

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

## Second 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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**Lincoln Financial Group**  
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**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: [www.lfg.com/investor](http://www.lfg.com/investor).

# Lincoln Financial Group

## 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.

# Lincoln Financial Group

## 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 variable annuity net derivative results;
  - Changes in the fair value of the embedded derivatives of our guaranteed living benefit (“GLB”) riders accounted for at fair value, net of the change in the fair value of the derivatives we own to hedge them reflected within variable annuity 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 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”) reflected within variable annuity net derivative results;
- 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 July 29, 2015, 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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Revenues</b>									
Insurance premiums	\$ 755	\$ 741	\$ 753	\$ 790	\$ 782	3.6%	\$ 1,494	\$ 1,572	5.2%
Fee income	1,134	1,216	1,224	1,222	1,239	9.3%	2,232	2,460	10.2%
Net investment income	1,207	1,212	1,232	1,187	1,187	-1.7%	2,415	2,374	-1.7%
Realized gain (loss):									
Other-than-temporary impairment (“OTTI”)	(3)	(4)	(5)	(13)	(7)	NM	(7)	(20)	NM
Realized gain (loss), excluding OTTI	38	93	(101)	(35)	17	-73.7%	23	(18)	NM
Total realized gain (loss)	35	89	(106)	(48)	10	-71.4%	16	(38)	NM
Amortization of deferred gains on business sold through reinsurance	18	18	18	18	18	0.0%	37	37	0.0%
Other revenues	133	135	565	135	145	9.0%	263	280	6.5%
Total revenues	3,282	3,411	3,686	3,304	3,381	3.0%	6,457	6,685	3.5%
<b>Expenses</b>									
Interest credited	636	631	632	625	629	-1.1%	1,269	1,254	-1.2%
Benefits	1,079	1,117	1,403	1,236	1,220	13.1%	2,157	2,456	13.9%
Commissions and other expenses	963	995	1,150	1,013	1,014	5.3%	1,934	2,027	4.8%
Interest and debt expense	67	67	67	68	69	3.0%	134	137	2.2%
Total expenses	2,745	2,810	3,252	2,942	2,932	6.8%	5,494	5,874	6.9%
Income (loss) from continuing operations before taxes	537	601	434	362	449	-16.4%	963	811	-15.8%
Federal income tax expense (benefit)	139	162	87	62	105	-24.5%	236	167	-29.2%
Income (loss) from continuing operations	398	439	347	300	344	-13.6%	727	644	-11.4%
Income (loss) from discontinued operations	-	-	1	-	-	NM	-	-	NM
Net income (loss)	398	439	348	300	344	-13.6%	727	644	-11.4%
Adjustment for LNC stock units in our deferred compensation plans	1	2	-	(1)	-	-100.0%	-	1	NM
Net income (loss) available to common stockholders – diluted	\$ 399	\$ 441	\$ 348	\$ 299	\$ 344	-13.8%	\$ 727	\$ 645	-11.3%
<b>Earnings (Loss) Per Common Share – Diluted</b>									
Net income (loss)	\$ 1.48	\$ 1.65	\$ 1.32	\$ 1.15	\$ 1.35	-8.8%	\$ 2.69	\$ 2.50	-7.1%

**Lincoln Financial Group**  
**Consolidated Balance Sheets**

Unaudited (millions of dollars)

	As of					Change
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	
<b>ASSETS</b>						
Investments:						
Available-for-sale (“AFS”) securities:						
Corporate bonds	\$ 74,017	\$ 73,799	\$ 74,546	\$ 77,063	\$ 74,169	0.2%
U.S. government bonds	396	402	435	452	428	8.1%
Foreign government bonds	556	551	541	561	540	-2.9%
Mortgage-backed securities	4,929	4,931	4,796	4,674	4,476	-9.2%
Asset-backed collateralized debt obligations	256	286	375	423	499	94.9%
State and municipal bonds	4,395	4,419	4,593	4,705	4,418	0.5%
Hybrid and redeemable preferred securities	962	960	954	935	892	-7.3%
VIEs' fixed maturity securities	598	598	598	598	598	0.0%
Equity securities	256	234	231	210	227	-11.3%
Total AFS securities	86,365	86,180	87,069	89,621	86,247	-0.1%
Trading securities	2,339	2,134	2,065	2,077	1,949	-16.7%
Mortgage loans on real estate	7,096	7,466	7,574	7,654	8,171	15.1%
Real estate	32	20	20	19	24	-25.0%
Policy loans	2,683	2,677	2,670	2,664	2,654	-1.1%
Derivative investments	1,142	1,439	1,860	2,095	1,340	17.3%
Other investments	1,301	1,469	1,709	1,885	1,624	24.8%
Total investments	100,958	101,385	102,967	106,015	102,009	1.0%
Cash and invested cash	1,509	1,821	3,919	3,487	2,327	54.2%
DAC and VOBA	8,149	8,372	8,207	8,156	9,150	12.3%
Premiums and fees receivable	465	448	473	452	415	-10.8%
Accrued investment income	1,081	1,129	1,049	1,129	1,064	-1.6%
Reinsurance recoverables	6,007	5,906	5,730	5,598	5,608	-6.6%
Funds withheld reinsurance assets	764	761	649	646	642	-16.0%
Goodwill	2,273	2,273	2,273	2,273	2,273	0.0%
Other assets	3,760	3,414	2,845	2,901	3,647	-3.0%
Separate account assets	124,159	122,937	125,265	127,828	128,079	3.2%
Total assets	<u>\$ 249,125</u>	<u>\$ 248,446</u>	<u>\$ 253,377</u>	<u>\$ 258,485</u>	<u>\$ 255,214</u>	2.4%

**Lincoln Financial Group**  
**Consolidated Balance Sheets**

Unaudited (millions of dollars)

	As of					Change
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Liabilities</b>						
Future contract benefits	\$ 19,460	\$ 19,553	\$ 20,057	\$ 20,468	\$ 20,166	3.6%
Other contract holder funds	74,735	74,893	75,512	75,663	76,243	2.0%
Short-term debt	250	250	250	250	-	-100.0%
Long-term debt by rating agency leverage definitions:						
Operating (see note <sup>(2)</sup> on page 16 for details)	1,122	1,122	1,123	1,123	1,123	0.1%
Financial	4,048	4,064	4,147	4,504	4,406	8.8%
Reinsurance related embedded derivatives	155	141	150	165	120	-22.6%
Funds withheld reinsurance liabilities	842	806	764	717	718	-14.7%
Deferred gain on business sold through reinsurance	208	190	171	153	134	-35.6%
Payables for collateral on investments	3,571	3,853	4,409	5,046	4,587	28.5%
VIEs' liabilities	10	17	13	5	3	-70.0%
Other liabilities	5,114	5,168	5,776	6,340	4,936	-3.5%
Separate account liabilities	124,159	122,937	125,265	127,828	128,079	3.2%
Total liabilities	<u>233,674</u>	<u>232,994</u>	<u>237,637</u>	<u>242,262</u>	<u>240,515</u>	2.9%
<b>Stockholders' Equity</b>						
Common stock	6,739	6,696	6,622	6,493	6,469	-4.0%
Retained earnings	5,513	5,834	6,022	6,077	6,286	14.0%
<b>AOCI:</b>						
Unrealized gain (loss) on AFS securities	3,168	2,872	3,175	3,655	1,945	-38.6%
Unrealized OTTI on AFS securities	47	56	64	56	66	40.4%
Unrealized gain (loss) on derivative instruments	216	221	139	218	209	-3.2%
Foreign currency translation adjustment	(10)	(10)	(3)	(4)	3	130.0%
Funded status of employee benefit plans	(222)	(217)	(279)	(272)	(279)	-25.7%
Total AOCI	<u>3,199</u>	<u>2,922</u>	<u>3,096</u>	<u>3,653</u>	<u>1,944</u>	-39.2%
Total stockholders' equity	<u>15,451</u>	<u>15,452</u>	<u>15,740</u>	<u>16,223</u>	<u>14,699</u>	-4.9%
Total liabilities and stockholders' equity	<u>\$ 249,125</u>	<u>\$ 248,446</u>	<u>\$ 253,377</u>	<u>\$ 258,485</u>	<u>\$ 255,214</u>	2.4%



## 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						As of or For the Six Months Ended			
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	Change	6/30/14	6/30/15	Change	
<b>Income (Loss)</b>										
Income (loss) from operations	\$ 394	\$ 414	\$ 439	\$ 352	\$ 371	-5.8%	\$ 759	\$ 724	-4.6%	
Net income (loss)	398	439	348	300	344	-13.6%	727	644	-11.4%	
<b>Earnings (Loss) Per Diluted Share</b>										
Income (loss) from operations	\$ 1.47	\$ 1.56	\$ 1.67	\$ 1.35	\$ 1.46	-0.7%	\$ 2.80	\$ 2.81	0.4%	
Net income (loss)	1.48	1.65	1.32	1.15	1.35	-8.8%	2.69	2.50	-7.1%	
<b>Average Stockholders' Equity</b>										
Average equity, including AOCI	\$ 14,968	\$ 15,452	\$ 15,596	\$ 15,982	\$ 15,461	3.3%	\$ 14,469	\$ 15,721	8.7%	
Average AOCI	2,826	3,061	3,009	3,374	2,799	-1.0%	2,417	3,087	27.7%	
Average equity, excluding AOCI	<u>\$ 12,142</u>	<u>\$ 12,391</u>	<u>\$ 12,587</u>	<u>\$ 12,608</u>	<u>\$ 12,662</u>	4.3%	<u>\$ 12,052</u>	<u>\$ 12,634</u>	4.8%	
<b>ROE</b>										
Income (loss) from operations	13.0%	13.4%	13.9%	11.2%	11.7%		12.6%	11.5%		
Net income (loss)	13.1%	14.2%	11.1%	9.5%	10.9%		12.1%	10.2%		
<b>Per Share</b>										
Dividends declared during the period	\$ 0.16	\$ 0.16	\$ 0.20	\$ 0.20	\$ 0.20	25.0%	\$ 0.32	\$ 0.40	25.0%	
Book value, including AOCI	59.24	59.48	61.35	64.14	58.58	-1.1%	59.24	58.58	-1.1%	
Book value, excluding AOCI	46.97	48.23	49.29	49.70	50.83	8.2%	46.97	50.83	8.2%	
<b>Shares</b>										
Repurchased during the period	3.1	2.8	3.6	6.0	2.6	-16.8%	6.1	8.6	41.9%	
Average for the period – diluted	268.9	266.8	263.0	260.6	255.1	-5.1%	270.5	258.3	-4.5%	
End-of-period – basic	260.8	259.8	256.6	252.9	250.9	-3.8%	260.8	250.9	-3.8%	
End-of-period – diluted	267.6	265.5	261.5	257.2	254.1	-5.0%	267.6	254.1	-5.0%	
<b>Cash Returned to Common Stockholders</b>										
Shares repurchased	\$ 150	\$ 150	\$ 200	\$ 350	\$ 150	0.0%	\$ 300	\$ 500	66.7%	
Common dividends	42	42	42	51	51	21.4%	84	102	21.4%	
Total cash returned to common stockholders	<u>\$ 192</u>	<u>\$ 192</u>	<u>\$ 242</u>	<u>\$ 401</u>	<u>\$ 201</u>	4.7%	<u>\$ 384</u>	<u>\$ 602</u>	56.8%	

**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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Income (Loss) from Operations</b>									
Annuities	\$ 227	\$ 245	\$ 237	\$ 239	\$ 255	12.3%	\$ 443	\$ 494	11.5%
Retirement Plan Services	39	40	42	35	30	-23.1%	78	65	-16.7%
Life Insurance	148	150	193	111	105	-29.1%	268	215	-19.8%
Group Protection	2	8	(7)	(6)	19	NM	21	13	-38.1%
Other Operations	(22)	(29)	(26)	(27)	(38)	-72.7%	(51)	(63)	-23.5%
Income (loss) from operations	<u>\$ 394</u>	<u>\$ 414</u>	<u>\$ 439</u>	<u>\$ 352</u>	<u>\$ 371</u>	-5.8%	<u>\$ 759</u>	<u>\$ 724</u>	-4.6%
<b>Average Equity, Excluding AOCI</b>									
Segment equity, excluding goodwill:									
Annuities	\$ 3,398	\$ 3,632	\$ 3,786	\$ 3,887	\$ 4,073	19.9%	\$ 3,311	\$ 3,980	20.2%
Retirement Plan Services	949	966	1,002	1,006	993	4.6%	959	1,000	4.3%
Life Insurance	6,088	6,226	6,204	6,226	6,422	5.5%	6,038	6,324	4.7%
Group Protection	1,186	1,208	1,227	1,241	1,238	4.4%	1,171	1,239	5.8%
Total segment equity, excluding goodwill	11,621	12,032	12,219	12,360	12,726	9.5%	11,479	12,543	9.3%
Other Operations and goodwill	521	359	368	248	(64)	NM	573	91	-84.1%
Total average equity, excluding AOCI	<u>\$ 12,142</u>	<u>\$ 12,391</u>	<u>\$ 12,587</u>	<u>\$ 12,608</u>	<u>\$ 12,662</u>	4.3%	<u>\$ 12,052</u>	<u>\$ 12,634</u>	4.8%
<b>ROE</b>									
Segment ROE, excluding goodwill:									
Annuities	26.7%	27.0%	25.1%	24.6%	25.0%		26.7%	24.8%	
Retirement Plan Services	16.5%	16.6%	16.6%	14.0%	12.0%		16.3%	13.0%	
Life Insurance	9.7%	9.7%	12.5%	7.1%	6.5%		8.9%	6.8%	
Group Protection	0.6%	2.6%	-2.1%	-2.1%	6.3%		3.7%	2.1%	
Consolidated ROE – income (loss) from operations	13.0%	13.4%	13.9%	11.2%	11.7%		12.6%	11.5%	

## Lincoln Financial Group

### Sources of Earnings

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Twelve Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		12/31/13	12/31/14	Change
<b>Income (Loss) from Operations, Before Income Taxes</b>									
Annuities	\$ 286	\$ 315	\$ 297	\$ 293	\$ 328	14.7%	\$ 927	\$ 1,163	25.5%
Retirement Plan Services	54	55	49	48	39	-27.8%	190	211	11.1%
Life Insurance	223	226	280	156	152	-31.8%	812	907	11.7%
Group Protection	3	12	(10)	(10)	30	NM	109	35	-67.9%
Other Operations	(34)	(45)	(40)	(44)	(59)	-73.5%	(192)	(166)	13.5%
Income (loss) from operations, before income taxes	<u>\$ 532</u>	<u>\$ 563</u>	<u>\$ 576</u>	<u>\$ 443</u>	<u>\$ 490</u>	-7.9%	<u>\$ 1,846</u>	<u>\$ 2,150</u>	16.5%
<b>Sources of Earnings, Before Income Taxes</b>									
Investment spread	\$ 202	\$ 195	\$ 202	\$ 164	\$ 175	-13.4%	\$ 772	\$ 778	0.8%
Mortality/morbidity	115	127	167	74	110	-4.3%	507	528	4.1%
Fees on AUM	201	251	205	205	218	8.5%	649	846	30.4%
VA riders	48	35	42	44	46	-4.2%	110	164	49.1%
Total sources of earnings, before income taxes	566	608	616	487	549	-3.0%	2,038	2,316	13.6%
Other Operations	(34)	(45)	(40)	(44)	(59)	-73.5%	(192)	(166)	13.5%
Income (loss) from operations, before income taxes	<u>\$ 532</u>	<u>\$ 563</u>	<u>\$ 576</u>	<u>\$ 443</u>	<u>\$ 490</u>	-7.9%	<u>\$ 1,846</u>	<u>\$ 2,150</u>	16.5%
<b>Sources of Earnings, Before Income Taxes, % By Component</b>									
Investment spread	35.6%	32.1%	32.8%	33.8%	32.0%		37.8%	33.6%	
Mortality/morbidity	20.4%	20.9%	27.1%	15.2%	19.9%		24.9%	22.8%	
Fees on AUM	35.6%	41.3%	33.3%	42.0%	39.7%		31.9%	36.5%	
VA riders	8.4%	5.7%	6.8%	9.0%	8.4%		5.4%	7.1%	
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 Six Months Ended			
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	Change	6/30/14	6/30/15	Change	
<b>Annuities</b>										
Operating revenues	\$ 926	\$ 944	\$ 966	\$ 989	\$ 991	7.0%	\$ 1,835	\$ 1,981	8.0%	
Average account values	118,268	121,260	121,079	122,877	125,820	6.4%	116,788	124,503	6.6%	
Net flows	831	565	555	196	397	-52.2%	1,526	593	-61.1%	
<b>Retirement Plan Services</b>										
Operating revenues	\$ 270	\$ 272	\$ 277	\$ 273	\$ 270	0.0%	\$ 541	\$ 543	0.4%	
Average account values	52,587	53,618	53,739	54,018	55,264	5.1%	52,053	54,717	5.1%	
Net flows	366	50	(936)	115	306	-16.4%	5	422	NM	
<b>Life Insurance</b>										
Operating revenues	\$ 1,363	\$ 1,446	\$ 1,858	\$ 1,432	\$ 1,443	5.9%	\$ 2,700	\$ 2,874	6.4%	
Average account values	40,895	41,371	41,858	42,468	42,891	4.9%	40,614	42,680	5.1%	
Average in-force face amount	625,961	632,154	637,935	642,258	646,261	3.2%	622,838	644,260	3.4%	
Net flows	919	934	1,096	888	929	1.1%	1,748	1,817	3.9%	
<b>Group Protection</b>										
Operating revenues	\$ 621	\$ 598	\$ 616	\$ 605	\$ 617	-0.6%	\$ 1,231	\$ 1,222	-0.7%	
Non-medical earned premiums	528	528	541	535	535	1.3%	1,061	1,070	0.8%	
<b>Consolidated</b>										
Operating revenues	\$ 3,286	\$ 3,363	\$ 3,834	\$ 3,394	\$ 3,417	4.0%	\$ 6,519	\$ 6,811	4.5%	
Average account values	211,750	216,249	216,676	219,363	223,975	5.8%	209,455	221,900	5.9%	
Net flows	2,116	1,549	715	1,199	1,632	-22.9%	3,279	2,832	-13.6%	

**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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Deposits</b>									
Annuities	\$ 3,566	\$ 3,453	\$ 3,381	\$ 2,990	\$ 3,380	-5.2%	\$ 6,945	\$ 6,370	-8.3%
Retirement Plan Services	1,814	1,611	2,332	1,704	1,862	2.6%	3,572	3,567	-0.1%
Life Insurance	1,308	1,285	1,474	1,311	1,344	2.8%	2,574	2,655	3.1%
Total deposits	<u>\$ 6,688</u>	<u>\$ 6,349</u>	<u>\$ 7,187</u>	<u>\$ 6,005</u>	<u>\$ 6,586</u>	-1.5%	<u>\$ 13,091</u>	<u>\$ 12,592</u>	-3.8%
<b>Net Flows</b>									
Annuities	\$ 831	\$ 565	\$ 555	\$ 196	\$ 397	-52.2%	\$ 1,526	\$ 593	-61.1%
Retirement Plan Services	366	50	(936)	115	306	-16.4%	5	422	NM
Life Insurance	919	934	1,096	888	929	1.1%	1,748	1,817	3.9%
Total net flows	<u>\$ 2,116</u>	<u>\$ 1,549</u>	<u>\$ 715</u>	<u>\$ 1,199</u>	<u>\$ 1,632</u>	-22.9%	<u>\$ 3,279</u>	<u>\$ 2,832</u>	-13.6%
<b>Account Balances as of End-of-Period</b>									
Annuities	\$ 121,192	\$ 120,270	\$ 122,041	\$ 124,254	\$ 124,535	2.8%	\$ 121,192	\$ 124,535	2.8%
Retirement Plan Services	53,748	53,362	53,539	54,632	54,989	2.3%	53,748	54,989	2.3%
Life Insurance	41,238	41,504	42,213	42,724	43,059	4.4%	41,238	43,059	4.4%
Total account balances	<u>\$ 216,178</u>	<u>\$ 215,136</u>	<u>\$ 217,793</u>	<u>\$ 221,610</u>	<u>\$ 222,583</u>	3.0%	<u>\$ 216,178</u>	<u>\$ 222,583</u>	3.0%
<b>Average Account Balances</b>									
Annuities	\$ 118,268	\$ 121,260	\$ 121,079	\$ 122,877	\$ 125,820	6.4%	\$ 116,788	\$ 124,503	6.6%
Retirement Plan Services	52,587	53,618	53,739	54,018	55,264	5.1%	52,053	54,717	5.1%
Life Insurance	40,895	41,371	41,858	42,468	42,891	4.9%	40,614	42,680	5.1%
Total average account balances	<u>\$ 211,750</u>	<u>\$ 216,249</u>	<u>\$ 216,676</u>	<u>\$ 219,363</u>	<u>\$ 223,975</u>	5.8%	<u>\$ 209,455</u>	<u>\$ 221,900</u>	5.9%

## Lincoln Financial Group

### Sales By Segment

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Sales</b>									
Annuities:									
Variable	\$ 3,173	\$ 3,226	\$ 3,175	\$ 2,697	\$ 3,015	-5.0%	\$ 6,120	\$ 5,712	-6.7%
Fixed	393	227	206	293	365	-7.1%	825	658	-20.2%
Total Annuities	<u>\$ 3,566</u>	<u>\$ 3,453</u>	<u>\$ 3,381</u>	<u>\$ 2,990</u>	<u>\$ 3,380</u>	-5.2%	<u>\$ 6,945</u>	<u>\$ 6,370</u>	-8.3%
Retirement Plan Services:									
First year sales	\$ 661	\$ 429	\$ 1,190	\$ 382	\$ 673	1.8%	\$ 1,093	\$ 1,055	-3.5%
Recurring deposits	1,153	1,182	1,142	1,322	1,189	3.1%	2,479	2,512	1.3%
Total Retirement Plan Services	<u>\$ 1,814</u>	<u>\$ 1,611</u>	<u>\$ 2,332</u>	<u>\$ 1,704</u>	<u>\$ 1,862</u>	2.6%	<u>\$ 3,572</u>	<u>\$ 3,567</u>	-0.1%
Life Insurance:									
UL:									
Excluding <i>MoneyGuard</i> ® and IUL	\$ 24	\$ 27	\$ 26	\$ 20	\$ 22	-8.3%	\$ 45	\$ 42	-6.7%
<i>MoneyGuard</i> ®	40	43	47	40	46	15.0%	73	86	17.8%
IUL	15	18	24	15	23	53.3%	33	38	15.2%
Total UL	79	88	97	75	91	15.2%	151	166	9.9%
VUL	56	44	52	45	43	-23.2%	101	88	-12.9%
Term	23	23	21	19	21	-8.7%	47	40	-14.9%
Total individual life insurance	158	155	170	139	155	-1.9%	299	294	-1.7%
COLI and BOLI	14	5	22	14	46	228.6%	18	60	233.3%
Total Life Insurance	<u>\$ 172</u>	<u>\$ 160</u>	<u>\$ 192</u>	<u>\$ 153</u>	<u>\$ 201</u>	16.9%	<u>\$ 317</u>	<u>\$ 354</u>	11.7%
Group Protection:									
Life	\$ 29	\$ 34	\$ 112	\$ 25	\$ 26	-10.3%	\$ 60	\$ 51	-15.0%
Disability	30	41	103	22	23	-23.3%	56	46	-17.9%
Dental	14	19	35	9	13	-7.1%	21	21	0.0%
Total Group Protection	<u>\$ 73</u>	<u>\$ 94</u>	<u>\$ 250</u>	<u>\$ 56</u>	<u>\$ 62</u>	-15.1%	<u>\$ 137</u>	<u>\$ 118</u>	-13.9%

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

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Operating Revenues</b>									
Annuities	\$ 926	\$ 944	\$ 966	\$ 989	\$ 991	7.0%	\$ 1,835	\$ 1,981	8.0%
Retirement Plan Services	270	272	277	273	270	0.0%	541	543	0.4%
Life Insurance	1,363	1,446	1,858	1,432	1,443	5.9%	2,700	2,874	6.4%
Group Protection	621	598	616	605	617	-0.6%	1,231	1,222	-0.7%
Other Operations	106	103	117	95	96	-9.4%	212	191	-9.9%
Total	<u>\$ 3,286</u>	<u>\$ 3,363</u>	<u>\$ 3,834</u>	<u>\$ 3,394</u>	<u>\$ 3,417</u>	4.0%	<u>\$ 6,519</u>	<u>\$ 6,811</u>	4.5%
<b>General and Administrative Expenses, Net of Amounts Capitalized</b>									
Annuities	\$ 110	\$ 109	\$ 126	\$ 109	\$ 118	7.3%	\$ 221	\$ 227	2.7%
Retirement Plan Services	70	73	82	71	78	11.4%	140	149	6.4%
Life Insurance	109	99	124	108	114	4.6%	212	222	4.7%
Group Protection	65	66	75	67	71	9.2%	125	138	10.4%
Other Operations	17	18	35	14	26	52.9%	29	40	37.9%
Total	<u>\$ 371</u>	<u>\$ 365</u>	<u>\$ 442</u>	<u>\$ 369</u>	<u>\$ 407</u>	9.7%	<u>\$ 727</u>	<u>\$ 776</u>	6.7%
<b>General and Administrative Expenses, Net of Amounts Capitalized, As a Percentage of Operating Revenues</b>									
Annuities	11.9%	11.5%	13.0%	11.1%	11.9%		12.0%	11.5%	
Retirement Plan Services	26.1%	26.7%	29.6%	25.9%	28.9%		25.8%	27.4%	
Life Insurance	8.0%	6.8%	6.7%	7.6%	7.9%		7.8%	7.7%	
Group Protection	10.5%	11.0%	12.3%	11.1%	11.4%		10.2%	11.3%	
Other Operations	15.3%	17.8%	29.7%	14.3%	27.5%		14.0%	21.0%	
Total	<u>11.3%</u>	<u>10.9%</u>	<u>11.5%</u>	<u>10.9%</u>	<u>11.9%</u>		<u>11.2%</u>	<u>11.4%</u>	

**Lincoln Financial Group**  
**Operating Commissions and Other Expenses**

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Operating Commissions and Other Expenses Incurred</b>									
General and administrative expenses	\$ 419	\$ 411	\$ 501	\$ 416	\$ 452	7.9%	\$ 823	\$ 868	5.5%
Commissions	604	602	617	577	602	-0.3%	1,178	1,178	0.0%
Media expenses	14	15	16	14	14	0.0%	29	28	-3.4%
Taxes, licenses and fees	47	66	52	74	57	21.3%	128	132	3.1%
Interest and debt expense	67	67	67	68	69	3.0%	134	137	2.2%
Expenses associated with reserve financing and unrelated letters of credit	17	18	16	19	18	5.9%	35	37	5.7%
Total operating commissions and other expenses incurred	<u>1,168</u>	<u>1,179</u>	<u>1,269</u>	<u>1,168</u>	<u>1,212</u>	3.8%	<u>2,327</u>	<u>2,380</u>	2.3%
<b>Less Amounts Capitalized</b>									
General and administrative expenses	(48)	(46)	(59)	(47)	(45)	6.3%	(96)	(92)	4.2%
Commissions	(331)	(329)	(345)	(296)	(313)	5.4%	(640)	(609)	4.8%
Taxes, licenses and fees	(6)	(7)	(8)	(8)	(8)	-33.3%	(15)	(16)	-6.7%
Total amounts capitalized	<u>(385)</u>	<u>(382)</u>	<u>(412)</u>	<u>(351)</u>	<u>(366)</u>	4.9%	<u>(751)</u>	<u>(717)</u>	4.5%
Total expenses incurred, net of amounts capitalized, excluding amortization	<u>783</u>	<u>797</u>	<u>857</u>	<u>817</u>	<u>846</u>	8.0%	<u>1,576</u>	<u>1,663</u>	5.5%
<b>Amortization</b>									
Amortization of DAC and VOBA	242	265	358	261	237	-2.1%	489	498	1.8%
Amortization of intangibles	1	1	1	1	1	0.0%	2	2	0.0%
Total amortization	<u>243</u>	<u>266</u>	<u>359</u>	<u>262</u>	<u>238</u>	-2.1%	<u>491</u>	<u>500</u>	1.8%
Total operating commissions and other expenses	<u>\$ 1,026</u>	<u>\$ 1,063</u>	<u>\$ 1,216</u>	<u>\$ 1,079</u>	<u>\$ 1,084</u>	5.7%	<u>\$ 2,067</u>	<u>\$ 2,163</u>	4.6%



**Lincoln Financial Group**  
**Interest Rate Yields and Spreads By Segment**

Unaudited

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Annuities</b>									
Earned rate on reserves	4.49%	4.43%	4.31%	4.24%	4.20%	(29)	4.52%	4.22%	(30)
Prepayment and make whole premiums	0.11%	0.11%	0.37%	0.20%	0.06%	(5)	0.09%	0.13%	4
Net investment income yield on reserves	4.60%	4.54%	4.68%	4.44%	4.26%	(34)	4.61%	4.35%	(26)
Interest rate credited to contract holders	2.79%	2.81%	2.75%	2.64%	2.61%	(18)	2.80%	2.63%	(17)
Interest rate spread	<u>1.81%</u>	<u>1.73%</u>	<u>1.93%</u>	<u>1.80%</u>	<u>1.65%</u>	(16)	<u>1.81%</u>	<u>1.72%</u>	(9)
<b>Retirement Plan Services</b>									
Earned rate on reserves	4.78%	4.77%	4.67%	4.65%	4.61%	(17)	4.84%	4.63%	(21)
Prepayment and make whole premiums	0.12%	0.15%	0.33%	0.18%	0.03%	(9)	0.12%	0.10%	(2)
Net investment income yield on reserves	4.90%	4.92%	5.00%	4.83%	4.64%	(26)	4.96%	4.73%	(23)
Interest rate credited to contract holders	3.05%	3.04%	3.00%	3.02%	3.01%	(4)	3.06%	3.01%	(5)
Interest rate spread	<u>1.85%</u>	<u>1.88%</u>	<u>2.00%</u>	<u>1.81%</u>	<u>1.63%</u>	(22)	<u>1.90%</u>	<u>1.72%</u>	(18)
<b>Life Insurance</b>									
<u>Attributable to interest-sensitive products:</u>									
Earned rate on reserves	5.41%	5.39%	5.37%	5.34%	5.33%	(8)	5.44%	5.34%	(10)
Prepayment and make whole premiums	0.16%	0.07%	0.29%	0.18%	0.03%	(13)	0.10%	0.11%	1
Alternative investments	0.15%	0.28%	0.06%	0.05%	0.18%	3	0.16%	0.11%	(5)
Net investment income yield on reserves	5.72%	5.74%	5.72%	5.57%	5.54%	(18)	5.70%	5.56%	(14)
Interest rate credited to contract holders	3.96%	3.94%	3.96%	3.89%	3.97%	1	3.95%	3.93%	(2)
Interest rate spread	<u>1.76%</u>	<u>1.80%</u>	<u>1.76%</u>	<u>1.68%</u>	<u>1.57%</u>	(19)	<u>1.75%</u>	<u>1.63%</u>	(12)
<u>Attributable to traditional products:</u>									
Earned rate on reserves	5.48%	5.23%	5.54%	5.24%	5.08%	(40)	5.68%	5.15%	(53)
Prepayment and make whole premiums	0.34%	0.18%	0.17%	0.15%	0.04%	(30)	0.28%	0.10%	(18)
Alternative investments	0.00%	0.00%	-0.04%	0.00%	0.00%	-	0.00%	0.00%	-
Net investment income yield on reserves	<u>5.82%</u>	<u>5.41%</u>	<u>5.67%</u>	<u>5.39%</u>	<u>5.12%</u>	(70)	<u>5.96%</u>	<u>5.25%</u>	(71)

## Lincoln Financial Group

### Select Investment Data

Unaudited (millions of dollars)

	As of 6/30/14		As of 12/31/14		As of 6/30/15				
	Amount	%	Amount	%	Amount	%			
<b>AFS and Trading Securities, at Fair Value</b>									
AFS securities:									
Corporate bonds	\$ 74,017	83.4%	\$ 74,545	83.6%	\$ 74,169	84.1%			
U.S. government bonds	396	0.5%	435	0.5%	428	0.5%			
Foreign government bonds	556	0.6%	541	0.6%	540	0.6%			
Mortgage-backed securities	4,929	5.6%	4,796	5.4%	4,476	5.1%			
Asset-backed collateralized debt obligations	256	0.3%	375	0.4%	499	0.6%			
State and municipal bonds	4,395	5.0%	4,594	5.2%	4,418	5.0%			
Hybrid and redeemable preferred securities	962	1.1%	954	1.1%	892	1.0%			
VIEs' fixed maturity securities	598	0.7%	598	0.7%	598	0.7%			
Equity securities	256	0.3%	231	0.3%	227	0.3%			
Total AFS securities	86,365	97.5%	87,069	97.8%	86,247	97.9%			
Trading securities	2,339	2.5%	2,065	2.2%	1,949	2.1%			
Total AFS and trading securities	\$ 88,704	100.0%	\$ 89,134	100.0%	\$ 88,196	100.0%			
<b>AFS and Trading Securities, at Amortized Cost</b>									
Fixed maturity securities	\$ 80,697	99.7%	\$ 80,960	99.7%	\$ 82,746	99.7%			
Equity securities	235	0.3%	216	0.3%	213	0.3%			
Total AFS and trading securities	\$ 80,932	100.0%	\$ 81,176	100.0%	\$ 82,959	100.0%			
<b>Percentage of Fixed Maturity AFS Securities, at Amortized Cost</b>									
Investment grade		95.1%		95.0%		95.1%			
Below investment grade		4.9%		5.0%		4.9%			
<b>For the Three Months Ended</b>									
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	Change	<b>For the Six Months Ended</b>		
							6/30/14	6/30/15	Change
<b>Net Investment Income</b>	\$ 1,207	\$ 1,212	\$ 1,232	\$ 1,187	\$ 1,187	-1.7%	\$ 2,415	\$ 2,374	-1.7%
<b>Average Invested Assets, at Amortized Cost</b>	91,879	92,704	93,251	94,379	95,496	3.9%	91,453	94,938	3.8%
<b>Net Investment Income Yield</b>	5.25%	5.23%	5.29%	5.03%	4.97%	(28)	5.28%	5.00%	(28)

**Lincoln Financial Group**  
**Realized Gain (Loss) and Benefit Ratio Unlocking, After-DAC**

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Realized Gain (Loss), Pre-Tax</b>									
Total operating realized gain (loss)	\$ 40	\$ 42	\$ 43	\$ 43	\$ 47	17.5%	\$ 79	\$ 89	12.7%
Total excluded realized gain (loss)	(5)	47	(149)	(91)	(37)	NM	(63)	(127)	NM
Total realized gain (loss), pre-tax	<u>\$ 35</u>	<u>\$ 89</u>	<u>\$ (106)</u>	<u>\$ (48)</u>	<u>\$ 10</u>	-71.4%	<u>\$ 16</u>	<u>\$ (38)</u>	NM
<b>Realized Gain (Loss) Net of Benefit Ratio Unlocking, After-Tax</b>									
Realized gain (loss) related to investments	\$ 5	\$ (16)	\$ (19)	\$ (10)	\$ (14)	NM	\$ (11)	\$ (24)	NM
Variable annuity net derivative results:									
Hedge program performance, including unlocking for GLB reserves hedged	16	26	(52)	(35)	-	-100.0%	1	(35)	NM
GLB non-performance risk component	(9)	6	16	7	(8)	11.1%	(2)	(1)	50.0%
Total variable annuity net derivative results	7	32	(36)	(28)	(8)	NM	(1)	(36)	NM
Indexed annuity forward-starting option	(8)	9	(9)	(13)	(4)	50.0%	(21)	(19)	9.5%
Gain (loss) on sale of subsidiaries/businesses	-	-	(28)	(1)	(1)	NM	-	(2)	NM
Excluded realized gain (loss) net of benefit ratio unlocking, after-tax	<u>\$ 4</u>	<u>\$ 25</u>	<u>\$ (92)</u>	<u>\$ (52)</u>	<u>\$ (27)</u>	NM	<u>\$ (33)</u>	<u>\$ (81)</u>	NM
<b>Components of Realized Gain (Loss) Related to Investments, After-Tax</b>									
OTTI	\$ (2)	\$ (3)	\$ (3)	\$ (8)	\$ (5)	NM	\$ (5)	\$ (13)	NM
Other realized gain (loss) related to certain investments	2	(1)	(1)	(9)	4	82.1%	2	(5)	NM
Gain (loss) on the mark-to-market on certain instruments	5	(12)	(15)	7	(13)	NM	(8)	(6)	25.0%
Total realized gain (loss) related to investments, after-tax	<u>\$ 5</u>	<u>\$ (16)</u>	<u>\$ (19)</u>	<u>\$ (10)</u>	<u>\$ (14)</u>	NM	<u>\$ (11)</u>	<u>\$ (24)</u>	NM

**Lincoln Financial Group**  
**Select Liquidity and Rating Agency Data**

Unaudited (millions of dollars)

	As of					Change
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	
<b>Leverage Ratio</b>						
Short-term debt	\$ 250	\$ 250	\$ 250	\$ 250	\$ -	-100.0%
Long-term debt	5,170	5,186	5,270	5,627	5,529	6.9%
Total debt <sup>(1)</sup>	<u>5,420</u>	<u>5,436</u>	<u>5,520</u>	<u>5,877</u>	<u>5,529</u>	2.0%
Less:						
Long-term operating debt <sup>(2)</sup>	1,122	1,122	1,123	1,123	1,123	0.1%
75% of capital securities	909	909	909	909	909	0.0%
Carrying value of fair value hedges	159	175	259	315	217	36.5%
Total numerator	<u>\$ 3,230</u>	<u>\$ 3,230</u>	<u>\$ 3,229</u>	<u>\$ 3,530</u>	<u>\$ 3,280</u>	1.5%
Stockholders' equity, excluding AOCI	\$ 12,252	\$ 12,530	\$ 12,644	\$ 12,570	\$ 12,755	4.1%
Total debt <sup>(1)</sup>	<u>5,420</u>	<u>5,436</u>	<u>5,520</u>	<u>5,877</u>	<u>5,529</u>	2.0%
Total denominator	<u>\$ 17,672</u>	<u>\$ 17,966</u>	<u>\$ 18,164</u>	<u>\$ 18,447</u>	<u>\$ 18,284</u>	3.5%
Leverage ratio	<u>18.3%</u>	<u>18.0%</u>	<u>17.8%</u>	<u>19.1%</u>	<u>17.9%</u>	
<b>Holding Company Available Liquidity</b>	<u>\$ 573</u>	<u>\$ 572</u>	<u>\$ 554</u>	<u>\$ 786</u>	<u>\$ 545</u>	-4.9%

**Ratings as of July 29, 2015**

	<u>A.M. Best</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
<b>Senior Debt Ratings</b>	a-	BBB+	Baa1	A-
<b>Financial Strength Ratings</b>				
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-

<sup>(1)</sup> Excludes obligations under capital leases of \$83 million that are reported in other liabilities on our Consolidated Balance Sheets.

<sup>(2)</sup> 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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Income (Loss) from Operations</b>									
Operating revenues:									
Insurance premiums	\$ 42	\$ 39	\$ 47	\$ 79	\$ 55	31.0%	\$ 87	\$ 135	55.2%
Fee income	486	503	507	510	531	9.3%	950	1,041	9.6%
Net investment income	258	257	260	247	247	-4.3%	517	494	-4.4%
Operating realized gain (loss)	40	42	42	43	45	12.5%	78	87	11.5%
Other revenues	100	103	110	110	113	13.0%	203	224	10.3%
Total operating revenues	<u>926</u>	<u>944</u>	<u>966</u>	<u>989</u>	<u>991</u>	7.0%	<u>1,835</u>	<u>1,981</u>	8.0%
Operating expenses:									
Interest credited	154	152	150	143	139	-9.7%	308	283	-8.1%
Benefits	80	101	92	129	90	12.5%	166	218	31.3%
Commissions incurred	270	270	266	249	267	-1.1%	521	516	-1.0%
Other expenses incurred	210	215	234	222	231	10.0%	427	453	6.1%
Amounts capitalized	(174)	(175)	(168)	(147)	(165)	5.2%	(339)	(311)	8.3%
Amortization	100	66	95	100	101	1.0%	201	201	0.0%
Total operating expenses	<u>640</u>	<u>629</u>	<u>669</u>	<u>696</u>	<u>663</u>	3.6%	<u>1,284</u>	<u>1,360</u>	5.9%
Income (loss) from operations before taxes	286	315	297	293	328	14.7%	551	621	12.7%
Federal income tax expense (benefit)	59	70	60	54	73	23.7%	108	127	17.6%
Income (loss) from operations	<u>\$ 227</u>	<u>\$ 245</u>	<u>\$ 237</u>	<u>\$ 239</u>	<u>\$ 255</u>	12.3%	<u>\$ 443</u>	<u>\$ 494</u>	11.5%
<b>Effective Federal Income Tax Rate</b>	20.6%	22.1%	20.1%	18.2%	22.4%		19.7%	20.4%	
<b>Average Equity, Excluding Goodwill and AOCI</b>	\$ 3,398	\$ 3,632	\$ 3,786	\$ 3,887	\$ 4,073	19.9%	\$ 3,311	\$ 3,980	20.2%
<b>ROE, Excluding Goodwill</b>	26.7%	27.0%	25.1%	24.6%	25.0%		26.7%	24.8%	
<b>Return on Average Account Values</b>	77	81	78	78	81	4	76	79	3
<b>Account Values</b>									
Separate account values:									
Average	\$ 96,913	\$ 99,892	\$ 99,827	\$ 101,970	\$ 104,794	8.1%	\$ 95,493	\$ 103,389	8.3%
End-of-period	99,801	98,997	100,823	102,976	103,408	3.6%	99,801	103,408	3.6%
General account values:									
Average	21,355	21,368	21,252	20,907	21,026	-1.5%	21,295	21,114	-0.8%
End-of-period	21,391	21,273	21,218	21,278	21,127	-1.2%	21,391	21,127	-1.2%

**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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Income (Loss) from Operations</b>									
Operating revenues:									
Fee income	\$ 62	\$ 62	\$ 62	\$ 62	\$ 61	-1.6%	\$ 122	\$ 123	0.8%
Net investment income	204	207	213	208	206	1.0%	411	414	0.7%
Other revenues	4	3	2	3	3	-25.0%	8	6	-25.0%
Total operating revenues	<u>270</u>	<u>272</u>	<u>277</u>	<u>273</u>	<u>270</u>	0.0%	<u>541</u>	<u>543</u>	0.4%
Operating expenses:									
Interest credited	118	118	119	123	123	4.2%	236	245	3.8%
Benefits	-	-	-	-	1	NM	-	1	NM
Commissions incurred	18	17	18	20	20	11.1%	37	40	8.1%
Other expenses incurred	76	81	91	80	85	11.8%	155	165	6.5%
Amounts capitalized	(6)	(8)	(9)	(7)	(7)	-16.7%	(14)	(14)	0.0%
Amortization	10	9	9	9	9	-10.0%	20	18	-10.0%
Total operating expenses	<u>216</u>	<u>217</u>	<u>228</u>	<u>225</u>	<u>231</u>	6.9%	<u>434</u>	<u>455</u>	4.8%
Income (loss) from operations before taxes	54	55	49	48	39	-27.8%	107	88	-17.8%
Federal income tax expense (benefit)	15	15	7	13	9	-40.0%	29	23	-20.7%
Income (loss) from operations	<u>\$ 39</u>	<u>\$ 40</u>	<u>\$ 42</u>	<u>\$ 35</u>	<u>\$ 30</u>	-23.1%	<u>\$ 78</u>	<u>\$ 65</u>	-16.7%
<b>Effective Federal Income Tax Rate</b>	26.9%	26.7%	16.0%	26.8%	24.1%		26.6%	25.6%	
<b>Average Equity, Excluding Goodwill and AOCI</b>	\$ 949	\$ 966	\$ 1,002	\$ 1,006	\$ 993	4.6%	\$ 959	\$ 1,000	4.3%
<b>ROE, Excluding Goodwill</b>	16.5%	16.6%	16.6%	14.0%	12.0%		16.3%	13.0%	
<b>Pre-tax Net Margin</b>	35.3%	35.5%	31.3%	32.1%	26.8%		34.9%	29.4%	
<b>Return on Average Account Values</b>	30	30	31	26	22	(8)	30	24	(6)
<b>Average Account Values</b>									
Separate account	\$ 15,221	\$ 15,471	\$ 15,218	\$ 15,275	\$ 15,391	1.1%	\$ 15,172	\$ 15,333	1.1%
Mutual fund	21,901	22,582	22,732	22,499	23,505	7.3%	21,458	23,079	7.6%
General account	15,465	15,565	15,789	16,244	16,368	5.8%	15,423	16,305	5.7%
<b>Net Flows – Trailing Twelve Months</b>	\$ 117	\$ (52)	\$ (881)	\$ (405)	\$ (465)	NM	\$ 117	\$ (465)	NM

**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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Income (Loss) from Operations</b>									
Operating revenues:									
Insurance premiums	\$ 139	\$ 153	\$ 133	\$ 149	\$ 160	15.1%	\$ 271	\$ 309	14.0%
Fee income	586	651	656	649	647	10.4%	1,160	1,297	11.8%
Net investment income	632	636	639	626	626	-0.9%	1,256	1,251	-0.4%
Operating realized gain (loss)	-	-	1	-	2	NM	1	2	100.0%
Other revenues	6	6	429	8	8	33.3%	12	15	25.0%
Total operating revenues	<u>1,363</u>	<u>1,446</u>	<u>1,858</u>	<u>1,432</u>	<u>1,443</u>	5.9%	<u>2,700</u>	<u>2,874</u>	6.4%
Operating expenses:									
Interest credited	337	337	341	338	345	2.4%	671	683	1.8%
Benefits	519	550	825	650	673	29.7%	1,060	1,323	24.8%
Commissions incurred	173	172	182	162	160	-7.5%	336	322	-4.2%
Other expenses incurred	177	173	196	185	183	3.4%	360	368	2.2%
Amounts capitalized	(187)	(189)	(206)	(179)	(182)	2.7%	(365)	(362)	0.8%
Amortization	121	177	240	120	112	-7.4%	238	232	-2.5%
Total operating expenses	<u>1,140</u>	<u>1,220</u>	<u>1,578</u>	<u>1,276</u>	<u>1,291</u>	13.2%	<u>2,300</u>	<u>2,566</u>	11.6%
Income (loss) from operations before taxes	223	226	280	156	152	-31.8%	400	308	-23.0%
Federal income tax expense (benefit)	75	76	87	45	47	-37.3%	132	93	-29.5%
Income (loss) from operations	<u>\$ 148</u>	<u>\$ 150</u>	<u>\$ 193</u>	<u>\$ 111</u>	<u>\$ 105</u>	-29.1%	<u>\$ 268</u>	<u>\$ 215</u>	-19.8%
<b>Effective Federal Income Tax Rate</b>	33.4%	33.4%	31.0%	28.8%	31.4%		33.1%	30.1%	
<b>Average Equity, Excluding Goodwill and AOCI</b>	\$ 6,088	\$ 6,226	\$ 6,204	\$ 6,226	\$ 6,422	5.5%	\$ 6,038	\$ 6,324	4.7%
<b>ROE, Excluding Goodwill</b>	9.7%	9.7%	12.5%	7.1%	6.5%		8.9%	6.8%	
<b>Average Account Values</b>	\$ 40,895	\$ 41,371	\$ 41,858	\$ 42,468	\$ 42,891	4.9%	\$ 40,614	\$ 42,680	5.1%
<b>In-Force Face Amount</b>									
UL and other	\$ 321,056	\$ 322,416	\$ 324,356	\$ 324,815	\$ 326,026	1.5%	\$ 321,056	\$ 326,026	1.5%
Term insurance	308,253	312,584	316,513	318,832	322,848	4.7%	308,253	322,848	4.7%
Total in-force face amount	<u>\$ 629,309</u>	<u>\$ 635,000</u>	<u>\$ 640,869</u>	<u>\$ 643,647</u>	<u>\$ 648,874</u>	3.1%	<u>\$ 629,309</u>	<u>\$ 648,874</u>	3.1%

**Lincoln Financial Group**  
**Group Protection – Select Earnings and Operational Data**

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Income (Loss) from Operations</b>									
Operating revenues:									
Insurance premiums	\$ 574	\$ 550	\$ 567	\$ 561	\$ 567	-1.2%	\$ 1,135	\$ 1,128	-0.6%
Net investment income	44	45	46	43	47	6.8%	89	90	1.1%
Other revenues	3	3	3	1	3	0.0%	7	4	-42.9%
Total operating revenues	<u>621</u>	<u>598</u>	<u>616</u>	<u>605</u>	<u>617</u>	-0.6%	<u>1,231</u>	<u>1,222</u>	-0.7%
Operating expenses:									
Interest credited	2	1	1	1	1	-50.0%	2	1	-50.0%
Benefits	463	428	460	440	421	-9.1%	886	862	-2.7%
Commissions incurred	68	68	70	66	69	1.5%	135	135	0.0%
Other expenses incurred	92	87	111	94	93	1.1%	179	187	4.5%
Amounts capitalized	(18)	(11)	(30)	(17)	(12)	33.3%	(34)	(30)	11.8%
Amortization	11	13	14	31	15	36.4%	30	47	56.7%
Total operating expenses	<u>618</u>	<u>586</u>	<u>626</u>	<u>615</u>	<u>587</u>	-5.0%	<u>1,198</u>	<u>1,202</u>	0.3%
Income (loss) from operations before taxes	3	12	(10)	(10)	30	NM	33	20	-39.4%
Federal income tax expense (benefit)	1	4	(3)	(4)	11	NM	12	7	-41.7%
Income (loss) from operations	<u>\$ 2</u>	<u>\$ 8</u>	<u>\$ (7)</u>	<u>\$ (6)</u>	<u>\$ 19</u>	NM	<u>\$ 21</u>	<u>\$ 13</u>	-38.1%
<b>Effective Federal Income Tax Rate</b>	34.9%	35.0%	35.0%	35.0%	35.0%		35.0%	35.0%	
<b>Average Equity, Excluding Goodwill and AOCI</b>	\$ 1,186	\$ 1,208	\$ 1,227	\$ 1,241	\$ 1,238	4.4%	\$ 1,171	\$ 1,239	5.8%
<b>ROE, Excluding Goodwill</b>	0.6%	2.6%	-2.1%	-2.1%	6.3%		3.7%	2.1%	
<b>Loss Ratios by Product Line</b>									
Life	80.0%	75.9%	75.5%	77.7%	72.0%		78.0%	74.8%	
Disability	82.6%	80.8%	89.2%	79.7%	75.4%		78.2%	77.5%	
Dental	71.1%	70.8%	68.6%	73.0%	72.3%		72.6%	72.6%	
Total non-medical	80.3%	77.6%	81.0%	78.1%	73.6%		77.5%	75.8%	
Medical	89.0%	90.6%	87.7%	89.5%	90.0%		88.4%	89.7%	



## 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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Other Operations</b>									
Operating revenues:									
Insurance premiums	\$ -	\$ -	\$ 5	\$ -	\$ 1	NM	\$ -	\$ 1	NM
Net investment income	70	68	75	63	61	-12.9%	143	125	-12.6%
Amortization of deferred gain on business sold through reinsurance	18	18	18	18	18	0.0%	36	35	-2.8%
Media revenues	17	17	19	14	16	-5.9%	32	31	-3.1%
Other revenues	1	-	-	-	-	-100.0%	1	(1)	NM
Total operating revenues	<u>106</u>	<u>103</u>	<u>117</u>	<u>95</u>	<u>96</u>	-9.4%	<u>212</u>	<u>191</u>	-9.9%
Operating expenses:									
Interest credited	26	22	20	21	20	-23.1%	52	41	-21.2%
Benefits	29	28	34	27	30	3.4%	59	57	-3.4%
Media expenses	14	15	16	14	14	0.0%	29	28	-3.4%
Commissions and other expenses	4	16	20	9	22	NM	17	31	82.4%
Interest and debt expenses	67	67	67	68	69	3.0%	134	137	2.2%
Total operating expenses	<u>140</u>	<u>148</u>	<u>157</u>	<u>139</u>	<u>155</u>	10.7%	<u>291</u>	<u>294</u>	1.0%
Income (loss) from operations before taxes	(34)	(45)	(40)	(44)	(59)	-73.5%	(79)	(103)	-30.4%
Federal income tax expense (benefit)	(12)	(16)	(14)	(17)	(21)	-75.0%	(28)	(40)	-42.9%
Income (loss) from operations	<u>\$ (22)</u>	<u>\$ (29)</u>	<u>\$ (26)</u>	<u>\$ (27)</u>	<u>\$ (38)</u>	-72.7%	<u>\$ (51)</u>	<u>\$ (63)</u>	-23.5%
<b>Discontinued Operations</b>									
Gain (loss) on disposal before taxes	\$ -	\$ -	\$ 1	\$ -	\$ -	NM	\$ -	\$ -	NM
Federal income tax expense (benefit)	-	-	-	-	-	NM	-	-	NM
Gain (loss) on disposal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	NM	<u>\$ -</u>	<u>\$ -</u>	NM

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

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>DAC and VOBA</b>									
Balance as of beginning-of-period	\$ 8,454	\$ 8,149	\$ 8,372	\$ 8,207	\$ 8,156	-3.5%	\$ 8,886	\$ 8,207	-7.6%
Business acquired (sold) through reinsurance	-	2	-	-	15	NM	-	15	NM
Deferrals	385	382	412	351	366	-4.9%	751	717	-4.5%
Operating amortization	(242)	(265)	(358)	(261)	(237)	2.1%	(489)	(498)	-1.8%
Deferrals, net of operating amortization	143	117	54	90	129	-9.8%	262	219	-16.4%
Amortization associated with benefit ratio unlocking	(2)	1	(1)	(2)	1	150.0%	(2)	-	100.0%
Adjustment related to realized (gains) losses	-	(27)	4	3	(15)	NM	(9)	(11)	-22.2%
Adjustment related to unrealized (gains) losses	(446)	130	(222)	(142)	864	293.7%	(988)	720	172.9%
Balance as of end-of-period	<u>\$ 8,149</u>	<u>\$ 8,372</u>	<u>\$ 8,207</u>	<u>\$ 8,156</u>	<u>\$ 9,150</u>	12.3%	<u>\$ 8,149</u>	<u>\$ 9,150</u>	12.3%
<b>DSI</b>									
Balance as of beginning-of-period	\$ 256	\$ 244	\$ 242	\$ 240	\$ 235	-8.2%	\$ 267	\$ 240	-10.1%
Deferrals	4	3	3	7	8	100.0%	6	15	150.0%
Operating amortization	(10)	(8)	(9)	(9)	(8)	20.0%	(20)	(17)	15.0%
Deferrals, net of operating amortization	(6)	(5)	(6)	(2)	-	100.0%	(14)	(2)	85.7%
Adjustment related to realized (gains) losses	(1)	(3)	-	-	(1)	0.0%	(1)	(1)	0.0%
Adjustment related to unrealized (gains) losses	(5)	6	4	(3)	10	300.0%	(8)	7	187.5%
Balance as of end-of-period	<u>\$ 244</u>	<u>\$ 242</u>	<u>\$ 240</u>	<u>\$ 235</u>	<u>\$ 244</u>	0.0%	<u>\$ 244</u>	<u>\$ 244</u>	0.0%
<b>DFEL</b>									
Balance as of beginning-of-period	\$ 1,707	\$ 1,520	\$ 1,523	\$ 1,401	\$ 1,322	-22.6%	\$ 1,938	\$ 1,401	-27.7%
Deferrals	90	108	123	120	128	42.2%	171	247	44.4%
Operating amortization	(73)	(125)	(121)	(76)	(73)	0.0%	(138)	(149)	-8.0%
Deferrals, net of operating amortization	17	(17)	2	44	55	223.5%	33	98	197.0%
Adjustment related to realized (gains) losses	(2)	(1)	-	-	(2)	0.0%	(4)	(3)	25.0%
Adjustment related to unrealized (gains) losses	(202)	21	(124)	(123)	422	NM	(447)	301	167.3%
Balance as of end-of-period	<u>\$ 1,520</u>	<u>\$ 1,523</u>	<u>\$ 1,401</u>	<u>\$ 1,322</u>	<u>\$ 1,797</u>	18.2%	<u>\$ 1,520</u>	<u>\$ 1,797</u>	18.2%

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

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>DAC and VOBA</b>									
Balance as of beginning-of-period	\$ 2,784	\$ 2,810	\$ 2,951	\$ 3,063	\$ 3,088	10.9%	\$ 2,770	\$ 3,063	10.6%
Deferrals	174	175	168	147	165	-5.2%	339	311	-8.3%
Operating amortization	(100)	(66)	(95)	(100)	(101)	-1.0%	(201)	(201)	0.0%
Deferrals, net of operating amortization	74	109	73	47	64	-13.5%	138	110	-20.3%
Amortization associated with benefit ratio unlocking	(2)	1	(1)	(2)	1	150.0%	(2)	-	100.0%
Adjustment related to realized (gains) losses	6	(23)	9	7	(9)	NM	2	(2)	NM
Adjustment related to unrealized (gains) losses	(52)	54	31	(27)	104	300.0%	(98)	77	178.6%
Balance as of end-of-period	<u>\$ 2,810</u>	<u>\$ 2,951</u>	<u>\$ 3,063</u>	<u>\$ 3,088</u>	<u>\$ 3,248</u>	15.6%	<u>\$ 2,810</u>	<u>\$ 3,248</u>	15.6%
<b>DSI</b>									
Balance as of beginning-of-period	\$ 248	\$ 234	\$ 231	\$ 227	\$ 221	-10.9%	\$ 259	\$ 227	-12.4%
Deferrals	1	1	2	5	7	NM	3	12	300.0%
Operating amortization	(9)	(7)	(9)	(9)	(8)	11.1%	(19)	(17)	10.5%
Deferrals, net of operating amortization	(8)	(6)	(7)	(4)	(1)	87.5%	(16)	(5)	68.8%
Adjustment related to realized (gains) losses	(1)	(3)	-	-	(1)	0.0%	(1)	(1)	0.0%
Adjustment related to unrealized (gains) losses	(5)	6	3	(2)	9	280.0%	(8)	7	187.5%
Balance as of end-of-period	<u>\$ 234</u>	<u>\$ 231</u>	<u>\$ 227</u>	<u>\$ 221</u>	<u>\$ 228</u>	-2.6%	<u>\$ 234</u>	<u>\$ 228</u>	-2.6%
<b>DFEL</b>									
Balance as of beginning-of-period	\$ 264	\$ 262	\$ 263	\$ 266	\$ 266	0.8%	\$ 265	\$ 266	0.4%
Deferrals	8	9	10	8	10	25.0%	16	18	12.5%
Operating amortization	(9)	(6)	(7)	(8)	(9)	0.0%	(16)	(18)	-12.5%
Deferrals, net of operating amortization	(1)	3	3	-	1	200.0%	-	-	NM
Adjustment related to realized (gains) losses	(1)	(2)	-	-	(2)	-100.0%	(3)	(1)	66.7%
Adjustment related to unrealized (gains) losses	-	-	-	-	-	NM	-	-	NM
Balance as of end-of-period	<u>\$ 262</u>	<u>\$ 263</u>	<u>\$ 266</u>	<u>\$ 266</u>	<u>\$ 265</u>	1.1%	<u>\$ 262</u>	<u>\$ 265</u>	1.1%

**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 Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>DAC and VOBA – Retirement Plan Services</b>									
Balance as of beginning-of-period	\$ 165	\$ 135	\$ 147	\$ 148	\$ 148	-10.3%	\$ 173	\$ 148	-14.5%
Deferrals	6	8	9	7	7	16.7%	14	14	0.0%
Operating amortization	(10)	(9)	(9)	(9)	(9)	10.0%	(20)	(18)	10.0%
Deferrals, net of operating amortization	(4)	(1)	-	(2)	(2)	50.0%	(6)	(4)	33.3%
Adjustment related to unrealized (gains) losses	(26)	13	1	2	37	242.3%	(32)	39	221.9%
Balance as of end-of-period	<u>\$ 135</u>	<u>\$ 147</u>	<u>\$ 148</u>	<u>\$ 148</u>	<u>\$ 183</u>	35.6%	<u>\$ 135</u>	<u>\$ 183</u>	35.6%
<b>DAC and VOBA – Life Insurance</b>									
Balance as of beginning-of-period	\$ 5,278	\$ 4,970	\$ 5,043	\$ 4,749	\$ 4,686	-11.2%	\$ 5,713	\$ 4,749	-16.9%
Business acquired (sold) through reinsurance	-	2	-	-	15	NM	-	15	NM
Deferrals	187	189	206	179	182	-2.7%	365	362	-0.8%
Operating amortization	(121)	(177)	(240)	(120)	(112)	7.4%	(238)	(232)	2.5%
Deferrals, net of operating amortization	66	12	(34)	59	70	6.1%	127	130	2.4%
Adjustment related to realized (gains) losses	(6)	(4)	(4)	(4)	(5)	16.7%	(10)	(9)	10.0%
Adjustment related to unrealized (gains) losses	(368)	63	(256)	(118)	723	296.5%	(860)	604	170.2%
Balance as of end-of-period	<u>\$ 4,970</u>	<u>\$ 5,043</u>	<u>\$ 4,749</u>	<u>\$ 4,686</u>	<u>\$ 5,489</u>	10.4%	<u>\$ 4,970</u>	<u>\$ 5,489</u>	10.4%
<b>DFEL – Life Insurance</b>									
Balance as of beginning-of-period	\$ 1,443	\$ 1,258	\$ 1,259	\$ 1,135	\$ 1,056	-26.8%	\$ 1,673	\$ 1,135	-32.2%
Deferrals	82	100	114	111	119	45.1%	155	230	48.4%
Operating amortization	(64)	(119)	(115)	(67)	(64)	0.0%	(122)	(132)	-8.2%
Deferrals, net of operating amortization	18	(19)	(1)	44	55	205.6%	33	98	197.0%
Adjustment related to realized (gains) losses	(1)	(1)	(1)	(1)	(1)	0.0%	(2)	(1)	50.0%
Adjustment related to unrealized (gains) losses	(202)	21	(122)	(122)	422	NM	(446)	300	167.3%
Balance as of end-of-period	<u>\$ 1,258</u>	<u>\$ 1,259</u>	<u>\$ 1,135</u>	<u>\$ 1,056</u>	<u>\$ 1,532</u>	21.8%	<u>\$ 1,258</u>	<u>\$ 1,532</u>	21.8%
<b>DAC and VOBA – Group Protection</b>									
Balance as of beginning-of-period	\$ 227	\$ 234	\$ 232	\$ 248	\$ 234	3.1%	\$ 230	\$ 248	7.8%
Deferrals	18	11	30	17	12	-33.3%	34	30	-11.8%
Operating amortization	(11)	(13)	(14)	(31)	(15)	-36.4%	(30)	(47)	-56.7%
Deferrals, net of operating amortization	7	(2)	16	(14)	(3)	NM	4	(17)	NM
Balance as of end-of-period	<u>\$ 234</u>	<u>\$ 232</u>	<u>\$ 248</u>	<u>\$ 234</u>	<u>\$ 231</u>	-1.3%	<u>\$ 234</u>	<u>\$ 231</u>	-1.3%

**Lincoln Financial Group**  
**Annuities – Account Value Roll Forwards**

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Fixed Annuities</b>									
Balance as of beginning-of-period	\$ 18,730	\$ 18,875	\$ 18,746	\$ 18,661	\$ 18,651	-0.4%	\$ 18,552	\$ 18,661	0.6%
Gross deposits	393	227	206	293	365	-7.1%	825	658	-20.2%
Withdrawals and deaths	(460)	(475)	(481)	(454)	(543)	-18.0%	(884)	(997)	-12.8%
Net flows	(67)	(248)	(275)	(161)	(178)	NM	(59)	(339)	NM
Reinvested interest credited	211	118	188	146	117	-44.5%	379	263	-30.6%
Sales inducements deferred	1	1	2	5	7	NM	3	12	300.0%
Balance as of end-of-period, gross	18,875	18,746	18,661	18,651	18,597	-1.5%	18,875	18,597	-1.5%
Reinsurance ceded	(726)	(714)	(693)	(676)	(662)	8.8%	(726)	(662)	8.8%
Balance as of end-of-period, net	<u>\$ 18,149</u>	<u>\$ 18,032</u>	<u>\$ 17,968</u>	<u>\$ 17,975</u>	<u>\$ 17,935</u>	-1.2%	<u>\$ 18,149</u>	<u>\$ 17,935</u>	-1.2%
<b>Variable Annuities</b>									
Balance as of beginning-of-period	\$ 98,798	\$ 103,043	\$ 102,238	\$ 104,073	\$ 106,279	7.6%	\$ 97,298	\$ 104,073	7.0%
Gross deposits	3,173	3,226	3,175	2,697	3,015	-5.0%	6,120	5,712	-6.7%
Withdrawals and deaths	(2,275)	(2,413)	(2,345)	(2,340)	(2,440)	-7.3%	(4,535)	(4,780)	-5.4%
Net flows	898	813	830	357	575	-36.0%	1,585	932	-41.2%
Change in market value and reinvestment	3,347	(1,618)	1,005	1,849	(254)	NM	4,160	1,595	-61.7%
Balance as of end-of-period, gross	103,043	102,238	104,073	106,279	106,600	3.5%	103,043	106,600	3.5%
Reinsurance ceded	-	-	-	-	-	NM	-	-	NM
Balance as of end-of-period, net	<u>\$ 103,043</u>	<u>\$ 102,238</u>	<u>\$ 104,073</u>	<u>\$ 106,279</u>	<u>\$ 106,600</u>	3.5%	<u>\$ 103,043</u>	<u>\$ 106,600</u>	3.5%
<b>Total</b>									
Balance as of beginning-of-period	\$ 117,528	\$ 121,918	\$ 120,984	\$ 122,734	\$ 124,930	6.3%	\$ 115,850	\$ 122,734	5.9%
Gross deposits	3,566	3,453	3,381	2,990	3,380	-5.2%	6,945	6,370	-8.3%
Withdrawals and deaths	(2,735)	(2,888)	(2,826)	(2,794)	(2,983)	-9.1%	(5,419)	(5,777)	-6.6%
Net flows	831	565	555	196	397	-52.2%	1,526	593	-61.1%
Change in market value and reinvestment	3,558	(1,500)	1,193	1,995	(137)	NM	4,539	1,858	-59.1%
Sales inducements deferred	1	1	2	5	7	NM	3	12	300.0%
Balance as of end-of-period, gross	121,918	120,984	122,734	124,930	125,197	2.7%	121,918	125,197	2.7%
Reinsurance ceded	(726)	(714)	(693)	(676)	(662)	8.8%	(726)	(662)	8.8%
Balance as of end-of-period, net	<u>\$ 121,192</u>	<u>\$ 120,270</u>	<u>\$ 122,041</u>	<u>\$ 124,254</u>	<u>\$ 124,535</u>	2.8%	<u>\$ 121,192</u>	<u>\$ 124,535</u>	2.8%

**Lincoln Financial Group**  
**Retirement Plan Services – Account Value Roll Forwards**

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Small Market</b>									
Balance as of beginning-of-period	\$ 8,223	\$ 8,521	\$ 8,459	\$ 8,574	\$ 8,676	5.5%	\$ 8,203	\$ 8,574	4.5%
Gross deposits	409	449	485	453	451	10.3%	879	904	2.8%
Withdrawals and deaths	(389)	(376)	(505)	(472)	(449)	-15.4%	(899)	(921)	-2.4%
Net flows	20	73	(20)	(19)	2	-90.0%	(20)	(17)	15.0%
Transfers between fixed and variable accounts	-	1	7	2	(10)	NM	-	(8)	NM
Change in market value and reinvestment	278	(136)	128	119	(25)	NM	338	94	-72.2%
Balance as of end-of-period	<u>\$ 8,521</u>	<u>\$ 8,459</u>	<u>\$ 8,574</u>	<u>\$ 8,676</u>	<u>\$ 8,643</u>	1.4%	<u>\$ 8,521</u>	<u>\$ 8,643</u>	1.4%
<b>Mid – Large Market</b>									
Balance as of beginning-of-period	\$ 26,708	\$ 28,107	\$ 28,062	\$ 28,067	\$ 29,040	8.7%	\$ 26,468	\$ 28,067	6.0%
Gross deposits	1,260	1,023	1,716	1,116	1,279	1.5%	2,371	2,396	1.1%
Withdrawals and deaths	(697)	(799)	(2,370)	(729)	(724)	-3.9%	(1,910)	(1,453)	23.9%
Net flows	563	224	(654)	387	555	-1.4%	461	943	104.6%
Transfers between fixed and variable accounts	7	(13)	(6)	(15)	13	85.7%	16	(2)	NM
Change in market value and reinvestment	829	(256)	665	601	14	-98.3%	1,162	614	-47.2%
Balance as of end-of-period	<u>\$ 28,107</u>	<u>\$ 28,062</u>	<u>\$ 28,067</u>	<u>\$ 29,040</u>	<u>\$ 29,622</u>	5.4%	<u>\$ 28,107</u>	<u>\$ 29,622</u>	5.4%
<b>Multi-Fund<sup>®</sup> and Other</b>									
Balance as of beginning-of-period	\$ 16,920	\$ 17,120	\$ 16,841	\$ 16,898	\$ 16,916	0.0%	\$ 16,947	\$ 16,898	-0.3%
Gross deposits	145	139	131	135	132	-9.0%	322	267	-17.1%
Withdrawals and deaths	(362)	(386)	(393)	(388)	(383)	-5.8%	(758)	(771)	-1.7%
Net flows	(217)	(247)	(262)	(253)	(251)	-15.7%	(436)	(504)	-15.6%
Change in market value and reinvestment	417	(32)	319	271	59	-85.9%	609	330	-45.8%
Balance as of end-of-period	<u>\$ 17,120</u>	<u>\$ 16,841</u>	<u>\$ 16,898</u>	<u>\$ 16,916</u>	<u>\$ 16,724</u>	-2.3%	<u>\$ 17,120</u>	<u>\$ 16,724</u>	-2.3%
<b>Total</b>									
Balance as of beginning-of-period	\$ 51,851	\$ 53,748	\$ 53,362	\$ 53,539	\$ 54,632	5.4%	\$ 51,618	\$ 53,539	3.7%
Gross deposits	1,814	1,611	2,332	1,704	1,862	2.6%	3,572	3,567	-0.1%
Withdrawals and deaths	(1,448)	(1,561)	(3,268)	(1,589)	(1,556)	-7.5%	(3,567)	(3,145)	11.8%
Net flows	366	50	(936)	115	306	-16.4%	5	422	NM
Transfers between fixed and variable accounts	7	(12)	1	(13)	3	-57.1%	16	(10)	NM
Change in market value and reinvestment	1,524	(424)	1,112	991	48	-96.9%	2,109	1,038	-50.8%
Balance as of end-of-period	<u>\$ 53,748</u>	<u>\$ 53,362</u>	<u>\$ 53,539</u>	<u>\$ 54,632</u>	<u>\$ 54,989</u>	2.3%	<u>\$ 53,748</u>	<u>\$ 54,989</u>	2.3%

**Lincoln Financial Group**  
**Life Insurance – Account Value Roll Forwards**

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Interest-Sensitive Life</b>									
Balance as of beginning-of-period	\$ 33,886	\$ 34,094	\$ 34,315	\$ 34,612	\$ 34,753	2.6%	\$ 33,721	\$ 34,612	2.6%
Deposits	890	934	1,029	921	964	8.3%	1,759	1,885	7.2%
Withdrawals and deaths	(253)	(259)	(256)	(299)	(299)	-18.2%	(545)	(598)	-9.7%
Net flows	637	675	773	622	665	4.4%	1,214	1,287	6.0%
Contract holder assessments	(764)	(791)	(819)	(814)	(830)	-8.6%	(1,505)	(1,644)	-9.2%
Reinvested interest credited	335	337	343	333	342	2.1%	664	675	1.7%
Balance as of end-of-period, gross	34,094	34,315	34,612	34,753	34,930	2.5%	34,094	34,930	2.5%
Reinsurance ceded	(797)	(793)	(784)	(782)	(773)	3.0%	(797)	(773)	3.0%
Balance as of end-of-period, net	<u>\$ 33,297</u>	<u>\$ 33,522</u>	<u>\$ 33,828</u>	<u>\$ 33,971</u>	<u>\$ 34,157</u>	2.6%	<u>\$ 33,297</u>	<u>\$ 34,157</u>	2.6%
<b>VUL</b>									
Balance as of beginning-of-period	\$ 8,354	\$ 8,842	\$ 8,854	\$ 9,263	\$ 9,635	15.3%	\$ 8,094	\$ 9,263	14.4%
Deposits	418	351	445	390	380	-9.1%	815	770	-5.5%
Withdrawals and deaths	(136)	(92)	(122)	(124)	(116)	14.7%	(281)	(240)	14.6%
Net flows	282	259	323	266	264	-6.4%	534	530	-0.7%
Contract holder assessments	(118)	(119)	(128)	(130)	(127)	-7.6%	(230)	(258)	-12.2%
Change in market value and reinvestment	324	(128)	214	236	(6)	NM	444	231	-48.0%
Balance as of end-of-period, gross	8,842	8,854	9,263	9,635	9,766	10.5%	8,842	9,766	10.5%
Reinsurance ceded	(901)	(872)	(878)	(882)	(864)	4.1%	(901)	(864)	4.1%
Balance as of end-of-period, net	<u>\$ 7,941</u>	<u>\$ 7,982</u>	<u>\$ 8,385</u>	<u>\$ 8,753</u>	<u>\$ 8,902</u>	12.1%	<u>\$ 7,941</u>	<u>\$ 8,902</u>	12.1%
<b>Total</b>									
Balance as of beginning-of-period	\$ 42,240	\$ 42,936	\$ 43,169	\$ 43,875	\$ 44,388	5.1%	\$ 41,815	\$ 43,875	4.9%
Deposits	1,308	1,285	1,474	1,311	1,344	2.8%	2,574	2,655	3.1%
Withdrawals and deaths	(389)	(351)	(378)	(423)	(415)	-6.7%	(826)	(838)	-1.5%
Net flows	919	934	1,096	888	929	1.1%	1,748	1,817	3.9%
Contract holder assessments	(882)	(910)	(947)	(944)	(957)	-8.5%	(1,735)	(1,902)	-9.6%
Change in market value and reinvestment	659	209	557	569	336	-49.0%	1,108	906	-18.2%
Balance as of end-of-period, gross	42,936	43,169	43,875	44,388	44,696	4.1%	42,936	44,696	4.1%
Reinsurance ceded	(1,698)	(1,665)	(1,662)	(1,664)	(1,637)	3.6%	(1,698)	(1,637)	3.6%
Balance as of end-of-period, net	<u>\$ 41,238</u>	<u>\$ 41,504</u>	<u>\$ 42,213</u>	<u>\$ 42,724</u>	<u>\$ 43,059</u>	4.4%	<u>\$ 41,238</u>	<u>\$ 43,059</u>	4.4%

**Lincoln Financial Group**  
**Select Non-GAAP to GAAP Reconciliations**

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Six Months Ended		
	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15		6/30/14	6/30/15	Change
<b>Revenues</b>									
Operating revenues	\$ 3,286	\$ 3,363	\$ 3,834	\$ 3,394	\$ 3,417	4.0%	\$ 6,519	\$ 6,811	4.5%
Excluded realized gain (loss)	(5)	47	(149)	(91)	(37)	NM	(63)	(127)	NM
Amortization of deferred gains arising from reserve changes on business sold through reinsurance	1	1	1	1	1	0.0%	1	1	0.0%
Total revenues	<u>\$ 3,282</u>	<u>\$ 3,411</u>	<u>\$ 3,686</u>	<u>\$ 3,304</u>	<u>\$ 3,381</u>	3.0%	<u>\$ 6,457</u>	<u>\$ 6,685</u>	3.5%
<b>Excluded Realized Gain (Loss) Net of Benefit Ratio Unlocking, After-Tax</b>									
Total excluded realized gain (loss)	\$ (3)	\$ 31	\$ (96)	\$ (60)	\$ (23)	NM	\$ (42)	\$ (83)	-97.6%
Benefit ratio unlocking	7	(6)	4	8	(4)	NM	9	2	-77.8%
Net gain (loss), after-tax	<u>\$ 4</u>	<u>\$ 25</u>	<u>\$ (92)</u>	<u>\$ (52)</u>	<u>\$ (27)</u>	NM	<u>\$ (33)</u>	<u>\$ (81)</u>	NM
<b>Net Income</b>									
Income (loss) from operations	\$ 394	\$ 414	\$ 439	\$ 352	\$ 371	-5.8%	\$ 759	\$ 724	-4.6%
Excluded realized gain (loss)	(3)	31	(96)	(60)	(23)	NM	(42)	(83)	-97.6%
Benefit ratio unlocking	7	(6)	4	8	(4)	NM	9	2	-77.8%
Income (loss) from reserve changes (net of related amortization) on business sold through reinsurance	-	-	-	-	-	NM	1	1	0.0%
Income (loss) from discontinued operations	-	-	1	-	-	NM	-	-	NM
Net income (loss)	<u>\$ 398</u>	<u>\$ 439</u>	<u>\$ 348</u>	<u>\$ 300</u>	<u>\$ 344</u>	-13.6%	<u>\$ 727</u>	<u>\$ 644</u>	-11.4%
<b>Earnings (Loss) Per Common Share – Diluted</b>									
Income (loss) from operations	\$ 1.47	\$ 1.56	\$ 1.67	\$ 1.35	\$ 1.46	-0.7%	\$ 2.80	\$ 2.81	0.4%
Excluded realized gain (loss)	(0.01)	0.11	(0.36)	(0.23)	(0.09)	NM	(0.14)	(0.32)	NM
Benefit ratio unlocking	0.02	(0.02)	0.01	0.03	(0.02)	NM	0.03	0.01	-66.7%
Net income (loss)	<u>\$ 1.48</u>	<u>\$ 1.65</u>	<u>\$ 1.32</u>	<u>\$ 1.15</u>	<u>\$ 1.35</u>	-8.8%	<u>\$ 2.69</u>	<u>\$ 2.50</u>	-7.1%