Dick Mucci | President, Group Protection
FOCUSED ON EARNINGS GROWTH AND 5-7% MARGIN TARGET

- Earnings growth and margin expansion is supported by re-emerging premium growth while sustaining favorable loss ratios.

- Attractive target market opportunities and superior distribution will drive top-line growth.

- Investments in new technology and process capabilities will enable an enhanced customer experience and improvements in operational efficiency.
DRIVERS OF GROUP PROTECTION EARNINGS GROWTH

**Organic earnings**
Short term\(^1\): 7 to 12%

**Capital markets**
Short term\(^1\): 0 to (1)%

**Sensitivities**

<table>
<thead>
<tr>
<th>Sensitivity</th>
<th>Sensitivity Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% change in persistency rates</td>
<td>~$5M after-tax or ~6%</td>
</tr>
<tr>
<td>1% change in loss ratio</td>
<td>~$14M after-tax or ~16%</td>
</tr>
</tbody>
</table>

1 Short term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.
RECENT ACTIONS DRIVE POSITIVE PROFIT MOMENTUM

Margin expansion driven by proven ability to improve loss ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Loss Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>74.5%</td>
</tr>
<tr>
<td>2013</td>
<td>74.0%</td>
</tr>
<tr>
<td>2014</td>
<td>78.4%</td>
</tr>
<tr>
<td>2015</td>
<td>75.4%</td>
</tr>
<tr>
<td>2016</td>
<td>70.8%¹</td>
</tr>
<tr>
<td>2017</td>
<td>70.7%¹</td>
</tr>
<tr>
<td>2018</td>
<td>66.9%¹</td>
</tr>
</tbody>
</table>

After-tax earnings:
- 2012: $3.8M
- 2013: $3.4M
- 2014: $1.0M
- 2015: $2.0M
- 2016¹: $3.1M
- YTD16¹: $3.0%
- YTD17¹: 5.4%

After-tax margin:
- YTD16¹: 3.0%
- YTD17¹: 5.4%

Results have been adjusted to reflect a $5M after-tax gain for a favorable disability reserve refinement in 2016 and a $3M after-tax gain related to the recapture of previously reinsured business in 2017.

Pricing actions
Claims management
Return to sales growth and improving persistency

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>YTD16</th>
<th>YTD17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>$458</td>
<td>$541</td>
<td>$479</td>
<td>$402</td>
<td>$470</td>
<td>$208</td>
<td>$239</td>
</tr>
<tr>
<td>Growth</td>
<td>16%</td>
<td>18%</td>
<td>(11)%</td>
<td>(16)%</td>
<td>17%</td>
<td>16%</td>
<td>15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>YTD16</th>
<th>YTD17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persistency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewal</td>
<td>77%</td>
<td>80%</td>
<td>78%</td>
<td>66%</td>
<td>63%</td>
<td>64%</td>
<td>74%</td>
</tr>
<tr>
<td>Block</td>
<td>83%</td>
<td>83%</td>
<td>83%</td>
<td>75%</td>
<td>75%</td>
<td>73%</td>
<td>77%</td>
</tr>
</tbody>
</table>

Premium growth moving toward 5-7% expectation

PREMIUM GROWTH RE-EMERGING
DRIVING GROWTH THROUGH FOCUS ON TARGET MARKETS

Projected short-term sales growth in the 4-6% range

Under 100 lives: (3)-(4)%
100-1,000 lives: 3-5%
1,000-5,000 lives: 9-11%

Employer-paid: 0-2%
Employee-paid: 9-11%

Expand on strength in core 100-1,000 market and enhance presence in 1,000-5,000 market

Across size markets, capitalize on fast-growing, profitable employee-paid segment

Growth drivers

Products
- Competitive dental products support cross-sell packaging
- New, competitive voluntary products in 2018 – accident and critical illness portfolio
- Absence, FMLA and claim management services

Customer service enhancements
- Enhanced service, account management and digital capabilities
- Tech-enabled consumer education, enrollment and self-service features
- Increase employee participation through refined consumer marketing

Distribution
- Capitalize on strong broker relationships
- Expand # of high-value brokers with refined segmentation

1 Short term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.
LEVERAGING DISTRIBUTION TO DRIVE GROWTH

Large and highly regarded distribution platform

160+ wholesalers and field management
Projected $3.5M average wholesaler productivity for 2017 (+10% YoY)

Expanding base of high producing brokers

<table>
<thead>
<tr>
<th>Broker segment</th>
<th>Avg. in-force premium</th>
<th>Avg. total sales</th>
<th># of brokers</th>
<th>Avg. sales market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$2.3M</td>
<td>$615K</td>
<td>555</td>
<td>21%</td>
</tr>
<tr>
<td>All active</td>
<td>$0.3M</td>
<td>$67K</td>
<td>7,152</td>
<td>16%</td>
</tr>
</tbody>
</table>

Tier 1 represents majority of in-force premium and new sales

- In-force premium: 36% Tier 1, 64% Other
- New sales: 29% Tier 1, 71% Other

Objectives: Grow number of Tier 1 brokers 15% and increase their sales productivity 10% by 2019

Targeted broker services to build loyalty and enhance value proposition
Attractive broker bonus programs
Broker support for third-party benefit admin partnerships
Data analytics to identify high-potential broker opportunities

1 Based on 2015 and 2016 average annual sales, excluding accident and critical illness.
2 Based on number of cases.
## INVESTMENTS IN TECHNOLOGY AND PROCESS CAPABILITIES

### NEW ADMINISTRATIVE PLATFORM

<table>
<thead>
<tr>
<th>Year</th>
<th>Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Accident and critical illness</td>
</tr>
<tr>
<td>2019</td>
<td>Life</td>
</tr>
<tr>
<td>2020</td>
<td>Disability and dental</td>
</tr>
</tbody>
</table>

### DIGITIZATION INITIATIVES

- Robotics
- Sales process automation
- Channels for customer access

## Improving operational efficiencies & Enhancing the customer experience

- Enhanced speed to market for new products and services
- Increased flexibility in product offerings and plan design
- Faster turnaround times and fewer errors
- Simplified employee benefit purchase processes, including enrollment
- Robust self-service capabilities on web and mobile
EFFICIENCIES AND GROWTH DRIVE REDUCTION IN EXPENSE RATIO

Growth and targeted investments driving expense savings

- ~2% expense ratio improvement
- ~$50M run-rate reduction

Move from median to 1st quartile industry expense performance

Improvement driven by

- Premium growth
- Controlling fixed expenses
- Process and technology improvements
Earnings growth and margin expansion is supported by re-emerging premium growth while sustaining favorable loss ratios.

Attractive target market opportunities and superior distribution will drive top-line growth.

Investments in new technology and process capabilities will enable an enhanced customer experience and improvements in operational efficiency.
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Life Insurance

Randy Freitag  |  Executive Vice President, Chief Financial Officer and Head of Individual Life
Mike Burns    |  Senior Vice President, Head of Life Solutions
INDUSTRY-LEADING LIFE INSURANCE FRANCHISE

- Broad portfolio enables scale, diversification, and a balanced risk profile
- Investing in solutions in select, attractive markets will drive long-term growth and capture demographic shifts
- Diligent financial management
DRIVERS OF LIFE INSURANCE EARNINGS GROWTH

Organic earnings
Short term\(^1\): 4 to 8%

Capital markets
Short term\(^1\): (2) to (4)%

Sensitivities

<table>
<thead>
<tr>
<th>Sensitivity</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% change in interest rates</td>
<td>~$8M after-tax or ~2%</td>
</tr>
<tr>
<td>1% change in mortality A/E</td>
<td>~$10M after-tax or ~2%</td>
</tr>
</tbody>
</table>

\(^1\) Short term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.
UNPARALLELED ABILITY TO GROW AND ADAPT

Changing economic landscape has redefined the industry and Lincoln

<table>
<thead>
<tr>
<th>Sales $M¹</th>
<th>2006</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lincoln</td>
<td>$707</td>
<td>$737</td>
</tr>
<tr>
<td>John Hancock</td>
<td>$748</td>
<td>↓ $417</td>
</tr>
<tr>
<td>Transamerica</td>
<td>733</td>
<td>↓ 600</td>
</tr>
<tr>
<td>Prudential²</td>
<td>726</td>
<td>↓ 630</td>
</tr>
<tr>
<td>AXA</td>
<td>658</td>
<td>↓ 201</td>
</tr>
<tr>
<td>AIG</td>
<td>643</td>
<td>↓ 285</td>
</tr>
<tr>
<td>SunLife - U.S.</td>
<td>587</td>
<td>↓ Exiting individual market</td>
</tr>
<tr>
<td>MetLife/Brighthouse</td>
<td>503³</td>
<td>↓ 158</td>
</tr>
<tr>
<td>ING/VOYA</td>
<td>497</td>
<td>↓ 100</td>
</tr>
<tr>
<td>Phoenix Life</td>
<td>329</td>
<td>-- Acquired by Nassau Re</td>
</tr>
</tbody>
</table>

What has enabled differentiation

- Broad product portfolio with scale
  - $40M+ of sales in each product
- Large, productive wholesale force
  - 230 wholesalers nationwide
- Independent distribution model
  - 46K advisors serving a diverse set of consumers

¹ Based on publicly available financial supplements and / or 10Ks.
² Prudential 2006 sales include The Hartford (Prudential $442M; The Hartford $284M).
³ The oldest attainable public data under MetLife’s current definition of sales is 2008. The prior sales definition reflected statutory first-year premium, which showed a decline from $1,089M in 2006 to $973M in 2008.
POSITIONED TO CONTINUE OUTPACING INDUSTRY GROWTH

<table>
<thead>
<tr>
<th>Category</th>
<th>Rank</th>
<th>2012-2016 CAGR</th>
<th>Market appeal and approach</th>
</tr>
</thead>
</table>
| Permanent life²       | # 3     | Lincoln Industry (1)% 10% | ✓ Broad portfolio is a competitive advantage  
  ✓ Meeting core multi-generation needs  
  – Income protection  
  – Asset accumulation  
  – Wealth preservation |
| Linked benefits       | # 1     | Lincoln Industry 6% 10% | ✓ 10,000 boomers turning 65 daily  
  ✓ Double-digit industry growth  
  ✓ Leverage market leadership, 59% market share |
| Term life             | # 6     | Lincoln Industry 1% 17% | ✓ Target 75M millennials entering market  
  ✓ Room to grow market share in < $500K  
  ✓ Maintain leadership in larger-face market |
| Executive benefits    | # 5     | Lincoln Industry (20)% (3)% | ✓ Opportunistic market approach  
  ✓ Placing business on our terms |

1 LIMRA U.S. Retail Individual Life Insurance Sales Report.  
2 Permanent life includes: retail VUL (#1), GUL (#2) and UL/IUL (#13).
CAPITALIZING ON MONEYGUARD® LEADERSHIP

Product innovation, distribution reach and growing consumer need provide long-term growth

Linked benefits becoming the predominate solution

- 1 out of every 2 Americans today will need long-term care
- Sales of life / LTC policies surpassed standalone LTC in 2015

MoneyGuard’s unparalleled ability to evolve with growing consumer needs

Ease of business
- Streamlined underwriting
- Digital-driven enhancements

Product appeal
- Multiple payment options
- Return of premium flexibility

Distribution strength
- 115 dedicated wholesalers
- Multi-channel distribution

Linked benefit industry growth

![Linked benefit industry growth chart](chart.png)

1 Department of Health & Human Services, “Long-Term Services and Support for Older Americans: Risks and Financing,” ASPE Issue Brief, revised February 2016. Long-term care abbreviated as LTC.
3 Peer information based on publicly available materials as of 3Q17.
Expanding into small face policies while maintaining existing strength in large face market

**Term industry**

- **$1.3B** to **$1.3B** (2012-2016) with <1% CAGR
- **$0.8B** to **$0.9B** with 3% CAGR

**Expand customer reach and market share**
- Positioned to take share in Millennials and Gen X
  - Expanded product breadth
    - Lincoln TermAccel® (20% of policies issued YTD)
  - Innovative underwriting experience
    - Fully digital experience
    - Automated underwriting decisions
- Distribution breadth
  - Expand shelf space in existing firms
  - Non-traditional partners

**Protect market position**
- Maintain competitive pricing
- Average face of Lincoln policy is 3X industry

---

1 LIMRA U.S. Retail Individual Life Insurance Sales Report.
STRONG NEW BUSINESS PROFITABILITY AND RISK PROFILE

Since 2012:

✓ Managed exposure to long-term guarantees down to ~1/3 of portfolio
✓ Sales of less interest-rate-sensitive products now represent ~60% of portfolio
✓ Improved new business returns from below to above target

New business returns

Priced for 12%+ returns in low rate environment

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Returns under alternative scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core life</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MoneyGuard®</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Forward curve² 110% mortality 110% morbidity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Above 12%  Below 12%

De-risked product portfolio earning strong returns under multiple scenarios

1 Based on pricing of product portfolio.
2 Forward curve as of 9/30/17.
Stable long-term mortality results

- Elevated seasonality in 1Q reverses during second half of year
- Historic results within 1% of expectations

Insured experience remains strong and stable

- Deaths due to suicides and accidents lower than U.S. population
LEVERAGING GROWTH AND EFFICIENCY

Actions to drive growth leading to increased operating revenue and lower expense ratio

- Operating revenue growth driven by
  - Face amount 4% CAGR
  - Account value 5% CAGR
  - Outpacing industry sales growth

- Efficiency gains in acquisition costs
  - Adoption of electronic application and delivery
  - Reduced underwriting costs through automation and process improvements

- Controllable expenses managed tightly
  - Expense growth lower than revenue growth

1 Operating revenue excludes unlocking; 2011 revenue unlocking ($37M); 2016 revenue unlocking $56M.
Unmatched product diversification and scale with balanced risk profile and unique ability to grow and adapt, combined with the depth and breadth of our distribution, distinguishes Lincoln in the market place.

Lincoln’s industry-leading linked benefit solution, scalability of term franchise, and longstanding leadership position in our established markets align with long-term growth opportunities.

Focused financial management continues to position us well for future earnings growth.
CONSISTENT AND FOCUSED STRATEGY DRIVING GROWTH IN SALES, NET FLOWS AND EARNINGS

- Business model positions us to compete effectively and further accelerate growth in our target markets

- Strong sales, initiatives to increase recurring deposits and improving retention leading to growth in net flows and assets

- Expense discipline and in-force margin improvement initiatives combine to counteract impact of spread compression
DRIVERS OF RETIREMENT PLAN SERVICES EARNINGS GROWTH

Organic earnings
Short term\(^1\): 7 to 13%

Capital markets
Short term\(^1\): (2) to (5)%

Sensitivities

<table>
<thead>
<tr>
<th>Factor</th>
<th>Sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% change in equity markets</td>
<td>~$1M after-tax or ~1%</td>
</tr>
<tr>
<td>25bps change in interest rates</td>
<td>~$3M after-tax or ~2%</td>
</tr>
</tbody>
</table>

\(^1\) Short term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.
TAKE MARKET SHARE THROUGH HIGH-TOUCH, HIGH-TECH MODEL

Target market industry assets\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>$0.2T</th>
<th>$0.3T</th>
<th>$0.7T</th>
<th>$2.0T</th>
<th>$2.9T</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Market\(^1\)

<table>
<thead>
<tr>
<th>Market</th>
<th>Share 2016</th>
<th>Asset growth 5Y CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>401k</td>
<td>0.6%</td>
<td>14% Lincoln</td>
</tr>
<tr>
<td>403b</td>
<td>3.4%</td>
<td>7% Lincoln Industry</td>
</tr>
<tr>
<td>457</td>
<td>1.3%</td>
<td>18% Lincoln Industry</td>
</tr>
</tbody>
</table>

STRATEGY TO GROW TOP LINE LEADING TO RESULTS

Double-digit growth with attractive returns

- 10% CAGR
- $2.1B to $3.4B

Building on Lincoln’s historical strength in product development and distribution

- Targeting higher volume plan segments in mid-large market
- Enhanced small-market product with transparent, level fee structure
- Strengthening distribution effectiveness

Leveraging innovation to drive new business

- Investment in an intuitive, user-friendly digital experience

1 Trailing twelve months is abbreviated as TTM; data as of 3Q17.
2 Metrics based on YTD17 vs. YTD16; request for proposal is abbreviated as RFP.
Omni-channel engagement
✓ Multifaceted approach to engaging with participants based on preferences

Quick enroll
✓ Streamlined two-step enrollment process

Key outcomes
+58%
increase in participants who met with an on-site representative post launch

80%
of users increase their contribution rates

5X
improvement in campaign response rates

50%
reduction in online enrollment abandon rate
Participants have higher contribution rates when they engage with Lincoln

Termination rates continue to decline driven by investments in the model

<table>
<thead>
<tr>
<th>Digital capabilities</th>
<th>On-site meetings</th>
<th>Contribution rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>✓</td>
<td>8.7%</td>
</tr>
<tr>
<td>-</td>
<td>✓</td>
<td>8.0%</td>
</tr>
<tr>
<td>✓</td>
<td>-</td>
<td>7.3%</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

+51% higher contribution rates when utilizing Lincoln’s high-touch, high-tech services

5.3% average industry termination rate

Success in sales, recurring deposits and retention is driving record net flows and account values

$1B+ net flows expected for the first time in 2017

Record account values driven by $3B of cumulative net flows combined with 8% annual market appreciation

1 Trailing twelve months is abbreviated as TTM; data as of 3Q17.
2 Annual market appreciation is average change in market value and reinvestment divided by account balance as of beginning-of-period for YE11 to YTD17.
PROFITABLE ACTIONS OVERCOMING SPREAD COMPRESSION

Overcoming 10-15bps of spread compression through expense management and margin improvement

Expense management

Targeting decline in cost per participant

- 0 -1%
- 0-(1)%
- (2)-(4)%


Bending the cost curve

✓ Investing in digital initiatives that reduce print and paper while also eliminating manual processes to lower operating costs

✓ Streamlining operational processes to ensure scalability, drive efficiencies and improve customer experience

In-force margin improvement

+$13M to earnings

Reduced crediting rates
Increased fees
Improved cost efficiency

Disciplined pricing ensuring average GMIR on new business is 1%

7% 24%

2012 2016

% of business with 1% GMIR

1 Annual impact of in-force actions since 2012.
Lincoln’s high-touch, high-tech model is driving growth, outpacing the industry across key target markets.

Double-digit annual growth in new sales and below-industry termination rates are driving asset growth and higher net flows.

Overcoming 10-15bps of spread compression through targeted in-force management actions and declines in cost per participant.
2017 CONFERENCE FOR ANALYSTS, INVESTORS AND BANKERS

Annuities

Will Fuller  | President, Annuity Solutions, Lincoln Financial Distributors and Lincoln Financial Network

November 16, 2017

©2017 Lincoln National Corporation
OUR BUSINESS MODEL DELIVERS CONSISTENT AND IMPRESSIVE RESULTS THROUGH A DISCIPLINED APPROACH TO THE ANNUITY BUSINESS

- **Quality book of business resulting from our strategy of consistency and selling on our terms**

- **Industry-leading end-to-end risk management with proven results**

- **Expand our product portfolio and leverage our best-in-class distribution to drive sales growth**
DRIVERS OF ANNUITIES EARNINGS GROWTH

New business: 8-10%
In-force: (8)-(10)%
Margin / expense improvement: 1-3%
Equity market growth: 3-4%
Spread compression: 0-(1)%
Earnings growth: 4-6%

Organic earnings
Short term¹: (1) to 5%

Capital markets
Short term¹: 2 to 4%

Sensitivities

<table>
<thead>
<tr>
<th>Sensitivity</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% change in equity markets</td>
<td>~$8M after-tax or ~1%</td>
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<tr>
<td>$1B change in net flows</td>
<td>~$8M after-tax or ~1%</td>
</tr>
</tbody>
</table>

¹ Short term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.
**DELIVERED IMPRESSIVE FINANCIAL RESULTS**

**Growing earnings with limited volatility**

- Annuity quarterly operating earnings

**Consistently delivering 20%+ ROE**

- 23% ROE average, 2012-2017\(^1\)
- ~22% if including VA hedge results\(^2\)

**Achieving growth through multiple sources**

- Income from operations: $595M to $935M (12% CAGR)

**Key Points**

- Growing earnings with limited volatility
- Consistently delivering 20%+ ROE
- Achieving growth through multiple sources

**Notes**

1. Return on equity, excluding goodwill and AOCI.
2. Includes operating earnings and VA net derivative results, excluding impact of non-performance risk (NPR).
Our high quality book is a strategic advantage

Account values are diverse by product and risk, with low net amount at risk across all vintages

Current variable annuity account value by issue year sold

<table>
<thead>
<tr>
<th>Issue Year</th>
<th>Living benefit account value</th>
<th>Non-living benefit account value²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
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<tr>
<td>2009</td>
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<td>2010</td>
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<td>2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YTD17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GLB NAR³</th>
<th>DB NAR⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>3.0%</td>
<td>0.8%</td>
</tr>
<tr>
<td>0.8%</td>
<td>0.3%</td>
</tr>
<tr>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>0.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>0.4%</td>
<td>0.1%</td>
</tr>
<tr>
<td>0.7%</td>
<td>0.1%</td>
</tr>
<tr>
<td>0.5%</td>
<td>0.2%</td>
</tr>
<tr>
<td>0.3%</td>
<td>0.1%</td>
</tr>
<tr>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>0.1%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

1 Risk managed funds are abbreviated as RMFs.
2 Includes the reinsured portion of living benefit account values.
3 Guaranteed living benefit net amount at risk (NAR) as of 9/30/17.
4 Death benefit net amount at risk (NAR) as of 9/30/17.
Oliver Wyman analysis shows Lincoln sells more VA living benefit business in conditions with higher profitability\(^1\)

- Stayed the course and sold through the cycle
- Well positioned to participate in highly profitable years of 2013-2014
- Consistently outpacing industry profitability by selling on our terms
- Management actions to protect returns and manage risk

\(^1\) Oliver Wyman calculations, based on market-consistent valuation of one or more guaranteed living benefits (GLB) riders sold by each company, using a consistent set of capital market and policyholder behavior assumptions at each valuation date. Reflects top ~20 products each year.
Assumptions continue to be in line with actual experience

- **Lapses¹**
  - Stress: 50% increase
  - Impact: $(40)M
  - Actual: 3.4%
  - Expected: 3.8%

- **Utilization²**
  - Stress: Full utilization
  - Impact: $(220)M
  - Actual: 6.7%
  - Expected: 6.7%

- **Mortality³**
  - Stress: 20% reduction
  - Impact: $(60)M
  - Actual: 1.4%
  - Expected: 1.3%

- **Capital markets⁴**
  - Stress: Lower returns 1%
  - Impact: $(210)M
  - Actual: 7.2%
  - Expected: Higher actual returns provide $135M cushion

History of modest and favorable unlocking impacts differentiates Lincoln

- **Annual unlocking impacts $M**
  - Operating
  - 2012: 63
  - 2013: 29
  - 2014: 38
  - 2015: 33
  - 2016: 48
  - 2017: 15
  - Non-operating
  - 2012: (5)
  - 2013: (1)
  - 2014: 15
  - 2015: 4
  - 2016: (10)
  - 2017: (20)

- **2012**
  - Lapses: (319)
  - Utilization: 313
  - Capital markets: (12)
  - Other: 76
  - Total unlocking: 58

- **2013**
  - Lapses: 25
  - Utilization: 50
  - Capital markets: (25)
  - Other: (22)
  - Total unlocking: 28

- **2014**
  - Lapses: 25
  - Utilization: 25
  - Capital markets: 26
  - Other: (23)
  - Total unlocking: 53

- **2015**
  - Lapses: 5
  - Utilization: (18)
  - Capital markets: (43)
  - Other: 93
  - Total unlocking: 37

- **2016**
  - Lapses: (10)
  - Utilization: 76
  - Capital markets: (15)
  - Other: (13)
  - Total unlocking: 38

- **2017**
  - Lapses: 23
  - Utilization: (2)
  - Capital markets: (16)
  - Other: (10)
  - Total unlocking: (5)

1. Rate of full surrenders for VA living benefit policies from 2013-2016.
2. Average percent of VA guarantee withdrawal benefit policyholders initiating income in each year from 2013-2016. Not all policyholders utilize their guarantee withdrawal benefits. Severe stress represents net income unlocking impact assuming all policyholders utilize guarantees by policy year 20.
3. Rate of deaths for VA living benefit policies from 2013-2016.
4. Cushion reflects after-tax impact from unlocking our reversion to the mean assumption. Annual VA fund return weighted between equity and fixed income.
5. Includes unlocking from assumptions such as mortality and expenses, among other items.
Stable industry sales despite persistent market challenges

$192B of industry annuity sales\(^1\)

1% CAGR

2012 2016

$94B $48B
$25B $37B
$33B $58B
$30B $49B

Products

VA with GLBs

Lincoln Industry (9%)
Industry (16%)

VA without GLBs

Lincoln Industry (5%)
Industry (10%)

Fixed indexed annuity

Lincoln Industry (3%)
Industry (15%)

Fixed annuity

Lincoln Industry (1%)
Industry (6%)

2012-2016 CAGR\(^2\)

Modest near-term industry growth projected\(^1\)

(5)-(10)\% 0-5\%

2017 2018

Significant long-term demand for guaranteed income

Projecting investible assets to double by 2030\(^3\)

$42T $54T $75T $91T

2015 2020F 2025F 2030F

Retirees 65+ Pre-retirees 55-64

1 Source: LIMRA. 2018 sales forecast as of September 2017.
3 Source: U.S. Census Bureau, McKinsey retirement practice.
LEVERAGING OUR PRODUCT AND DISTRIBUTION STRENGTH TO GROW

Restoring our VA market share with product actions

VA 10Y market share range
6% 2016 12%
Upper end implies $10B+ sales

Growing FIA market share with select strategic partners

FA 10Y market share range
1% 2016 5%
Upper end implies $5B+ sales

Broader portfolio of VA solutions in our history

VA guaranteed income and i4LIFE®

Lincoln Max 6 Select™, tiered income rider

Full suite of fee-based VA

Coming soon: Indexed VA

Enhance and expand FIA portfolio

FIA for bank and broker / dealer

Add i4LIFE® for non-qualified accounts

Coming soon: Customized products for select strategic partners

1 VA market share calculated with data from Morningstar. FA market share calculated with data from LIMRA.
Quality book of business resulting from our strategy of consistency and selling on our terms

Industry-leading end-to-end risk management with proven results

Expand our product portfolio and leverage our best-in-class distribution to drive sales growth
2017 CONFERENCE FOR ANALYSTS, INVESTORS AND BANKERS

Investment portfolio

Ellen Cooper | Executive Vice President, Chief Investment Officer
OUR INVESTMENT APPROACH IS BASED ON DISCIPLINED ALM AND RISK MANAGEMENT

- Unique multi-manager investment framework maximizes agility, enhances risk management and lowers costs
- Proactive investment strategies improve investment income and moderate portfolio yield decline
- Diligent portfolio construction and active risk management provide greater flexibility
Lincoln’s unique multi-manager investment framework is a combination of internal and external responsibilities.

1. Balance maximizing NII with diligent risk guidelines
2. Diversified investment approach across and within asset classes
3. Select best managers
4. Managers select securities that meet Lincoln’s criteria
5. Continuous monitoring and proactive stress testing
Maximizes agility and enhances risk management

**Benefits**

- Manager diversification
- Expanded sourcing
- Deep research teams
- Multiple manager views

**Measures**

- Increased external managers from 1 to 11
- Privates: direct and syndicated
- Managers provide security level analysis
- Lincoln reduced energy stress scenario losses by 70%

**Captures trend of lower investment management fees**

- Lincoln¹: ~40% lower than peers
- Peer avg.²

---

1 Based on 12/31/16 statutory filings with 2017 reduction in base manager fees.
2 Source: J.P. Morgan investment expense analysis as of 12/31/16; peer group: AEG, ALL, AFL, AIG, AXA, GNW, HIG, MFC, MET, PFG, PL, PRU and VOYA.
Disciplined liability-driven investment strategy...

<table>
<thead>
<tr>
<th>Line of business</th>
<th>Asset duration(^1) (in years)</th>
<th>ALM match within target duration range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Insurance</td>
<td>12.5</td>
<td>✓</td>
</tr>
<tr>
<td>Group Protection</td>
<td>7.0</td>
<td>✓</td>
</tr>
<tr>
<td>Retirement Plan Services</td>
<td>6.5</td>
<td>✓</td>
</tr>
<tr>
<td>Annuities</td>
<td>5.5</td>
<td>✓</td>
</tr>
<tr>
<td>Lincoln total</td>
<td>9.5</td>
<td>✓</td>
</tr>
</tbody>
</table>

...is shifting new money needs to shorter maturities

New money purchases by maturity

<table>
<thead>
<tr>
<th>% of new money purchases</th>
<th>10 years and below</th>
<th>More than 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>YTD(^1)</td>
<td>65%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Benefits of shorter maturities

- ✓ Broader asset class mix
- ✓ Expanded illiquid strategies
- ✓ Enhanced spread opportunities

\(^1\) As of 9/30/17.
1 Source: FactSet, Barclays industrial spreads weighted 50% A and 50% BBB.
2 YTD through 9/30/17.
3 Relative to Barclays Public Corporate Index for comparably rated public corporate bonds.
VALUE ADD FROM PRIVATE CORPORATE DEBT STRATEGY

Private new money purchases

- Private new money purchases increased by ~40%
- Incremental 35-45bps over comparable public corporates\(^1\)

![Bar chart showing private debt purchases from 2016 to 2017](image)

Private portfolio holdings\(^3\)

- Book value of $14.1B (14% of invested assets)
- Better protections through covenant tests
- Low average annual losses of 10bps since 2012\(^4\)

Well diversified

**By industry**
- Electric 17%
- Consumer non-cyc 12%
- Capital goods 11%
- Energy 8%
- Consumer cycl 12%
- Transport 7%
- NAT gas 4%
- Basic ind 5%
- Utility 6%
- Industrial 2%
- Strategic 2%
- Other 9%

**By quality**
- BIG 9%
- NAIC 1 38%
- NAIC 2 53%

---

1. Relative to Barclays Public Corporate Index for comparably rated public corporate bonds.
2. Projected by 12/31/17.
3. As of 9/30/17.
4. Compared to 40bps for comparable public corporates based on Moody’s annual default study.
**DISCIPLINED COMMERCIAL MORTGAGE LOAN STRATEGY**

- Incremental 35-45bps over comparable public corporates
- Internal team with proven portfolio performance through multiple credit cycles
- Low average annual losses of 11bps since 2012

### Portfolio growth

<table>
<thead>
<tr>
<th>Year</th>
<th>% of invested assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8%</td>
</tr>
<tr>
<td>2017</td>
<td>10%</td>
</tr>
<tr>
<td>2019²</td>
<td>12%</td>
</tr>
</tbody>
</table>

### Strong yield, high quality

<table>
<thead>
<tr>
<th></th>
<th>Portfolio yield³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lincoln</td>
<td>4.5%</td>
</tr>
<tr>
<td>Peer avg.</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

### Portfolio attributes

- Average loan size: $7.9M
- Weighted average DSCR: 2.2x
- Weighted average LTV: 50%

### Retail portfolio, no concerns

- No mall exposure
- 97% leased/occupied

#### Overview

- Portfolio yield: 4.5% (Lincoln) vs. 4.3% (Peer avg.)
- Portfolio quality:
  - Other: 13% (Lincoln) vs. 34% (Peer avg.)
  - CM2: 86% (Lincoln) vs. 61% (Peer avg.)
  - CM1: 1% (Lincoln) vs. 5% (Peer avg.)

#### Format

- Strip
- Neighborhood
- Single tenant
- Community
- Power center

#### Lincoln view

- % of CML portfolio³
  - Retail portfolio, no concerns: 18% (Lincoln) vs. 24% (Peer avg.)

---

Note: All data as of 9/30/17 unless otherwise noted.
1 Relative to Barclays Public Corporate Index for comparably rated public corporate bonds.
2 Projected by 12/31/19.
3 Source: SNL Financial, based on 12/31/16 U.S. commercial mortgage loan statutory filings for peers: AMP, BHF, MET, PFG, PRU, UNM and VOYA.
4 Source: Mortgage Bankers Association, as of 12/31/16.
Alternatives Strategy Delivering Strong Results

Growing and shifting the alternatives portfolio...

- 10% CAGR from $0.9B to $1.4B
- $1.5B Year-end carrying value
- $1.2B Hedge funds
- $1.2B Private equity

...with a focus on portfolio construction and diversification...

Private equity portfolio by industry:
- Industrials: 17%
- Energy: 14%
- Consumer discretionary: 13%
- Financials: 10%
- Technology: 9%
- Utilities: 9%
- Real estate: 6%
- Telecom: 6%
- Health care: 6%
- Materials: 5%
- Natural resources: 5%
- Power generation: 5%
- Co-invest fund: 5%
- Infrastructure: 5%
- Other: 3%
- Total private equity: 83%

Alternatives portfolio by strategy:
- Buyouts: 39%
- Mezzanine: 13%
- Natural resources: 9%
- Power generation: 6%
- Co-invest fund: 5%
- Infrastructure: 5%
- Real estate: 3%
- Other: 3%
- Total private equity: 83%

...delivers strong performance

- Annualized return 2012 – YTD17
  - Lincoln: 10.6%
  - Peer avg.: 8.9%
  - +170bps

1 As of 9/30/17.
2 Peer group: AIG, HIG, MET, PRU and VOYA.
Average annual decline in fixed income portfolio yield

2012 to 2017
-16bps

2018 to 2020
-8bps

2021 to 2025
-2bps

YTD 17
6.2%

Average book yield of runoff portfolio

New money yield (projected)²

Yield

3.5%  4.0%  4.5%  5.0%  5.5%  6.0%  6.5%

1 YTD through 9/30/17.
2 Assumes 4% annual portfolio growth, consistent with historical experience.
WELL DIVERSIFIED AND HIGH QUALITY PORTFOLIO

Portfolio diversified across asset classes, sectors and issuers\(^1\)

- Corporates
- Other asset classes
- Energy, 7%
- Basic industry, 6%
- Capital goods, 6%
- Consumer cyclical, 5%
- Financials, 12%
- Utilities, 12%
- Communications, 4%
- Technology, 3%
- Transportation, 3%
- Industrial other, 1%
- Consumer non-cyclical, 14%
- CMLs

Below investment grade exposure has declined

- Average quality rating is A-
- Below investment grade exposure has declined 6.2% to 4.3%

$102.2B invested assets
Net unrealized gain of $7.2B on AFS assets

1 As of 9/30/17; amortized cost excluding policy loans.
2 Other asset classes include: munipcals (4.1%), other structured (3.1%), agency RMBS (2.4%), quasi-sovereign (1.9%), cash & collateral (1.7%), alts (1.4%), UST/agency (1.3%), and other (1.2%).
Top 50 corporate issuers are below peers \(^1\)

- **Lincoln**: 7% lower than peers
- **Peer avg.**: 22.5%

Projected stress scenario credit losses lower than peers \(^2\)

- **Lincoln**: 9bps lower than peers
- **Peer avg.**: 9.9% vs. 10.0%

---

1 Source: J.P. Morgan for peer data as of 12/31/16; includes public and private corporates: AEG, AFL, AIG, ALL, ATH, AXA, GA, GNW, HIG, MET, MFC, MML, NFS, NML, NYL, PAC, PFG, PL, PRU, SF, SLF, TIAA, UNM and VOYA.

2 Source: BlackRock peer risk analysis as of 12/31/16; includes public fixed income at 95% credit VaR; see Appendix for additional disclosures.
LOWER RISK ASSETS PROVIDE INVESTMENT FLEXIBILITY

**Risk assets / total assets**

- Lincoln: 6.4%
- Peer avg.: 9.8%

**Risk assets / capital and surplus**

- Lincoln: 70.5%
- Peer avg.: 105.2%

1 Source: J.P. Morgan compiled from 12/31/16 statutory statements; peers include: AMP, BHF, MET, PFG, PRU, TMK, UNM and VOYA.
2 Other includes: unaffiliated equity, real estate, mortgages overdue 90 days and mortgages in foreclosure.
Unique multi-manager investment framework maximizes agility, enhances risk management and lowers costs

Proactive investment strategies improve investment income and moderate portfolio yield decline

Diligent portfolio construction and active risk management provides greater flexibility
Strong, stable and sustainable financial results provide catalyst to close valuation gap

Appropriately balancing growth and capital management

Risk management programs remain competitive advantage and have distinguished us in the marketplace
Steady revenue growth with disciplined expense management

- Revenue growth combined with expense management driving earnings improvement
  - Operating revenues: 5% CAGR
  - G&A as a % of revenue: down 40 bps
  - Operating earnings: 4% CAGR even with 3% headwind from low interest rates

Double-digit growth in EPS

- Consistent growth in operating EPS
  - Operating EPS: 11% CAGR
  - YTD17 operating EPS: +23%

1 See Appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures. G&A as a percent of revenue represents general and administrative expenses, net of amounts capitalized, as a percent of operating revenue.
EXCEEDING INVESTMENT COMMUNITY EXPECTATIONS AND PEERS

Consensus estimates have moved higher for LNC and lower for peers

- LNC delivering on expectations
  - Reported operating earnings exceeding consensus by 5%+ on average since 2012
  - Beat consensus estimates for 4 of past 5 years; on track to outperform in 2017 as well
  - Peers have underperformed consensus on average

EPS CAGR nearly 2X peers

- LNC outperforming peers
  - Benefitting from organic earnings growth and capital management
  - Peer EPS CAGR ranged from (4)-14%

1 Peers: AFL, AMP, CNO, MET, PFG, PRU, TMK, UNM and VOYA. Sources: FactSet and company filings.
2 Percentages reflect the difference between reported operating EPS and consensus analyst expectations 1 and 2 years prior from 2012 to 2016. 2017 results based on consensus expectations as of 11/10/17.
3 See Appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures.
OTHER KEY STAKEHOLDER METRICS COMPARE FAVORABLY TO PEERS

**BVPS CAGR nearly double and less volatile than peers**

- Double-digit growth in book value per share
  - Book value per share (BVPS), ex. AOCI: 10% CAGR\(^3\)
  - More consistent growth in BVPS than peers
  - LNC’s lowest annual growth rate still exceeds peer average

**ROE expansion 50bps greater than peers**

- ROE expansion outpacing peers
  - 70bps of ROE improvement over the past 5 years
  - 50bps better than peers over same period
  - 12.0% operating ROE in 2016\(^3\)
  - 13.3% operating ROE YTD17; 12.6%, excluding notable items\(^3\)

---

1 Peers: AFL, AMP, CNO, MET, PFG, PRU, TMK, UNM and VOYA (excluded in ROE calculation). Sources: FactSet and company filings.
2 Peer range and 5Y CAGR represent the average min, max and CAGR.
3 See Appendix for a reconciliation of non-GAAP measures to their most comparable GAAP measures.
KEY DRIVERS CONTINUE TO SUPPORT SOLID FINANCIAL RESULTS

Targeted annual EPS growth of 8-10%

<table>
<thead>
<tr>
<th>Net flows / premiums</th>
<th>Margin / expense improvement</th>
<th>Equity market growth¹</th>
<th>Spread compression¹</th>
<th>Buybacks</th>
<th>Targeted EPS appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-5%</td>
<td>1-2%</td>
<td>2-4%</td>
<td>(2)-(3)%</td>
<td>2-3%</td>
<td>Target 8-10%</td>
</tr>
</tbody>
</table>

2012-2016 average²: Buybacks accelerated targeted EPS

| 4%   | 1%   | 4%   | (3)% | 6%   | **12%** |

Short term³: Focused on restoring net flows to targeted range

| 2%   | 2%   | 3%   | (2)% | 3%   | **8%**  |

1 Capital market assumptions include: equity markets, 6-8% total return and interest rates, remain at current levels.
2 Excludes impact from notable items.
3 Short term represents approximate contributions of the principal drivers of earnings growth over the next two to three years.
HELPING COMBAT SPREAD COMPRESSION WITH DIGITAL INITIATIVE

Near-term investments leading to long-term savings

<table>
<thead>
<tr>
<th>$M (pre-tax)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross expenses</td>
<td>$40</td>
<td>$70-80</td>
<td>$80-90</td>
<td>$30-40</td>
</tr>
<tr>
<td>Savings Capture</td>
<td>0</td>
<td>30-40</td>
<td>80-90</td>
<td>120-130</td>
</tr>
<tr>
<td>Digital</td>
<td>-</td>
<td>10-15</td>
<td>45-50</td>
<td>80-85</td>
</tr>
<tr>
<td>Enhanced business practices</td>
<td>-</td>
<td>20-25</td>
<td>35-40</td>
<td>40-45</td>
</tr>
<tr>
<td>Net savings / (expenses)</td>
<td>$(40)</td>
<td>$(30)-(50)</td>
<td>$(10)-10</td>
<td>$80-100</td>
</tr>
</tbody>
</table>
Industry still trades at a discounted valuation

- 82% | Pre-financial crisis
- 63% | Current
- 54% | Prior periods of stress
  - Financial crisis
  - Euro sovereign crisis
  - Brexit

LNC’s multiple does not reflect strong financial results

\[ R^2 = 0.91 \]

Price/book vs. ROE 2018E

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1 Peers: AFL, AMP, CNO, MET, PFG, PRU, TMK, UNM and VOYA. Source: FactSet. Prices as of 11/10/17. Regression of current P/B and current analyst expectations for ROE ex. AOCI.
One of the only companies with above average earnings growth and buybacks

Above average earnings growth and buybacks

4% earnings CAGR vs. 3% for peers

22% reduction in share count vs. 17% for peers

1 Peers: AFL, AMP, CNO, MET, PFG, PRU, TMK, UNM and VOYA.
2 Source: FactSet.
3 Source: SNL DataSource and company filings.
**Strong free cash flow**
- Long-term target of 50-55%
- Product mix shift gradually improving FCF

**Maintaining balance sheet strength**
- RBC ended 3Q17 at 495%, consistent with 2011¹
- Total debt decreased more than $300M since 2011

**Strong share repurchase activity**
- From 2011 through 2016, have repurchased $3.9B; average share price of ~$38
- $600M completed YTD17

**Steady increases in shareholder dividend**
- 29% CAGR in quarterly dividend paid since 4Q11
- Announced 14% increase for 1Q18 dividend

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¹ RBC is estimated for 3Q17.
² Annualized dividend based on quarterly dividend declared in 4Q11 and 4Q16.
Statutory capital position remains strong

- Strong statutory capital position
  - +$1B increase in statutory capital even with active capital management
  - $9B of statutory capital as of 3Q17
- RBC ratio has remained stable
  - 495% as of 3Q17, excludes $500M+ at holding company

Improvement in cash flow coverage and leverage ratio

- Significant improvement in cash flow coverage
  - 6.0X for YTD17 vs. 2.6X in 2011
- Leverage ratio improved ~5% points
  - 22.6% as of 3Q17 vs. 27.4% in 2011
- Holding company cash exceeds $500M target
  - Target established in 2009

1 Values are estimated.
### Interest Rate Impacts Consistent with Guidance

<table>
<thead>
<tr>
<th>WHAT WE SAID</th>
<th>WHAT WE EXPERIENCED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory reserves</strong></td>
<td>✓ Asset adequacy up ~$1B per year</td>
</tr>
<tr>
<td>✓ Significant asset adequacy</td>
<td>✓ $0 in reserve strengthening</td>
</tr>
<tr>
<td>✓ Modest impact in an even much lower rate environment¹</td>
<td></td>
</tr>
<tr>
<td><strong>GAAP balance sheet</strong></td>
<td>✓ Lowered earned rate 50bps in 2012 &amp; 2015²</td>
</tr>
<tr>
<td>✓ Potential to lower long-term earned rate</td>
<td>Financial impact in line with expectations</td>
</tr>
<tr>
<td>✓ 50bps change is ~$125M</td>
<td>✓ No other unlocking impacts tied to low rates</td>
</tr>
<tr>
<td><strong>Spread compression</strong></td>
<td>✓ 4% 5Y CAGR in operating earnings</td>
</tr>
<tr>
<td>✓ Earnings growth can continue</td>
<td>✓ Management has taken actions³</td>
</tr>
<tr>
<td>✓ Actions can help offset impacts</td>
<td>✓ 2-3% earnings headwind down from 4-5%</td>
</tr>
<tr>
<td>✓ Headwinds will abate</td>
<td></td>
</tr>
</tbody>
</table>

1. Modest impacts could be seen if UST 10Y approached 1%.
2. Long-term earned rate assumption also reduced by 50bps in 2010.
3. Management actions taken include: repriced and pivoted product portfolio, investment opportunities to boost yield, expense savings, in-force management actions, and refinanced debt at lower rates.
### 1) New business returns
Repriced and repositioned products for low interest rates

### 2) Spread compression\(^1\)
Manageable EPS headwind

### 3) Balance sheet
Strength even in a much lower interest rate scenario

---

#### 12%+
new business returns in each segment

#### 2-3%
currently... and abating

**Base case**
\$12B in asset adequacy\(^2\)

Modest reserve strengthening in much lower rate scenario

**SGUL subtest impact\(^3\)**

| UST 10Y: 1% | $(350)M |

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1 The impact of spread compression is shown as a percent of income from operations, excluding notable items.

2 Base case scenario represents the reserve sufficiency on an average stochastic result.

3 Reflects potential strengthening tied to SGUL subtests. Impact is unchanged from disclosures provided at the 6/9/16 Conference for Analysts, Investors and Bankers.
STRONG ECONOMIC VALUE OF VARIABLE ANNUITY BLOCK

Attractive annuity block under various scenarios

- Benefit from high quality annuity book and selling through market cycles
  - Less risky variable annuity block than peers as measured by net amount at risk
  - Multiple years of positive net flows and above peer profitability adding to value of in-force

- Even in adverse scenario strong economic value
  - Robust hedge program results in significant value from hedge assets
  - Investment restrictions, including risk-managed funds, mitigates decline in equity markets

Baseline

<table>
<thead>
<tr>
<th>Economic value as a % of living benefit account values</th>
<th>LNC</th>
<th>Peer A</th>
<th>Peer B</th>
<th>Peer C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline economic value: $9.9B</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Adverse

<table>
<thead>
<tr>
<th>Economic value as a % of living benefit account values</th>
<th>LNC</th>
<th>Peer B</th>
<th>Peer A</th>
<th>Peer C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adverse economic value: $4.4B</td>
<td>9%</td>
<td>6%</td>
<td>3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

1 The baseline scenario assumes 5% separate account growth, before all charges and fees, and interest rates follow the forward curve as of 12/31/16. LNC cash flows are shown on a present value basis, discounted at 4%. The adverse scenario assumes a 30% decrease in equity markets, followed by 5% separate account growth, before all charges and fees, and a 100bps parallel decrease in interest rates. LNC cash flows are shown on a present value basis, discounted at 3%. See Appendix for a full description of LNC scenarios and assumptions and variances in peer scenarios.
**Strong, stable and sustainable financial results provide catalyst to close valuation gap**

**Appropriately balancing growth and capital management**

**Risk management programs remain competitive advantage and have distinguished us in the marketplace**
2017 CONFERENCE FOR ANALYSTS, INVESTORS AND BANKERS

Appendix
Certain statements made in this presentation and in other written or oral statements made by Lincoln or on Lincoln's behalf are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like: "believe," "anticipate," "expect," "estimate," "project," "will," "shall" and other words or phrases with similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, trends in Lincoln's businesses, prospective services or products, future performance or financial results, and the outcome of contingencies, such as legal proceedings. Lincoln claims the protection afforded by the safe harbor for forward-looking statements provided by the PSLRA.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements. Risks and uncertainties that may cause actual results to vary materially, some of which are described within the forward-looking statements, include, among others:

- Deterioration in general economic and business conditions that may affect account values, investment results, guaranteed benefit liabilities, premium levels, claims experience and the level of pension benefit costs, funding and investment results;
- Adverse global capital and credit market conditions could affect our ability to raise capital, if necessary, and may cause us to realize impairments on investments and certain intangible assets, including goodwill and the valuation allowance against deferred tax assets, which may reduce future earnings and/or affect our financial condition and ability to raise additional capital or refinance existing debt as it matures;
- Because of our holding company structure, the inability of our subsidiaries to pay dividends to the holding company in sufficient amounts could harm the holding company's ability to meet its obligations;
- Legislative, regulatory or tax changes, both domestic and foreign, that affect: the cost of, or demand for, our subsidiaries' products; the required amount of reserves and/or surplus; our ability to conduct business and our captive reinsurance arrangements, as well as restrictions on revenue sharing and 12b-1 payments; the potential for U.S. federal tax reform; and the effect of the Department of Labor's ("DOL") regulation defining fiduciary;
- Actions taken by reinsurers to raise rates on in-force business;
- Declines in or sustained low interest rates causing a reduction in investment income, the interest margins of our businesses, estimated gross profits and demand for our products;
- Rapidly increasing interest rates causing contract holders to surrender life insurance and annuity policies, thereby causing realized investment losses, and reduced hedge performance related to variable annuities;
- Uncertainty about the effect of continuing promulgation and implementation of rules and regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act on us, the economy and the financial services sector in particular;
• The initiation of legal or regulatory proceedings against us, and the outcome of any legal or regulatory proceedings, such as: adverse actions related to present or past business practices common in businesses in which we compete; adverse decisions in significant actions including, but not limited to, actions brought by federal and state authorities and class action cases; new decisions that result in changes in law; and unexpected trial court rulings;

• A decline in the equity markets causing a reduction in the sales of our subsidiaries' products; a reduction of asset-based fees that our subsidiaries charge on various investment and insurance products; an acceleration of the net amortization of deferred acquisition costs ("DAC"), value of business acquired ("VOBA"), deferred sales inducements ("DSI") and deferred front-end loads ("DFEL"); and an increase in liabilities related to guaranteed benefit features of our subsidiaries' variable annuity products;

• Ineffectiveness of our risk management policies and procedures, including various hedging strategies used to offset the effect of changes in the value of liabilities due to changes in the level and volatility of the equity markets and interest rates;

• A deviation in actual experience regarding future persistency, mortality, morbidity, interest rates or equity market returns from the assumptions used in pricing our subsidiaries' products, in establishing related insurance reserves and in the net amortization of DAC, VOBA, DSI and DFEL, which may reduce future earnings;

• Changes in accounting principles generally accepted in the United States ("GAAP"), that may result in unanticipated changes to our net income;

• Lowering of one or more of our debt ratings issued by nationally recognized statistical rating organizations and the adverse effect such action may have on our ability to raise capital and on our liquidity and financial condition;

• Lowering of one or more of the insurer financial strength ratings of our insurance subsidiaries and the adverse effect such action may have on the premium writings, policy retention, profitability of our insurance subsidiaries and liquidity;

• Significant credit, accounting, fraud, corporate governance or other issues that may adversely affect the value of certain investments in our portfolios, as well as counterparties to which we are exposed to credit risk requiring that we realize losses on investments;

• Inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others;

• Interruption in telecommunication, information technology or other operational systems, or failure to safeguard the confidentiality or privacy of sensitive data on such systems from cyberattacks or other breaches of our data security systems;

• The effect of acquisitions and divestitures, restructurings, product withdrawals and other unusual items;

• The adequacy and collectability of reinsurance that we have purchased;

• Acts of terrorism, a pandemic, war or other man-made and natural catastrophes that may adversely affect our businesses and the cost and availability of reinsurance;
• Competitive conditions, including pricing pressures, new product offerings and the emergence of new competitors, that may affect the level of premiums and fees that our subsidiaries can charge for their products;

• The unknown effect on our subsidiaries' businesses resulting from evolving market preferences and the changing demographics of our client base; and

• The unanticipated loss of key management, financial planners or wholesalers.

The risks included here are not exhaustive. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other documents filed with the Securities and Exchange Commission (“SEC”) include additional factors that could affect our businesses and financial performance. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

Further, it is not possible to assess the effect of all risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, Lincoln disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this presentation.

The reporting of Risk Based Capital (“RBC”) measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities.
EXPLANATORY NOTES ON USE OF NON-GAAP MEASURES

Management believes that income from operations, operating return on equity and operating revenues better explain the results of the company’s ongoing businesses in a manner that allows for a better understanding of the underlying trends in the company’s current business because the excluded items are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments, and, in most instances, decisions regarding these items do not necessarily relate to the operations of the individual segments. Management also believes that using book value excluding accumulated other comprehensive income (AOCI) enables investors to analyze the amount of our net worth that is primarily attributable to our business operations. Book value per share excluding AOCI is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period, primarily based on changes in interest rates.

For the historical periods, reconciliations of non-GAAP measures used in this press release to the most directly comparable GAAP measure may be included in this Appendix to the press release and/or are included in the Statistical Reports for the corresponding periods contained in the Earnings section of the Investor Relations page on our website: www.lfg.com/investor.
DEFINITIONS OF NON-GAAP MEASURES USED IN THIS PRESENTATION

Income (loss) from operations, operating revenues and operating return on equity (including and excluding average goodwill within average equity), excluding AOCI, using annualized income (loss) from operations are financial measures we use to evaluate and assess our results. Income (loss) from operations, operating revenues and operating return on equity (“ROE”), as used in the earnings release, are non-GAAP financial measures and do not replace GAAP revenues, net income (loss) and ROE, the most directly comparable GAAP measures.

**Income (loss) from operations**

Income (loss) from operations, operating revenues and return on equity (ROE), as used in the presentation, are non-GAAP financial measures and do not replace GAAP revenues, net income (loss) and ROE. We exclude the after-tax effects of the following items from GAAP net income (loss) to arrive at income (loss) from operations, which we also refer to as operating earnings: realized gains and losses associated with the following (“excluded realized gain (loss)”: sale or disposal of securities; impairments of securities; change in the fair value of derivative investments, embedded derivatives within certain reinsurance arrangements and our trading securities; change in the fair value of the derivatives we own to hedge our guaranteed death benefit (GDB) riders within our variable annuities, which is referred to as “GDB derivatives results”; change in the fair value of the embedded derivatives of our guaranteed living benefit (GLB) riders within our variable annuities accounted for under the Derivatives and Hedging and the Fair Value Measurements and Disclosures Topics of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) (“embedded derivative reserves”), net of the change in the fair value of the derivatives we own to hedge the changes in the embedded derivative reserves, the net of which is referred to as “GLB net derivative results”; and 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 under the Derivatives and Hedging and the Fair Value Measurements and Disclosures Topics of the FASB ASC (“indexed annuity forward-starting option”); change in reserves accounted for under the Financial Services - Insurance - Claim Costs and Liabilities for Future Policy Benefits Subtopic of the FASB ASC resulting from benefit ratio unlocking on our GDB and GLB riders (“benefit ratio unlocking”); income (loss) from the initial adoption of new accounting standards; income (loss) from reserve changes (net of related amortization) on business sold through reinsurance; gain (loss) on early extinguishment of debt; losses from the impairment of intangible assets; and income (loss) from discontinued operations.

**Operating revenues**

Operating revenues represent GAAP revenues excluding the pre-tax effects of the following items, as applicable: excluded realized gain (loss); amortization of deferred front-end loads (DFEL) arising from changes in GDB and GLB benefit ratio unlocking; amortization of deferred gains arising from the reserve changes on business sold through reinsurance; and revenue adjustments from the initial adoption of new accounting standards.

**Operating return on equity**

Return on equity measures how efficiently we generate profits from the resources provided by our net assets. Return on equity is calculated by dividing annualized income (loss) from operations by average equity, excluding accumulated other comprehensive income (loss) (AOCI). Management evaluates return on equity by both including and excluding average goodwill within average equity.
**Definition of notable items**

Income (loss) from operations, excluding notable items is a non-GAAP measure that excludes items which, in management’s view, do not reflect the company’s normal, ongoing operations. We believe highlighting notable items included in income (loss) from operations enables investors to better understand the fundamental trends in its results of operations and financial condition.

**Book value per share, excluding AOCI**

Book value per share excluding AOCI is calculated based upon a non-GAAP financial measure. It is calculated by dividing (a) stockholders’ equity excluding AOCI by (b) common shares outstanding. We provide book value per share excluding AOCI to enable investors to analyze the amount of our net worth that is primarily attributable to our business operations. Management believes book value per share excluding AOCI is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period, primarily based on changes in interest rates. Book value per share is the most directly comparable GAAP measure.
**Corporate federal tax rate**

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

**Sales**

Sales as reported consist of the following:

- **MoneyGuard®** – 15% of total expected premium deposits;
- Universal life (UL), indexed universal life (IUL), variable universal life (VUL) – first-year commissionable premiums plus 5% of excess premiums received;
- Executive Benefits – single premium bank-owned UL and VUL, 15% of single premium deposits, and corporate-owned UL and VUL, first-year commissionable premiums plus 5% of excess premium received;
- Term – 100% of annualized first-year premiums;
- Annuities – deposits from new and existing customers; and
- Group Protection – annualized first-year premiums from new policies.

**3Q and YTD**

3Q refers to data for the third quarter of the year referenced or to data as of the end of the third quarter of the year referenced depending on the metric. YTD data refers to cumulative data for the first three quarters of the year referenced.
Detailed BlackRock disclosure (Investment portfolio presentation)

Peer risk assumptions and methodology: key limitations

- Holdings are as of December 31, 2016.
- US statutory entities only; no offshore reinsurance, no non-US entities.
- No derivatives exposure or risk.

Terms and definitions:

- Value-at-risk (VaR%): Measures the worst expected loss under normal market conditions over a specific time interval at a given confidence level and is expressed in basis points of portfolio market value.
- Credit VaR (CVaR%): Evaluates the impact due to defaults and ratings migration of Corporate Credit. Differs from analytical VaR framework in that it attempts to measure probability of default. Model leverages Moody’s probability of downgrade/default to estimate ‘loss given default’ and ‘expected loss’ (loss given default X probability of default); model projects potential paths for each bond to create a distribution of potential outcomes.

Variable annuities cash flow assumptions (Financial overview presentation)

- LNC values based on in-force book of business as of 12/31/16. The baseline scenario assumes 5% separate account growth, before all charges and fees, and interest rates follow the forward curve as of 12/31/16. Cash flows are shown on a present value basis, discounted at 4%. The adverse scenario assumes a 30% decrease in equity markets, followed by 5% separate account growth, before all charges and fees, and a 100bps parallel decrease in interest rates. Cash flows are shown on a present value basis, discounted at 3%. Cash flows include all charges, revenue sharing, trail commissions, maintenance expenses, claims, hedging activity, and impact of external reinsurance, while it excludes a portion of investment income on general account assets. Impacts from policyholder behavior reflect our dynamic modeling assumptions and projected hedging results based on current hedge strategy parameters. Actual results will vary from the illustrative results due to aspects such as, but not limited to, market volatility, basis risk, potential changes in assumptions, and / or rebalancing of hedges.

- Peer comparisons based on prior disclosures that reflect the capital market scenarios most comparable to Lincoln’s baseline and adverse scenarios. The above charts reflect their disclosed values as a percentage of living benefit account values as of 12/31/16. In general, scenarios are not directly comparable as some peers assume more favorable separate account returns, including higher annual equity market appreciation or a less severe shock in separate account returns in the adverse scenario, and/or include other available resources. Additionally, there are likely modeling idiosyncrasies from peer to peer.
### RECONCILIATION OF NET INCOME TO INCOME FROM OPERATIONS

(in millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>For the Nine Months Ended September 30,</th>
<th>For the Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$10,076</td>
<td>$10,588</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excluded realized gain (loss)</td>
<td>(252)</td>
<td>(229)</td>
</tr>
<tr>
<td>Amortization of DFEL on benefit ratio unlocking</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Amortization of deferred gains arising from reserve changes on business sold through reinsurance</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$10,325</td>
<td>$10,814</td>
</tr>
<tr>
<td><strong>Net Income (Loss) Available to Common Stockholders - Diluted</strong></td>
<td>$1,001</td>
<td>$1,269</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustment for deferred units of LNC stock in our deferred compensation plans (1)</td>
<td>(1)</td>
<td>5</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>1,002</td>
<td>1,264</td>
</tr>
<tr>
<td><strong>Less (2):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excluded realized gain (loss)</td>
<td>(164)</td>
<td>(149)</td>
</tr>
<tr>
<td>Benefit ratio unlocking</td>
<td>34</td>
<td>101</td>
</tr>
<tr>
<td>Income (loss) from reserve changes (net of related amortization) on business sold through reinsurance</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Gain (loss) on early extinguishment of debt</td>
<td>-</td>
<td>(3)</td>
</tr>
<tr>
<td>Impairment of intangibles</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income (loss) from discontinued operations</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Income (Loss) from Operations</strong></td>
<td>$1,131</td>
<td>$1,314</td>
</tr>
<tr>
<td><strong>Earnings (Loss) Per Common Share (Diluted)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$4.17</td>
<td>$5.58</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>4.71</td>
<td>5.80</td>
</tr>
</tbody>
</table>

1. 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 if the effect of equity classification would result in a more diluted EPS.
2. 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.
## RECONCILIATION OF BOOK VALUE PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Book value per share, including AOCl</td>
<td>$44.94</td>
</tr>
<tr>
<td>Per share impact of AOCl</td>
<td>9.19</td>
</tr>
<tr>
<td>Book value per share, excluding AOCl</td>
<td>35.75</td>
</tr>
</tbody>
</table>

As of December 31,
# Reconciliation of Return on Average Equity

(in millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>For the Nine Months Ended</th>
<th></th>
<th>For the Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30,</td>
<td>December 31,</td>
<td></td>
</tr>
<tr>
<td><strong>Average Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average equity, including AOCI</td>
<td>$15,183</td>
<td>$15,455</td>
<td>$12,649</td>
</tr>
<tr>
<td>Average AOCI</td>
<td>2,412</td>
<td>2,257</td>
<td>1,632</td>
</tr>
<tr>
<td>Average equity, excluding AOCI</td>
<td>$12,771</td>
<td>$13,198</td>
<td>$11,017</td>
</tr>
<tr>
<td><strong>ROE, Including AOCI</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>8.8%</td>
<td>10.9%</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>ROE, Excluding AOCI</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>11.8%</td>
<td>13.3%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>
RECONCILIATION OF ANNUITIES RETURN ON EQUITY TO ANNUITIES RETURN ON EQUITY, INCLUDING VA HEDGE RESULTS

(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average equity including goodwill</strong></td>
<td>3,493</td>
<td>3,451</td>
<td>3,950</td>
<td>4,579</td>
<td>4,965</td>
<td></td>
</tr>
<tr>
<td><strong>Income from operations</strong></td>
<td>595</td>
<td>750</td>
<td>925</td>
<td>996</td>
<td>935</td>
<td></td>
</tr>
<tr>
<td><strong>Return on average equity - reported including goodwill</strong></td>
<td>17.0%</td>
<td>21.7%</td>
<td>23.4%</td>
<td>21.8%</td>
<td>18.8%</td>
<td>20.6%</td>
</tr>
<tr>
<td><strong>Average goodwill</strong></td>
<td>440</td>
<td>440</td>
<td>440</td>
<td>440</td>
<td>440</td>
<td></td>
</tr>
<tr>
<td><strong>Average equity less goodwill</strong></td>
<td>3,053</td>
<td>3,011</td>
<td>3,510</td>
<td>4,139</td>
<td>4,525</td>
<td></td>
</tr>
<tr>
<td><strong>Return on average equity - reported excluding goodwill</strong></td>
<td>19.5%</td>
<td>24.9%</td>
<td>26.4%</td>
<td>24.1%</td>
<td>20.7%</td>
<td>23.1%</td>
</tr>
<tr>
<td><strong>Net derivative results, excluding GLB NPR</strong></td>
<td>97</td>
<td>1</td>
<td>(24)</td>
<td>(150)</td>
<td>(122)</td>
<td></td>
</tr>
<tr>
<td><strong>Average equity less goodwill</strong></td>
<td>3,053</td>
<td>3,011</td>
<td>3,510</td>
<td>4,139</td>
<td>4,525</td>
<td></td>
</tr>
<tr>
<td><strong>ROE, including VA hedge results - excluding goodwill</strong></td>
<td>22.7%</td>
<td>24.9%</td>
<td>25.7%</td>
<td>20.4%</td>
<td>18.0%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

1 Excludes AOCI.
NOTABLE ITEMS RECONCILIATION: INCOME FROM OPERATIONS

(dollars in millions, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>For the Nine Months Ended</th>
<th>For the Years Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30,</td>
<td>December 31,</td>
</tr>
<tr>
<td>Income from operations</td>
<td>$1,131</td>
<td>$1,131</td>
</tr>
<tr>
<td>Notable Items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax adjustments</td>
<td>14</td>
<td>64</td>
</tr>
<tr>
<td>Reinsurance recapture</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Unlocking/reserve adjustments</td>
<td>-</td>
<td>(2)</td>
</tr>
<tr>
<td>Expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total notable items</td>
<td>14</td>
<td>65</td>
</tr>
<tr>
<td>Income from operations, excluding notable items</td>
<td>$1,117</td>
<td>$1,249</td>
</tr>
</tbody>
</table>