

LINCOLN NATIONAL CORP

Form S-3ASR

November 19, 2018

As filed with the Securities and Exchange Commission on November 19, 2018

File No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Lincoln National Corporation

(Exact Name of Registrant as Specified in Its Charter)

Indiana

(State or Other Jurisdiction of Incorporation or Organization)

35-1140070

(I.R.S. Employer Identification No.)

150 N. Radnor Chester Road

Radnor, PA 19087

(484) 583-1400

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

LNL Agents' 401(k) Savings Plan

(Full Title of Plan)

Nancy A. Smith

Senior Vice President and Secretary

Lincoln National Corporation

150 N. Radnor Chester Road

Radnor, PA 19087

(484) 583-1400

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. []

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. []

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer [X] Accelerated filer [] Non-accelerated filer [] Smaller reporting company []

CALCULATION OF REGISTRATION FEE

Title of Securities to be registered	Amount to be registered	Proposed Maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock (no par value) ⁽³⁾	2,917,000 ⁽¹⁾	62.98 ⁽²⁾	\$183,712,660	\$22,226

(1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "Securities Act"), there are being registered such additional shares as may be issuable pursuant to the anti-dilution provisions of The Lincoln National Life Insurance Company ("LNL") Agents' Savings and Profit-Sharing Plan (the "Plan"), by reason of stock splits, stock dividends, recapitalizations or similar transactions.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rules 457(c) and 457(h)(1) under the Securities Act based upon the average of the high and low sale prices of LNC's Common Stock on November 16, 2018 as reported on the New York Stock Exchange composite transactions tape. Pursuant to Rule 457(p), \$18,428 of the fee that has already been paid with respect to the initial offering price (\$163,110,000) for a portion of the securities that were previously registered pursuant to Lincoln National Corporation's Registration Statement Forms S-3 (Registration No. 333-208110) filed on November 19, 2015 respectively, and were not sold thereunder, is being used to offset the registration fee due herewith.

(3) Pursuant to Rule 429 under the Securities Act, the prospectus included in this registration statement is a combined prospectus, which also relates to Lincoln National Corporation's Registration Statement on Form S-3, Registration Nos. 333-131943, 333-163672, 333-185105 and 333-208110 and the Registration Statement on Form S-1 of LNL

Agents' 401(k) Savings Plan formerly known as The Lincoln National Life Insurance Company ("LNL") Agents' Savings and Profit-Sharing Plan, Registration No. 333-163855 (the "Prior Registration Statements"). This Registration Statement also constitutes the third post-effective amendment to the Prior Registration Statements. Such post-effective amendment shall hereafter become effective concurrently with the effectiveness of this Registration Statement in accordance with Section 8(a) of the Securities.

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

EXPLANATORY NOTE

The prospectus included in this Registration Statement is a combined prospectus pursuant to Rule 429 of the Securities Act of 1933, as amended. The combined prospectus relates to this Registration Statement as well as a Registration Statement on Form S-1 registering the interests in LNL Agents' 401(k) Savings Plan formerly known as The Lincoln National Life Insurance Company Agents' Savings and Profit Sharing Plan. The portions of the prospectus relating to each Registration Statement are being combined into a single prospectus as a matter of convenience for the participants in LNL Agents' 401(k) Savings Plan.

The information included in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, in any state where the offer or sale is not permitted.

Subject to Completion, Dated November 19, 2018

2,917,000 Shares

LINCOLN NATIONAL CORPORATION
COMMON STOCK
(No Par Value)

And

RELATED PLAN INTERESTS

Offered as set forth in this Prospectus pursuant to the

LNL AGENTS' 401(k) SAVINGS PLAN

This prospectus relates to 2,917,000 shares of the Common Stock of Lincoln National Corporation to be offered and sold to eligible agents of The Lincoln National Life Insurance Company and certain of its affiliated entities under the LNL Agents' 401(k) Savings Plan, which we refer to in this prospectus as the "Plan." This prospectus also relates to an indeterminate number of Plan interests in LNL Agents' 401(k) Savings Plan, which are referred to as "Plan Interests" in this prospectus. The Plan Interests do not carry separate voting rights.

Our Common Stock is listed on the New York Stock Exchange under the symbol "LNC." On November 16, 2018, the last reported sale price of our Common Stock on the New York Stock Exchange composite transaction tape was \$63.02 per share. The Plan Interests are not listed for trading on any securities exchange or included in any automated quotation system. We will not apply to list the Plan Interests on any securities exchange or to include the Plan Interests in any automated quotation system.

Each investment option offered to participants under the Plan, referred to as investment options or separate accounts, has its own investment objectives or goals and strategies for meeting those objectives. Investing in each option involves risks, including possible loss of principal, and there is no guarantee that an option will achieve its stated investment objectives. If an option's investment manager makes incorrect judgments about the markets, the economy, or companies, the return on a participant's investment may be adversely affected. Investments in any of these options are not bank deposits and are not endorsed, insured, or guaranteed by the Federal Deposit Insurance Corporation (FDIC), any government agency, or bank.

Investing in our Common Stock involves risks. See "Risk Factors" beginning on page 3 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is November 19, 2018

ABOUT THIS PROSPECTUS

This prospectus also constitutes a Summary Plan Description, and highlights the key features of the Plan. This prospectus does not describe all the details of the Plan. The Plan Document explains your benefits, rights and responsibilities in more detail, and is the controlling document in the case of any discrepancy between this prospectus and the Plan Document. It is important for you to read and consider all information contained in this prospectus in making your investment decision. You should also read and consider the additional information under the caption "Where You Can Find More Information." You should rely only on information in this prospectus, the Plan Document or information to which we have referred you. We have not authorized anyone to provide you with information that is different. We are not making an offer of these securities in any state or jurisdiction where the offer is not permitted. The information contained or incorporated by reference in this prospectus is accurate only as of the respective dates of such information. Our business, financial condition, results of operations and prospectus may have changed since those dates.

If you have any questions about the Plan that are not answered in this Prospectus, or if you would like a copy of the Plan Document, such additional information can be obtained (without charge) from the Lincoln National Corporation Benefits Committee, c/o George A. Murphy, 150 N. Radnor Chester Road, Building A, 3rd Floor, Radnor, PA 19087-5238.

IRS CIRCULAR 230 NOTICE: As required by the IRS, we inform you that any tax advice contained in this Prospectus was not intended or written to be used or referred to, and cannot be used or referred to (i) for the purpose of avoiding penalties under the Internal Revenue Code, or (ii) in promoting, marketing, or recommending to another party any transaction or matter addressed in this Prospectus. Individuals should seek tax advice based on their own particular circumstances from an independent tax advisor.

Unless otherwise indicated, all references in this prospectus to "LNC," "we," "our," "us," or similar terms refer to Lincoln National Corporation together with its subsidiaries and affiliates.

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REQUIRED DISCLOSURE FOR NORTH CAROLINA RESIDENTS

THE COMMISSIONER OF INSURANCE OF THE STATE OF NORTH CAROLINA HAS NOT APPROVED OR DISAPPROVED OF THIS OFFERING NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

GENERAL INFORMATION

The Lincoln National Life Insurance Company's ("LNL") Board of Directors first adopted the Plan on May 11, 1978 for the benefit of eligible participants and those of participating affiliates. The Plan became effective January 1, 1979.

The Plan provides eligible participants serving as independent contractors to us with a convenient and systematic method of saving. Under the Plan, there are currently seventeen (17) investment Accounts, one of which is the LNC Stock Fund (see the section entitled "Investment of Contributions"). Wilmington Trust Company, Wilmington, Delaware, is the Plan Trustee of the Plan (see the sections entitled "Administration of the Plan" and "Plan Trustee").

Lincoln National Corporation ("LNC," "we," "us" or "our") is a holding company, which operates multiple insurance and retirement businesses through subsidiary companies. Through our business segments, we sell a wide range of wealth protection, accumulation and retirement income products and solutions. These products include fixed and indexed annuities, variable annuities, universal life insurance ("UL"), variable universal life insurance ("VUL"), linked-benefit UL, term life insurance, indexed universal life insurance ("IUL"), employer-sponsored retirement plans and services, and group life, disability and dental. LNC was organized under the laws of the state of Indiana in 1968. We currently maintain our principal executive offices at 150 N. Radnor Chester Road, Radnor, Pennsylvania 19087, and our telephone number is (484) 583-1400. "Lincoln Financial Group" is the marketing name for LNC and its subsidiary companies. As of December 31, 2017, LNC had consolidated assets of \$281.8 billion and consolidated stockholders' equity of \$17.3 billion. For the year ended December 31, 2017, LNC had total revenue of \$14.3 billion and net income of \$2.1 billion.

We provide products and services and report results through the following four business segments: Annuities, Retirement Plan Services, Life Insurance and Group Protection.

We also have Other Operations, which includes the financial data for operations that are not directly related to the business segments.

The following description of the Plan is a summary of its key terms and provisions. The statements contained in this prospectus concerning the Plan are qualified in their entirety by reference to the terms of the Plan itself, which is the legally controlling document. Eligible participants and their beneficiaries may obtain copies of the Plan upon request, or review them at our principal executive office.

FORWARD-LOOKING STATEMENTS – CAUTIONARY LANGUAGE

Certain statements made in this report and in other written or oral statements made by us or on our 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 our businesses, prospective services or products, future performance or financial results and the outcome of contingencies, such as legal proceedings. We claim 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 the payment of revenue sharing and 12b-1 distribution fees; the impact of U.S. federal tax reform legislation on our business, earnings and capital; and the impact of the decision vacating the Department of Labor's fiduciary regulation as well as any "best interest" standards of care adopted by the Securities and Exchange Commission ("SEC") or other state regulators;

- 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 ("EGPs") 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 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, including the successful implementation of integration strategies or the achievement of anticipated synergies and operational efficiencies related to an acquisition;
- 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. Other sections of this prospectus, including "Risk Factors" beginning on page 3, 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 (the "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 impact of all risk factors on our business 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, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this prospectus.

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RISK FACTORS

You should carefully consider the risks described below and those incorporated by reference into this prospectus before making an investment decision regarding your benefits under the Plan. The risks and uncertainties described below and incorporated by reference into this prospectus are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition and results of operations could be materially affected. In that case, the value of our Common Stock could decline substantially. In addition, there are risks in investing your money in the investment choices offering under the Plan. These risks are discussed with the description of each investment option.

Legislative, Regulatory and Tax

Our businesses are heavily regulated and changes in regulation may affect our insurance subsidiary capital requirements or reduce our profitability.

State Regulation

Our insurance subsidiaries are subject to extensive supervision and regulation in the states in which we do business. The supervision and regulation relate to numerous aspects of our business and financial condition. The primary purpose of the supervision and regulation is the protection of our insurance contract holders, and not our investors. The extent of regulation varies, but generally is governed by state statutes. These statutes delegate regulatory, supervisory and administrative authority to state insurance departments. This system of supervision and regulation covers, among other things:

- Standards of minimum capital requirements and solvency, including RBC measurements;
- Restrictions on certain transactions, including, but not limited to, reinsurance between our insurance subsidiaries and their affiliates;
- Restrictions on the nature, quality and concentration of investments;
- Restrictions on the receipt of reinsurance credit;
- Restrictions on the types of terms and conditions that we can include in the insurance policies offered by our primary insurance operations;
- Limitations on the amount of dividends that insurance subsidiaries can pay;
- Licensing status of the company;
- Certain required methods of accounting pursuant to statutory accounting principles ("SAP");
- Reserves for unearned premiums, losses and other purposes;
- Payment of policy benefits (claims); and
- Assignment of residual market business and potential assessments for the provision of funds necessary for the settlement of covered claims under certain policies provided by impaired, insolvent or failed insurance companies.

State insurance regulators and the NAIC regularly re-examine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations, or in interpretations thereof, sometimes lead to additional expense, statutory reserves and/or RBC requirements for the insurer and, thus, could have a material adverse effect on our financial condition and results of operations. For example, the NAIC is currently considering changes to the accounting and reserve regulations related to variable annuity business; however, this effort is still ongoing and has not yet reached a point where we can determine what impact it could have on our financial condition or results of operations. The NAIC is also addressing modifications to the C-1 capital charges used in the NAIC RBC formula, which may impact the level of the C-1 related RBC we are required to hold.

Although we endeavor to maintain all required licenses and approvals our businesses may not fully comply with the wide variety of applicable laws and regulations or the relevant authority's interpretation of the laws and regulations, which may change from time to time. Also, regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If we do not have the requisite licenses and approvals or do not comply with applicable regulatory requirements, the insurance regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our activities or impose substantial fines. Further, insurance regulatory authorities have relatively broad discretion to issue orders of supervision, which permit such authorities to supervise the business and operations of an insurance company. As of December 31, 2017, no state insurance regulatory authority had imposed on us any material fines or revoked or suspended any of our licenses to conduct insurance business in any state or issued an order of supervision with respect to our insurance subsidiaries, which would have a material adverse effect on our results of operations or financial condition.

Attempts to mitigate the impact of Regulation XXX and Actuarial Guideline 38 may fail in whole or in part resulting in an adverse effect on our financial condition and results of operations.

The Valuation of Life Insurance Policies Model Regulation ("XXX") requires insurers to establish additional statutory reserves for term life insurance policies with long-term premium guarantees and UL policies with secondary guarantees. In addition, Actuarial Guideline 38 ("AG38") clarifies the application of XXX with respect to certain UL insurance policies with secondary guarantees. Virtually all of our newly issued term and a portion of our newly issued UL insurance products are affected by XXX and AG38. The application of both AG38 and XXX involve numerous interpretations. If state insurance departments do not agree with our interpretations, we may have to increase reserves related to such policies. The New York State Department of Financial Services does not recognize the NAIC revisions to AG38 in applying the New York law governing the reserves to be held for UL and VUL products containing secondary guarantees. The change, which was effective as of December 31, 2013, impacted our New York-domiciled insurance subsidiary, LLANY. Although LLANY discontinued the sale of these products in early 2013, the change affected those policies previously sold. As of December 31, 2017, we completed the phased in increase in reserves over five years, for a total of \$450 million.

We have implemented, and plan to continue to implement, reinsurance and capital management transactions to mitigate the capital impact of XXX and AG38, including the use of captive reinsurance subsidiaries. The NAIC adopted Actuarial Guideline 48 ("AG48") regulating the terms of these arrangements that are entered into or amended in certain ways after December 31, 2014. This guideline imposed restrictions on the types of assets that can be used to support the reinsurance in these kinds of transactions. While we have executed AG48 compliant reserve financing transactions, we cannot provide assurance that in light of AG48 and/or future rules and regulations that we will be able to continue to efficiently implement transactions or take other actions to mitigate the impact of XXX or AG38 on future sales of term and UL insurance products. If we are unable to continue to efficiently implement such solutions for any reason, we may realize lower than anticipated returns and/or reduced sales on such products.

Federal Regulation

In addition, our broker-dealer and investment advisor subsidiaries as well as our variable annuities and variable life insurance products, are subject to regulation and supervision by the SEC and FINRA. These laws and regulations generally grant supervisory agencies and self-regulatory organizations broad administrative powers, including the power to limit or restrict the subsidiaries from carrying on their businesses in the event that they fail to comply with such laws and regulations. The foregoing regulatory or governmental bodies, as well as the DOL and others, have the authority to review our products and business practices and those of our agents, advisors, registered representatives, associated persons and employees. In recent years, there has been increased scrutiny of the insurance industry by these bodies, which has included more extensive examinations, regular sweep inquiries and more detailed review of disclosure documents. These regulatory or governmental bodies may bring regulatory or other legal actions against us if, in their view, our practices, or those of our agents or employees, are improper. These actions can result in substantial fines, penalties or prohibitions or restrictions on our business activities and could have a material adverse effect on our business, results of operations or financial condition.

Standard of Conduct regulations could cause changes to the manner in which we deliver products and services as well as changes in nature and amount of compensation and fees.

In 2016, the Department of Labor ("DOL") released the DOL Fiduciary Rule, which became effective on June 9, 2017, and substantially expanded the range of activities considered to be fiduciary investment advice under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. On March 15, 2018, the U.S. Court of Appeals for the Fifth Circuit (the "Fifth Circuit") issued an opinion in the case *Chamber of Commerce v. the U.S. Department of Labor* vacating the DOL Fiduciary Rule and related applicable exemptions. The DOL and the Department of Justice did not appeal the Fifth Circuit's decision to the U.S. Supreme Court, and on June 21, 2018, the

Fifth Circuit issued a mandate stating that the original definition of "fiduciary," including the original five-part test, will apply going forward.

On April 18, 2018, the Securities and Exchange Commission (the "SEC") proposed "Regulation Best Interest," a new standard of conduct for broker-dealers under the Securities Exchange Act of 1934, which would require a broker-dealer to act in the best interest of a retail customer when making a recommendation of any securities transaction, without putting its financial interests ahead of the interests of a retail customer. The proposed rule includes guidance on what constitutes a "recommendation" and a definition of who would be a "retail customer" in addition to provisions setting forth certain required disclosures, policies and procedures to identify conflicts of interest, and customer-specific best interest obligations.

In addition, the SEC proposed the use of a new disclosure document, the customer or client relationship summary, or Form CRS. Form CRS is intended to provide retail investors with information about the nature of their relationship with their investment

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professional, and would supplement other more detailed disclosures, including existing Form ADV for advisors and the new disclosures under Regulation Best Interest for broker dealers.

Finally, the SEC proposed interpretative guidance providing clarity on an investment adviser's fiduciary obligation under the Advisers Act. The guidance indicates that investment advisers have a fiduciary duty to their clients that includes both a duty of care and a duty of loyalty and provides additional clarification of an investment adviser's responsibilities under these fiduciary duties. Investment advisers and broker-dealers would also need to disclose their registration status with the SEC in certain retail investor communications. The comment period on the proposals is expected to close on August 7, 2018.

In addition to the SEC proposed rules, the National Association of Insurance Commissioners ("NAIC") and several states, including Connecticut, Nevada, New Jersey and New York have passed laws or proposed regulations requiring investment advisers, broker-dealers and/or agents to disclose conflicts of interest to clients or to meet standards that their advice be in the customer's best interest. These recent developments could result in additional requirements related to the sale of our products.

It is uncertain at this point, how the original DOL definition of "fiduciary" will work in conjunction with any final rules adopted by the SEC, the NAIC or any individual state. While we continue to monitor and evaluate the various proposals, we cannot predict what other proposals may be made, what legislation or regulation may be introduced or become law. Therefore, until such time as final rules or laws are in place, the potential impact on our business is uncertain.

Changes in U.S. federal income tax law could impact our tax costs and the products that we sell.

On December 22, 2017, President Trump signed into law the Tax Act. The Tax Act includes tax rate reductions for both individuals and businesses (corporations and unincorporated entities) with the reduction in the U.S. marginal tax rate for corporations from 35% to 21% being one of the central provisions of the Tax Act. The Tax Act expands the tax base through the elimination or reduction of specified deductions and credits and provides incentives related to growth and development. Specific provisions that affect corporations generally relate to changes to the deductibility of interest expense, limitations on deductions for executive compensation and business entertainment and the repeal of the corporate Alternative Minimum Tax.

The changes made by the Tax Act will have a number of impacts on our business. Notably, the change to the new 21% marginal corporate income tax rate is expected to lower our overall effective tax rate in future periods. In addition, with the corporate rate reduction, we are required to remeasure our GAAP net deferred tax liability and statutory net admitted deferred tax asset in the period in which the law is enacted. Accordingly, we revalued our deferred tax balances in the fourth quarter of 2017 to give effect to the law change. In addition, there are several tax law changes that are specific to insurance companies, namely changes to the proration formula used to determine the amount of dividends eligible for the dividends-received deduction, changes to the calculation of tax reserves associated with policyholder liabilities and modifications to the computations of capitalized expenses for tax purposes of amounts incurred to originate or acquire insurance contracts (commonly referred to as the DAC tax). These provisions will result in changes to our overall cash tax obligations following the effective date of the legislation, so for periods beginning after January 1, 2018.

In general, life insurance companies are allowed a dividends-received deduction that reduces the amount of dividend income subject to tax based on the 'company share' of net investment income. The determination of the dividends-received deduction, and specifically the proration formula previously used to compute the company share, has changed. Under the Tax Act, the company share is set at 70% of all qualifying dividends received. This change to the company share percentage, coupled with a reduction in the general corporate dividend exclusion percentage, will reduce the amount of the deduction, which is a significant component of the difference between our actual tax expense and expected amount determined using the federal statutory tax rate. Our income tax provision for the year

ended December 31, 2017, included a tax benefit for the separate account dividends-received deduction of \$210 million relating to the 2017 tax year, excluding one-time adjustments. We expect that the changes made by the Tax Act will significantly decrease the amount of this tax benefit in 2018.

The Tax Act changed the computation of life insurance tax reserves for purposes of determining taxable income. The method for computing reserves has changed such that the amount of the reserve for non-variable contracts will be the greater of (i) the net surrender value of the contracts or (ii) 92.81% of the tax reserve method applicable to such contracts. The tax reserve method is generally defined as reserves established under statutory reserving principles, excluding reserves that are generally not deductible for federal income tax purposes. For variable contracts, the tax reserve will be the greater of (i) the net surrender value of the contract or, (ii) the portion of the reserve that is separately accounted for under Section 817 plus 92.81% of the excess, if any, over the net surrender value. Notably, the changes to the computation of tax reserves applies not only to new business (contracts to be issued in the future) but also to in-force policies and related reserves; the impact of the reduction in the tax reserves on in-force contracts is brought into taxable income ratably over an eight-year period beginning in 2018.

The Tax Act also changed the rules for determining the amount of DAC tax that we capitalize as an item of taxable income. Specifically, the Tax Act increases the capitalization rates that are applied to net premiums received and also extends the amortization period for recovering and deducting such costs from 10 years to 15 years.

We continue to review and analyze the provisions of the Tax Act, including the actual and potential impact of the Tax Act on our GAAP equity and statutory RBC, future earnings, free cash flows and the sales and pricing of our products. The impact of the Tax Act may differ from these estimates due to, among other things, changes in interpretations and assumptions we have made, guidance that may be issued and actions we may take as a result of the Tax Act.

Legal and regulatory actions are inherent in our businesses and could result in financial losses or harm our businesses.

We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our insurance and retirement operations. Pending legal actions include proceedings relating to aspects of our businesses and operations that are specific to us and proceedings that are typical of the businesses in which we operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. Substantial legal liability in these or future legal or regulatory actions could have a material financial effect or cause significant harm to our reputation, which in turn could materially harm our business prospects. See Note 13 for a description of legal and regulatory proceedings and actions.

Implementation of the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act may subject us to substantial additional federal regulation, and we cannot predict the effect on our business, results of operations, cash flows or financial condition.

Since it was enacted in 2010, the Dodd-Frank Act has brought wide-ranging changes to the financial services industry, including changes to the rules governing derivatives; a study by the SEC of the rules governing broker-dealers and investment advisers with respect to individual investors and investment advice, followed potentially by rulemaking; the creation of a new Federal Insurance Office within the U.S. Treasury to gather information and make recommendations regarding regulation of the insurance industry; the creation of a resolution authority to unwind failing institutions; the creation of a new Consumer Financial Protection Bureau to protect consumers of certain financial products; and changes to executive compensation and certain corporate governance rules, among other things.

Significant rulemaking across numerous agencies within the federal government has been implemented since the enactment of the Dodd-Frank Act. Complete implementation has yet to take place, given shifting priorities following the U.S. 2016 election; therefore, the ultimate impact of these provisions on our businesses (including product offerings), results of operations and liquidity and capital resources remains uncertain.

Changes in accounting standards issued by the Financial Accounting Standards Board or other standard-setting bodies may adversely affect our financial statements.

Our financial statements are prepared in accordance with GAAP as identified in the Financial Accounting Standards Board ("FASB") Accounting Standards CodificationTM ("ASC"). From time to time, we are required to adopt new or revised accounting standards or guidance that are incorporated into the FASB ASC. It is possible that future accounting standards we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have a material adverse effect on our financial condition and results of operations.

Specifically, the FASB released ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts that is expected to result in significant changes to how we account for and report our insurance contracts, including contract riders and embedded derivatives, and deferred acquisition costs ("DAC"). The effective date is January 1, 2021. We are currently evaluating the impact of adopting this ASU on our consolidated financial condition and results of operations. In this case, the issuer will report results under the new accounting method as of the effective date, as well as for all periods presented.

Our domestic insurance subsidiaries are subject to SAP. Any changes in the method of calculating reserves for our life insurance and annuity products under SAP may result in increased reserve requirements.

The NAIC continues to review the statutory accounting and capital requirements for variable annuities for potential changes with assistance from Oliver Wyman. Additional testing of potential changes occurred during 2017, and Oliver Wyman presented their recommendations to the NAIC working group on December 1, 2017. The NAIC working group opened these recommendations for comment until March 2, 2018. Once any changes are finalized by the NAIC, the resulting new variable annuity framework could result in changes in reserve and/or capital requirements and statutory surplus and could impact the volatility of those item(s). The NAIC is also addressing modifications to the C-1 capital charges used in the NAIC RBC formula, which may impact the level of the C-1 related RBC we are required to hold.

Anti-takeover provisions could delay, deter or prevent our change in control, even if the change in control would be beneficial to LNC shareholders.

We are an Indiana corporation subject to Indiana state law. Certain provisions of Indiana law could interfere with or restrict takeover bids or other change in control events affecting us. Under Indiana law, directors may, in considering the best interests of a corporation, consider the effects of any action on shareholders, employees, suppliers and customers of the corporation and the communities in which offices and other facilities are located, and other factors the directors consider pertinent. One statutory provision prohibits, except under specified circumstances, LNC from engaging in any business combination with any shareholder who owns 10% or more of our common stock (which shareholder, under the statute, would be considered an "interested shareholder") for a period of five years following the time that such shareholder became an interested shareholder, unless such business combination is approved by the Board of Directors prior to such person becoming an interested shareholder.

In addition to the anti-takeover provisions of Indiana law, there are other factors that may delay, deter or prevent our change in control. As an insurance holding company, we are regulated as an insurance holding company and are subject to the insurance holding company acts of the states in which our insurance company subsidiaries are domiciled. The insurance holding company acts and regulations restrict the ability of any person to obtain control of an insurance company without prior regulatory approval. Under those statutes and regulations, without such approval (or an exemption), no person may acquire any voting security of a domestic insurance company, or an insurance holding company which controls an insurance company, or merge with such a holding company, if as a result of such transaction such person would "control" the insurance holding company or insurance company. "Control" is generally defined as the direct or indirect power to direct or cause the direction of the management and policies of a person and is presumed to exist if a person directly or indirectly owns or controls 10% or more of the voting securities of another person.

Market Conditions

Weak conditions in the global capital markets and the economy generally may materially adversely affect our business and results of operations.

Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. Continued unconventional easing from the major central banks, slowing of global growth, continued impact of falling global energy and other commodity prices, and the ability of the U.S. government to proactively address the fiscal imbalance remain key challenges for markets and our business. These macro-economic conditions may have an adverse effect on us given our credit and equity market exposure. In the event of extreme prolonged market events, such as the global credit crisis and recession that occurred during 2008 and 2009, we could incur significant losses. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility.

Factors such as consumer spending, business investment, domestic and foreign government spending, the volatility and strength of the capital markets, the potential for inflation or deflation and uncertainty over domestic and foreign government actions all affect the business and economic environment and, ultimately, the amount and profitability of our business. In an economic downturn characterized by higher unemployment, lower disposable income, lower corporate earnings, lower business investment and lower consumer spending, the demand for our financial and insurance products could be adversely affected. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Our contract holders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Adverse changes in the economy could affect earnings negatively and could have a material adverse effect on our business, results of operations and financial condition.

Changes in interest rates and sustained low interest rates may cause interest rate spreads to decrease and changes in interest rates may also result in increased contract withdrawals.

Interest rate fluctuations and/or a sustained period of low interest rates could negatively affect our profitability. Some of our products, principally fixed annuities and UL, including IUL and linked-benefit UL, have interest rate guarantees that expose us to the risk that changes in interest rates will reduce our spread, or the difference between the amounts that we are required to pay under the contracts and the amounts we are able to earn on our general account investments intended to support our obligations under the contracts. Spreads are an important component of our net income. Declines in our spread or instances where the returns on our general account investments are not enough to support the interest rate guarantees on these products could have a material adverse effect on our businesses or results of operations. In addition, low rates increase the cost of providing variable annuity living benefit guarantees, which could negatively affect our variable annuity profitability.

In periods when interest rates are declining or remain at low levels, we may have to reinvest the cash we receive as interest or return of principal on our investments in lower yielding instruments reducing our spread. Moreover, borrowers may prepay fixed-income securities, commercial mortgages and mortgage-backed securities in our general account in order to borrow at lower market rates, which exacerbates this risk. Lowering interest crediting rates helps to mitigate the effect of spread compression on some of our products. However, because we are entitled to reset the interest rates on our fixed-rate annuities only at limited, pre-established intervals, and since many of our contracts have guaranteed minimum interest or crediting rates, our spreads could still decrease. As of December 31, 2017, 43% of our annuities business, 86% of our retirement plan services business and 99% of our life insurance business with guaranteed minimum interest or crediting rates are at their guaranteed minimums.

Our expectation for future spreads is an important component in the amortization of DAC and value of business acquired ("VOBA") as it affects the future profitability of the business. Currently, new money rates continue to be at historically low levels. The Federal Reserve Board forecasts point toward short-term rates likely moving to 2.5% at the end of 2018. For additional information on interest rate risks, see "Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk."

A decline in market interest rates could also reduce our return on investments that do not support particular policy obligations. During periods of sustained lower interest rates, our recorded policy liabilities may not be sufficient to meet future policy obligations and may need to be strengthened, thereby reducing net income in the affected reporting period. Accordingly, declining interest rates may materially affect our results of operations, financial condition and cash flows and significantly reduce our profitability.

Increases in market interest rates may also negatively affect our profitability. In periods of rapidly increasing interest rates, we may not be able to replace the assets in our general account with higher yielding assets needed to fund the higher crediting rates necessary to keep our interest-sensitive products competitive. We, therefore, may have to accept a lower spread and thus lower profitability or face a decline in sales and greater loss of existing contracts and related assets. Increases in interest rates may cause increased surrenders and withdrawals of insurance products. In periods of increasing interest rates, policy loans and surrenders and withdrawals of life insurance policies and annuity contracts may increase as contract holders seek to buy products with perceived higher returns. This process may lead to a flow of cash out of our businesses. These outflows may require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realized investment losses. A sudden demand among consumers to change product types or withdraw funds could lead us to sell assets at a loss to meet the demand for funds. Furthermore, unanticipated increases in withdrawals and termination may cause us to unlock our DAC and VOBA assets, which would reduce net income. An increase in market interest rates could also have a material adverse effect on the value of our investment portfolio, for example, by decreasing the estimated fair values of the fixed-income securities that comprise a substantial portion of our investment portfolio. An increase in interest rates could also result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed-income funds.

Because the equity markets and other factors impact the profitability and expected profitability of many of our products, changes in equity markets and other factors may significantly affect our business and profitability.

The fee income that we earn on variable annuities is based primarily upon account values and partially based upon account values for VUL insurance policies. Because strong equity markets result in higher account values, strong equity markets positively affect our net income through increased fee income. Conversely, a weakening of the equity markets results in lower fee income and may have a material adverse effect on our results of operations and capital resources.

The increased fee income resulting from strong equity markets increases the estimated gross profits ("EGPs") from variable insurance products as do better than expected lapses, mortality rates and expenses. As a result, higher EGPs

may result in lower net amortized costs related to DAC, deferred sales inducements ("DSI"), VOBA, deferred front-end loads ("DFEL") and changes in future contract benefits. However, a decrease in the equity markets, as well as worse than expected increases in lapses, mortality rates and expenses, depending upon their significance, may result in higher net amortized costs associated with DAC, DSI, VOBA, DFEL and changes in future contract benefits and may have a material adverse effect on our results of operations and capital resources. If we had unlocked our reversion to the mean ("RTM") assumption in the corridor as of December 31, 2017, we would have recorded favorable unlocking of approximately \$240 million, pre-tax, for our Annuities segment, approximately \$45 million, pre-tax, for our Life Insurance segment and approximately \$30 million, pre-tax, for our Retirement Plan Services segment. For further information about our RTM process, see "Critical Accounting Policies and Estimates – DAC, VOBA, DSI and DFEL – Reversion to the Mean" in the MD&A.

Changes in the equity markets, interest rates and/or volatility affect the profitability of our products with guaranteed benefits; therefore, such changes may have a material adverse effect on our business and profitability.

Certain of our variable annuity products include optional guaranteed benefit riders. These include GDB, GWB and GIB riders. Our GWB, GIB and 4LATER® (a form of GIB rider) features have elements of both insurance benefits accounted for under the Financial Services – Insurance – Claim Costs and Liabilities for Future Policy Benefits Subtopic of the FASB ASC ("benefit reserves") and embedded derivatives accounted for under the Derivatives and Hedging and the Fair Value Measurements and Disclosures Topics of

the FASB ASC ("embedded derivative reserves"). We calculate the value of the embedded derivative reserve and the benefit reserves based on the specific characteristics of each GLB feature. The amount of reserves related to GDB for variable annuities is related to the difference between the value of the underlying accounts and the GDB, calculated using a benefit ratio approach. The GDB reserves take into account the present value of total expected GDB payments, the present value of total expected GDB assessments over the life of the contract, claims paid to date and assessments to date. Reserves for our GIB and certain GWB with lifetime benefits are based on a combination of fair value of the underlying benefit and a benefit ratio approach. The benefit ratio approach takes into account, among other things, the present value of expected GIB payments, the present value of total expected GIB assessments over the life of the contract, claims paid to date and assessments to date. The amount of reserves related to those GWB that do not have lifetime benefits is based on the fair value of the underlying benefit.

Both the level of expected payments and expected total assessments used in calculating the benefit reserves are affected by the equity markets. The liabilities related to fair value are impacted by changes in equity markets, interest rates, volatility, foreign exchange rates and credit spreads. Accordingly, strong equity markets, increases in interest rates and decreases in volatility will generally decrease the reserves calculated using fair value. Conversely, a decrease in the equity markets along with a decrease in interest rates and an increase in volatility will generally result in an increase in the reserves calculated using fair value.

Increases in reserves would result in a charge to our earnings in the quarter in which the increase occurs. Therefore, we maintain a customized dynamic hedge program that is designed to mitigate the risks associated with income volatility around the change in reserves on guaranteed benefits. However, the hedge positions may not be effective to exactly offset the changes in the carrying value of the guarantees due to, among other things, the time lag between changes in their values and corresponding changes in the hedge positions, high levels of volatility in the equity markets and derivatives markets, extreme swings in interest rates, contract holder behavior different than expected, a strategic decision to adjust the hedging strategy in reaction to extreme market conditions or inconsistencies between economic and statutory reserving guidelines and divergence between the performance of the underlying funds and hedging indices.

In addition, we remain liable for the guaranteed benefits in the event that derivative or reinsurance counterparties are unable or unwilling to pay, and we are also subject to the risk that the cost of hedging these guaranteed benefits increases, resulting in a reduction to net income. These, individually or collectively, may have a material adverse effect on net income, financial condition or liquidity.

Liquidity and Capital Position

Adverse capital and credit market conditions may affect our ability to meet liquidity needs, access to capital and cost of capital.

We need liquidity to pay our operating expenses, interest on our debt and dividends on our capital stock, to maintain our securities lending activities and to replace certain maturing liabilities. Without sufficient liquidity, we will be forced to curtail our operations, and our business will suffer. When considering our liquidity and capital position, it is important to distinguish between the needs of our insurance subsidiaries and the needs of the holding company. For our insurance and other subsidiaries, the principal sources of liquidity are insurance premiums and fees, annuity considerations and cash flow from our investment portfolio and assets, consisting mainly of cash or assets that are readily convertible into cash.

In the event that current resources do not satisfy our needs, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects if we incur large investment losses or if the level of our business activity

decreases due to a market downturn. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. See "Review of Consolidated Financial Condition – Liquidity and Capital Resources – Sources of Liquidity and Cash Flow" in the MD&A for a description of our credit ratings. Our internal sources of liquidity may prove to be insufficient, and in such case, we may not be able to successfully obtain additional financing on favorable terms, or at all.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business, most significantly our insurance operations. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities; satisfy statutory capital requirements; generate fee income and market-related revenue to meet liquidity needs; and access the capital necessary to grow our business. As such, we may be forced to delay raising capital, issue shorter term securities than we prefer or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility. Our results of operations, financial condition, cash flows and statutory capital position could be materially adversely affected by disruptions in the financial markets.

Because we are a holding company with no direct operations, the inability of our subsidiaries to pay dividends to us in sufficient amounts would harm our ability to meet our obligations.

We are a holding company and we have no direct operations. Our principal asset is the capital stock of our insurance subsidiaries. Our ability to meet our obligations for payment of interest and principal on outstanding debt obligations and to pay dividends to shareholders, repurchase our securities and pay corporate expenses depends primarily on the ability of our subsidiaries to pay dividends or to advance or repay funds to us. Under Indiana laws and regulations, our Indiana insurance subsidiaries, including our primary insurance subsidiary, LNL, may pay dividends to us without prior approval of the Commissioner only from unassigned surplus, or must receive prior approval of the Commissioner to pay a dividend if such dividend, along with all other dividends paid within the preceding 12 consecutive months, would exceed the statutory limitation. The current statutory limitation is the greater of 10% of the insurer's contract holders' surplus, as shown on its last annual statement on file with the Commissioner or the insurer's statutory net gain from operations for the previous 12 months, but in no event to exceed statutory unassigned surplus.

In addition, payments of dividends and advances or repayment of funds to us by our insurance subsidiaries are restricted by the applicable laws of their respective jurisdictions requiring that our insurance subsidiaries hold a specified amount of minimum reserves in order to meet future obligations on their outstanding policies. These regulations specify that the minimum reserves shall be calculated to be sufficient to meet future obligations, after giving consideration to future required premiums to be received, and are based on certain specified mortality and morbidity tables, interest rates and methods of valuation, which are subject to change. In order to meet their claims-paying obligations, our insurance subsidiaries regularly monitor their reserves to ensure we hold sufficient amounts to cover actual or expected contract and claims payments. At times, we may determine that reserves in excess of the minimum may be needed to ensure sufficiency.

Changes in, or reinterpretations of, these laws can constrain the ability of our subsidiaries to pay dividends or to advance or repay funds to us in sufficient amounts and at times necessary to meet our debt obligations and corporate expenses. Requiring our insurance subsidiaries to hold additional reserves has the potential to constrain their ability to pay dividends to the holding company. See "Legislative, Regulatory and Tax – Attempts to mitigate the impact of Regulation XXX and Actuarial Guideline 38 may fail in whole or in part resulting in an adverse effect on our financial condition and results of operations" above for additional information on potential changes in these laws.

The earnings of our insurance subsidiaries impact contract holders' surplus. Lower earnings constrain the growth in our insurance subsidiaries' capital, and therefore, can constrain the payment of dividends and advances or repayment of funds to us.

In addition, the amount of surplus that our insurance subsidiaries could pay as dividends is constrained by the amount of surplus they hold to maintain their financial strength ratings, to provide an additional layer of margin for risk protection and for future investment in our businesses. Notwithstanding the foregoing, we believe that our insurance subsidiaries have sufficient liquidity to meet their contract holder obligations and maintain their operations.

A decrease in the capital and surplus of our insurance subsidiaries may result in a downgrade to our credit and insurer financial strength ratings.

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by our insurance subsidiaries (which itself is sensitive to equity market and credit market conditions), the amount of additional capital our insurance subsidiaries must hold to support business growth, changes in reserving requirements, such as principles-based reserving, our inability to obtain reserve relief, changes in equity market levels, the value of certain fixed-income and equity securities in our investment portfolio, the value of certain derivative instruments that do not get hedge accounting

treatment, changes in interest rates and foreign currency exchange rates, as well as changes to the NAIC RBC formulas. The RBC ratio is also affected by the product mix of the in-force book of business (i.e., the amount of business without guarantees is not subject to the same level of reserves as the business with guarantees). Most of these factors are outside of our control. Our credit and insurer financial strength ratings are significantly influenced by the statutory surplus amounts and RBC ratios of our insurance company subsidiaries. The RBC ratio of LNL is an important factor in the determination of the credit and financial strength ratings of LNC and its subsidiaries. In addition, rating agencies may implement changes to their internal models that have the effect of increasing or decreasing the amount of statutory capital we must hold in order to maintain our current ratings. In extreme scenarios of equity market declines, the amount of additional statutory reserves that we are required to hold for our variable annuity guarantees may increase at a rate greater than the rate of change of the markets. Increases in reserves reduce the statutory surplus used in calculating our RBC ratios. To the extent that our statutory capital resources are deemed to be insufficient to maintain a particular rating by one or more rating agencies, we may seek to raise additional capital through public or private equity or debt financing, which may be on terms not as favorable as in the past.

Alternatively, if we were not to raise additional capital in such a scenario, either at our discretion or because we were unable to do so, our financial strength and credit ratings might be downgraded by one or more rating agencies. For more information on risks

regarding our ratings, see "Covenants and Ratings – A downgrade in our financial strength or credit ratings could limit our ability to market products, increase the number or value of policies being surrendered and/or hurt our relationships with creditors" below.

An inability to access our credit facilities could result in a reduction in our liquidity and lead to downgrades in our credit and financial strength ratings.

We have a \$2.5 billion unsecured facility, which expires on June 30, 2021. We also have other facilities that we enter into in the ordinary course of business. See "Review of Consolidated Financial Condition – Liquidity and Capital Resources – Sources of Liquidity and Cash Flow – Financing Activities" in the MD&A and Note 12.

We rely on our credit facilities as a potential source of liquidity. We also use the credit facility as a potential backstop to provide variable annuity statutory reserve credit. While our variable annuity hedge assets available to provide reserve credit have normally exceeded the statutory reserves, in certain stressed market conditions, it is possible that these assets could be less than the statutory reserve. Our credit facility is available to provide reserve credit to LNL in such a case. If we were unable to access our facility in such circumstances, it could materially impact LNL's capital position. The availability of these facilities could be critical to our credit and financial strength ratings and our ability to meet our obligations as they come due in a market when alternative sources of credit are tight. The credit facilities contain certain administrative, reporting, legal and financial covenants. We must comply with covenants under our credit facilities, including a requirement to maintain a specified minimum consolidated net worth.

Our right to borrow funds under these facilities is subject to the fulfillment of certain important conditions, including our compliance with all covenants, and our ability to borrow under these facilities is also subject to the continued willingness and ability of the lenders that are parties to the facilities to provide funds. Our failure to comply with the covenants in the credit facilities or fulfill the conditions to borrowings, or the failure of lenders to fund their lending commitments (whether due to insolvency, illiquidity or other reasons) in the amounts provided for under the terms of the facilities, would restrict our ability to access these credit facilities when needed and, consequently, could have a material adverse effect on our financial condition and results of operations.

Assumptions and Estimates

As a result of changes in assumptions, estimates and methods in calculating reserves, our reserves for future policy benefits and claims related to our current and future business as well as businesses we may acquire in the future may prove to be inadequate.

We establish and carry, as a liability, reserves based on estimates of how much we will need to pay for future benefits and claims. For our insurance products, we calculate these reserves based on many assumptions and estimates, including, but not limited to, estimated premiums we will receive over the assumed life of the policies, the timing of the events covered by the insurance policies, the lapse rate of the policies, the amount of benefits or claims to be paid and the investment returns on the assets we purchase with the premiums we receive.

The sensitivity of our statutory reserves and surplus established for our variable annuity base contracts and riders to changes in the equity markets will vary depending on the magnitude of the decline. The sensitivity will be affected by the level of account values relative to the level of guaranteed amounts, product design and reinsurance. Statutory reserves for variable annuities depend upon the cumulative equity market impacts on the business in force, and therefore, result in non-linear relationships with respect to the level of equity market performance within any reporting period.

The assumptions and estimates we use in connection with establishing and carrying our reserves are inherently uncertain. Accordingly, we cannot determine with precision the ultimate amount or the timing of the payment of

actual benefits and claims or whether the assets supporting the policy liabilities will grow to the level we assume prior to payment of benefits or claims. If our actual experience is different from our assumptions or estimates, our reserves may prove to be inadequate in relation to our estimated future benefits and claims. Increases in reserves have a negative effect on income from operations in the quarter incurred.

If our businesses do not perform well and/or their estimated fair values decline or the price of our common stock does not increase, we may be required to recognize an impairment of our goodwill or to establish a valuation allowance against the deferred income tax asset, which could have a material adverse effect on our results of operations and financial condition.

Goodwill represents the excess of the acquisition price incurred to acquire subsidiaries and other businesses over the fair value of their net assets as of the date of acquisition. We test goodwill at least annually for indications of value impairment with consideration given to financial performance, mergers and acquisitions and other relevant factors. In addition, certain events, including a significant and adverse change in regulations, including tax law changes, legal factors, accounting standards or the business climate, an adverse action or assessment by a regulator or unanticipated competition, would cause us to review the carrying amounts of goodwill for impairment. Impairment testing is performed based upon estimates of the fair value of the "reporting unit" to which the goodwill relates. During the fourth quarter of 2017, we recorded goodwill impairment of \$905 million related to our Life Insurance segment.

Subsequent reviews of goodwill could result in an impairment of goodwill, and such write-downs could have a material adverse effect on our net income and book value, but will not affect the statutory capital of our insurance subsidiaries. As of December 31, 2017, we had a total of \$1.4 billion of goodwill on our Consolidated Balance Sheets. For more information on goodwill, see "Critical Accounting Policies and Estimates – Goodwill and Other Intangible Assets" in the MD&A and Notes 2 and 10.

Deferred income tax represents the tax effect of the differences between the book and tax basis of assets and liabilities. Deferred tax assets are assessed periodically by management to determine if they are realizable. As of December 31, 2017, we had a deferred tax asset of \$1.1 billion. Factors in management's determination include the performance of the business, including the ability to generate capital gains from a variety of sources and tax planning strategies. If, based on available information, it is more likely than not that the deferred income tax asset will not be realized, then a valuation allowance must be established with a corresponding charge to net income. Such valuation allowance could have a material adverse effect on our results of operations and financial condition.

The determination of the amount of allowances and impairments taken on our investments is highly subjective and could materially impact our results of operations or financial condition.

The determination of the amount of allowances and impairments varies by investment type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. There can be no assurance that our management has accurately assessed the level of impairments taken and allowances reflected in our financial statements. Furthermore, additional impairments may need to be taken or allowances provided for in the future. Historical trends may not be indicative of future impairments or allowances.

We regularly review our available-for-sale ("AFS") securities for declines in fair value that we determine to be other-than-temporary. For an equity security, if we do not have the ability and intent to hold the security for a sufficient period of time to allow for a recovery in value, we conclude that an other-than-temporary impairment ("OTTI") has occurred, and the amortized cost of the equity security is written down to the current fair value, with a corresponding change to realized gain (loss) on our Consolidated Statements of Comprehensive Income (Loss). When assessing our ability and intent to hold the equity security to recovery, we consider, among other things, the severity and duration of the decline in fair value of the equity security as well as the cause of decline, a fundamental analysis of the liquidity, business prospects and overall financial condition of the issuer.

For a debt security, if we intend to sell a security or it is more likely than not we will be required to sell a debt security before recovery of its amortized cost basis and the fair value of the debt security is below amortized cost, we conclude that an OTTI has occurred and the amortized cost is written down to current fair value, with a corresponding change to realized gain (loss) on our Consolidated Statements of Comprehensive Income (Loss). If we do not intend to sell a debt security or it is not more likely than not we will be required to sell a debt security before recovery of its amortized cost basis but the present value of the cash flows expected to be collected is less than the amortized cost of the debt security (referred to as the credit loss), we conclude that an OTTI has occurred, and the amortized cost is written down to the estimated recovery value with a corresponding change to realized gain (loss) on our Consolidated Statements of Comprehensive Income (Loss), as this is also deemed the credit portion of the OTTI. The remainder of the decline to fair value is recorded in other comprehensive income (loss) ("OCI") to unrealized OTTI on AFS securities on our Consolidated Statements of Stockholders' Equity, as this is considered a noncredit (i.e., recoverable) impairment.

In June 2016, the FASB issued amendments to the accounting guidance for measuring credit losses on financial instruments. For more information regarding the new accounting standard, see "ASU 2016-13, Measurement of Credit Losses on Financial Instruments" in Note 2.

Related to our unrealized losses, we establish deferred tax assets for the tax benefit we may receive in the event that losses are realized. The realization of significant realized losses could result in an inability to recover the tax benefits and may result in the establishment of valuation allowances against our deferred tax assets. Realized losses or impairments may have a material adverse impact on our results of operations and financial condition.

Our valuation of fixed maturity, equity and trading securities may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations that may materially adversely affect our results of operations or financial condition.

Fixed maturity, equity and trading securities and short-term investments, which are reported at fair value on our Consolidated Balance Sheets, represented the majority of our total cash and invested assets. We have categorized these securities into a three-level hierarchy, based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The determination of fair values in the absence of quoted market prices is based on valuation methodologies, securities we deem to be comparable and assumptions deemed appropriate given the circumstances. The fair value estimates are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. Factors considered in estimating fair value include coupon rate, maturity, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer and quoted market prices of comparable securities. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts.

During periods of market disruption, including periods of significantly increasing/decreasing or high/low interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain securities if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the current financial environment. In such cases, more securities may fall to Level 3 and thus require more subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation, as well as valuation methods which are more sophisticated or require greater estimation, thereby resulting in values which may be less than the value at which the investments may be ultimately sold. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of securities as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

Significant adverse mortality experience may result in the loss of, or higher prices for, reinsurance.

We reinsure a significant amount of the mortality risk on fully underwritten, newly issued, individual life insurance contracts. We regularly review retention limits for continued appropriateness and they may be changed in the future. If we were to experience adverse mortality or morbidity experience, a significant portion of that would be reimbursed by our reinsurers. Prolonged or severe adverse mortality or morbidity experience could result in increased reinsurance costs, and ultimately, reinsurers being unwilling to offer coverage. If we are unable to maintain our current level of reinsurance or purchase new reinsurance protection at comparable rates to what we are paying currently, we may have to accept an increase in our net exposures or revise our pricing to reflect higher reinsurance premiums or both. If this were to occur, we may be exposed to reduced profitability and cash flow strain or we may not be able to price new business at competitive rates.

Catastrophes may adversely impact liabilities for contract holder claims.

Our insurance operations are exposed to the risk of catastrophic mortality, such as a pandemic, an act of terrorism, natural disaster or other event that causes a large number of deaths or injuries. Significant influenza pandemics have occurred three times in the last century, but the likelihood, timing or severity of a future pandemic cannot be predicted. Additionally, the impact of climate change could cause changes in weather patterns, resulting in more severe and more frequent natural disasters such as forest fires, hurricanes, tornados, floods and storm surges. In our group insurance operations, a localized event that affects the workplace of one or more of our group insurance customers could cause a significant loss due to mortality or morbidity claims. These events could cause a material adverse effect on our results of operations in any period and, depending on their severity, could also materially and adversely affect our financial condition.

The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Pandemics, natural disasters and man-made catastrophes, including terrorism, may produce significant damage in larger areas, especially those that are heavily populated. Claims resulting from natural or man-made catastrophic events could cause substantial volatility in our financial results for

any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. Also, catastrophic events could harm the financial condition of our reinsurers and thereby increase the probability of default on reinsurance recoveries. Accordingly, our ability to write new business could also be affected.

Consistent with industry practice and accounting standards, we establish liabilities for claims arising from a catastrophe only after assessing the probable losses arising from the event. We cannot be certain that the liabilities we have established or applicable reinsurance will be adequate to cover actual claim liabilities, and a catastrophic event or multiple catastrophic events could have a material adverse effect on our business, results of operations and financial condition.

Operational Matters

Our enterprise risk management policies and procedures may leave us exposed to unidentified or unanticipated risk, which could negatively affect our businesses or result in losses.

We have devoted significant resources to develop our enterprise risk management policies and procedures and expect to continue to do so in the future. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective. Many

of our methods of managing risk and exposures are based upon our use of observed historical market behavior or statistics based on historical models. As a result, these methods may not predict future exposures, which could be significantly greater than the historical measures indicate, such as the risk of pandemics causing a large number of deaths. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that is publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

We face risks of non-collectability of reinsurance and increased reinsurance rates, which could materially affect our results of operations.

We follow the insurance practice of reinsuring with other insurance and reinsurance companies a portion of the risks under the policies written by our insurance subsidiaries (known as "ceding"). As of December 31, 2017, we ceded \$286.6 billion of life insurance in force to reinsurers for reinsurance protection. Although reinsurance does not discharge our subsidiaries from their primary obligation to pay contract holders for losses insured under the policies we issue, reinsurance does make the assuming reinsurer liable to the insurance subsidiaries for the reinsured portion of the risk. As of December 31, 2017, we had \$4.9 billion of reinsurance receivables from reinsurers for paid and unpaid losses, for which they are obligated to reimburse us under our reinsurance contracts. Of this amount, \$1.8 billion related to the sale of our reinsurance business to Swiss Re in 2001 through an indemnity reinsurance agreement. Swiss Re has funded a trust to support this business. The balance in the trust changes as a result of ongoing reinsurance activity and was \$2.5 billion as of December 31, 2017. Furthermore, we hold trading securities to support the \$269 million of funds withheld liabilities related to the Swiss Re treaties for which we would have the right of offset to the corresponding reinsurance receivables in the event of a default by Swiss Re.

The balance of the reinsurance is due from a diverse group of reinsurers. The collectability of reinsurance is largely a function of the solvency of the individual reinsurers. We perform annual credit reviews on our reinsurers, focusing on, among other things, financial capacity, stability, trends and commitment to the reinsurance business. We also require assets in trust, LOCs or other acceptable collateral to support balances due from reinsurers not authorized to transact business in the applicable jurisdictions. Despite these measures, a reinsurer's insolvency, inability or unwillingness to make payments under the terms of a reinsurance contract, especially Swiss Re, could have a material adverse effect on our results of operations and financial condition.

Reinsurers also may attempt to increase rates with respect to our existing reinsurance arrangements. The ability of our reinsurers to increase rates depends upon the terms of each reinsurance contract. Some of our reinsurance contracts contain provisions that limit the reinsurer's ability to increase rates on in-force business; however, some do not. An increase in reinsurance rates may affect the profitability of our insurance business. Additionally, such a rate increase could result in our recapture of the business, which may result in a need for additional reserves and increase our exposure to claims. While in recent years, we have faced a number of rate increase actions on in-force business, our management of those actions has not had a material effect on our results of operations or financial condition. However, there can be no assurance that the outcome of future rate increase actions would similarly result in no material effect. See Note 13 for a description of reinsurance related actions.

Competition for our employees is intense, and we may not be able to attract and retain the highly skilled people we need to support our business.

Our success depends, in large part, on our ability to attract and retain key people. Intense competition exists for the key employees with demonstrated ability, and we may be unable to hire or retain such employees. The unexpected loss of services of one or more of our key personnel could have a material adverse effect on our operations due to their skills, knowledge of our business, their years of industry experience and the potential difficulty of promptly finding

qualified replacement employees. We compete with other financial institutions primarily on the basis of our products, compensation, support services and financial condition. Sales in our businesses and our results of operations and financial condition could be materially adversely affected if we are unsuccessful in attracting and retaining key employees, including financial advisors, wholesalers and other employees, as well as independent distributors of our products.

We may not be able to protect our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Although we use a broad range of measures to protect our intellectual property rights, third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. Additionally, complex legal and factual determinations and evolving laws and court interpretations make the scope of protection afforded our intellectual property uncertain, particularly in relation to our patents.

The loss of intellectual property protection or the inability to secure or enforce the protection of our intellectual property assets could have a material adverse effect on our business and our ability to compete.

We also may be subject to costly litigation in the event that another party alleges our operations or activities infringe upon another party's intellectual property rights. We may be subject to claims by third parties for breach of patent, copyright, trademark, trade secret or license usage rights. Any such claims and any resulting litigation could result in significant liability for damages. If we were found to have infringed a third-party patent or other intellectual property rights, we could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to our customers or utilizing and benefiting from certain copyrights, trademarks, trade secrets or licenses, or alternatively could be required to enter into costly licensing arrangements with third parties, all of which could have a material adverse effect on our business, results of operations and financial condition.

Our information systems may experience interruptions or breaches in security and a failure of disaster recovery systems could result in a loss or disclosure of confidential information, damage to our reputation and impairment of our ability to conduct business effectively.

Our information systems are critical to the operation of our business. We collect, process, maintain, retain and distribute large amounts of personal financial and health information and other confidential and sensitive data about our customers in the ordinary course of our business. Our business therefore depends on our customers' willingness to entrust us with their personal information. Any failure, interruption or breach in security could result in disruptions to our critical systems and adversely affect our customer relationships. Although hackers have attempted and continue to try to infiltrate our computer systems, to date, we have not had a material security breach. While we employ a robust and tested information security program, given the increasing sophistication of cyberattacks, a cyberattack could occur and persist for an extended period of time without detection. There can be no assurance that any such failure, interruption or security breach will not occur or, if any does occur, that it will be detected in a timely manner or that it can be sufficiently remediated.

In the event of a disaster such as a natural catastrophe, epidemic, industrial accident, blackout, computer virus, terrorist attack, cyberattack or war, unanticipated problems with our disaster recovery systems could have a material adverse impact on our ability to conduct business and on our results of operations and financial condition, particularly if those problems affect our computer-based data processing, transmission, storage and retrieval systems and destroy valuable data. In addition, in the event that a significant number of our managers were unavailable following a disaster, our ability to effectively conduct business could be severely compromised. These interruptions also may interfere with our suppliers' ability to provide goods and services and our employees' ability to perform their job responsibilities.

The failure of our computer systems and/or our disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to our customers. The occurrence of any such failure, interruption or security breach of our systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and financial liability.

Although we conduct due diligence, negotiate contractual provisions and, in many cases, conduct periodic reviews of our vendors, distributors, and other third parties that provide operational or information technology services to us to confirm compliance with our information security standards, the failure of such third parties' computer systems and/or their disaster recovery plans for any reason might cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to our customers. Such a failure could harm our reputation, subject us to regulatory sanctions and legal claims, lead to a loss of customers and revenues and otherwise adversely affect our business and financial results. While we maintain cyber liability insurance that provides both third-party liability and first party liability coverages, our insurance may not be sufficient to protect us against all losses.

Acquisitions of businesses may not produce anticipated benefits resulting in operating difficulties, unforeseen liabilities or asset impairments, which may adversely affect our operating results and financial condition.

Our acquisition of Liberty Life Assurance Company of Boston ("Liberty") was completed in May 2018, and our integration efforts are underway. Once completed however, an acquired business may not perform as projected, expense and revenue synergies may not materialize as expected and costs associated with the integration may be greater than anticipated. Our financial results could be adversely affected by unanticipated performance issues, unforeseen liabilities, transaction-related charges, diversion of management time and resources to acquisition integration challenges or growth strategies, loss of key employees, amortization of expenses related to intangibles, charges for impairment of long-term assets or goodwill and indemnifications. Factors such as receiving the required governmental or regulatory approvals to merge the acquired entity, delays in implementation or completion of transition activities or a disruption to our or the acquired entity's business could impact our results.

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Covenants and Ratings

A downgrade in our financial strength or credit ratings could limit our ability to market products, increase the number or value of policies being surrendered and/or hurt our relationships with creditors.

Nationally recognized rating agencies rate the financial strength of our principal insurance subsidiaries and rate our debt. Ratings are not recommendations to buy our securities. Each of the rating agencies reviews its ratings periodically, and our current ratings may not be maintained in the future.

Our financial strength ratings, which are intended to measure our ability to meet contract holder obligations, are an important factor affecting public confidence in most of our products and, as a result, our competitiveness. A downgrade of the financial strength rating of one of our principal insurance subsidiaries could affect our competitive position in the insurance industry by making it more difficult for us to market our products as potential customers may select companies with higher financial strength ratings and by leading to increased withdrawals by current customers seeking companies with higher financial strength ratings. This could lead to a decrease in fees as net outflows of assets increase, and therefore, result in lower fee income. Furthermore, sales of assets to meet customer withdrawal demands could also result in losses, depending on market conditions. The interest rates we pay on our borrowings are largely dependent on our credit ratings. A downgrade of our debt ratings could affect our ability to raise additional debt, including bank lines of credit, with terms and conditions similar to our current debt, and accordingly, likely increase our cost of capital.

All of our ratings and ratings of our principal insurance subsidiaries are subject to revision or withdrawal at any time by the rating agencies, and therefore, no assurance can be given that our principal insurance subsidiaries or we can maintain these ratings. See "Item 1. Business – Financial Strength Ratings" and "Liquidity and Capital Resources – Sources of Liquidity and Cash Flow" in the MD&A for a description of our ratings.

We will be required to pay interest on our capital securities with proceeds from the issuance of qualifying securities if we fail to achieve capital adequacy or net income and stockholders' equity levels.

As of December 31, 2017, we had approximately \$1.2 billion in principal amount of capital securities outstanding. All of the capital securities contain covenants that require us to make interest payments in accordance with an alternative coupon satisfaction mechanism ("ACSM") if we determine that one of the following triggers exists as of the 30th day prior to an interest payment date, or the "determination date":

1. LNL's RBC ratio is less than 175% (based on the most recent annual financial statement filed with the State of Indiana); or
2. (i) The sum of our consolidated net income for the four trailing fiscal quarters ending on the quarter that is two quarters prior to the most recently completed quarter prior to the determination date is zero or negative, and (ii) our consolidated stockholders' equity (excluding accumulated OCI and any increase in stockholders' equity resulting from the issuance of preferred stock during a quarter), or "adjusted stockholders' equity," as of (x) the most recently completed quarter and (y) the end of the quarter that is two quarters before the most recently completed quarter, has declined by 10% or more as compared to the quarter that is ten fiscal quarters prior to the last completed quarter, or the "benchmark quarter."

The ACSM would generally require us to use commercially reasonable efforts to satisfy our obligation to pay interest in full on the capital securities with the net proceeds from sales of our common stock and warrants to purchase our common stock with an exercise price greater than the market price. We would have to utilize the ACSM until the trigger events above no longer existed, and, in the case of test 2 above, until our adjusted stockholders' equity amount increased or declined by less than 10% as compared to the adjusted stockholders' equity at the end of the benchmark quarter for each interest payment date as to which interest payment restrictions were imposed by test 2 above.

If we were required to utilize the ACSM and were successful in selling sufficient shares of common stock or warrants to satisfy the interest payment, we would dilute the current holders of our common stock. Furthermore, while a trigger event is occurring and if we do not pay accrued interest in full, we may not, among other things, pay dividends on or repurchase our capital stock. Our failure to pay interest pursuant to the ACSM will not result in an event of default with respect to the capital securities, nor will a nonpayment of interest, unless it lasts for ten consecutive years, although such breaches may result in monetary damages to the holders of the capital securities.

The calculations of RBC, net income (loss) and adjusted stockholders' equity are subject to adjustments and the capital securities are subject to additional terms and conditions as further described in supplemental indentures filed as exhibits to our Forms 8-K filed on March 13, 2007, and May 17, 2006.

Certain blocks of our insurance business purchased from third-party insurers under indemnity reinsurance agreements may require us to place assets in trust, secure letters of credit or return the business, if the financial strength ratings and/or capital ratios of certain insurance subsidiaries are not maintained at specified levels.

Under certain indemnity reinsurance agreements, two of our insurance subsidiaries, LNL and LLANY, provide 100% indemnity reinsurance for the business assumed; however, the third-party insurer, or the "cedent," remains primarily liable on the underlying insurance business. Under these types of agreements, as of December 31, 2017, we held statutory reserves of \$5.6 billion. These indemnity reinsurance arrangements require that our subsidiary, as the reinsurer, maintain certain insurer financial strength ratings and capital ratios. If these ratings or capital ratios are not maintained, depending upon the reinsurance agreement, the cedent may recapture the business, or require us to place assets in trust or provide LOCs at least equal to the relevant statutory reserves. Under the LNL reinsurance arrangement, we held approximately \$3.3 billion of statutory reserves. LNL must maintain an A.M. Best financial strength rating of at least B++, an S&P financial strength rating of at least BBB- and a Moody's financial strength rating of at least Baa3. This arrangement may require LNL to place assets in trust equal to the relevant statutory reserves. Under LLANY's largest indemnity reinsurance arrangement, we held approximately \$1.5 billion of statutory reserves as of December 31, 2017. LLANY must maintain an A.M. Best financial strength rating of at least B+, an S&P financial strength rating of at least BB+ and a Moody's financial strength rating of at least Ba1, as well as maintain an RBC ratio of at least 160% or an S&P capital adequacy ratio of 100%, or the cedent may recapture the business. Under two other LLANY arrangements, by which we established \$739 million of statutory reserves, LLANY must maintain an A.M. Best financial strength rating of at least B++, an S&P financial strength rating of at least BBB- and a Moody's financial strength rating of at least Baa3. One of these arrangements also requires LLANY to maintain an RBC ratio of at least 185% or an S&P capital adequacy ratio of 115%. Each of these arrangements may require LLANY to place assets in trust equal to the relevant statutory reserves. As of December 31, 2017, LNL's and LLANY's RBC ratios exceeded the required ratio. See "Item 1. Business – Financial Strength Ratings" for a description of our financial strength ratings.

If the cedent recaptured the business, LNL and LLANY would be required to release reserves and transfer assets to the cedent. Such a recapture could adversely impact our future profits. Alternatively, if LNL and LLANY established a security trust for the cedent, the ability to transfer assets out of the trust could be severely restricted, thus negatively impacting our liquidity.

Investments

Some of our investments are relatively illiquid and are in asset classes that have been experiencing significant market valuation fluctuations.

We hold certain investments that may lack liquidity, such as privately placed fixed maturity securities, mortgage loans, policy loans and other limited partnership interests. These asset classes represented 26% of the carrying value of our total cash and invested assets as of December 31, 2017.

If we require significant amounts of cash on short notice in excess of normal cash requirements or are required to post or return collateral in connection with our investment portfolio, derivatives transactions or securities lending activities, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both.

The reported value of our relatively illiquid types of investments, our investments in the asset classes described in the paragraph above and, at times, our high quality, generally liquid asset classes, do not necessarily reflect the lowest current market price for the asset. If we were forced to sell certain of our assets in the current market, there can be no assurance that we would be able to sell them for the prices at which we have recorded them, and we might be forced to sell them at significantly lower prices.

We invest a portion of our invested assets in investment funds, many of which make private equity investments. The amount and timing of income from such investment funds tends to be uneven as a result of the performance of the underlying investments, including private equity investments. The timing of distributions from the funds, which depends on particular events relating to the underlying investments, as well as the funds' schedules for making distributions and their needs for cash, can be difficult to predict. As a result, the amount of income that we record from these investments can vary substantially from quarter to quarter.

Defaults on our mortgage loans and write-downs of mortgage equity may adversely affect our profitability.

Our mortgage loans face default risk and are principally collateralized by commercial properties. The performance of our mortgage loan investments may fluctuate in the future. In addition, some of our mortgage loan investments have balloon payment maturities. An increase in the default rate of our mortgage loan investments could have a material adverse effect on our business, results of operations and financial condition. Further, any geographic or sector exposure in our mortgage loans may have adverse effects on our investment portfolios and consequently on our consolidated results of operations or financial condition. While we seek to mitigate this

risk by having a broadly diversified portfolio, events or developments that have a negative effect on any particular geographic region or sector may have a greater adverse effect on the investment portfolios to the extent that the portfolios are exposed.

The difficulties faced by other financial institutions could adversely affect us.

We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty. In addition, with respect to secured transactions, our credit risk may be exacerbated when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the related loan or derivative exposure. We also may have exposure to these financial institutions in the form of unsecured debt instruments, derivative transactions and/or equity investments. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, corporate governance issues or other reasons. A downturn in the U.S. or other economies could result in increased impairments. There can be no assurance that any such losses or impairments to the carrying value of these assets would not materially and adversely affect our business and results of operations.

Our requirements to post collateral or make payments related to declines in market value of specified assets may adversely affect our liquidity and expose us to counterparty credit risk.

Many of our transactions with financial and other institutions, including settling futures positions, specify the circumstances under which the parties are required to post collateral. The amount of collateral we may be required to post under these agreements may increase under certain circumstances, which could adversely affect our liquidity. In addition, under the terms of some of our transactions, we may be required to make payments to our counterparties related to any decline in the market value of the specified assets.

Our investments are reflected within our consolidated financial statements utilizing different accounting bases, and, accordingly, there may be significant differences between cost and fair value that are not recorded in our consolidated financial statements.

Our principal investments are in fixed maturity and equity securities, mortgage loans on real estate, policy loans, short-term investments, derivative instruments, limited partnerships and other invested assets. The carrying value of such investments is as follows:

Fixed maturity and equity securities are classified as AFS, except for those designated as trading securities, and are reported at their estimated fair value. The difference between the estimated fair value and amortized cost of such securities (i.e., unrealized investment gains and losses) is recorded as a separate component of OCI, net of adjustments to DAC, contract holder related amounts and deferred income taxes;

Fixed maturity and equity securities designated as trading securities are recorded at fair value with subsequent changes in fair value recognized in realized gain (loss). However, in certain cases, the trading securities support reinsurance arrangements. In those cases, offsetting the changes to fair value of the trading securities are corresponding changes in the fair value of the embedded derivative liability associated with the underlying reinsurance arrangement. In other words, the investment results for the trading securities, including gains and losses from sales, are passed directly to the reinsurers through the contractual terms of the reinsurance arrangements. These types of securities represent 42% of our trading securities;

Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of acquisition and are stated at amortized cost, which approximates fair value;

Also, mortgage loans on real estate are carried at unpaid principal balances, adjusted for any unamortized premiums or discounts and deferred fees or expenses, net of valuation allowances;

Policy loans are carried at unpaid principal balances;

Real estate joint ventures and other limited partnership interests are carried using the equity method of accounting;
and

Other invested assets consist principally of derivatives with positive fair values. Derivatives are carried at fair value with changes in fair value reflected in income from non-qualifying derivatives and derivatives in fair value hedging relationships. Derivatives in cash flow hedging relationships are reflected as a separate component of OCI.

Investments not carried at fair value on our consolidated financial statements, principally, mortgage loans, policy loans and real estate, may have fair values that are substantially higher or lower than the carrying value reflected on our consolidated financial statements. In addition, unrealized losses are not reflected in net income unless we realize the losses by either selling the security at below amortized cost or determine that the decline in fair value is deemed to be other-than-temporary (i.e., impaired). Each of such asset classes is regularly evaluated for impairment under the accounting guidance appropriate to the respective asset class.

Competition

Intense competition could negatively affect our ability to maintain or increase our profitability.

Our businesses are intensely competitive. We compete based on a number of factors, including name recognition, service, the quality of investment advice, investment performance, product features, price, perceived financial strength and claims-paying and credit ratings. Our competitors include insurers, broker-dealers, investment advisors, asset managers, hedge funds and other financial institutions. A number of our business units face competitors that have greater market share, offer a broader range of products or have higher financial strength or credit ratings than we do.

In recent years, there has been consolidation and convergence among companies in the financial services industry resulting in increased competition from large, well-capitalized financial services firms. Many of these firms also have been able to increase their distribution systems through mergers or contractual arrangements. Furthermore, larger competitors may have lower operating costs and an ability to absorb greater risk while maintaining their financial strength ratings, thereby allowing them to price their products more competitively.

Our sales representatives are not captive and may sell products of our competitors.

We sell our annuity and life insurance products through independent sales representatives. These representatives are not captive, which means they may also sell our competitors' products. If our competitors offer products that are more attractive than ours, or pay higher commission rates to the sales representatives than we do, these representatives may concentrate their efforts in selling our competitors' products instead of ours.

SUMMARY OF THE PLAN

The purpose of the Plan is to encourage and assist you and other participants in adopting a regular savings and investment program, and to help you to build a secure retirement.

Lincoln Retirement Plan Services ("LRPS") is the third-party administrator and recordkeeper of the Plan. You may transact your account activity or obtain the current value of your account online at any time via www.LincolnFinancial.com or the Lincoln Customer Contact Center at 800-234-3500. Customer service representatives are available from 8 a.m. to 8 p.m. Eastern Time, Monday through Friday.

For purposes of the following sections, the term "Company" refers to The Lincoln National Life Insurance Company.

ELIGIBILITY AND PARTICIPATION

If you meet the following criteria, you are eligible to participate in the Plan:

- You are a citizen or resident of the United States;
- You are an agent of the Company who is classified as a full-time life insurance salesperson under the Federal Insurance Contributions Act; and
- You have entered into an AG2K contract or benefits eligible BJ-02300 contract with LNL or a NYAG contract with Lincoln Life & Annuity Company of New York ("LNY").

If you meet all three of the above requirements, you may become a participant in the Plan by calling the Lincoln Customer Contact Center at 800-234-3500 or logging on to www.LincolnFinancial.com. You will need a user name and password to create your account. If you need assistance accessing the website or do not wish to make your elections online, you should call the Lincoln Customer Contact Center for assistance.

In order to participate:

You must designate a rate of Pre-Tax Contributions and/or Roth 401(k) Contributions to the Plan between 1% and 50% of your "Pensionable Earnings" (as defined below). Pre-Tax Contributions are voluntary deferrals from your "Pensionable Earnings". Roth 401(k) Contributions are after-tax voluntary deferrals from your "Pensionable Earnings". If you are considered a "highly compensated participant" as described below on page 21, your rate of Pre-Tax Contributions and/or Roth 401(k) Contributions will be limited to the percentage determined by the Committee annually. For 2018, the limit is 15% of Pensionable Earnings.

· Your Pre-Tax and Roth 401(k) Contributions will be combined in determining the maximum contribution limit.

You must provide LRPS with investment directions specifying how you want your Pre-Tax and/or Roth 401(k) Contributions, your Company Contributions, and your Rollover Contributions, if any, invested among the Investment Options available under the Plan.

· You must designate a beneficiary to receive benefits under the Plan in the event of your death.

For a description of Pre-Tax, Roth 401(k), Company, and Rollover Contributions, please see the section entitled "Participant Contributions" below.

Your participation in this Plan is effective on the date you complete the enrollment process, as determined by the Plan Administrator. Enrollment is complete and effective only when you have made the required designations and elections, and you have received a confirmation from LRPS. Deductions begin, where administratively practicable, with your first commission statement after enrollment is complete.

Your enrollment and election forms authorize us to deduct the amount you elected to contribute from your Pensionable Earnings on a pre-tax basis and/or an after-tax basis.

Pensionable Earnings

Pensionable Earnings are defined as all first year and renewal commissions paid to you during the Plan Year for proprietary life insurance, annuity and retirement plan services products while you have a contract with us. Pensionable Earnings also include the following items*:

- production bonuses;
- agent or sales manager subsidies;
- training allowances;
- overrides;
- service fees; and
- amounts not included in gross income under a cafeteria plan as described under Internal Revenue Code ("Code") section 125 and elective deferrals under a cash or deferred arrangement under Code section 402(e)(3).

Pensionable Earnings exclude the following items*:

- commissions or fees from the sale of non-proprietary products;
 compensation paid under a broker
 contract;
- amounts deferred under a non-qualified deferred compensation plan under Code section 409A;
- Company contributions or credits (including matches) made under other plans;
- prize awards;
- moving expenses;

- retired agent bonuses;
- agency expense allowances;
- commissions or fees paid by the Company's group protection business;
- commissions or fees paid by Lincoln Financial Securities Corporation (formerly known as Jefferson Pilot Securities Corporation) or any of its affiliates;
- commissions or fees paid with respect to policies issued by any other insurance company where LNC assumed insurance obligations;

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· expenses charged, paid, or reimbursed relating to conventions, sales meetings, or similar events;
· commissions or fees paid under the permanent fixed life and annuity program; and
· commissions or fees paid during the Plan Year related to qualified fixed indexed annuity contracts, qualified variable annuity contracts and qualified group retirement contracts that constitute an employee pension benefit plan under ERISA section 3(2)(A) established after June 9, 2017, and transition payments made by the Company's retirement plan services business unit after June 9, 2017 (AG2K and NYAG contract holders only).

* Not all of the items of compensation enumerated above (either included or excluded from Pensionable Earnings) are applicable to every participant.

Your participation in the Plan is voluntary and we make no recommendations as to whether you should or should not participate.

PARTICIPANT CONTRIBUTIONS

Amount You May Contribute

You may contribute your Pensionable Earnings to the Plan on a pre-tax basis ("Pre-Tax Contributions") or after-tax basis ("Roth 401(k) Contributions"). You may elect to contribute between 1% and 50% of your Pensionable Earnings, but no more than the maximum allowed annually by the Internal Revenue Service ("IRS") (\$18,500 in 2018, adjusted periodically by the IRS).

However, if you are a highly compensated participant in 2018 (currently, anyone who made at least \$120,000 in 2017 will be considered a highly compensated participant in 2018) your rate of Pre-Tax and/or Roth 401(k) Contributions will be limited to the percentage determined annually by the Committee. This limit will be communicated to you. The Pre-Tax and/or Roth 401(k) Contribution limit for highly compensated participants for 2018 is 15% of Pensionable Earnings. You may change the rate of your contributions to the Plan at any time, with the change effective in most cases on the next payday. You may suspend contributions to the Plan, or begin contributing to the Plan, at any time. Your Pre-Tax and/or Roth 401(k) Contributions will be credited to a separate Pre-Tax and/or Roth 401(k) Contribution account established in your name.

Catch-Up Contributions

You are not required to make an election specifically for Catch-Up Contributions. If you are an active participant age 50 and older, you can elect to make a total contribution of \$24,500 to the Plan for 2018 (as indexed by the IRS for tax years thereafter). This represents the maximum IRS deferral limit of \$18,500 for 2018 plus the maximum Catch-Up Contribution of \$6,000 for 2018. The combined limit for participants eligible to make Catch-Up Contributions cannot exceed \$24,500 in 2018. To be eligible for Catch-Up Contributions, you must be age 50 or older by the end of the Plan Year and:

· Contributing at the current maximum annual Pre-Tax Contribution and/or Roth 401(k) Contribution limit set by the Internal Revenue Service (\$18,500 for 2018); or
· Contributing at the maximum current rate allowed by the Plan for the entire Plan Year (50% of Pensionable Earnings or 15% of Pensionable Earnings if you are a highly compensated participant - up to \$18,500 for 2018).

The Plan's recordkeeper will review participant accounts to ensure these eligibility requirements were met.

If you are eligible to make Catch-Up Contributions, and wish to defer the maximum amount allowed for the 2018 Plan Year, you should determine what percentage of your Pensionable Earnings is necessary to make the full contribution of \$24,500 for 2018.

If, under the rules outlined above, you are eligible to make Catch-Up Contributions, your Catch-Up Contributions will not be subject to the 15% limit for highly compensated participants or the \$18,500 IRS contribution limit referred to above.

Roth 401(k) Contributions

As described earlier, the Roth 401(k) feature allows you to save money in your account through payroll deductions on an after-tax basis. Even if you are already making Pre-Tax Contributions, you can also make Roth 401(k) Contributions. However, a combination of both Pre-Tax and Roth 401(k) Contributions cannot exceed the annual contribution limit. For 2018, the contribution limit is \$18,500 (or \$24,500 including Catch-Up Contributions if eligible). The benefit of making Roth 401(k) Contributions is that earnings on contributions can be withdrawn tax-free if certain criteria are met.

Factors to consider:

- You have the flexibility to make Pre-Tax Contributions, Roth 401(k) Contributions, or a combination of both.
- Pre-Tax Contributions and Roth 401(k) Contributions will be accounted for separately in your account.
- You cannot transfer balances between your Pre-Tax Contribution account and your Roth 401(k) Contribution account.
- Your Pre-Tax Contributions and Roth 401(k) Contributions will be eligible for the Company Basic Matching Contribution, up to 6% of your Pensionable Earnings that you contribute, as described earlier. For example, if you contribute 6% Roth 401(k) or 6% Pre-Tax, or a combination of 3% Roth and 3% Pre-Tax, you will receive Company matching contributions on your contributions up to 6% of your Pensionable Earnings that you contribute. Company matching contributions are pre-tax contributions, subject to taxation when distributed to you.
- Roth 401(k) Contributions and earnings thereon will not be subject to federal taxes at retirement if your withdrawals are considered "qualified distributions".

A withdrawal of your Roth 401(k) Contributions is considered a "qualified distribution" and not taxed if:

- The withdrawal is taken after death, Disability or upon attainment of age 59½; and
- The withdrawal occurs at least 5 years after you make your first Roth 401(k) Contribution.

In addition, if your valid active benefits eligible contract terminates, you may have the option to roll over your Roth 401(k) Contributions to a Roth IRA or to a new company's plan if it accepts the rollover of Roth 401(k) Contributions.

Note: Your aggregate contributions (Pre-Tax and Roth 401(k) Contributions) cannot exceed the annual contribution limit set by the IRS plus applicable "catch-up" contributions. The annual contribution limit imposed by the IRS is an overall maximum and applies to all 401(k) plans in which you participate during a calendar year. You are responsible for tracking your contributions and complying with IRS limits if you switch companies during the year and participate in more than one 401(k) plan.

After-Tax Contributions

Prior to January 1, 1989, participants were permitted to make contributions to the Plan from after-tax earnings ("After-Tax Contributions"). A separate After-Tax Contribution account is maintained for each participant who made After-Tax Contributions to the Plan before January 1, 1989.

Rollover Contributions

You may transfer or "roll over" amounts from the taxable amount of your distributions from a traditional or conduit IRA; plans qualified under Code section 401(a), including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan; a Code section 403(b) plan; and an eligible Code section 457(b) plan maintained by a governmental employer ("Rollover Contributions"). Terminated agents who maintain an account within the Plan may transfer or rollover amounts from other qualified plans into this Plan subject to the same rules as active participants.

A rollover may be made directly from another plan to this Plan. For taxable distributions you may elect within 60 days following the date you receive payment from a plan to roll over the distribution. There are certain tax consequences related to having the taxable distribution made payable directly to you and then electing the rollover option.

You may transfer or "roll over" Roth 401(k) contributions from another eligible retirement plan into this Plan as a direct rollover. Your Roth 401(k) contribution rollover amounts will be held in a separate Roth 401(k) rollover account ("Roth 401(k) Rollover Contributions").

Any Rollover Contribution accepted by the Plan Administrator will be credited to a separate Rollover Contribution account or Roth 401(k) Rollover Contribution account established in your name.

To initiate a rollover of taxable distributions and/or Roth 401(k) contributions from another eligible retirement plan you should contact your Lincoln Financial Retirement Consultant:

Matthew Middleton
Phone: 260-455-4235
Email: Matthew.Middleton@LFG.com

Any loan you may have outstanding from such other plan may not be rolled over into this Plan.

COMPANY CONTRIBUTIONS

We may make four types of Company contributions to the Plan on your behalf: a Basic Matching Contribution, a Discretionary Matching Contribution, a Non-Elective Contribution and a True-Up Contribution, if applicable. Unless we distinguish between these four types of contributions, the term "Company Contributions" refers to all of the contributions noted in the preceding sentence.

Basic Matching Contribution

If you are an ABGA agent, we will credit your account with a Basic Matching Contribution of \$1.00 for every \$1.00 you contribute to the Plan, up to 6% of your Pensionable Earnings, on a per pay period basis.

If you are not an ABGA agent, we will credit your account with a Basic Matching Contribution of \$0.50 for every \$1.00 you contribute to the Plan, up to 6% of your Pensionable Earnings, on a per pay period basis.

Discretionary Matching Contribution

At the end of each Plan Year we may make an additional Discretionary Matching Contribution of up to \$0.50 for every \$1.00 you contributed up to 6% of your Pensionable Earnings. We reserve the right to discontinue the practice of making Discretionary Matching Contributions at any time. ABGA agents are not eligible for any Discretionary Matching Contributions made by the Company. You must be an agent in good standing on the last day of the Plan Year in order to be eligible for the additional Discretionary Matching Contribution. However, if you are absent on the last day of the Plan Year because you retired during the Plan Year, or terminated service before such date due to your death or Disability (as defined under the section entitled "Vesting"), you will still be eligible for this Discretionary Matching Contribution. The Discretionary Matching Contribution must be authorized and approved by our Board of Directors. Discretionary contributions, if approved, will be credited to your Company Contribution account after the close of the Plan Year to which the contribution relates.

Non-Elective Contribution

For each payroll period in which you receive Pensionable Earnings, the Company will make a Non-Elective Contribution equal to the difference (if any) between:

the Basic Matching Contribution that would have been made to your account if your Pensionable Earnings (net of other applicable deductions) were sufficient to make the full amount of Pre-Tax or Roth 401(k) Contributions that you elected; and

the actual Basic Matching Contribution made to your account based on the Pre-Tax or Roth 401(k) Contributions made to the Plan for that payroll period.

True-Up Contribution

If your aggregate Basic Matching Contributions and (if applicable) Non-Elective Contributions made by the Company during the Plan Year are less than 50% (or 100% if you are an ABGA agent) of your aggregate Pre-Tax Contributions and Roth 401(k) Contributions for the Plan Year not in excess 6% of your total Pensionable Earnings for the Plan Year (the "target true-up amount"), then the Company will make an additional True-up Contribution with respect to the Plan Year on your behalf. The amount of the True-Up Contribution shall be an amount which, when added to your Basic Matching Contributions and Non-Elective Contributions previously made with respect to the Plan Year, will equal the target true-up amount.

The maximum amount possible for the Company to contribute in any Plan Year to your Plan account is \$1.00 for every \$1.00 you contributed, up to 6% of your Pensionable Earnings.

Any Company Contributions will be credited to a separate Company Contribution account established in your name.

Upon reaching the IRS annual compensation limit or another limit, as described in the "Limitations on Contributions" section below, your contributions will be stopped for the remainder of the year. This means that the Company matching contributions will also stop.

Matured vs. Non-Matured Company Contributions

In addition to being subject to the vesting schedule described on page 26, Company Contributions "mature" after having been in your Company Contribution account for at least 2 years after the contribution was credited for the applicable Plan Year. Non-matured Company Contributions are those that have been credited for less than 2 years. If you have been a participant in the Plan for less than 5 years, you are only permitted to withdraw matured Company Contributions - you may not withdraw non-matured Company Contributions. If you have been in the Plan for 5 or more years, however, you may withdraw matured or non-matured Company Contributions. All non-matured Company Contributions automatically mature on the first to occur of:

- the date you complete 5 years of service for us;
- the date you retire;
- the date of your death; or
- the date you become Disabled (as defined below).

ACCOUNT STATEMENTS

Shortly after the end of each calendar quarter, you will receive a statement of your Plan accounts. This statement will include the following information for the preceding calendar quarter: (a) the amount of any contributions to your Plan account (After-Tax Contributions made prior to January 1, 1989, Pre-Tax Contributions, Roth 401(k) Contributions, Company Contributions, Rollover Contributions, loan repayments, etc.) and how they are invested in the Plan; (b) the amount, if any, of investment earnings credited to your Plan accounts; and (c) a statement of the assets currently held for you by the Plan Trustee. Stock dividends, stock splits and similar changes will be reflected through the appropriate adjustments to your LNC Stock Fund. You can also review your accounts at any time by logging on to www.LincolnFinancial.com. Here you will have the ability to generate real-time account activity summaries any time you need them and you can specify the desired time period from a list of common options or enter customized date ranges. Please contact the Lincoln Customer Contact Center at 800-234-3500 if you need assistance.

You should notify LRPS within 30 days after the statement date if you believe your statement to be incorrect; otherwise it will be deemed to be correct.

LIMITATIONS ON CONTRIBUTIONS

As stated earlier, "highly compensated" participants (for 2018, those earning at least \$120,000 in 2017), may contribute no more than the maximum amount equal to the lesser of 15% of Pensionable Earnings or \$18,500 (\$24,500 if eligible to make Catch-Up Contributions).

The Plan, along with other similar plans we maintain, must meet certain nondiscrimination rules as set forth in the Code. These rules ensure that the Plan does not discriminate in favor of highly compensated participants. If the Plan does not meet these non-discrimination rules, adjustments to contributions may be necessary and may require the Plan Administrator to revoke or modify your elections, the amount of your Pre-Tax Contributions, Roth 401(k) Contributions, as well as Company Contributions, may be reduced to the extent necessary to eliminate the amounts the

IRS considers an "excess" contribution. Alternatively, the Plan Administrator may refund excess Pre-Tax Contributions or Roth 401(k) Contributions to you. Certain refunded amounts may be immediately taxable. The Plan Administrator may also hold excess Company Contributions in a suspense account to be used to reduce the amount of Plan expenses (including our obligations to make Company Contributions to other participants). If the Plan Administrator were to terminate the Plan, it would allocate amounts in this suspense account pro rata to the participants participating in the Plan as of the date of the Plan termination, pursuant to the relevant provisions of the Code.

Finally, during any calendar year, the sum of your Pre-Tax Contributions, Roth 401(k) Contributions and Company Contributions may not exceed limits set under Code section 415. For 2018, the maximum is the lesser of 100% of your Pensionable Earnings, or \$55,000. In addition, the maximum amount of Pensionable Earnings considered in determining your benefits under the Plan may not exceed \$275,000 for 2018. As stated above, your combined Pre-Tax and Roth 401(k) Contributions may not exceed the lesser of \$18,500 (\$24,500 if eligible to make Catch-Up Contributions) or 15% of your Pensionable Earnings for 2018 if you are a highly compensated participant. Again, these limits are subject to change due to cost-of-living adjustments.

EXPENSES OF THE PLAN

Certain expenses relating to the Plan are charged against the investments in your account. Auditing fees and certain trustee fees may be charged to each participant's account. Most trustee fees are paid by the Company, such as the costs of maintaining the LNC Stock Fund, which includes brokerage fees and commissions to buy or sell shares off the open market.

Investment management fees are charged to each of the other funds. Expenses per participant vary, based on the investment fund selected. Expense ratios are found below in the performance chart on page 42 or online at www.LincolnFinancial.com. On the bottom left of the Retirement page, you will see a section called "My Investments" which lists your investments by percentage. Within the "My Investments" section, you can click on "Research My Investments" for the expense information for each fund. You may also send a written request to Lincoln National Corporation Benefits Committee, c/o George Murphy, Chair, 150 N. Radnor Chester Road, Building A, 3rd Floor, Radnor, PA 19087-5238.

VESTING

You are fully vested in any of your Pre-Tax, Roth 401(k), After-Tax and Rollover Contributions under the Plan at all times.

Company Contributions vest based upon your years of service:

Years of Service Percent Vested

<2	0%
2	50%
3 or more	100%

Once your Company Contribution is vested, it is no longer subject to forfeiture when you cease being an agent for us. A "year of service" means any calendar year in which you are, on the last day of the Plan Year (December 31st), a full-time life insurance salesperson for us.

In addition, you will become 100% vested in your Company Contribution account, regardless of your years of vesting service, if your service terminates for any of the following reasons:

- Disability;
- Retirement (termination after age 60 or older with at least 5 years of service); or
- death.

You will also become 100% vested in your Company Contribution account if this Plan terminates.

For purposes of this Plan: "Disability" or "Disabled" means the complete inability to engage in all or substantially all duties pertaining to your agency relationship with the Company or your occupation as an agent, by reason of any medically determinable physical or mental impairment that can be expected to result in your death, or which has lasted or is expected to last for at least 12 months.

Should you become an employee of one of our affiliates that has not adopted the Plan prior to the date on which you would be fully vested, any non-vested Company Contributions and earnings thereon will remain in the Plan and will vest as if you had remained an eligible agent, as long as you continue to be an active employee of such affiliate through the applicable date of vesting. If you become an employee of LNC or one of its affiliates that has adopted the LNC Employees' 401(k) Savings Plan (the "LNC Plan"), you can

enroll in the LNC Plan as appropriate and your account balance will be transferred to the LNC Plan. A portion of your account may need to be accounted for separately because the LNC Plan does not recordkeep or maintain "similar" accounts.

IN-SERVICE WITHDRAWALS FROM THE PLAN

Under certain circumstances, you may be permitted to withdraw money from one or more of your Plan accounts. However, depending on your age or circumstances, we may be required to withhold 20% of the distribution to pay federal income taxes, and certain excise or "penalty" taxes may apply to amounts withdrawn from a qualified Plan. The rules regarding each distribution may be different, and will also depend upon from which Plan account your distribution is taken.

Under no circumstances will amounts withdrawn from your account reduce your account balance below the outstanding balance of any loans from your account.

See the section entitled "Federal Income Tax Consequences" below for more information about the tax treatment of Plan distributions.

After-Tax Contribution Account

You may withdraw all or any portion of your After-Tax Contribution account (After-Tax Contributions made prior to January 1, 1989), subject to any limitation applicable to the Investment Options in which your account balance is invested, as well as the following limitations:

- the minimum amount you can withdraw at any time is \$500;
- if the amount in your After-Tax Contribution account is less than \$500, you must withdraw the entire amount; and
- you may not be able to take an immediate distribution from your After-Tax Contribution account if the Plan is terminated or if a notice of Plan termination has been issued.

Please see the section entitled "Federal Income Tax Consequences" below for more information about the tax treatment of Plan distributions.

Company Contribution Account

You may withdraw all or any portion of the vested balance credited to your Company Contribution account only after amounts credited to your After-Tax Contribution account (if any) have been withdrawn. If you have been a participant in this Plan for less than 5 years, however, you will be permitted to withdraw only matured Company Contributions (please see the discussion of "matured" versus "non-matured" Company Contributions in the section entitled "Company Contributions" above). In addition, any distribution from your Company Contribution account is subject to any limitation, or restrictions applicable to the Investment Options in which your Company Contributions are invested, as well as the following limitations:

- the minimum amount you can withdraw at any time is \$500;
- if the amount in your Company Contribution account is less than \$500, you must withdraw the entire amount; and
- you may not be able to take an immediate distribution from your Company Contribution account if the Plan has been terminated or if a notice of Plan termination has been issued.

Please see the section entitled "Federal Income Tax Consequences" below for more information about the tax treatment of Plan distributions.

Rollover Contributions Account

You may withdraw all or a portion of your Rollover Contribution account in the Plan, subject to any limitations or restrictions applicable to the Investment Options in which your Rollover account is invested, as well as the following limitations:

- the minimum amount you can withdraw at any time is \$500;

amounts that were rolled over to the Plan may not be withdrawn for 2 years from the date of the rollover unless you have been credited with at least 5 years of Plan participation (if the rollover was from a plan sponsored by one of our affiliates, the Committee may determine that the 2-year restriction period is measured from the date the contribution was made by that company); and

you may not be able to take an immediate distribution from your Rollover Contribution account if the Plan has been terminated or if a notice of Plan termination has been issued.

Please see the section entitled "Federal Income Tax Consequences" below for more information about the tax treatment of Plan distributions.

Roth 401(k) Rollover Contribution Account

You may withdraw all or a portion of the value of your Roth 401(k) Rollover Contribution account subject to the following limitations:

1. Withdrawals from any Roth 401(k) Rollover Contribution Account will be subject to the 5-year rule. This means that you must have had your Roth 401(k) rollover account for a minimum of 5 years from the date your Roth 401(k) account was established to the date of your withdrawal before you can avoid tax on your withdrawal, even if you are at least age 59½;
2. At least \$500 must be withdrawn (if the amount in the Roth 401(k) Rollover Contribution account is less than \$500, the entire amount must be withdrawn);
3. Withdrawals cannot be made if the Plan is terminated or if a notice of termination has been issued; and
4. Withdrawals are subject to any current limitations applying to the Investment Options in which the account is invested.

Pre-Tax Contributions and Roth 401(k) Contributions

If you have no After-Tax Contribution account, or amounts credited to such account have already been distributed to you, and you have already taken all amounts available to you from your Company Contribution accounts (vested and/or matured amounts), and you have attained age 59½, you may withdraw all or any portion of your Pre-Tax Contribution account and Roth 401(k) Contribution account, subject to any limitations which may apply to the Investment Options in which your Pre-Tax Contribution or Roth 401(k) Contribution account is invested. The minimum amount you can withdraw at any time is \$500.

Please see the section entitled "Federal Income Tax Consequences" below for more information about the tax treatment of Plan distributions.

Hardship Withdrawals

If you have no balance in your After-Tax Contribution account, Company Contribution account (or if not available for distribution because of "vesting" or "maturing" rules), or your Rollover account, and you have not yet attained age 59½, you may be able to withdraw amounts attributable to Pre-Tax Contributions and Roth 401(k) Contributions (not including earnings) if you are experiencing a financial hardship. The Internal Revenue Service defines a "financial hardship" as:

- medical expenses for you, your spouse or eligible dependents, that are not reimbursed by any medical insurance plan;
- tuition and related educational fees (including room and board) for post-secondary education for you, your spouse or your dependents for the next 12 months;

- the purchase (excluding mortgage payments) of a primary residence;
- the imminent foreclosure of, or your eviction from, your primary residence;
- burial or funeral expenses for your deceased parents, spouse, children or dependents;
- expenses for the repair of damage to your principal residence that would qualify for the casualty deduction under Code section 165, determined without regard to whether the loss exceeds 10% of adjusted gross income; and
- the withdrawal must be demonstrably necessary due to your immediate and heavy financial need, and the withdrawal cannot exceed the exact amount required to meet the hardship. However, the hardship withdrawal may include an amount necessary to pay any taxes and penalties associated with the withdrawal.

In order to be deemed to meet the immediate and heavy financial need requirement, the following conditions must be met:

- Ø you must have taken all distributions other than hardship distributions first, and all non-taxable loans currently available under all plans that we and our affiliates maintain; and
- Ø you may not make any Pre-Tax Contributions or Roth 401(k) Contributions to the Plan, or to any other pension, profit-sharing or deferred compensation plan sponsored by us, for 6 months from the date of receipt of the hardship withdrawal.

Request an In-Service Withdrawal

To request an in-service withdrawal, log on to www.LincolnFinancial.com. On the Retirement page, there is a section on the left entitled "My Current Account Balance". Near the bottom of this section, click on "Get Forms" then "Distribution Request" or "Hardship Distribution Request" under "Moving Money To/From Account" or call the Lincoln Customer Contact Center at 800-234-3500. At your election, the Plan Trustee will deliver securities and cash from the applicable Plan account(s), or a total cash distribution, based upon the current market value or any applicable current redemption value of the securities in your Plan accounts as of the date of withdrawal. See the section below entitled "Fractional Shares" for information regarding the settlement of fractional share interests in the LNC Stock Fund.

PARTICIPANT LOANS

The Plan permits you to take a loan against your account and make payments with interest back to your account.

For information regarding the Plan's loan feature, please see the Supplement on Plan Loans ("Supplement"), which is a supplement to and part of this Summary Plan Description & Prospectus. The Supplement describes the Plan's loan feature and the terms and conditions that apply to receiving and repaying Plan loans.

If you have questions about Plan loans after reading the Supplement, or if you need a copy of the Supplement, please contact the Lincoln Customer Contact Center at 800-234-3500.

LUMP SUM DISTRIBUTIONS

You, or your beneficiary or legal representative in the event of your death, will be entitled to the full value of your Pre-Tax Contribution, Roth 401(k) Contribution and Company Contribution accounts, as well as any amounts credited to your Rollover and/or After-tax Contribution accounts upon the date of your termination of service by reason of death, Disability (as defined in the section entitled "Vesting" above) or Retirement (as defined below). Part or all of these accounts may be forfeited if your termination occurs under other circumstances.

Your Plan account will be paid to you in a lump sum distribution, unless you are eligible to have your Plan account distributed to you in the form of periodic payments, or installments (see the section entitled "Periodic Payments" below). Alternatively, you may elect to use your entire Plan account to purchase a group deferred annuity, in accordance with rules established by the Committee.

If you terminate service and receive a Plan distribution prior to attaining age 55, tax penalties may apply. For a more detailed discussion of the tax consequences associated with taking distributions from the Plan, please see the section below entitled "Federal Income Tax Consequences".

At the time of your termination, you may request a withdrawal of your vested account balance by logging on to www.LincolnFinancial.com or calling the Lincoln Customer Contact Center at 800-234-3500. If your balance is under \$1,000, it will automatically be distributed to you in a lump

sum, and you will not be permitted to defer the receipt of your benefit.

If, at the time of your termination, your balance is over \$1,000, you may elect to defer your distribution to no later than the April 1st following your attaining age 70½.

If you make no election and your balance is over \$1,000, distribution of your account balance will be automatically deferred until the April 1st following your attaining age 70½.

Distribution at Retirement

You are entitled to the full value of all amounts credited to your Plan accounts (including any non-vested Company Contributions) upon Retirement. For purposes of this Plan, "Retirement" is the date on which you terminate your valid active benefits eligible contract with us (and you are not employed by us or any of our affiliates) at age 60 or older with at least 5 years of service. If you retire before reaching age 70½, you may elect to defer distribution of your Plan accounts to no later than the April 1st of the year following the year in which you attain age 70½.

Distribution at Disability

If you terminate as the result of a Disability, you are entitled to the full value of all amounts credited to your account. You may request that your distribution under the Plan begin at any time. In most cases, early distribution of your Plan account because of Disability will not result in the 10% excise or penalty tax described in the section entitled "Federal Income Tax Consequences" below. For purposes of this Plan, "Disability" is described under the section entitled "Vesting" above. Proof of your Disability, including evidence as to the permanence and degree of your impairment, must be supported by medical evidence and provided to the Plan Administrator upon request.

Distribution at Death

Upon your death, your spouse, if you are married at the time of your death, or your beneficiary, if you are single at the time of your death, will be entitled to the full value of all amounts credited to your Plan accounts established for you under the Plan, including any unvested amounts. Your "spouse" means the person to whom you are married at the relevant time provided that the marriage between you and such individual is legally recognized as valid under any state law.

Distribution at Termination

If your valid active benefits eligible contract as a full-time life insurance salesperson is terminated (other than by reason of Retirement, Disability or death), or you become ineligible to participate in this Plan and you are not employed with any of our affiliates, you will be entitled to the value of your Pre-Tax Contributions, Roth 401(k) Contributions, any After-Tax Contributions, any Rollover Contributions and any vested Company Contributions. Non-vested Company Contributions and any earnings thereon will be forfeited.

Form of Distribution

If you have invested in Investment Options other than the LNC Stock Fund, you will generally not receive a pro-rata share of the underlying securities or other assets in which each Investment Option is invested at the time of your distribution. Although the Plan Administrator may have the discretion to direct the Plan Trustee to make an in-kind distribution from an Investment Option, usually the Plan Trustee will distribute in cash the value of your proportionate share of any Investment Option in which you are invested. Distributions from the LNC Stock Fund will be made in whole shares unless you elect that it be paid in cash. (See the section entitled "Fractional Shares" below for treatment of fractional share interests in LNC Common Stock.)

PERIODIC PAYMENTS OF DISTRIBUTIONS

At Retirement

As an alternative to taking a lump sum distribution from the Plan, you may elect to begin taking periodic withdrawals from your Plan account(s). These periodic withdrawals are limited to one per calendar year and must be at least equal to the greater of \$1,000, or 20% of the value of your Plan account(s), or you may elect to have all of your account assets used to purchase a deferred annuity contract. LNC or an affiliate can provide you with information on their

deferred annuity contracts. If you elect this alternative and have a balance in your Plan account when you reach age 70½, this balance will be automatically distributed to you on the April 1st of the year following the year you attain age 70½. (NOTE: If there is an outstanding loan balance from your account at the time of your Retirement, you must repay the entire amount before making periodic withdrawals from the distribution amount.)

At Disability

If you become eligible for a distribution from the Plan as the result of Disability, you may, as an alternative to taking a lump sum distribution, take periodic withdrawals. These withdrawals are limited to one per calendar year and must be equal to the greater of

\$1,000, or 20% of the value of your Plan account(s), or you may elect to have all of your account assets used to purchase a deferred annuity contract. LNC or an affiliate can provide you with information on their deferred annuity contracts. (NOTE: If there is an outstanding loan balance at the time of termination following Disability, you must repay the entire amount before making periodic withdrawals from the distribution amount.) "Disability" is defined in the section entitled "Vesting" above.

At Death

As an alternative to taking a lump sum distribution of the entire balance of your Plan account(s) at the time of your death, your beneficiary may elect to take periodic annual withdrawals from the Plan during a period not to exceed 5 years. These withdrawals are limited to one per calendar year and must be at least equal to the greater of \$1,000, or 20% of the value of your Plan account(s). For example, if your Plan account value is \$10,000 on the date of your death, and you have designated 2 beneficiaries, each must take an immediate distribution. (NOTE: If there is an outstanding loan balance at the time of your death, your account balance will be reduced by any outstanding loan balance plus accrued interest before distribution.)

Systematic Withdrawals

If you have terminated your valid active benefits eligible contract as a full-time life insurance salesperson, or are retired, deceased, disabled or an alternate payee named in a qualified domestic relations order, you can request the "Systematic Withdrawal" option that allows your benefits to be paid in the form of a series of periodic payments. The Systematic Withdrawal option is an automated disbursement that allows you to choose the amount and frequency of the distributions you receive (i.e., monthly, quarterly, semi-annually or annually). You can obtain a Systematic Withdrawal Request form by contacting the Lincoln Customer Contact Center at 800-234-3500. You have the flexibility to change your Systematic Withdrawal amount or duration of your payments at any time by submitting a new request form to Lincoln National Corporation 401(k) Plans, c/o Lincoln Retirement Services Co., P. O. Box 7888, Fort Wayne, IN 46801-7888 or fax the form to Lincoln National Corporation 401(k) Plans, c/o Lincoln Retirement Services Co. at 260-455-9943.

Forfeitures of Accounts

Breaks-In-Service. A "break-in-service" occurs on the first month of the Plan Year following your termination. For purposes of this Plan, "termination" means the termination of your contract as a full-time life insurance salesperson with LNL (other than by reason of Retirement, Disability—as defined in the section entitled "Vesting" above—or death). A 5-year-break-in-service is a period of 5 consecutive Plan Years, beginning with the Plan Year in which you cease being a full-time life insurance salesperson, a general agent, or an employee of the Company or one of our affiliates on the last day of each Plan Year. In the event that you forfeit amounts in your Company Contribution account due to a break-in-service, and you do not incur a 5-year-break-in-service, such forfeited amount shall be re-credited to your Company Contribution account upon your return to service as a full-time life insurance salesperson, a general agent, or our employee, and such accounts shall continue to vest in accordance with the Plan's vesting schedule. For the purposes of determining a break-in-service, any Plan Year in which you are absent from work on the last day of the Plan Year on account of your pregnancy; the birth of your child; the placement of a child in connection with your adoption of that child; or the care of a child for a period beginning immediately after a child's birth or placement because of the preceding three reasons, and you are a full-time life insurance salesperson under the Federal Income Contributions Act, a general agent, or an employee of the Company or of one of our affiliates on the last day of the Plan Year following the Plan Year in which your absence occurs, shall not be counted in determining the break-in-service. If you are no longer a full-time life insurance salesperson, but not eligible to participate in the Plan and you become our employee, but are ineligible to participate in any other plan, no further contributions will be made on your behalf. You will, however, continue to earn vesting service.

FRACTIONAL SHARES

Interests in fractional shares of our common stock will not be distributed in kind. Rather, fractional share interests in our common stock will be paid in cash based on the market value of LNC common stock on the valuation date immediately preceding the date of distribution or termination of service, as applicable.

BENEFICIARY DESIGNATION

You may designate a beneficiary or beneficiaries to receive any securities and cash to which you are entitled under the Plan in the case of your death. This may be done online at www.LincolnFinancial.com or through the Lincoln Customer Contact Center: 800-234-3500. Your beneficiary designation may also be changed or cancelled by you at any time through the website or through the Lincoln

Customer Contact Center. Regardless of what you may have elected, if you are married on the date of your death, your surviving spouse will be deemed to be your beneficiary unless your surviving spouse has consented (in the manner required by the Code) to another individual(s) being your beneficiary. To name someone other than your spouse as beneficiary, you must submit a spousal consent and waiver form to LRPS. This can be obtained on the LRPS website. Periodically and whenever you have a significant life event, such as a divorce, you should review your beneficiary designation carefully and contact LRPS to change your beneficiary designation if desired.

If you do not have a beneficiary designation on file, or if your beneficiary dies before you and you have not named a contingent beneficiary, the value of your account will be payable to (i) your spouse; (ii) if no spouse, to your child or children (with the share of any deceased child distributed among descendants of that child); (iii) if none of the above, to your parents in equal shares or the entire amount to your surviving parent; (iv) if none of the above, to your sibling(s); and (v) if none of the above, to the executor or administrator of your estate.

ASSIGNMENT AND QUALIFIED DOMESTIC RELATIONS ORDERS

No right or interest of any participant or beneficiary in the Plan is assignable or transferable in whole or in part, either directly or by operation of law or otherwise, including, without limitation, execution, levy, garnishment, attachment, pledge, or bankruptcy, except in connection with a loan from the Plan to a participant, or as provided under the terms of a qualified domestic relations order ("QDRO") (as defined in Code section 414(p)) as determined by the Plan Administrator.

Upon our receipt of written notice from you or your spouse of a pending domestic relations order, a domestic relations restriction ("DRR") will be placed on your Plan accounts. The DRR will be removed only upon notice that no domestic relations order is forthcoming, or upon final approval and disposition under a QDRO.

The Plan Administrator has established a sample form, special rules, and procedures relating to QDROs under this Plan. You may request a copy of these procedures and the sample form by contacting:

QDRO Consultants Co.
3071 Pearl Road
Medina, OH 44256
Attn: Lincoln National QDRO Compliance Team
Phone: (800) 527-8481
Fax: (330) 722-2735

AMENDMENT OR TERMINATION OF THE PLAN

By action of our Board of Directors or its delegates, we may terminate or amend the Plan or suspend the operation of any provision of the Plan, at any time, provided, however, that:

no amendment shall be made that will result in the recovery by us of any part of a Company Contribution to the Plan, except under limited circumstances as may be provided under the trust agreement and permitted under the Code;

any amendment that affects the rights and duties of the Plan Trustee may be made only with the consent of the Plan Trustee;

no amendment of the Plan shall affect your rights with respect to the continuance of vesting of such securities and cash attributable to Company Contributions or earnings thereon; and

upon the termination or suspension of the Plan, your rights to the amounts credited to your Plan account(s) as of the date of such termination or suspension shall not be forfeitable.

ADMINISTRATION OF THE PLAN

Plan Trustee

The LNC Benefits Committee (the "Committee") has the authority to appoint one or more individuals or corporations to act as Plan Trustee. The Plan Trustee is responsible for the custody, investment, and distribution of Plan assets.

The Plan Trustee, Lincoln Financial Group Trust Company, Inc., is used in processing all contributions and distributions from the Plan. Lincoln Financial Group Trust Company, Inc. is also the principal bank through which LNC and LNL and their affiliates make payments to participants and beneficiaries. The Plan Trustee, in its capacity as trustee for various corporations and individuals, may own shares of LNC Common Stock for and on behalf of its beneficiaries.

The Plan Trustee serves pursuant to the terms of a written trust agreement. This agreement is available from the Company's Human Resources Department or from the Plan Administrator for inspection on request by Plan participants. We may discharge or remove the Plan Trustee and appoint a successor Plan Trustee upon 30 days written notice to the Plan Trustee; provided, however, that such successor is a banking institution legally qualified to serve as a Plan Trustee. In case of discharge or removal, the Plan Trustee agrees to transfer the Trust assets to its named successor, and upon such transfer, the Plan Trustee will be discharged and relieved of its duties. In the event of discontinuance of the Plan, the Trust Agreement may be discontinued by action of the LNL's Board of Directors or the Committee; provided, however, that until all Plan assets in the Trust have been distributed, the Plan Trustee will retain all the rights and powers given to it by the Trust Agreement.

Plan Administrator

The Committee is the Plan Administrator and Named Fiduciary for the Plan. LNC's Chief Executive Officer appoints Committee members. Each member of the Committee is a named fiduciary, as that term is defined by the Employee Retirement Income Security Act of 1974, as amended. Each Committee member, as a fiduciary, has the authority to control and manage the operation and administration of the Plan. Members of the Committee receive no compensation from the Plan. The Committee's responsibilities include operating the Plan in accordance with its terms; enforcing its provisions in an equitable and non-discriminatory manner; determining all questions arising under the Plan (including determinations of eligibility and of benefits payable); and directing payments of benefits. In aid of its responsibilities, the Committee is empowered to adopt rules and procedures necessary for the proper and efficient administration of the Plan.

A Committee member may resign by giving LNC and the other Committee members 10 days written notice. In addition, LNC may remove a Committee member at any time by giving advanced written notice to the member and to the other Committee members.

The business address of the Committee is: LNC Benefits Committee; c/o George Murphy, Chair, 150 N. Radnor Chester Road, Building A, 3rd Floor, Radnor, PA 19087-5238, Telephone (484) 583-1400.

Voting of Shares

Voting rights with respect to all securities held by the Plan will be exercised by the Plan Trustee or by a proxy solicited by the Plan Trustee. You have the right to direct the Plan Trustee in a voting of share equivalents with respect to any portion of your account invested in the LNC Stock Fund. If the Plan Trustee does not receive voting instructions from all participants, the shares for which the Plan Trustee did not receive instructions will be voted in the same proportion as the shares for which the Plan Trustee receives instructions.

FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of the federal income tax consequences of participation in the Plan, and on distributions from the Plan, based on the current provisions of the Code and applicable regulations in effect as of the date of this prospectus supplement. The actual tax consequences for any individual will depend on his or her circumstances. Detailed information about how taxes may affect your benefits and distributions under this Plan can be found in IRS Publication 575, Pension and Annuity Income, which is available on the public website of the Internal Revenue Service. **YOU SHOULD CONSULT A QUALIFIED TAX ADVISER TO DETERMINE THE APPLICATION OF THE FEDERAL INCOME TAX LAWS TO YOUR INDIVIDUAL CIRCUMSTANCES.**

Contributions. The Plan is a qualified employee benefit plan under Code section 401(a). Company Contributions to the Plan, as well as dividends paid on shares of LNC common stock held in the Plan, are deductible, subject to certain restrictions, by LNL for corporate federal income tax purposes under Code section 404(a). Although your Pre-Tax Contributions will not be subject to federal income tax, social security taxes and federal unemployment taxes will be withheld.

Earnings. In general, you will not be subject to federal income taxes on any earnings accruing with respect to Company Contributions, your Pre-Tax Contributions, Roth 401(k) Contributions, and any After-Tax Contributions or Rollover Contributions until such amounts are distributed to you.

Loans. You will not be taxed on loans from the Plan if the loans are repaid in accordance with its terms.

Distributions. Amounts distributed to you will be taxable as ordinary income to the extent that the amounts received exceed the amount of your After-Tax Contributions, if any. Until withdrawn, such After-Tax Contributions are referred to as "Net Unrecovered Contributions".

Stock Distributions. With respect to the LNC Stock Fund, should you receive all or part of a lump sum Plan payment in the form of shares of LNC common stock (also referred to as an "in-kind delivery"), the excess of the fair market value on the date of a total distribution over its cost basis (the "net unrealized appreciation") will not be taxed at the time of distribution. If stock is received other than in a total distribution, only the net unrealized appreciation attributable to nondeductible after-tax contributions will not be taxed at the time of distribution. However, if you receive a lump sum distribution of stock, you may elect to be taxed at the time of distribution under procedures prescribed by the IRS in accordance with Code section 402(e)(4).

When you are eligible to make a withdrawal or receive a distribution from the Plan, you may elect to have the value of the LNC Stock Fund paid to you in:

1. Cash;
2. Shares of LNC common stock; or
3. A combination of cash and shares of LNC common stock.

The election can be specified on the Distribution Request form available from LRPS.

Should you elect to receive any shares of LNC common stock "in-kind", you'll receive notification from LNC's transfer agent, Equiniti Trust Company (commonly referred to as "EQ"), when the shares have been re-registered in your name. EQ will then hold the shares until receiving direction from you.

Should you elect to receive any shares of LNC common stock "in-kind", but paid instead to a "rollover institution", EQ will send a credit notification statement to the rollover institution. The credit notification statement provides instructions to the rollover institution on how to transfer the shares to your account.

The process of receiving shares of LNC stock generally takes 10-17 business days following receipt of a Distribution Form in good order.

You should contact the Lincoln Customer Contact Center at 800-234-3500 with any questions.

Dividends on your LNC common stock that you elect to receive in cash are taxable income and are not subject to the 10% excise penalty described below. You will receive a Form 1099 DIV at year-end from LRPS, reported with your W-2 information.

The Plan is required to withhold 20% of any lump sum distribution to pay applicable federal income taxes (excluding amounts attributable to After-Tax Contributions), unless you rollover the distribution to an IRA or another qualified employer plan, as described below. If you receive payment of your benefit in the form of an annuity, however, you may elect whether to have federal taxes withheld from each payment.

In addition, you may be required to pay a 10% excise or penalty tax on the distributed amounts that are taxable. The 10% penalty will not apply in certain situations, including the following:

- Your account is paid to you after age 59½;

- Your account is paid to you after you terminate service with the Company and its affiliates on or after the date you reach age 55;

Your account is paid to you or your beneficiary(ies) because of your death or in most cases of Disability (as defined in the section entitled "Vesting" above);

- You incur certain tax-deductible medical expenses for the year;
- Payment is directed to another person pursuant to a QDRO;

Payment is made in substantially equal installments over your life expectancy or the joint life expectancy of you and your spouse/beneficiary (however, the Plan does not currently offer a lifetime annuity option); or

- You roll over or directly transfer the taxable amount of your account to an IRA or another qualified employer-sponsored plan as defined by the Code (e.g., an IRA or individual retirement account or annuity or other qualified plan).

Roth 401(k) Contributions. Your Roth 401(k) Contributions are after-tax contributions and, as such, your contributions and earnings can be distributed to you tax-free if considered a "qualified distribution". In order for a distribution from your Roth 401(k) Contribution account to be considered a "qualified distribution" it must be taken after death, Disability or upon attainment of age 59½; and must occur at least 5 years after you make your first Roth 401(k) Contribution. You can roll your Roth 401(k) Contribution account into a Roth IRA or to a new employer's plan if it allows Roth 401(k) Contributions.

Rollovers. You can also delay paying applicable taxes if you rollover all or part of your distribution to another qualified employer-sponsored plan or individual retirement account (IRA). A rollover defers taxation of the taxable portion that is rolled over. The rollover can be "direct" or "indirect". Indirect rollovers must be made within 60 days after receipt of the distribution and are subject to rules that differ from the direct rollover rules. If you do not elect a direct transfer of the entire lump-sum distribution, the Plan is required to withhold 20% of the taxable portion of the distribution to pay federal income taxes.

Generally, in cases where the participant has died, the same tax rules apply to distributions taken by the participant's beneficiary as would have applied to the participant. A beneficiary who is the surviving spouse of the participant may be eligible to rollover the distribution. A non-spouse beneficiary of a deceased participant may rollover any amount inherited as beneficiary to an "inherited IRA" in accordance with IRS rules and regulations.

YOUR RIGHTS AND PROTECTIONS UNDER ERISA

The Plan is subject to many of the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA requires certain kinds of reporting and disclosure of information regarding the Plan and its investments to government agencies and participants.

ERISA also imposes stringent standards of fiduciary responsibility, and prohibits transactions with parties-in-interest for which there is no available exemption. Because the Plan is an individual account and profit-sharing plan, it is not subject to the funding standards of Title I of ERISA or covered by the Plan termination insurance program of Title IV of ERISA, which is administered by the Pension Benefit Guaranty Corporation.

The Plan is intended to comply with ERISA section 404(c). If the Plan meets the various requirements of ERISA section 404(c), you are responsible for investing the assets in your Plan account(s) among the investment options offered, and neither we nor the Plan fiduciaries are liable for any investment losses you may experience as a direct result of your investments in the Plan. Among the requirements of section 404(c) is that you must be provided with meaningful investment information periodically, so that you are provided with the opportunity to exercise meaningful, independent control over the assets in your Plan account(s).

You can obtain more information about the Plan, including a description of the annual operating expenses of each Investment Option offered through the Plan, copies of financial reports for each Investment Option, and copies of the Plan's confidentiality procedures. These materials may be made available at a nominal charge. Please contact Kathleen Biddle, Consultant, Total Rewards, Retirement Plan Administration (484) 583-1760, 150 N. Radnor-Chester Road, Radnor, PA 19087, for more information.

As a participant in the Plan, you are entitled to certain rights and protections under ERISA.

The Right to Receive Information About the Plan

ERISA provides that all Plan participants are entitled to:

Examine, without charge, at the Plan Administrator's office and at other locations, all Plan documents, including insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the Plan Administrator with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of all Plan documents, including insurance contracts, copies of the latest annual report (Form 5500 Series) filed by the Plan Administrator with the U.S. Department of Labor, the procedures for determining whether a court order qualifies as a "qualified domestic relations order" or as a "qualified medical child support order", and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report when requested.

Obtain a statement telling you whether you have a right to receive a plan benefit at normal retirement age and if so, what your benefits would be at normal retirement age if you stop working under the plan now. This statement must be requested in writing and is not required to be given more than once every 12 months. The plan must provide the statement free of charge.

The Right to Prudent Action by Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the persons who are responsible for the operation of the Plan. The persons who operate the Plan, called fiduciaries, have a duty to do so prudently and in the interest of Plan participants, and beneficiaries. Fiduciaries who violate ERISA may be removed and required to repay losses they have caused to the Plan.

No one, including a company, a union, or any other person, may fire or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit or exercising any of your rights under ERISA.

Enforce Your Rights

If your claim for Plan benefits is denied in whole or in part, a written explanation of the reason for the denial must be provided to you or to your designated representative. You have the right to have the Plan Administrator review and reconsider your claim. Under ERISA, there are steps that you can take to enforce the above rights.

For instance, if you request materials from the Plan Administrator and you do not receive them within 30 days, you may file suit in a federal court to obtain the information. In such a case, the court may require the Plan Administrator to provide the materials and pay up to \$110 a day until the materials are provided, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may sue for those benefits in a state or federal court (you should first check with the Plan Administrator on your claim and also use the Plan's appeal process, as applicable). If you believe that the Plan's fiduciaries are misusing the Plan's money, or if you believe that you are being discriminated against for asserting any of your rights, you may seek assistance from the U.S. Department of Labor, or you may sue in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, however, the court may order you to pay these costs and fees, for example, if it finds your claim was frivolous. If you have any questions about the Plan, you should contact the Plan Administrator.

If you have any questions about this statement, or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 866 444-EBSA (3272).

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ERISA CLAIMS PROCEDURES

If we determine that you or your beneficiary is entitled to benefits under this Plan, you will be notified in writing or electronically of your entitlement to such benefits, and we will provide you with the proper forms to apply for and elect such benefits. If you or your beneficiary feels that you are not receiving a Plan benefit that you should, you may file a written claim for that benefit with the Claims Administrator.

Please address any such claims to the Claims Administrator for this Plan (see section entitled "Important Information about the Plan", below). The Claims Administrator will decide whether to grant or deny your claim. If your claim is denied, within 90 days after filing your claim you will receive a written notice explaining the specific reason(s) for denial, the Plan provisions that support the decision to deny the benefit, a description of any additional information needed to review your claim request, instructions for requesting a review of your denied claim and a description of those review, or "appeal" procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under ERISA section 502(a). If special circumstances require an extension of time for processing the claim, you will receive written notice of the extension prior to the end of the 90-day period.

You will have a chance, within 60 days after you receive this written notice, to ask for a review by the Claims Administrator of your claim and its denial. Upon your request, you may also receive, at no cost to you, copies of all documents, records and other information relevant to your claim. You and/or your beneficiary may submit written issues comments to the Claims Administrator. Your claim will then be reviewed by the Claims Administrator. Generally, you will receive written notice of the final decision of the Claims Administrator within 60 days after your request for a review. If special circumstances require a 60-day extension of time to review the decision, you will receive notice of the extension within the 60-day period (with extension, this review must be concluded within 120 days).

If your claim is denied, the Claims Administrator will notify you either in writing or electronically within the applicable day period specified above and will explain the specific reason(s) for denying your appeal, the Plan provisions that support the decision to deny your appeal, and a statement of your right to bring a civil action under ERISA section 502(a). Under such circumstances, you have the right to bring a legal action within one year of the date you are informed that your appeal has been denied. If you fail to bring a timely court action, your claim will be deemed permanently waived and abandoned.

Disability Claims – Prior to wholly or partially denying a claim of Disability, you will be provided, free of charge, with any new or additional evidence considered, relied upon, or generated, or rationale used, in making the benefit determination in connection with your claim. New evidence or rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination is required to be provided.

IMPORTANT INFORMATION ABOUT THE PLAN

The Plan Sponsor:

The Plan Sponsor is The Lincoln National Life Insurance Company. As Plan Sponsor, The Lincoln National Life Insurance Company reserves the right to terminate or amend this Plan at any time.

The Plan Administrator and Named Fiduciary:

Lincoln National Corporation Benefits Committee
150 N. Radnor Chester Road
Radnor, PA 19087-5238
Telephone: (484) 583-1400

The Plan Trustee:

Lincoln Financial Group Trust Company, Inc.
One Granite Place
Concord, NH 03301

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Recordkeeper and Claims Administrator:

Lincoln Retirement Plan Services Company, L.L.C.
1300 South Clinton Street
Fort Wayne, IN 46802

Participating Employers:

The Lincoln National Life Insurance Company
Lincoln Life & Annuity Company of New York
Lincoln Financial Advisors Corporation

Plan Year:

January 1st through December 31st

Agent for Service of Legal Process:

General Counsel
Lincoln National Corporation
150 N. Radnor Chester Road
Radnor, PA 19087

Identification Numbers:

The Employer Identification Number assigned to The Lincoln National Life Insurance Company by the Internal Revenue Service is: 35-0472300.

The Employer Identification Number assigned to the Lincoln National Corporation Benefits Committee by the Internal Revenue Service is: 35-1620788.

The Plan number is 006.

Top Heavy Rules:

The Code provides a complicated set of rules for determining whether the Plan is "top heavy". Stated simply, the Plan is top heavy if the value of aggregated account balances belonging to "key employees" exceeds the aggregated account balances belonging to the non-key employees. Key employees are generally officers and other highly compensated individuals.

If the Plan became "top heavy", the Plan's benefits and vesting schedule would be enhanced. We would notify you in the unlikely event that the Plan ever became top heavy.

General Legal Note:

The summary of the Plan contained in this prospectus supplement is not intended to be the legally controlling Plan document. Where there is a discrepancy between the summary of the Plan and the terms and provisions of the Plan document, the terms and provisions of the Plan document control. Neither the Plan document, the summary of the Plan document contained in this prospectus supplement, or your rights to any benefits provided under the Plan constitutes a contract of affiliation or employment.

VALUATION OF INVESTMENTS

Securities authorized for investment under the Plan will be valued each day the New York Stock Exchange is open for business. Depending on the type of security being valued, a determination of value is based on: the closing price of the security on an exchange on which such securities are listed; the average bid quotations for such securities; quotations from other sources deemed by the Plan Administrator to be reliable as fairly reflecting the market price or redemption price of the securities; the value as reported by an insurance company with respect to a segregated investment account in which the Plan invests; or the average sale or purchase price of the securities when the Plan Trustee is required to sell or purchase securities on the open market to comply with the requests of participants.

All of the Investment Options, including the LNC Stock Fund (discussed in more detail below), are unitized. That means that if you invest in any Plan Investment Option, you and other investors own a pro-rata portion of all of the securities that may be in the Investment Option (e.g., stocks, bonds, shares of mutual funds, or units of variable insurance trust funds other investment options – whatever the manager of the investment account has chosen to invest in to meet its investment objectives), as well as a pro-rata portion of the cash held by the Investment Option for liquidity purposes.

The value of a unit of any Investment Option is determined by adding the value of all securities in the Investment Option, plus the cash or value of the money market units, then dividing the total value of the account by the total number of outstanding units issued by the Investment Option. For the LNC Stock Fund, the value of a unit is calculated each day by dividing the current value of all LNC Common Stock in the account, plus any cash, by the total number of units allocated to participant Plan accounts. Some accounts, such as the LNC Stock Fund, hold units of a money market account rather than actual cash to satisfy liquidity needs. The cash or money market units are used to execute daily transa