

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 4, 2020

Date of Report (Date of earliest event reported)

Lincoln National Corporation

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction
of incorporation)

1-6028

(Commission
File Number)

35-1140070

(IRS Employer
Identification No.)

150 N. Radnor Chester Road, Radnor, PA 19087
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (484) 583-1400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	LNC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 4, 2020, Lincoln National Corporation (the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2020, a copy of which is attached as Exhibit 99.1 and is incorporated herein by reference. The Company’s statistical supplement for the quarter ended September 30, 2020, is attached as Exhibit 99.2 and is incorporated herein by reference.

The information, including exhibits attached hereto, furnished under this Item 2.02 shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are being furnished with this Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>Press release dated November 4, 2020, announcing Lincoln National Corporation’s financial results for the quarter ended September 30, 2020.</u>
99.2	<u>Lincoln National Corporation Statistical Supplement for the quarter ended September 30, 2020.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LINCOLN NATIONAL CORPORATION

By /s/ Christine A. Janofsky
Name: Christine A. Janofsky
Title: Senior Vice President and
Chief Accounting Officer

Date: November 4, 2020

FOR IMMEDIATE RELEASE**LINCOLN FINANCIAL GROUP REPORTS THIRD QUARTER 2020 RESULTS
AND ANNOUNCES INCREASE TO DIVIDEND**

-
- v *Net income EPS of \$2.01 and adjusted operating EPS of \$(0.72)*
 - v *Adjusted operating EPS included \$(3.07) from notable items, elevated claims experience from COVID-19, and above targeted alternative investment income*
 - v *BVPS, including AOCI, of \$111.51, up 11%; BVPS, excluding AOCI, of \$71.10, up 3%*
 - v *Resuming buybacks in fourth quarter and increased quarterly common stock dividend to \$0.42, up 5%*

Radnor, PA, November 4, 2020 – Lincoln Financial Group (NYSE: LNC) today reported net income for the third quarter of 2020 of \$398 million, or \$2.01 per diluted share available to common stockholders, compared to net loss in the third quarter of 2019 of \$(161) million, or \$(0.83) per diluted share available to common stockholders. Third quarter adjusted loss from operations was \$(133) million, or \$(0.72) per diluted share available to common stockholders, compared to adjusted loss from operations of \$(46) million, or \$(0.25) per diluted share available to common stockholders, in the third quarter of 2019.

The current quarter’s adjusted operating results included net unfavorable notable items of \$552 million, or \$2.84 per share, primarily related to the company’s annual review of DAC and reserve assumptions. The prior-year quarter included net unfavorable notable items of \$403 million, or \$2.00 per share, related to the company’s annual review of DAC and reserve assumptions.

“Third quarter results were impacted by our annual review process, predominantly from adjustments to our interest rate assumptions, and elevated claims related to the pandemic,” said Dennis R. Glass, president and CEO of Lincoln Financial Group. “Importantly, excluding these factors, our operating results would have been consistent with our strong track record of financial performance. Our focus on achieving targeted returns on capital has slowed sales momentum and our *reprice, shift and add new* product strategy positions us to achieve sales growth in 2021. Additionally, we are resuming buybacks in the fourth quarter, and the board approved an increase in our dividend per share, reflecting our strong balance sheet and positive outlook.”

¹ Due to reporting a net loss for the three months ended September 30, 2019 and an adjusted loss from operations for the three months ended September 30, 2019 and September 30, 2020, basic shares were used in the diluted EPS and adjusted diluted EPS calculations for those periods as the use of diluted shares would have resulted in a lower loss per share

The board of directors of Lincoln National Corporation approved raising the quarterly dividend on its common shares to \$0.42 per share. The dividend represents an 5% increase over the prior-year level. The increased dividend on common stock will be payable on February 1, 2021 to shareholders of record at the close of business on January 11, 2021.

(in millions, except per share data)	As of or For the Quarter Ended September 30,		As of or For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Income (Loss)	\$ 398	\$ (161)	\$ 356	\$ 454
Net Income (Loss) Available to Common Stockholders	393	(164)	340	454
Net Income (Loss) per Diluted Share Available to Common Stockholders ⁽¹⁾	2.01	(0.83)	1.74	2.24
Revenues	5,361	4,638	13,303	12,913
Adjusted Income (Loss) from Operations	(133)	(46)	519	873
Adjusted Income (Loss) from Operations per Diluted Share Available to Common Stockholders	(0.72)	(0.25)	2.57	4.30
Average Diluted Shares	195.4	201.6	195.9	203.1
Return on Equity (ROE), Including Accumulated Other Comprehensive Income (AOCI) (Net Income)	7.5%	-3.4%	2.5%	3.5%
Adjusted Operating ROE, Excluding AOCI (Income from Operations)	-3.9%	-1.3%	5.1%	8.3%
Book Value per Share, Including AOCI	\$ 111.51	\$ 100.84	\$ 111.51	\$ 100.84
Book Value per Share, Excluding AOCI	71.10	69.33	71.10	69.33

¹ Due to reporting a net loss for the three months ended September 30, 2019 and an adjusted loss from operations for the three months ended September 30, 2019 and September 30, 2020, basic shares were used in the diluted EPS and adjusted diluted EPS calculations for those periods as the use of diluted shares would have resulted in a lower loss per share.

Operating Highlights – Third Quarter 2020 vs Third Quarter 2019

- Average account values of \$279 billion, up 7%
- Sales of variable annuities without guaranteed living benefits of \$1.9 billion, up 60%
- Retirement Plan Services net flows of \$362 million, up 33%
- Life Insurance expense ratio improved 40 basis points
- Group Protection insurance premiums of \$1.1 billion, up 3%

In addition to the net unfavorable notable items of \$2.84, this quarter's adjusted operating EPS results included an estimated unfavorable impact of \$0.52 from elevated claims experience related to the pandemic and a favorable impact of \$0.29 from alternative investment income above targeted levels.

Third Quarter 2020 – Segment Results

Annuities

Annuities reported income from operations of \$196 million compared to \$169 million in the prior-year quarter.

Impacts from the company's annual review of DAC and reserve assumptions were unfavorable in both periods. Not including the impact from the reviews, income from operations increased 13% from the prior-year quarter primarily driven by higher average account values and favorable returns within the company's alternative investment portfolio.

Total annuity deposits of \$2.5 billion were down 27% from the prior-year quarter. Variable annuity sales were up 1% versus the prior-year quarter, as a 60% increase in sales of products without guaranteed living benefits offset a decline in guaranteed living benefit product sales. Fixed annuity sales of \$87 million compared to \$1 billion in the prior-year period with the change due to product actions taken to reflect lower interest rates.

Net outflows were \$283 million in the quarter, as positive net flows from variable annuities were more than offset by net outflows from fixed annuities. Average account values of \$144 billion were up 8% over the prior-year quarter.

The current quarter included net unfavorable notable items of \$101 million related to the company's annual review of DAC and reserve assumptions while prior-year results included net unfavorable notable items of \$93 million related to the company's annual review of DAC and reserve assumptions.

Retirement Plan Services

Retirement Plan Services reported income from operations of \$50 million, up 14% from the prior-year quarter with the increase primarily driven by favorable returns within the company's alternative investment portfolio and expense management.

Total deposits for the quarter of \$2.4 billion were up 6% from the prior-year quarter driven by a 20% increase in first-year sales and \$1.5 billion in recurring deposits, in line with the prior-year quarter.

Net flows totaled \$362 million, up 33% from the prior-year quarter. Average account values of \$80 billion were up 7% over the prior-year quarter.

The current quarter included net unfavorable notable items of \$3 million related to the company's annual review of DAC and reserve assumptions while prior-year results had no notable items.

Life Insurance

Life Insurance reported a \$311 million loss from operations compared to a loss from operations of \$245 million in the prior-year quarter. Impacts from the company's annual review of DAC and reserve assumptions were unfavorable in both periods. Not including the impact of the reviews, income from operations increased from the prior-year quarter as

unfavorable mortality related to COVID-19 was more than offset by favorable returns within the company's alternative investment portfolio.

Total Life Insurance sales of \$186 million were down 21% from the prior-year quarter, a result of repricing actions to reflect the lower interest rate environment.

Total Life Insurance in-force of \$878 billion grew 10% over the prior-year quarter, and average account values of \$55 billion increased 5% over the same period.

The current quarter included net unfavorable notable items of \$440 million related to the company's annual review of DAC and reserve assumptions while prior year results included net unfavorable notable items of \$320 million related to the company's annual review of DAC and reserve assumptions.

Group Protection

Group Protection income from operations was \$6 million in the quarter compared to \$61 million in the prior-year period. Not including the impact from the annual review of reserve assumptions, the decline in income from operations was driven by unfavorable life mortality, primarily associated with the pandemic.

The total loss ratio was 83% in the current quarter compared to 74% in the prior-year quarter driven primarily by unfavorable life mortality.

Group Protection sales were \$49 million compared to \$242 million in the prior-year quarter with the decrease partially driven by timing of sales. Employee-paid sales represented 59% of total sales. Insurance premiums of \$1.1 billion were up 3%.

The current quarter included net unfavorable notable items of \$3 million related to the company's annual review of reserve assumptions while prior-year results included net favorable notable items of \$10 million related to the company's annual review of reserve assumptions.

Other Operations

Other Operations reported a loss from operations of \$74 million versus a loss of \$75 million in the prior-year quarter.

The current quarter included net unfavorable notable items of \$5 million related to elevated expenses while prior-year results had no notable items.

Realized Gains and Losses / Impacts to Net Income

Realized gains/losses and impacts to net income (after-tax) in the quarter were primarily driven by:

- A \$464 million gain associated with variable annuity GLB non-performance risk.
- A \$58 million non-operating gain related to the company's annual review of DAC and reserve assumptions.
- A \$50 million gain associated with release of reserves for current expected credit losses.

Unrealized Gains and Losses

The company reported a net unrealized gain of \$16.4 billion, pre-tax, on its available-for-sale securities at September 30, 2020. This compares to a net unrealized gain of \$11.5 billion, pre-tax, at September 30, 2019, with the year-over-year increase primarily driven by lower treasury rates.

Share Count

The quarter's average diluted share count of 195.4 million was down 3% from the third quarter of 2019, the result of repurchasing 5.5 million shares of stock since September 30, 2019. No shares were repurchased in the quarter.

Book Value

As of September 30, 2020, book value per share, including AOCI, increased 11% from the prior-year period to \$111.51. Book value per share, excluding AOCI, increased 3% from the prior-year period to \$71.10.

The tables attached to this release define and reconcile the non-GAAP measures adjusted income from operations, adjusted operating ROE and BVPS, excluding AOCI, to net income, ROE and BVPS, including AOCI, calculated in accordance with GAAP.

This press release contains statements that are forward-looking, and actual results may differ materially. Please see the Forward-looking Statements – Cautionary Language at the end of this release for factors that may cause actual results to differ materially from the company's current expectations.

For other financial information, please refer to the company's third quarter 2020 statistical supplement and earnings and investment portfolio supplement available on its website, <http://www.lfg.com/investor>.

Lincoln Financial Group will discuss the company's third quarter results with investors in a conference call beginning at 10:00 a.m. Eastern Time on Thursday, November 5, 2020. The conference call will be broadcast live through the company website at www.lfg.com/webcast. Please log on at least fifteen minutes prior to the call to register and download any necessary streaming media software. To participate via phone: (866) 394-4575 (U.S./Canada) or (678) 509-7536 (International). Ask for the Lincoln National Conference Call.

A replay of the call will be available by 1:00 p.m. Eastern Time on November 5, 2020 at www.lfg.com/webcast. Audio replay will be available from 1:00 p.m. Eastern Time on November 5, 2020 through 12:00 p.m. Eastern Time on November 12, 2020. To access the re-broadcast, dial: (855) 859-2056 (Domestic) or (404) 537-3406 (International). Enter conference code: 5687777.

About Lincoln Financial Group

Lincoln Financial Group provides advice and solutions that help people take charge of their financial lives with confidence and optimism. Today, more than 17 million customers trust our retirement, insurance and wealth protection expertise to help address their lifestyle, savings and income goals, and guard against long-term care expenses. Headquartered in Radnor, Pennsylvania, Lincoln Financial Group is the marketing name for Lincoln National Corporation (NYSE:LNC) and its affiliates. The company had \$281 billion in end-of-period account values as of September 30, 2020. Lincoln Financial Group is a committed corporate citizen included on major sustainability indices including the Dow Jones Sustainability Index North America and FTSE4Good. Dedicated to diversity and inclusion, we earned perfect 100 percent scores on the Corporate Equality Index and the Disability Equality Index, and rank among *Forbes'* World's Best Employers, Best Large Employers, Best Employers for Diversity, and Best Employers for Women, and *Newsweek's* Most Responsible Companies. Learn more at: www.LincolnFinancial.com. Follow us on Facebook, Twitter, LinkedIn, and Instagram. Sign up for email alerts at <http://newsroom.lfg.com>.

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Explanatory Notes on Use of Non-GAAP Measures

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

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

Definitions of Non-GAAP Measures Used in this Press Release

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

Adjusted Income (Loss) from Operations

Adjusted income (loss) from operations is GAAP net income (loss) excluding the after-tax effects of the following items, as applicable:

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

Adjusted Operating Revenues

Adjusted operating revenues represent GAAP revenues excluding the pre-tax effects of the following items, as applicable:

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

Adjusted Operating Return on Equity

Adjusted operating return on equity measures how efficiently we generate profits from the resources provided by our net assets.

- It is calculated by dividing annualized adjusted income (loss) from operations by average equity, excluding accumulated other comprehensive income (loss) ("AOCI").
- Management evaluates return on equity by both including and excluding average goodwill within average equity.

Definition of Notable Items

Adjusted income (loss) from operations, excluding notable items, is a non-GAAP measure that excludes items which, in management's view, do not reflect the company's normal, ongoing operations.

- We believe highlighting notable items included in adjusted income (loss) from operations enables investors to better understand the fundamental trends in its results of operations and financial condition.

Book Value Per Share, Excluding AOCI

Book value per share, excluding AOCI is calculated based upon a non-GAAP financial measure.

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

Special Note

Sales

Sales as reported consist of the following:

- Annuities and Retirement Plan Services – deposits from new and existing customers;
 - *MoneyGuard*® – 15% of total expected premium deposits;
 - Universal life ("UL"), indexed universal life ("IUL"), variable universal life ("VUL") – first-year commissionable premiums plus 5% of excess premiums received;
 - Executive Benefits – single premium bank-owned UL and VUL, 15% of single premium deposits, and corporate-owned UL and VUL, first-year commissionable premiums plus 5% of excess premium received;
 - Term – 100% of annualized first-year premiums; and
 - Group Protection – annualized first-year premiums from new policies.
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Lincoln National Corporation
Reconciliation of Net Income to Adjusted Income from Operations

(in millions, except per share data)

	For the Quarter Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
Total Revenues	\$ 5,361	\$ 4,638	\$ 13,303	\$ 12,913
Less:				
Excluded realized gain (loss)	572	(61)	(198)	(623)
Amortization of DFEL on benefit ratio unlocking	1	1	(6)	3
Total Adjusted Operating Revenues	<u>\$ 4,788</u>	<u>\$ 4,700</u>	<u>\$ 13,507</u>	<u>\$ 13,533</u>
Net Income (Loss) Available to Common Stockholders – Diluted	\$ 393	\$ (164)	\$ 340	\$ 454
Less:				
Adjustment for deferred units of LNC stock in our deferred compensation plans ⁽¹⁾	(5)	(3)	(16)	-
Net Income (Loss)	<u>398</u>	<u>(161)</u>	<u>356</u>	<u>454</u>
Less:				
Excluded realized gain (loss), after-tax	452	(49)	(156)	(492)
Benefit ratio unlocking, after-tax	83	(2)	17	186
Acquisition and integration costs related to mergers and acquisitions, after-tax	(4)	(31)	(12)	(80)
Gain (loss) on early extinguishment of debt, after-tax	-	(33)	(12)	(33)
Total adjustments	531	(115)	(163)	(420)
Adjusted Income (Loss) from Operations	<u>\$ (133)</u>	<u>\$ (46)</u>	<u>\$ 519</u>	<u>\$ 873</u>
Earnings (Loss) Per Common Share – Diluted				
Net income (loss) ⁽²⁾	\$ 2.01	\$ (0.83)	\$ 1.74	\$ 2.24
Adjusted income (loss) from operations	(0.72)	(0.25)	2.57	4.30
Average Stockholders' Equity				
Average equity, including average AOCI	\$ 21,140	\$ 19,227	\$ 19,309	\$ 17,349
Average AOCI	7,566	5,292	5,689	3,372
Average equity, excluding AOCI	13,574	13,935	13,620	13,977
Average goodwill	1,778	1,778	1,778	1,779
Average equity, excluding AOCI and goodwill	<u>\$ 11,796</u>	<u>\$ 12,157</u>	<u>\$ 11,842</u>	<u>\$ 12,198</u>
Return on Equity, Including AOCI				
Net income (loss) with average equity including goodwill	7.5%	-3.4%	2.5%	3.5%
Adjusted Operating Return on Equity, Excluding AOCI				
Adjusted income (loss) from operations with average equity including goodwill	-3.9%	-1.3%	5.1%	8.3%
Adjusted income (loss) from operations with average equity excluding goodwill	-4.5%	-1.5%	5.8%	9.5%

⁽¹⁾ The numerator used in the calculation of our diluted EPS is adjusted to remove the mark-to-market adjustment for deferred units of LNC stock in our deferred compensation plans if the effect of equity classification would result in a more dilutive EPS.

⁽²⁾ Due to reporting a net loss for the three months ended September 30, 2019 and an adjusted loss from operations for the three months ended September 30, 2019 and September 30, 2020, basic shares were used in the diluted EPS and adjusted diluted EPS calculations for those periods as the use of diluted shares would have resulted in a lower loss per share.

Lincoln National Corporation
Reconciliation of Book Value per Share

	As of September 30,	
	2020	2019
Book value per share, including AOCI	\$ 111.51	\$ 100.84
Per share impact of AOCI	40.41	31.51
Book value per share, excluding AOCI	71.10	69.33

Lincoln National Corporation
Digest of Earnings

(in millions, except per share data)

	For the	
	Quarter Ended	
	September 30,	
	2020	2019
Revenues	\$ 5,361	\$ 4,638
Net Income (Loss)	\$ 398	\$ (161)
Adjustment for deferred units of LNC stock in our deferred compensation plans ⁽¹⁾	(5)	(3)
Net Income (Loss) Available to Common Stockholders – Diluted	\$ 393	\$ (164)
Earnings (Loss) per Common Share – Basic	\$ 2.06	\$ (0.81)
Earnings (Loss) per Common Share – Diluted ⁽²⁾	2.01	(0.83)
Average Shares – Basic	193,250,727	199,200,811
Average Shares – Diluted	195,356,425	201,561,178

	For the	
	Nine Months Ended	
	September 30,	
	2020	2019
Revenues	\$ 13,303	\$ 12,913
Net Income (Loss)	\$ 356	\$ 454
Adjustment for deferred units of LNC stock in our deferred compensation plans ⁽¹⁾	(16)	-
Net Income (Loss) Available to Common Stockholders – Diluted	\$ 340	\$ 454
Earnings (Loss) per Common Share – Basic	\$ 1.84	\$ 2.25
Earnings (Loss) per Common Share – Diluted ⁽²⁾	1.74	2.24
Average Shares – Basic	193,849,829	201,644,591
Average Shares – Diluted	195,940,941	203,135,457

⁽¹⁾ The numerator used in the calculation of our diluted EPS is adjusted to remove the mark-to-market adjustment for deferred units of LNC stock in our deferred compensation plans if the effect of equity classification would be more dilutive to our diluted EPS.

⁽²⁾ Due to reporting a net loss for the three months ended September 30, 2019, basic shares were used in the diluted EPS calculation for these periods as the use of diluted shares would have resulted in a lower loss per share.

Forward Looking Statements — Cautionary Language

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

Forward-looking statements are subject to risks and uncertainties. Actual results could differ materially from those expressed in or implied by such forward-looking statements due to a variety of factors, including:

- The continuation of the COVID-19 pandemic, or future outbreaks of COVID-19, and uncertainty surrounding the length and severity of future impacts on the global economy and on our business, results of operations and financial condition;
 - Further deterioration in general economic and business conditions that may affect account values, investment results, guaranteed benefit liabilities, premium levels and claims experience;
 - 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 any "best interest" standards of care adopted by the Securities and Exchange Commission ("SEC") or other regulations adopted by federal or state regulators or self-regulatory organizations relating to the standard of care owed by investment advisers and/or broker dealers;
 - Actions taken by reinsurers to raise rates on in-force business;
 - Further declines in or sustained low interest rates causing a reduction in investment income, the interest margins of our businesses, estimated gross profits and demand for our products;
 - Rapidly increasing interest rates causing contract holders to surrender life insurance and annuity policies, thereby causing realized investment losses, and reduced hedge performance related to variable annuities;
 - Uncertainty about the effect of continuing promulgation and implementation of rules and regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act on us, the economy and the financial services sector in particular;
 - The initiation of legal or regulatory proceedings against us, and the outcome of any legal or regulatory proceedings, such as: adverse actions related to present or past business practices common in businesses in which we compete; adverse decisions in significant actions including, but not limited to, actions brought by federal and state authorities and class action cases; new decisions that result in changes in law; and unexpected trial court rulings;
 - A decline or continued volatility in the equity markets causing a reduction in the sales of our subsidiaries' products; a reduction of asset-based fees that our subsidiaries charge on various investment and insurance products; an acceleration of the net amortization of deferred acquisition costs ("DAC"), value of business acquired ("VOBA"), deferred sales inducements ("DSI") and deferred front-end loads ("DFEL"); and an increase in liabilities related to guaranteed benefit features of our subsidiaries' variable annuity products;
 - Ineffectiveness of our risk management policies and procedures, including various hedging strategies used to offset the effect of changes in the value of liabilities due to changes in the level and volatility of the equity markets and interest rates;
 - A deviation in actual experience regarding future persistency, mortality, morbidity, interest rates or equity market returns from the assumptions used in pricing our subsidiaries' products, in establishing related insurance reserves and in the net amortization of DAC, VOBA, DSI and DFEL, which may reduce future earnings;
 - Changes in accounting principles that may affect our financial statements;
 - 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 financial assets, as well as counterparties to which we are exposed to credit risk requiring that we realize losses on financial assets;
 - 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;
 - The continuation of the COVID-19 pandemic, or future outbreaks of COVID-19 or other pandemics, acts of terrorism, 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 and uncertainties included here are not exhaustive. Our most recent Form 10-K and our Form 10-Q for the quarter ended March 31, 2020, as well as other reports that we file with 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 effect of all risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, Lincoln disclaims any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this press release.

The reporting of Risk Based Capital ("RBC") measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities.

Statistical Supplement

Third Quarter 2020



Lincoln Financial Group
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Analyst Coverage and Credit Ratings

Firm	Analyst	Phone Number
Autonomous Research U.S., L.P.	Erik Bass	646-561-6248
B. Riley FBR	Randy Binner	703-312-1890
Bank of America	Joshua Shanker	646-855-5716
Citi Research	Suneet Kamath	212-816-3457
Credit Suisse	Andrew Kligerman	212-325-5069
Dowling & Partners	Humphrey Lee	860-676-7324
Evercore	Thomas Gallagher	212-446-9439
J.P. Morgan Securities	Jimmy Bhullar	212-622-6397
Keefe, Bruyette & Woods, Inc.	Ryan Krueger	860-722-5930
Morgan Stanley	Nigel Dally	212-761-4132
Piper Sandler & Co.	John Barnidge	312-281-3412
RBC Capital Markets	Mark Dwelle	804-782-4008
Wells Fargo	Elyse Greenspan	212-214-8031

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

	Ratings as of November 4, 2020			
	A.M Best	Fitch	Moody's	Standard & Poor's
Senior Debt Ratings	a-	BBB+	Baa1	A-
Financial Strength Ratings				
The Lincoln National Life Insurance Company	A+	A+	A1	AA-
First Penn-Pacific Life Insurance Company	A	A+	A1	A-
Lincoln Life & Annuity Company of New York	A+	A+	A1	AA-
Lincoln Life Assurance Company of Boston	A+			AA-

Investor Inquiries May Be Directed To:

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 Email: Christopher.Giovanni@lfg.com
 Phone: 484-583-1793

Lincoln Financial Group
Notes

Computations

- The quarterly financial information for the current year may not sum to the corresponding year-to-date amount as both are rounded to millions.
- The financial ratios reported herein are calculated using whole dollars instead of dollars rounded to millions.
- If the effect of equity classification would result in a more dilutive Earnings Per Share (“EPS”), the numerator used in the calculation of our diluted EPS is adjusted to remove the mark-to-market adjustment for deferred units of LNC stock in our deferred compensation plans. In addition, for any period where a net loss or adjusted loss from operations is experienced, shares used in the diluted EPS calculation represent basic shares, as the use of diluted shares would result in a lower loss per share.
- Return on equity (“ROE”) measures how efficiently we generate profits from the resources provided by our net assets. ROE is calculated by dividing annualized net income (loss) (or adjusted income (loss) from operations) by average equity, excluding accumulated other comprehensive income (loss) (“AOCI”). Management evaluates consolidated ROE by both including and excluding the effect of average goodwill.
- Book value per share, excluding AOCI, is calculated by dividing stockholders’ equity, excluding AOCI, by common shares outstanding. We provide book value per share, excluding AOCI, to enable investors to analyze the amount of our net worth that is attributable primarily to our business operations. Management believes book value per share excluding AOCI is useful to investors because it eliminates the effect of items that can fluctuate significantly from period to period, primarily based on changes in interest rates. Book value per share is the most directly comparable GAAP measure.
- Pre-tax net margin is calculated by dividing adjusted income (loss) from operations before taxes by net revenue, which is defined as total adjusted operating revenues less interest credited.

Definitions

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

Sales as reported consist of the following:

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

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

Lincoln Financial Group
Notes

Sources of earnings are defined as follows:

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

Non-GAAP Performance Measures

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

Adjusted income (loss) from operations is GAAP net income excluding the after-tax effects of the following items, as applicable:

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

Adjusted operating revenues represent GAAP revenues excluding the pre-tax effects of the following items, as applicable:

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

Lincoln Financial Group

Notes

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

Statistical Supplement is Dated

The financial data in this document is dated November 4, 2020, and has not been updated since that date. Lincoln Financial Group does not intend to update this document.

Consolidated



Lincoln Financial Group
Consolidated Statements of Income (Loss)

Unaudited (millions of dollars, except per share data)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Revenues									
Insurance premiums	\$ 1,325	\$ 1,344	\$ 1,373	\$ 1,342	\$ 1,293	-2.4%	\$ 4,170	\$ 4,008	-3.9%
Fee income	1,934	1,572	1,539	1,458	1,815	-6.2%	4,925	4,812	-2.3%
Net investment income	1,235	1,381	1,375	1,172	1,458	18.1%	3,842	4,005	4.2%
Realized gain (loss):									
Other-than-temporary impairment ("OTTI")	(2)	(1)	-	-	-	100.0%	(14)	-	100.0%
Realized gain (loss), excluding OTTI	(9)	(118)	(24)	(647)	629	NM	(477)	(43)	91.0%
Total realized gain (loss)	(11)	(119)	(24)	(647)	629	NM	(491)	(43)	91.2%
Amortization of deferred gains on business sold through reinsurance	8	7	11	11	11	37.5%	23	32	39.1%
Other revenues	147	159	151	181	155	5.4%	444	489	10.1%
Total revenues	<u>4,638</u>	<u>4,344</u>	<u>4,425</u>	<u>3,517</u>	<u>5,361</u>	15.6%	<u>12,913</u>	<u>13,303</u>	3.0%
Expenses									
Interest credited	705	717	725	732	732	3.8%	2,063	2,189	6.1%
Benefits	2,502	1,768	2,501	1,725	2,484	-0.7%	6,112	6,710	9.8%
Commissions and other expenses	1,552	1,288	1,085	1,123	1,599	3.0%	3,999	3,807	-4.8%
Interest and debt expense	113	72	68	84	66	-41.6%	254	218	-14.2%
Strategic digitization expense	16	18	12	14	20	25.0%	47	45	-4.3%
Total expenses	<u>4,888</u>	<u>3,863</u>	<u>4,391</u>	<u>3,678</u>	<u>4,901</u>	0.3%	<u>12,475</u>	<u>12,969</u>	4.0%
Income (loss) before taxes	(250)	481	34	(161)	460	284.0%	438	334	-23.7%
Federal income tax expense (benefit)	(89)	50	(18)	(67)	62	169.7%	(16)	(22)	-37.5%
Net income (loss)	<u>(161)</u>	<u>431</u>	<u>52</u>	<u>(94)</u>	<u>398</u>	NM	<u>454</u>	<u>356</u>	-21.6%
Adjustment for LNC stock units in our deferred compensation plans	(3)	(1)	(23)	-	(5)	-66.7%	-	(16)	NM
Net income (loss) available to common stockholders – diluted	<u>\$ (164)</u>	<u>\$ 430</u>	<u>\$ 29</u>	<u>\$ (94)</u>	<u>\$ 393</u>	NM	<u>\$ 454</u>	<u>\$ 340</u>	-25.1%
Earnings (Loss) Per Common Share – Diluted									
Net income (loss)	\$ (0.83)	\$ 2.15	\$ 0.15	\$ (0.49)	\$ 2.01	NM	\$ 2.24	\$ 1.74	-22.3%
ROE, including AOCI									
Net income (loss)	-3.4%	8.7%	1.1%	-2.0%	7.5%		3.5%	2.5%	

Lincoln Financial Group
Consolidated Balance Sheets

Unaudited (millions of dollars)

	As of					Change
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	
ASSETS						
Investments:						
Fixed maturity available-for-sale ("AFS") securities, net of allowance for credit losses:						
Corporate bonds	\$ 87,910	\$ 88,716	\$ 85,797	\$ 95,390	\$ 98,717	12.3%
U.S. government bonds	438	435	482	504	496	13.2%
State and municipal bonds	5,800	5,884	5,906	6,393	6,774	16.8%
Foreign government bonds	444	393	389	436	436	-1.8%
Residential mortgage-backed securities	3,287	3,241	3,271	3,272	3,203	-2.6%
Commercial mortgage-backed securities	1,033	1,083	1,119	1,226	1,430	38.4%
Asset-backed securities	4,172	4,889	5,086	5,716	6,590	58.0%
Hybrid and redeemable preferred securities	575	559	556	582	606	5.4%
Total fixed maturity AFS securities, net of allowance for credit losses	<u>103,659</u>	<u>105,200</u>	<u>102,606</u>	<u>113,519</u>	<u>118,252</u>	14.1%
Trading securities	4,691	4,673	4,019	4,651	4,633	-1.2%
Equity securities	158	103	83	87	122	-22.8%
Mortgage loans on real estate, net of allowance for credit losses	15,947	16,339	16,791	16,578	16,541	3.7%
Policy loans	2,475	2,477	2,571	2,551	2,527	2.1%
Derivative investments	2,201	1,911	4,417	2,957	3,236	47.0%
Other investments	3,389	2,994	4,765	4,574	4,204	24.0%
Total investments	<u>132,520</u>	<u>133,697</u>	<u>135,252</u>	<u>144,917</u>	<u>149,515</u>	12.8%
Cash and invested cash	2,939	2,563	6,202	4,201	2,595	-11.7%
DAC and VOBA	7,492	7,694	9,212	7,012	6,307	-15.8%
Premiums and fees receivable	440	465	562	490	498	13.2%
Accrued investment income	1,182	1,148	1,185	1,168	1,320	11.7%
Reinsurance recoverables, net of allowance for credit losses	17,353	17,144	16,923	16,866	16,610	-4.3%
Reinsurance related embedded derivatives	-	-	137	-	-	NM
Funds withheld reinsurance assets	543	536	535	535	539	-0.7%
Goodwill	1,778	1,778	1,778	1,778	1,778	0.0%
Other assets	15,939	16,170	16,246	15,905	15,667	-1.7%
Separate account assets	145,092	153,566	130,617	146,787	152,975	5.4%
Total assets	<u>\$ 325,278</u>	<u>\$ 334,761</u>	<u>\$ 318,649</u>	<u>\$ 339,659</u>	<u>\$ 347,804</u>	6.9%

Lincoln Financial Group
Consolidated Balance Sheets
Unaudited (millions of dollars)

	As of					Change
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	
LIABILITIES AND STOCKHOLDERS' EQUITY						
Liabilities						
Future contract benefits	\$ 36,108	\$ 36,420	\$ 37,100	\$ 38,604	\$ 40,089	11.0%
Other contract holder funds	95,283	98,018	99,508	100,537	102,568	7.6%
Short-term debt	300	300	-	-	-	-100.0%
Long-term debt by rating agency leverage definitions:						
Operating (see note ⁽²⁾ on page 6 for details)	866	866	866	866	866	0.0%
Financial	5,204	5,201	5,882	5,870	5,848	12.4%
Reinsurance related embedded derivatives	339	327	-	245	334	-1.5%
Funds withheld reinsurance liabilities	1,817	1,810	1,843	1,867	1,910	5.1%
Payables for collateral on investments	5,528	5,082	8,434	7,031	6,435	16.4%
Other liabilities	14,742	13,482	17,824	17,121	15,230	3.3%
Separate account liabilities	145,092	153,566	130,617	146,787	152,975	5.4%
Total liabilities	<u>305,279</u>	<u>315,072</u>	<u>302,074</u>	<u>318,928</u>	<u>326,255</u>	6.9%
Stockholders' Equity						
Common stock	5,192	5,162	5,071	5,081	5,093	-1.9%
Retained earnings	8,559	8,854	8,500	8,327	8,647	1.0%
AOCI:						
Unrealized investment gains (losses)	6,572	6,017	3,348	7,668	8,153	24.1%
Foreign currency translation adjustment	(29)	(17)	(27)	(28)	(21)	27.6%
Funded status of employee benefit plans	(295)	(327)	(317)	(317)	(323)	-9.5%
Total AOCI	<u>6,248</u>	<u>5,673</u>	<u>3,004</u>	<u>7,323</u>	<u>7,809</u>	25.0%
Total stockholders' equity	<u>19,999</u>	<u>19,689</u>	<u>16,575</u>	<u>20,731</u>	<u>21,549</u>	7.8%
Total liabilities and stockholders' equity	<u>\$ 325,278</u>	<u>\$ 334,761</u>	<u>\$ 318,649</u>	<u>\$ 339,659</u>	<u>\$ 347,804</u>	6.9%

Lincoln Financial Group
Earnings, Shares and Return on Equity
Unaudited (millions of dollars, except per share data)

	As of or For the Three Months Ended					Change	As of or For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Income (Loss)									
Net income (loss)	\$ (161)	\$ 431	\$ 52	\$ (94)	\$ 398	NM	\$ 454	\$ 356	-21.6%
Pre-tax adjusted income (loss) from operations	(104)	566	558	195	(212)	NM	969	541	-44.2%
After-tax adjusted income (loss) from operations ⁽¹⁾	(46)	482	465	187	(133)	NM	873	519	-40.5%
Adjusted operating tax rate	55.8%	14.8%	16.5%	4.0%	37.2%		9.9%	4.1%	
Average Stockholders' Equity									
Average equity, including AOCI	\$ 19,227	\$ 19,844	\$ 18,132	\$ 18,653	\$ 21,140	9.9%	\$ 17,349	\$ 19,309	11.3%
Average AOCI	5,292	5,961	4,338	5,164	7,566	43.0%	3,372	5,689	68.7%
Average equity, excluding AOCI	\$ 13,935	\$ 13,883	\$ 13,794	\$ 13,489	\$ 13,574	-2.6%	\$ 13,977	\$ 13,620	-2.6%
ROE, Excluding AOCI									
Net income (loss)	-4.6%	12.4%	1.5%	-2.8%	11.7%		4.3%	3.5%	
Adjusted income (loss) from operations	-1.3%	13.9%	13.5%	5.5%	-3.9%		8.3%	5.1%	
Per Share									
Net income (loss) (diluted)	\$ (0.83)	\$ 2.15	\$ 0.15	\$ (0.49)	\$ 2.01	NM	\$ 2.24	\$ 1.74	-22.3%
Adjusted income (loss) from operations (diluted)	(0.25)	2.41	2.24	0.97	(0.72)	NM	4.30	2.57	-40.2%
Dividends declared during the period	0.37	0.40	0.40	0.40	0.40	8.1%	1.11	1.20	8.1%
Book value, including AOCI	\$ 100.84	\$ 100.11	\$ 85.79	\$ 107.28	\$ 111.51	10.6%	\$ 100.84	\$ 111.51	10.6%
Per share impact of AOCI	31.51	28.84	15.55	37.90	40.41	28.2%	31.51	40.41	28.2%
Book value, excluding AOCI	\$ 69.33	\$ 71.27	\$ 70.24	\$ 69.38	\$ 71.10	2.6%	\$ 69.33	\$ 71.10	2.6%
Shares									
Repurchased during the period	2.5	1.7	3.8	-	-	-100.0%	8.7	3.8	-56.3%
End-of-period – basic	198.3	196.7	193.2	193.2	193.3	-2.5%	198.3	193.3	-2.5%
End-of-period – diluted	200.7	199.2	195.0	194.0	195.3	-2.7%	200.7	195.3	-2.7%
Average for the period – diluted	201.6	200.0	197.3	193.8	195.4	-3.1%	203.1	195.9	-3.5%

⁽¹⁾ See reconciliation to net income (loss) on page 24.

Lincoln Financial Group

Key Stakeholder Metrics

Unaudited (millions of dollars, except per share data)

	As of or For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Cash Returned to Common Stockholders									
Shares repurchased	\$ 150	\$ 100	\$ 225	\$ -	\$ -	-100.0%	\$ 540	\$ 225	-58.3%
Common dividends	74	73	79	77	77	4.1%	225	233	3.6%
Total cash returned to common stockholders	<u>\$ 224</u>	<u>\$ 173</u>	<u>\$ 304</u>	<u>\$ 77</u>	<u>\$ 77</u>	-65.6%	<u>\$ 765</u>	<u>\$ 458</u>	-40.1%
Leverage Ratio									
Short-term debt	\$ 300	\$ 300	\$ -	\$ -	\$ -	-100.0%			
Long-term debt	6,070	6,067	6,748	6,736	6,714	10.6%			
Total debt ⁽¹⁾	6,370	6,367	6,748	6,736	6,714	5.4%			
Less:									
Operating debt ⁽²⁾	866	866	866	866	866	0.0%			
25% of capital securities	302	302	302	302	302	0.0%			
Carrying value of fair value hedges and other items	331	278	459	451	428	29.3%			
Total numerator	<u>\$ 4,871</u>	<u>\$ 4,921</u>	<u>\$ 5,121</u>	<u>\$ 5,117</u>	<u>\$ 5,118</u>	5.1%			
Stockholders' equity, excluding unrealized investment gains (losses)	\$ 13,427	\$ 13,672	\$ 13,227	\$ 13,063	\$ 13,396	-0.2%			
Add: 25% of capital securities	302	302	302	302	302	0.0%			
Total numerator	4,871	4,921	5,121	5,117	5,118	5.1%			
Total denominator	<u>\$ 18,600</u>	<u>\$ 18,895</u>	<u>\$ 18,650</u>	<u>\$ 18,482</u>	<u>\$ 18,816</u>	1.2%			
Leverage ratio	<u>26.2%</u>	<u>26.0%</u>	<u>27.5%</u>	<u>27.7%</u>	<u>27.2%</u>				
Holding Company Available Liquidity	<u>\$ 765</u>	<u>\$ 702</u>	<u>\$ 760</u>	<u>\$ 774</u>	<u>\$ 756</u>	-1.2%			

⁽¹⁾ Excludes obligations under finance leases and certain financing arrangements of \$456 million that are reported in other liabilities on our Consolidated Balance Sheets.

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

Lincoln Financial Group
Segment and Sources of Earnings

Unaudited (millions of dollars)

	For the Three Months Ended						For the Nine Months Ended			
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	Change	9/30/19	9/30/20	Change	
Income (Loss) from Operations, Pre-Tax										
Annuities	\$ 185	\$ 312	\$ 302	\$ 272	\$ 220	18.9%	\$ 781	\$ 794	1.7%	
Retirement Plan Services	49	54	45	33	58	18.4%	141	135	-4.3%	
Life Insurance	(318)	222	209	(52)	(400)	-25.8%	85	(244)	NM	
Group Protection	78	68	50	49	8	-89.7%	233	108	-53.6%	
Other Operations	(98)	(90)	(48)	(107)	(98)	0.0%	(271)	(252)	7.0%	
Adjusted income (loss) from operations, before income taxes	<u>\$ (104)</u>	<u>\$ 566</u>	<u>\$ 558</u>	<u>\$ 195</u>	<u>\$ (212)</u>	NM	<u>\$ 969</u>	<u>\$ 541</u>	-44.2%	
Income (Loss) from Operations, After-Tax										
Annuities	\$ 169	\$ 269	\$ 261	\$ 237	\$ 196	16.0%	\$ 686	\$ 694	1.2%	
Retirement Plan Services	44	47	40	30	50	13.6%	125	119	-4.8%	
Life Insurance	(245)	179	171	(37)	(311)	-26.9%	79	(177)	NM	
Group Protection	61	54	40	39	6	-90.2%	184	85	-53.8%	
Other Operations	(75)	(67)	(47)	(82)	(74)	1.3%	(201)	(202)	-0.5%	
Adjusted income (loss) from operations	<u>\$ (46)</u>	<u>\$ 482</u>	<u>\$ 465</u>	<u>\$ 187</u>	<u>\$ (133)</u>	NM	<u>\$ 873</u>	<u>\$ 519</u>	-40.5%	
Sources of Earnings, Pre-Tax										
	For the Three Months Ended						For the Trailing Twelve Months			
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	Change	9/30/19	9/30/20	Change	
Investment spread	\$ (126)	\$ 173	\$ 151	\$ 39	\$ (119)	5.6%	\$ 351	\$ 244	-30.5%	
Mortality/morbidity	(119)	189	165	15	(208)	-74.8%	438	160	-63.5%	
Fees on AUM	262	275	290	245	321	22.5%	1,044	1,132	8.4%	
VA riders	(23)	19	-	3	(108)	NM	40	(86)	NM	
Total sources of earnings, before income taxes	(6)	656	606	302	(114)	NM	1,873	1,450	-22.6%	
Other Operations	(98)	(90)	(48)	(107)	(98)	0.0%	(343)	(343)	0.0%	
Adjusted income (loss) from operations, before income taxes	<u>\$ (104)</u>	<u>\$ 566</u>	<u>\$ 558</u>	<u>\$ 195</u>	<u>\$ (212)</u>	NM	<u>\$ 1,532</u>	<u>\$ 1,107</u>	-27.7%	
Sources of Earnings, Pre-Tax, Percentage By Component										
Investment spread	1829.1%	26.4%	25.0%	12.7%	103.7%		18.7%	16.8%		
Mortality/morbidity	1720.6%	28.8%	27.3%	4.8%	181.6%		23.4%	11.1%		
Fees on AUM	-3785.1%	42.0%	47.8%	81.3%	-279.5%		55.8%	78.0%		
VA riders	335.4%	2.8%	-0.1%	1.2%	94.2%		2.1%	-5.9%		
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>		

Lincoln Financial Group
Select Earnings Drivers By Segment

Unaudited (millions of dollars)

	For the Three Months Ended						For the Nine Months Ended			
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	Change	9/30/19	9/30/20	Change	
Annuities										
Operating revenues	\$ 1,117	\$ 1,153	\$ 1,129	\$ 1,037	\$ 1,126	0.8%	\$ 3,447	\$ 3,292	-4.5%	
Deposits	3,461	3,902	3,697	2,515	2,539	-26.6%	10,623	8,751	-17.6%	
Net flows	253	729	528	58	(283)	NM	1,122	303	-73.0%	
Average account values	133,922	137,817	137,922	134,197	144,368	7.8%	130,941	138,903	6.1%	
Retirement Plan Services										
Operating revenues	\$ 298	\$ 310	\$ 297	\$ 282	\$ 311	4.4%	\$ 890	\$ 889	-0.1%	
Deposits	2,234	2,663	2,779	2,307	2,374	6.3%	6,803	7,459	9.6%	
Net flows	272	422	671	(1,207)	362	33.1%	199	(175)	NM	
Average account values	74,201	76,478	75,845	73,611	79,644	7.3%	72,166	76,797	6.4%	
Life Insurance										
Operating revenues	\$ 2,098	\$ 1,838	\$ 1,821	\$ 1,639	\$ 2,127	1.4%	\$ 5,600	\$ 5,587	-0.2%	
Deposits	1,685	2,413	1,450	1,428	1,537	-8.8%	4,907	4,414	-10.0%	
Net flows	1,227	1,957	963	1,023	1,156	-5.8%	3,464	3,142	-9.3%	
Average account values	52,050	53,243	52,866	52,693	54,570	4.8%	51,300	53,376	4.0%	
Average in-force face amount	790,667	814,865	836,488	853,071	870,505	10.1%	772,113	853,355	10.5%	
Group Protection										
Operating revenues	\$ 1,137	\$ 1,158	\$ 1,224	\$ 1,199	\$ 1,184	4.1%	\$ 3,430	\$ 3,608	5.2%	
Insurance premiums	1,024	1,035	1,094	1,086	1,052	2.7%	3,079	3,231	4.9%	
Consolidated										
Adjusted operating revenues ⁽¹⁾	\$ 4,700	\$ 4,513	\$ 4,509	\$ 4,209	\$ 4,788	1.9%	\$ 13,533	\$ 13,507	-0.2%	
Deposits	7,380	8,978	7,926	6,250	6,450	-12.6%	22,333	20,624	-7.7%	
Net flows	1,752	3,108	2,162	(126)	1,235	-29.5%	4,785	3,270	-31.7%	
Average account values	260,173	267,538	266,633	260,501	278,582	7.1%	254,407	269,076	5.8%	

⁽¹⁾ See reconciliation to total revenues on page 24.

Lincoln Financial Group

Sales By Segment

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Sales									
Annuities:									
With guaranteed living benefits	\$ 1,243	\$ 1,428	\$ 1,185	\$ 824	\$ 541	-56.5%	\$ 3,543	\$ 2,551	-28.0%
Without guaranteed living benefits	1,191	1,298	1,454	1,392	1,911	60.5%	3,171	4,756	50.0%
Variable	2,434	2,726	2,639	2,216	2,452	0.7%	6,714	7,307	8.8%
Fixed	1,027	1,176	1,058	299	87	-91.5%	3,909	1,444	-63.1%
Total Annuities	<u>\$ 3,461</u>	<u>\$ 3,902</u>	<u>\$ 3,697</u>	<u>\$ 2,515</u>	<u>\$ 2,539</u>	-26.6%	<u>\$ 10,623</u>	<u>\$ 8,751</u>	-17.6%
Retirement Plan Services:									
First-year sales	\$ 723	\$ 1,227	\$ 867	\$ 827	\$ 870	20.3%	\$ 2,161	\$ 2,564	18.6%
Recurring deposits	1,511	1,436	1,912	1,480	1,504	-0.5%	4,642	4,895	5.5%
Total Retirement Plan Services	<u>\$ 2,234</u>	<u>\$ 2,663</u>	<u>\$ 2,779</u>	<u>\$ 2,307</u>	<u>\$ 2,374</u>	6.3%	<u>\$ 6,803</u>	<u>\$ 7,459</u>	9.6%
Life Insurance:									
UL	\$ 11	\$ 20	\$ 9	\$ 5	\$ 3	-72.7%	\$ 37	\$ 17	-54.1%
<i>MoneyGuard®</i>	67	124	34	36	35	-47.8%	174	106	-39.1%
IUL	37	76	21	23	24	-35.1%	79	69	-12.7%
VUL	54	107	44	55	60	11.1%	159	157	-1.3%
Term	37	39	35	36	28	-24.3%	105	100	-4.8%
Total individual life insurance	206	366	143	155	150	-27.2%	554	449	-19.0%
Executive Benefits	28	81	26	4	36	28.6%	81	66	-18.5%
Total Life Insurance	<u>\$ 234</u>	<u>\$ 447</u>	<u>\$ 169</u>	<u>\$ 159</u>	<u>\$ 186</u>	-20.5%	<u>\$ 635</u>	<u>\$ 515</u>	-18.9%
Group Protection:									
Life	\$ 131	\$ 108	\$ 50	\$ 47	\$ 24	-81.7%	\$ 237	\$ 121	-48.9%
Disability	96	140	42	47	17	-82.3%	179	106	-40.8%
Dental	15	49	10	11	8	-46.7%	40	29	-27.5%
Total Group Protection	<u>\$ 242</u>	<u>\$ 297</u>	<u>\$ 102</u>	<u>\$ 105</u>	<u>\$ 49</u>	-79.8%	<u>\$ 456</u>	<u>\$ 256</u>	-43.9%
Percent employee-paid	41.5%	37.6%	59.9%	51.6%	58.9%		45.3%	56.3%	

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

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Operating Revenues									
Annuities	\$ 1,117	\$ 1,153	\$ 1,129	\$ 1,037	\$ 1,126	0.8%	\$ 3,447	\$ 3,292	-4.5%
Retirement Plan Services	298	310	297	282	311	4.4%	890	889	-0.1%
Life Insurance	2,098	1,838	1,821	1,639	2,127	1.4%	5,600	5,587	-0.2%
Group Protection	1,137	1,158	1,224	1,199	1,184	4.1%	3,430	3,608	5.2%
Other Operations	50	54	38	52	40	-20.0%	166	131	-21.1%
Total segment operating revenues	<u>\$ 4,700</u>	<u>\$ 4,513</u>	<u>\$ 4,509</u>	<u>\$ 4,209</u>	<u>\$ 4,788</u>	1.9%	<u>\$ 13,533</u>	<u>\$ 13,507</u>	-0.2%
General and Administrative Expenses, Net of Amounts Capitalized ⁽¹⁾									
Annuities	118	\$ 132	\$ 120	\$ 111	\$ 111	-5.9%	\$ 361	\$ 343	-5.0%
Retirement Plan Services	73	78	72	68	69	-5.5%	223	210	-5.8%
Life Insurance	123	145	121	116	118	-4.1%	376	355	-5.6%
Group Protection	162	174	154	153	155	-4.3%	486	461	-5.1%
Other Operations	25	43	(4)	55	34	36.0%	103	85	-17.5%
Total	<u>\$ 501</u>	<u>\$ 572</u>	<u>\$ 463</u>	<u>\$ 503</u>	<u>\$ 487</u>	-2.8%	<u>\$ 1,549</u>	<u>\$ 1,454</u>	-6.1%
General and Administrative Expenses, Net of Amounts Capitalized, as a Percentage of Operating Revenues									
Annuities	10.6%	11.4%	10.7%	10.7%	9.9%		10.5%	10.4%	
Retirement Plan Services	24.6%	25.3%	24.4%	24.3%	22.3%		25.1%	23.6%	
Life Insurance	5.9%	7.9%	6.7%	7.1%	5.5%		6.7%	6.4%	
Group Protection	14.1%	15.0%	12.5%	12.7%	13.1%		14.1%	12.8%	
Other Operations	49.6%	81.8%	-10.0%	107.5%	83.7%		61.7%	65.3%	
Total	<u>10.7%</u>	<u>12.7%</u>	<u>10.3%</u>	<u>12.0%</u>	<u>10.2%</u>		<u>11.4%</u>	<u>10.8%</u>	

⁽¹⁾ See page 11 for general and administrative expenses capitalized.

Lincoln Financial Group
Operating Commissions and Other Expenses

Unaudited (millions of dollars)

	For the Three Months Ended						For the Nine Months Ended			
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	Change	9/30/19	9/30/20	Change	
Operating Commissions and Other Expenses Incurred										
General and administrative expenses	\$ 569	\$ 663	\$ 520	\$ 554	\$ 537	-5.6%	\$ 1,727	\$ 1,610	-6.8%	
Commissions	707	867	706	621	611	-13.6%	2,045	1,937	-5.3%	
Taxes, licenses and fees	86	87	90	79	85	-1.2%	260	254	-2.3%	
Interest and debt expense	71	72	68	68	66	-7.0%	212	203	-4.2%	
Expenses associated with reserve financing and unrelated letters of credit	22	23	23	23	24	9.1%	65	69	6.2%	
Total adjusted operating commissions and other expenses incurred	<u>1,455</u>	<u>1,712</u>	<u>1,407</u>	<u>1,345</u>	<u>1,323</u>	-9.1%	<u>4,309</u>	<u>4,073</u>	-5.5%	
Less Amounts Capitalized										
General and administrative expenses	(68)	(91)	(57)	(51)	(50)	26.5%	(178)	(156)	12.4%	
Commissions	(374)	(523)	(362)	(291)	(272)	27.3%	(1,046)	(924)	11.7%	
Taxes, licenses and fees	(14)	(26)	(13)	(13)	(11)	21.4%	(42)	(37)	11.9%	
Total amounts capitalized	<u>(456)</u>	<u>(640)</u>	<u>(432)</u>	<u>(355)</u>	<u>(333)</u>	27.0%	<u>(1,266)</u>	<u>(1,117)</u>	11.8%	
Total expenses incurred, net of amounts capitalized, excluding amortization	<u>999</u>	<u>1,072</u>	<u>975</u>	<u>990</u>	<u>990</u>	-0.9%	<u>3,043</u>	<u>2,956</u>	-2.9%	
Amortization										
Amortization of DAC, VOBA and other intangibles	601	261	247	207	680	13.1%	1,088	1,134	4.2%	
Total operating commissions and other expenses	<u>\$ 1,600</u>	<u>\$ 1,333</u>	<u>\$ 1,222</u>	<u>\$ 1,197</u>	<u>\$ 1,670</u>	4.4%	<u>\$ 4,131</u>	<u>\$ 4,090</u>	-1.0%	

Lincoln Financial Group
Interest Rate Yields and Spreads By Segment

Unaudited

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Annuities									
Earned rate on reserves	4.04%	3.84%	3.73%	3.69%	3.63%	(41)	4.03%	3.69%	(34)
Variable investment income on reserves ⁽¹⁾	0.09%	0.20%	0.03%	0.10%	0.09%	-	0.08%	0.07%	(1)
Net investment income yield on reserves	4.13%	4.04%	3.76%	3.79%	3.72%	(41)	4.11%	3.76%	(35)
Interest rate credited to contract holders	2.46%	2.47%	2.31%	2.26%	2.12%	(34)	2.40%	2.22%	(18)
Interest rate spread	1.67%	1.57%	1.45%	1.53%	1.60%	(7)	1.71%	1.54%	(17)
Base spreads excluding variable investment income	1.58%	1.37%	1.42%	1.43%	1.51%	(7)	1.63%	1.47%	(16)
Retirement Plan Services									
Earned rate on reserves	4.13%	4.07%	3.95%	3.85%	3.82%	(31)	4.15%	3.87%	(28)
Variable investment income on reserves ⁽¹⁾	0.16%	0.24%	0.05%	0.06%	0.10%	(6)	0.09%	0.07%	(2)
Net investment income yield on reserves	4.29%	4.31%	4.00%	3.91%	3.92%	(37)	4.24%	3.94%	(30)
Interest rate credited to contract holders	2.90%	2.89%	2.87%	2.86%	2.81%	(9)	2.91%	2.85%	(6)
Interest rate spread	1.39%	1.42%	1.13%	1.05%	1.11%	(28)	1.33%	1.09%	(24)
Base spreads excluding variable investment income	1.23%	1.18%	1.08%	0.99%	1.01%	(22)	1.24%	1.02%	(22)
Life Insurance – Interest-Sensitive									
Earned rate on reserves	4.86%	4.84%	4.77%	4.78%	4.76%	(10)	4.86%	4.77%	(9)
Variable investment income on reserves ⁽¹⁾	-0.38%	0.33%	0.31%	-0.72%	0.76%	114	0.04%	0.12%	8
Net investment income yield on reserves	4.48%	5.17%	5.08%	4.06%	5.52%	104	4.90%	4.89%	(1)
Interest rate credited to contract holders	3.71%	3.71%	3.80%	3.81%	3.75%	4	3.69%	3.79%	10
Interest rate spread	0.77%	1.46%	1.28%	0.25%	1.77%	100	1.21%	1.10%	(11)
Base spreads excluding variable investment income	1.15%	1.13%	0.97%	0.97%	1.01%	(14)	1.17%	0.98%	(19)
Total ⁽²⁾									
Earned rate ⁽³⁾	4.39%	4.33%	4.29%	4.06%	4.09%	(30)	4.36%	4.15%	(21)
Variable investment income ⁽¹⁾⁽³⁾	-0.19%	0.28%	0.19%	-0.34%	0.45%	64	0.06%	0.10%	4
Net investment income yield ⁽³⁾	4.20%	4.61%	4.48%	3.72%	4.54%	34	4.42%	4.25%	(17)

⁽¹⁾ Variable investment income consists of commercial mortgage loan prepayment and bond make-whole premiums and investment income on alternative investments.

⁽²⁾ Includes the results of all of our business segments and Other Operations.

⁽³⁾ Includes investment yields on reserves and surplus.

Select Earnings and Operational Data from Business Segments



Lincoln Financial Group
Annuities – Select Earnings and Operational Data
Unaudited (millions of dollars)

	As of or For the Three Months Ended					Change	As of or For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Income (Loss) from Operations									
Operating revenues:									
Insurance premiums	\$ 79	\$ 78	\$ 53	\$ 22	\$ 17	-78.5%	\$ 424	\$ 92	-78.3%
Fee income	596	606	593	567	608	2.0%	1,751	1,768	1.0%
Net investment income	287	309	326	270	334	16.4%	831	929	11.8%
Operating realized gain (loss)	51	53	54	49	57	11.8%	137	160	16.8%
Amortization of deferred gain	8	7	8	8	8	0.0%	23	24	4.3%
Other revenues	96	100	95	121	102	6.3%	281	319	13.5%
Total operating revenues	<u>1,117</u>	<u>1,153</u>	<u>1,129</u>	<u>1,037</u>	<u>1,126</u>	0.8%	<u>3,447</u>	<u>3,292</u>	-4.5%
Operating expenses:									
Interest credited	183	190	192	192	198	8.2%	508	582	14.6%
Benefits	273	163	170	127	261	-4.4%	775	558	-28.0%
Commissions incurred	295	322	311	246	248	-15.9%	850	805	-5.3%
Other expenses incurred	240	257	250	221	232	-3.3%	717	703	-2.0%
Amounts capitalized	(175)	(198)	(191)	(122)	(118)	32.6%	(484)	(431)	11.0%
Amortization	116	107	95	101	85	-26.7%	300	281	-6.3%
Total operating expenses	<u>932</u>	<u>841</u>	<u>827</u>	<u>765</u>	<u>906</u>	-2.8%	<u>2,666</u>	<u>2,498</u>	-6.3%
Income (loss) from operations before taxes	185	312	302	272	220	18.9%	781	794	1.7%
Federal income tax expense (benefit)	16	43	41	35	24	50.0%	95	100	5.3%
Income (loss) from operations	<u>\$ 169</u>	<u>\$ 269</u>	<u>\$ 261</u>	<u>\$ 237</u>	<u>\$ 196</u>	16.0%	<u>\$ 686</u>	<u>\$ 694</u>	1.2%
Effective Federal Income Tax Rate	8.4%	13.9%	13.4%	12.9%	11.1%		12.2%	12.6%	
Average Equity, Excluding Goodwill and AOCI	\$ 4,846	\$ 4,883	\$ 4,887	\$ 5,002	\$ 5,394	11.3%	\$ 4,791	\$ 5,094	6.3%
ROE, Excluding Goodwill and AOCI	14.0%	22.0%	21.4%	19.0%	14.5%		19.1%	18.2%	
Return on Average Account Values	51	78	76	71	54	3	70	67	(3)
Income (Loss) from Operations									
Variable annuity	198	233	232	207	176	-11.1%	645	615	-4.7%
Fixed annuity	(29)	36	29	30	20	169.0%	41	79	92.7%
Account Values									
Variable annuity account values:									
Average	\$ 118,680	\$ 121,632	\$ 120,972	\$ 116,861	\$ 127,011	7.0%	\$ 116,593	\$ 121,700	4.4%
End-of-period	118,424	125,492	108,689	121,712	127,585	7.7%	118,424	127,585	7.7%
Fixed annuity account values:									
Average	15,242	16,185	16,950	17,336	17,357	13.9%	14,348	17,203	19.9%
End-of-period	15,611	16,636	17,208	17,349	17,263	10.6%	15,611	17,263	10.6%

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

Unaudited (millions of dollars)

	As of or For the Three Months Ended						As of or For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	Change	9/30/19	9/30/20	Change
Income (Loss) from Operations									
Operating revenues:									
Fee income	\$ 63	\$ 66	\$ 61	\$ 58	\$ 65	3.2%	\$ 187	\$ 184	-1.6%
Net investment income	229	239	229	218	240	4.8%	686	686	0.0%
Other revenues	6	5	7	6	6	0.0%	17	19	11.8%
Total operating revenues	298	310	297	282	311	4.4%	890	889	-0.1%
Operating expenses:									
Interest credited	147	148	150	153	155	5.4%	437	458	4.8%
Benefits	1	1	-	1	1	0.0%	1	2	100.0%
Commissions incurred	20	20	19	18	19	-5.0%	60	56	-6.7%
Other expenses incurred	80	86	82	77	74	-7.5%	248	233	-6.0%
Amounts capitalized	(5)	(7)	(6)	(6)	(4)	20.0%	(15)	(16)	-6.7%
Amortization	6	8	7	6	8	33.3%	18	21	16.7%
Total operating expenses	249	256	252	249	253	1.6%	749	754	0.7%
Income (loss) from operations before taxes	49	54	45	33	58	18.4%	141	135	-4.3%
Federal income tax expense (benefit)	5	7	5	3	8	60.0%	16	16	0.0%
Income (loss) from operations	\$ 44	\$ 47	\$ 40	\$ 30	\$ 50	13.6%	\$ 125	\$ 119	-4.8%
Effective Federal Income Tax Rate	9.3%	13.7%	11.3%	10.1%	13.7%		10.8%	12.0%	
Average Equity, Excluding Goodwill and AOCI	\$ 1,447	\$ 1,440	\$ 1,415	\$ 1,410	\$ 1,441	-0.4%	\$ 1,426	\$ 1,422	-0.3%
ROE, Excluding Goodwill and AOCI	12.2%	13.0%	11.2%	8.5%	13.8%		11.7%	11.2%	
Pre-tax Net Margin	32.4%	33.6%	30.4%	25.8%	36.8%		31.1%	31.3%	
Return on Average Account Values	24	25	21	16	25	1	23	21	(2)
Net Flows by Market									
Small Market	117	118	141	30	113	-3.4%	\$ 330	\$ 284	-13.9%
Mid - Large Market	436	651	790	(1,084)	500	14.7%	685	206	-69.9%
Multi-Fund® and Other	(281)	(347)	(260)	(153)	(251)	10.7%	(816)	(665)	18.5%
Net Flows – Trailing Twelve Months	\$ 371	\$ 620	\$ 1,672	\$ 158	\$ 248	-33.2%	\$ 371	\$ 248	-33.2%

Lincoln Financial Group
Life Insurance – Select Earnings and Operational Data

Unaudited (millions of dollars)

	As of or For the Three Months Ended					Change	As of or For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Income (Loss) from Operations									
Operating revenues:									
Insurance premiums	\$ 219	\$ 228	\$ 224	\$ 230	\$ 223	1.8%	\$ 656	\$ 676	3.0%
Fee income	1,275	898	893	830	1,141	-10.5%	2,985	2,865	-4.0%
Net investment income	601	706	697	577	761	26.6%	1,952	2,035	4.3%
Operating realized gain (loss)	(1)	(1)	(3)	(2)	-	100.0%	(5)	(5)	0.0%
Amortization of deferred gain on business sold through reinsurance	-	-	3	3	3	NM	-	9	NM
Other revenues	4	7	7	1	(1)	NM	12	7	-41.7%
Total operating revenues	<u>2,098</u>	<u>1,838</u>	<u>1,821</u>	<u>1,639</u>	<u>2,127</u>	1.4%	<u>5,600</u>	<u>5,587</u>	-0.2%
Operating expenses:									
Interest credited	360	364	371	375	369	2.5%	1,069	1,116	4.4%
Benefits	1,426	942	954	1,084	1,428	0.1%	3,240	3,465	6.9%
Commissions incurred	212	337	191	173	171	-19.3%	595	535	-10.1%
Other expenses incurred	215	256	209	195	209	-2.8%	640	614	-4.1%
Amounts capitalized	(246)	(397)	(216)	(202)	(202)	17.9%	(697)	(620)	11.0%
Amortization	449	114	103	66	552	22.9%	668	721	7.9%
Total operating expenses	<u>2,416</u>	<u>1,616</u>	<u>1,612</u>	<u>1,691</u>	<u>2,527</u>	4.6%	<u>5,515</u>	<u>5,831</u>	5.7%
Income (loss) from operations before taxes	(318)	222	209	(52)	(400)	-25.8%	85	(244)	NM
Federal income tax expense (benefit)	(73)	43	38	(15)	(89)	-21.9%	6	(67)	NM
Income (loss) from operations	<u>\$ (245)</u>	<u>\$ 179</u>	<u>\$ 171</u>	<u>\$ (37)</u>	<u>\$ (311)</u>	-26.9%	<u>\$ 79</u>	<u>\$ (177)</u>	NM
Effective Federal Income Tax Rate	22.9%	19.2%	18.1%	28.9%	22.2%		6.0%	27.2%	
Average Equity, Excluding Goodwill and AOCI	\$ 8,601	\$ 8,502	\$ 8,798	\$ 8,977	\$ 8,854	2.9%	\$ 8,566	\$ 8,876	3.6%
ROE, Excluding Goodwill and AOCI	-11.4%	8.4%	7.8%	-1.6%	-14.1%		1.2%	-2.7%	
Average Account Values	\$ 52,050	\$ 53,243	\$ 52,866	\$ 52,693	\$ 54,570	4.8%	\$ 51,300	\$ 53,376	4.0%
In-Force Face Amount									
UL and other	\$ 348,836	\$ 357,726	\$ 356,889	\$ 357,690	\$ 358,897	2.9%	\$ 348,836	\$ 358,897	2.9%
Term insurance	451,117	472,050	486,311	505,251	519,173	15.1%	451,117	519,173	15.1%
Total in-force face amount	<u>\$ 799,953</u>	<u>\$ 829,776</u>	<u>\$ 843,200</u>	<u>\$ 862,941</u>	<u>\$ 878,070</u>	9.8%	<u>\$ 799,953</u>	<u>\$ 878,070</u>	9.8%

Lincoln Financial Group
Group Protection – Select Earnings and Operational Data

Unaudited (millions of dollars)

	As of or For the Three Months Ended					Change	As of or For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Income (Loss) from Operations									
Operating revenues:									
Insurance premiums	\$ 1,024	\$ 1,035	\$ 1,094	\$ 1,086	\$ 1,052	2.7%	\$ 3,079	\$ 3,231	4.9%
Net investment income	72	81	81	69	88	22.2%	226	239	5.8%
Other revenues	41	42	49	44	44	7.3%	125	138	10.4%
Total operating revenues	<u>1,137</u>	<u>1,158</u>	<u>1,224</u>	<u>1,199</u>	<u>1,184</u>	4.1%	<u>3,430</u>	<u>3,608</u>	5.2%
Operating expenses:									
Interest credited	2	1	2	1	1	-50.0%	4	4	0.0%
Benefits	756	768	862	843	875	15.7%	2,267	2,580	13.8%
Commissions incurred	88	95	87	97	80	-9.1%	272	264	-2.9%
Other expenses incurred	212	232	200	198	194	-8.5%	624	591	-5.3%
Amounts capitalized	(29)	(38)	(19)	(23)	(9)	69.0%	(72)	(50)	30.6%
Amortization	30	32	42	34	35	16.7%	102	111	8.8%
Total operating expenses	<u>1,059</u>	<u>1,090</u>	<u>1,174</u>	<u>1,150</u>	<u>1,176</u>	11.0%	<u>3,197</u>	<u>3,500</u>	9.5%
Income (loss) from operations before taxes	78	68	50	49	8	-89.7%	233	108	-53.6%
Federal income tax expense (benefit)	17	14	10	10	2	-88.2%	49	23	-53.1%
Income (loss) from operations	<u>\$ 61</u>	<u>\$ 54</u>	<u>\$ 40</u>	<u>\$ 39</u>	<u>\$ 6</u>	-90.2%	<u>\$ 184</u>	<u>\$ 85</u>	-53.8%
Effective Federal Income Tax Rate	21.0%	21.0%	21.0%	21.0%	21.0%		21.0%	21.0%	
Average Equity, Excluding Goodwill and AOCI	\$ 2,492	\$ 2,554	\$ 2,601	\$ 2,628	\$ 2,678	7.5%	\$ 2,339	\$ 2,636	12.7%
ROE, Excluding Goodwill and AOCI	9.9%	8.4%	6.1%	5.9%	0.9%		10.5%	4.3%	
Loss Ratios by Product Line									
Life	70.5%	65.7%	79.4%	82.6%	91.9%		71.0%	84.5%	
Disability	76.4%	80.5%	78.3%	78.7%	78.9%		75.6%	78.7%	
Dental	73.4%	70.7%	74.6%	40.2%	70.1%		73.5%	61.7%	
Total	74.1%	74.4%	78.5%	77.8%	83.2%		73.8%	79.8%	

Lincoln Financial Group
Other Operations – Select Earnings and Operational Data

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Other Operations									
Operating revenues:									
Insurance premiums	\$ 3	\$ 4	\$ 2	\$ 5	\$ 2	-33.3%	\$ 10	\$ 9	-10.0%
Net investment income	46	46	42	38	35	-23.9%	147	116	-21.1%
Other revenues	1	4	(6)	9	3	200.0%	9	6	-33.3%
Total operating revenues	<u>50</u>	<u>54</u>	<u>38</u>	<u>52</u>	<u>40</u>	-20.0%	<u>166</u>	<u>131</u>	-21.1%
Operating expenses:									
Interest credited	14	14	12	11	9	-35.7%	44	31	-29.5%
Benefits	42	23	16	30	33	-21.4%	88	80	-9.1%
Commissions and other expenses	5	17	(22)	36	10	100.0%	46	24	-47.8%
Interest and debt expenses	71	72	68	68	66	-7.0%	212	203	-4.2%
Strategic digitization expense	16	18	12	14	20	25.0%	47	45	-4.3%
Total operating expenses	<u>148</u>	<u>144</u>	<u>86</u>	<u>159</u>	<u>138</u>	-6.8%	<u>437</u>	<u>383</u>	-12.4%
Income (loss) from operations before taxes	(98)	(90)	(48)	(107)	(98)	0.0%	(271)	(252)	7.0%
Federal income tax expense (benefit)	(23)	(23)	(1)	(25)	(24)	-4.3%	(70)	(50)	28.6%
Income (loss) from operations	<u>\$ (75)</u>	<u>\$ (67)</u>	<u>\$ (47)</u>	<u>\$ (82)</u>	<u>\$ (74)</u>	1.3%	<u>\$ (201)</u>	<u>\$ (202)</u>	-0.5%

DAC, VOBA, DSI, DFEL & Account Value Roll Forwards



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

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
DAC, VOBA and DSI									
Balance as of beginning-of-period	\$ 8,832	\$ 7,731	\$ 7,928	\$ 9,457	\$ 7,241	-18.0%	\$ 10,512	\$ 7,928	-24.6%
Business acquired (sold) through reinsurance	-	-	(10)	-	-	NM	-	(10)	NM
Cumulative effect from adoption of new accounting standard	-	-	5	-	-	NM	-	5	NM
Deferrals	459	643	435	355	334	-27.2%	1,291	1,123	-13.0%
Operating amortization	(604)	(262)	(243)	(204)	(679)	-12.4%	(1,092)	(1,126)	-3.1%
Deferrals, net of operating amortization	(145)	381	192	151	(345)	NM	199	(3)	NM
Amortization associated with benefit ratio unlocking	3	(16)	66	(4)	(10)	NM	(29)	52	279.3%
Adjustment related to realized (gains) losses	(9)	22	58	33	(198)	NM	33	(106)	NM
Adjustment related to unrealized (gains) losses	(950)	(190)	1,218	(2,396)	(168)	82.3%	(2,984)	(1,346)	54.9%
Balance as of end-of-period	<u>\$ 7,731</u>	<u>\$ 7,928</u>	<u>\$ 9,457</u>	<u>\$ 7,241</u>	<u>\$ 6,520</u>	-15.7%	<u>\$ 7,731</u>	<u>\$ 6,520</u>	-15.7%
DFEL									
Balance as of beginning-of-period	\$ 1,647	\$ 482	\$ 650	\$ 1,379	\$ 433	-73.7%	\$ 2,769	\$ 650	-76.5%
Cumulative effect from adoption of new accounting standards	-	-	4	-	-	NM	-	4	NM
Deferrals	264	368	240	252	263	-0.4%	732	754	3.0%
Operating amortization	(547)	(163)	(160)	(111)	(424)	22.5%	(803)	(695)	13.4%
Deferrals, net of operating amortization	(283)	205	80	141	(161)	43.1%	(71)	59	183.1%
Amortization associated with benefit ratio unlocking	-	(2)	8	(2)	(1)	NM	(5)	5	200.0%
Adjustment related to realized (gains) losses	(3)	3	17	12	(14)	NM	(4)	16	NM
Adjustment related to unrealized (gains) losses	(879)	(38)	620	(1,097)	135	115.4%	(2,207)	(342)	84.5%
Balance as of end-of-period	<u>\$ 482</u>	<u>\$ 650</u>	<u>\$ 1,379</u>	<u>\$ 433</u>	<u>\$ 392</u>	-18.7%	<u>\$ 482</u>	<u>\$ 392</u>	-18.7%
DAC, VOBA, DSI and DFEL									
Balance as of End-of-Period, After-Tax	\$ 5,727	\$ 5,750	\$ 6,382	\$ 5,378	\$ 4,841	-15.5%	\$ 5,727	\$ 4,841	-15.5%

Lincoln Financial Group
Annuities – Account Value Roll Forwards

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Fixed Annuities									
Balance as of beginning-of-period	\$ 23,836	\$ 24,448	\$ 25,384	\$ 25,740	\$ 25,801	8.2%	\$ 21,666	\$ 25,384	17.2%
Gross deposits	1,027	1,176	1,058	299	87	-91.5%	3,909	1,444	-63.1%
Full surrenders and deaths	(441)	(355)	(400)	(384)	(399)	9.5%	(1,411)	(1,183)	16.2%
Other contract benefits	(145)	(170)	(156)	(143)	(135)	6.9%	(431)	(434)	-0.7%
Net flows	441	651	502	(228)	(447)	NM	2,067	(173)	NM
Contract holder assessments	(10)	(11)	(13)	(16)	(16)	-60.0%	(28)	(44)	-57.1%
Reinvested interest credited	181	296	(133)	305	234	29.3%	743	405	-45.5%
Balance as of end-of-period, gross	24,448	25,384	25,740	25,801	25,572	4.6%	24,448	25,572	4.6%
Reinsurance ceded	(8,837)	(8,748)	(8,532)	(8,452)	(8,309)	6.0%	(8,837)	(8,309)	6.0%
Balance as of end-of-period, net	\$ 15,611	\$ 16,636	\$ 17,208	\$ 17,349	\$ 17,263	10.6%	\$ 15,611	\$ 17,263	10.6%
Variable Annuities									
Balance as of beginning-of-period	\$ 119,005	\$ 118,424	\$ 125,492	\$ 108,689	\$ 121,713	2.3%	\$ 108,536	\$ 125,492	15.6%
Gross deposits	2,434	2,726	2,639	2,216	2,452	0.7%	6,714	7,307	8.8%
Full surrenders and deaths	(1,711)	(1,642)	(1,602)	(1,068)	(1,384)	19.1%	(4,891)	(4,054)	17.1%
Other contract benefits	(911)	(1,006)	(1,011)	(862)	(904)	0.8%	(2,768)	(2,777)	-0.3%
Net flows	(188)	78	26	286	164	187.2%	(945)	476	150.4%
Contract holder assessments	(636)	(638)	(632)	(611)	(648)	-1.9%	(1,857)	(1,890)	-1.8%
Change in market value and reinvestment	243	7,628	(16,197)	13,349	6,356	NM	12,690	3,507	-72.4%
Balance as of end-of-period, gross	118,424	125,492	108,689	121,713	127,585	7.7%	118,424	127,585	7.7%
Reinsurance ceded	-	-	-	(1)	-	NM	-	-	NM
Balance as of end-of-period, gross and net	\$ 118,424	\$ 125,492	\$ 108,689	\$ 121,712	\$ 127,585	7.7%	\$ 118,424	\$ 127,585	7.7%
Total									
Balance as of beginning-of-period	\$ 142,841	\$ 142,872	\$ 150,876	\$ 134,429	\$ 147,514	3.3%	\$ 130,202	\$ 150,876	15.9%
Gross deposits	3,461	3,902	3,697	2,515	2,539	-26.6%	10,623	8,751	-17.6%
Full surrenders and deaths	(2,152)	(1,997)	(2,002)	(1,452)	(1,783)	17.1%	(6,302)	(5,237)	16.9%
Other contract benefits	(1,056)	(1,176)	(1,167)	(1,005)	(1,039)	1.6%	(3,199)	(3,211)	-0.4%
Net flows	253	729	528	58	(283)	NM	1,122	303	-73.0%
Contract holder assessments	(646)	(649)	(645)	(627)	(664)	-2.8%	(1,885)	(1,934)	-2.6%
Change in market value and reinvestment	424	7,924	(16,330)	13,654	6,590	NM	13,433	3,912	-70.9%
Balance as of end-of-period, gross	142,872	150,876	134,429	147,514	153,157	7.2%	142,872	153,157	7.2%
Reinsurance ceded	(8,837)	(8,748)	(8,532)	(8,453)	(8,309)	6.0%	(8,837)	(8,309)	6.0%
Balance as of end-of-period, net	\$ 134,035	\$ 142,128	\$ 125,897	\$ 139,061	\$ 144,848	8.1%	\$ 134,035	\$ 144,848	8.1%

Lincoln Financial Group
Retirement Plan Services – Account Value Roll Forwards

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
General Account									
Balance as of beginning-of-period	\$ 20,076	\$ 20,337	\$ 20,558	\$ 21,335	\$ 21,672	7.9%	\$ 19,766	\$ 20,558	4.0%
Gross deposits	469	663	609	817	568	21.1%	1,319	1,994	51.2%
Withdrawals	(490)	(682)	(565)	(752)	(477)	2.7%	(1,479)	(1,793)	-21.2%
Net flows	(21)	(19)	44	65	91	NM	(160)	201	225.6%
Transfers between fixed and variable accounts	136	94	587	124	402	195.6%	303	1,112	267.0%
Contract holder assessments	(3)	(3)	(3)	(3)	(4)	-33.3%	(8)	(10)	-25.0%
Reinvestment interest credited	149	149	149	151	155	4.0%	436	455	4.4%
Balance as of end-of-period	<u>\$ 20,337</u>	<u>\$ 20,558</u>	<u>\$ 21,335</u>	<u>\$ 21,672</u>	<u>\$ 22,316</u>	9.7%	<u>\$ 20,337</u>	<u>\$ 22,316</u>	9.7%
Separate Account and Mutual Funds									
Balance as of beginning-of-period	\$ 53,938	\$ 54,227	\$ 58,131	\$ 48,301	\$ 54,886	1.8%	\$ 47,289	\$ 58,131	22.9%
Gross deposits	1,765	2,000	2,170	1,490	1,806	2.3%	5,484	5,465	-0.3%
Withdrawals	(1,472)	(1,559)	(1,543)	(2,762)	(1,535)	-4.3%	(5,125)	(5,841)	-14.0%
Net flows	293	441	627	(1,272)	271	-7.5%	359	(376)	NM
Transfers between fixed and variable accounts	(190)	(171)	(610)	(161)	(436)	NM	(542)	(1,205)	NM
Contract holder assessments	(54)	(55)	(54)	(49)	(50)	7.4%	(158)	(153)	3.2%
Change in market value and reinvestment	240	3,689	(9,793)	8,067	3,584	NM	7,279	1,858	-74.5%
Balance as of end-of-period	<u>\$ 54,227</u>	<u>\$ 58,131</u>	<u>\$ 48,301</u>	<u>\$ 54,886</u>	<u>\$ 58,255</u>	7.4%	<u>\$ 54,227</u>	<u>\$ 58,255</u>	7.4%
Total									
Balance as of beginning-of-period	\$ 74,014	\$ 74,564	\$ 78,689	\$ 69,636	\$ 76,558	3.4%	\$ 67,055	\$ 78,689	17.3%
Gross deposits	2,234	2,663	2,779	2,307	2,374	6.3%	6,803	7,459	9.6%
Withdrawals	(1,962)	(2,241)	(2,108)	(3,514)	(2,012)	-2.5%	(6,604)	(7,634)	-15.6%
Net flows	272	422	671	(1,207)	362	33.1%	199	(175)	NM
Transfers between fixed and variable accounts	(54)	(77)	(23)	(37)	(34)	37.0%	(239)	(93)	61.1%
Contract holder assessments	(57)	(58)	(57)	(52)	(54)	5.3%	(166)	(163)	1.8%
Change in market value and reinvestment	389	3,838	(9,644)	8,218	3,739	NM	7,715	2,313	-70.0%
Balance as of end-of-period	<u>\$ 74,564</u>	<u>\$ 78,689</u>	<u>\$ 69,636</u>	<u>\$ 76,558</u>	<u>\$ 80,571</u>	8.1%	<u>\$ 74,564</u>	<u>\$ 80,571</u>	8.1%

Lincoln Financial Group
Life Insurance – Account Value Roll Forwards

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
General Account									
Balance as of beginning-of-period	\$ 37,438	\$ 37,582	\$ 38,141	\$ 38,054	\$ 38,034	1.6%	\$ 37,289	\$ 38,141	2.3%
Deposits	1,137	1,525	996	964	966	-15.0%	3,281	2,926	-10.8%
Withdrawals and deaths	(243)	(156)	(380)	(263)	(230)	5.3%	(770)	(873)	-13.4%
Net flows	894	1,369	616	701	736	-17.7%	2,511	2,053	-18.2%
Contract holder assessments	(1,094)	(1,184)	(1,075)	(1,073)	(1,079)	1.4%	(3,242)	(3,227)	0.5%
Reinvested interest credited	344	374	372	352	389	13.1%	1,024	1,113	8.7%
Balance as of end-of-period, gross	37,582	38,141	38,054	38,034	38,080	1.3%	37,582	38,080	1.3%
Reinsurance ceded	(660)	(656)	(649)	(646)	(646)	2.1%	(660)	(646)	2.1%
Balance as of end-of-period, net	\$ 36,922	\$ 37,485	\$ 37,405	\$ 37,388	\$ 37,434	1.4%	\$ 36,922	\$ 37,434	1.4%
Separate Account									
Balance as of beginning-of-period	\$ 15,941	\$ 16,136	\$ 17,646	\$ 14,782	\$ 17,351	8.8%	\$ 13,735	\$ 17,646	28.5%
Deposits	548	888	454	464	571	4.2%	1,626	1,488	-8.5%
Withdrawals and deaths	(215)	(300)	(107)	(142)	(151)	29.8%	(673)	(399)	40.7%
Net flows	333	588	347	322	420	26.1%	953	1,089	14.3%
Contract holder assessments	(197)	(230)	(204)	(211)	(217)	-10.2%	(585)	(632)	-8.0%
Change in market value and reinvestment	59	1,152	(3,007)	2,458	1,117	NM	2,033	568	-72.1%
Balance as of end-of-period, gross	16,136	17,646	14,782	17,351	18,671	15.7%	16,136	18,671	15.7%
Reinsurance ceded	(829)	(876)	(712)	(830)	(874)	-5.4%	(829)	(874)	-5.4%
Balance as of end-of-period, net	\$ 15,307	\$ 16,770	\$ 14,070	\$ 16,521	\$ 17,797	16.3%	\$ 15,307	\$ 17,797	16.3%
Total									
Balance as of beginning-of-period	\$ 53,379	\$ 53,718	\$ 55,787	\$ 52,836	\$ 55,385	3.8%	\$ 51,024	\$ 55,787	9.3%
Deposits	1,685	2,413	1,450	1,428	1,537	-8.8%	4,907	4,414	-10.0%
Withdrawals and deaths	(458)	(456)	(487)	(405)	(381)	16.8%	(1,443)	(1,272)	11.9%
Net flows	1,227	1,957	963	1,023	1,156	-5.8%	3,464	3,142	-9.3%
Contract holder assessments	(1,291)	(1,414)	(1,279)	(1,284)	(1,296)	-0.4%	(3,827)	(3,859)	-0.8%
Change in market value and reinvestment	403	1,526	(2,635)	2,810	1,506	273.7%	3,057	1,681	-45.0%
Balance as of end-of-period, gross	53,718	55,787	52,836	55,385	56,751	5.6%	53,718	56,751	5.6%
Reinsurance ceded	(1,489)	(1,532)	(1,361)	(1,476)	(1,520)	-2.1%	(1,489)	(1,520)	-2.1%
Balance as of end-of-period, net	\$ 52,229	\$ 54,255	\$ 51,475	\$ 53,909	\$ 55,231	5.7%	\$ 52,229	\$ 55,231	5.7%

Other Information



Lincoln Financial Group

Select Investment Data

Unaudited (millions of dollars)

	As of 9/30/19		As of 12/31/19		As of 9/30/20	
	Amount	%	Amount	%	Amount	%
Fixed Maturity AFS, Trading and Equity Securities, at Fair Value						
Fixed maturity AFS securities, net of allowance for credit losses:						
Corporate bonds	\$ 87,910	81.2%	\$ 88,716	80.7%	\$ 98,717	80.1%
U.S. government bonds	438	0.4%	435	0.4%	496	0.4%
State and municipal bonds	5,800	5.3%	5,884	5.4%	6,774	5.5%
Foreign government bonds	444	0.4%	393	0.4%	436	0.4%
Residential mortgage-backed securities	3,287	3.0%	3,241	2.9%	3,203	2.6%
Commercial mortgage-backed securities	1,033	1.0%	1,083	1.0%	1,430	1.2%
Asset-backed securities	4,172	3.8%	4,889	4.4%	6,590	5.4%
Hybrid and redeemable preferred securities	575	0.5%	559	0.5%	606	0.5%
Total fixed maturity AFS securities, net of allowance for credit losses	103,659	95.6%	105,200	95.7%	118,252	96.1%
Trading securities	4,691	4.3%	4,673	4.2%	4,633	3.8%
Equity securities	158	0.1%	103	0.1%	122	0.1%
Total fixed maturity AFS securities, net of allowance for credit losses, and trading and equity securities	<u>\$ 108,508</u>	<u>100.0%</u>	<u>\$ 109,976</u>	<u>100.0%</u>	<u>\$ 123,007</u>	<u>100.0%</u>
Fixed Maturity AFS, Trading and Equity Securities, at Amortized Cost						
Fixed maturity AFS securities	\$ 88,176	95.4%	\$ 94,295	95.8%	\$ 101,885	95.8%
Trading securities	4,093	4.4%	4,005	4.1%	4,296	4.1%
Equity securities	185	0.2%	123	0.1%	140	0.1%
Total fixed maturity AFS, trading and equity securities	<u>\$ 92,454</u>	<u>100.0%</u>	<u>\$ 98,423</u>	<u>100.0%</u>	<u>\$ 106,321</u>	<u>100.0%</u>
Percentage of Fixed Maturity AFS Securities, at Amortized Cost						
Investment grade		96.4%		96.3%		95.9%
Below investment grade		3.6%		3.7%		4.1%

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

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Components of Realized Gain (Loss), Pre-Tax									
Total adjusted operating realized gain (loss)	\$ 50	\$ 52	\$ 51	\$ 47	\$ 57	14.0%	\$ 132	\$ 155	17.4%
Total excluded realized gain (loss)	(61)	(171)	(75)	(694)	572	NM	(623)	(198)	68.2%
Total realized gain (loss), pre-tax	<u>\$ (11)</u>	<u>\$ (119)</u>	<u>\$ (24)</u>	<u>\$ (647)</u>	<u>\$ 629</u>	NM	<u>\$ (491)</u>	<u>\$ (43)</u>	91.2%
Reconciliation of Excluded Realized Gain (Loss)									
Net of Benefit Ratio Unlocking, After-Tax									
Total excluded realized gain (loss)	\$ (49)	\$ (135)	\$ (60)	\$ (548)	\$ 452	NM	\$ (492)	\$ (156)	68.3%
Benefit ratio unlocking	(2)	91	(349)	282	83	NM	186	17	-90.9%
Excluded realized gain (loss) net of benefit ratio unlocking, after-tax	<u>\$ (51)</u>	<u>\$ (44)</u>	<u>\$ (409)</u>	<u>\$ (266)</u>	<u>\$ 535</u>	NM	<u>\$ (306)</u>	<u>\$ (139)</u>	54.6%
Components of Excluded Realized Gain (Loss) Net of Benefit Ratio Unlocking, After-Tax									
Credit loss benefit (expense) on mortgage loans on real estate	\$ -	\$ -	\$ (51)	\$ (79)	\$ 50	NM	\$ -	\$ (79)	NM
Credit loss benefit (expense) on other financial assets	-	-	(16)	(1)	(1)	NM	-	(17)	NM
OTTI	(2)	(1)	-	-	-	100.0%	(11)	-	100.0%
Realized gain (loss) related to certain financial assets	(12)	(8)	14	(36)	(5)	59.7%	(33)	(28)	15.2%
Realized gain (loss) on equity securities	(14)	3	(15)	2	3	121.4%	(8)	(10)	-25.0%
Realized gain (loss) on the mark-to-market on certain instruments	19	9	38	(1)	(6)	NM	(103)	32	131.1%
Realized gain (loss) related to financial assets, after-tax	(9)	3	(30)	(115)	41	NM	(155)	(102)	34.2%
Variable annuity net derivative results:									
Hedge program performance, including unlocking for GLB reserves hedged	(65)	2	(496)	(71)	12	118.5%	(99)	(555)	NM
GLB non-performance risk component	43	(55)	147	(79)	464	NM	14	532	NM
Total variable annuity net derivative results	(22)	(53)	(349)	(150)	476	NM	(85)	(23)	72.9%
Indexed annuity forward-starting option	(20)	6	(30)	(1)	18	190.0%	(66)	(14)	78.8%
Excluded realized gain (loss) net of benefit ratio unlocking, after-tax	<u>\$ (51)</u>	<u>\$ (44)</u>	<u>\$ (409)</u>	<u>\$ (266)</u>	<u>\$ 535</u>	NM	<u>\$ (306)</u>	<u>\$ (139)</u>	54.6%

Lincoln Financial Group
Select GAAP to Non-GAAP Reconciliations

Unaudited (millions of dollars)

	For the Three Months Ended					Change	For the Nine Months Ended		
	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20		9/30/19	9/30/20	Change
Revenues									
Total revenues	\$ 4,638	\$ 4,344	\$ 4,425	\$ 3,517	\$ 5,361	15.6%	\$ 12,913	\$ 13,303	3.0%
Less:									
Excluded realized gain (loss)	(61)	(171)	(75)	(694)	572	NM	(623)	(198)	68.2%
Amortization of DFEL associated with benefit ratio unlocking	(1)	2	(9)	2	1	200.0%	3	(6)	NM
Adjusted operating revenues	<u>\$ 4,700</u>	<u>\$ 4,513</u>	<u>\$ 4,509</u>	<u>\$ 4,209</u>	<u>\$ 4,788</u>	1.9%	<u>\$ 13,533</u>	<u>\$ 13,507</u>	-0.2%
Net Income									
Net income (loss)	\$ (161)	\$ 431	\$ 52	\$ (94)	\$ 398	NM	\$ 454	\$ 356	-21.6%
Less:									
Excluded realized gain (loss), after-tax	(49)	(135)	(60)	(548)	452	NM	(492)	(156)	68.3%
Benefit ratio unlocking, after-tax	(2)	91	(349)	282	83	NM	186	17	-90.9%
Net impact from the Tax Cuts and Jobs Act	-	17	-	-	-	NM	-	-	NM
Acquisition and integration costs related to mergers and acquisitions, after-tax	(31)	(24)	(4)	(3)	(4)	87.1%	(80)	(12)	85.0%
Gain (loss) on early extinguishment of debt, after-tax	(33)	-	-	(12)	-	100.0%	(33)	(12)	63.6%
Total adjustments	(115)	(51)	(413)	(281)	531	NM	(419)	(163)	61.1%
Adjusted income (loss) from operations	<u>\$ (46)</u>	<u>\$ 482</u>	<u>\$ 465</u>	<u>\$ 187</u>	<u>\$ (133)</u>	NM	<u>\$ 873</u>	<u>\$ 519</u>	-40.5%
Earnings (Loss) Per Common Share – Diluted									
Net income (loss)	\$ (0.83)	\$ 2.15	\$ 0.15	\$ (0.49)	\$ 2.01	NM	\$ 2.24	\$ 1.74	-22.3%
Less:									
Excluded realized gain (loss), after-tax	(0.24)	(0.68)	(0.30)	(2.85)	2.32	NM	(2.42)	(0.80)	66.9%
Benefit ratio unlocking, after-tax	(0.01)	0.46	(1.77)	1.46	0.43	NM	0.91	0.09	-90.1%
Net impact from the Tax Cuts and Jobs Act	-	0.08	-	-	-	NM	-	-	NM
Acquisition and integration costs related to mergers and acquisitions, after-tax	(0.16)	(0.12)	(0.02)	(0.01)	(0.02)	87.5%	(0.39)	(0.06)	84.6%
Gain (loss) on early extinguishment of debt, after-tax	(0.17)	-	-	(0.06)	-	100.0%	(0.16)	(0.06)	62.5%
Adjusted income (loss) from operations	<u>\$ (0.25)</u>	<u>\$ 2.41</u>	<u>\$ 2.24</u>	<u>\$ 0.97</u>	<u>\$ (0.72)</u>	NM	<u>\$ 4.30</u>	<u>\$ 2.57</u>	-40.2%