



You're In Charge®

Statistical Supplement

Second Quarter 2019

Lincoln Financial Group

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Lincoln Financial Group
Analyst Coverage and Credit Ratings

| <u>Firm</u> | <u>Analyst</u> | <u>Phone Number</u> |
|----------------------------------|-----------------------|----------------------------|
| Autonomous Research U.S., L.P. | Erik Bass | 646-561-6248 |
| B. Riley FBR | Randy Binner | 703-312-1890 |
| Bank of America Merrill Lynch | Jay Cohen | 646-855-5716 |
| Barclays Capital | Jay Gelb | 212-526-1561 |
| Citi Research | Suneet Kamath | 212-816-3457 |
| Credit Suisse | Andrew Kligerman | 212-325-5069 |
| Deutsche Bank | Joshua Shanker | 212-250-7127 |
| Dowling & Partners | Humphrey Lee | 860-676-7324 |
| Evercore | Thomas Gallagher | 212-446-9439 |
| Goldman Sachs | Alex Scott | 917-343-7160 |
| 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 |
| RBC Capital Markets | Mark Dwelle | 804-782-4008 |
| Sandler O'Neill & Partners, L.P. | John Barnidge | 312-281-3412 |
| UBS | John Nadel | 212-713-4299 |
| 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 July 31, 2019 | | | |
|---|------------------------------------|--------------|----------------|------------------------------|
| | 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- |
| Liberty Life Assurance Company of Boston | A | | | AA- |

Investor Inquiries May Be Directed To:

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 Email: Christopher.Giovanni@lfg.com
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Notes

Computations

- The quarterly financial information for the current year may not sum to the corresponding year-to-date amount as both are rounded to millions.
- The financial ratios reported herein are calculated using whole dollars instead of dollars rounded to millions.
- If the effect of equity classification would result in a more dilutive Earnings Per Share (“EPS”), the numerator used in the calculation of our diluted EPS is adjusted to remove the mark-to-market adjustment for deferred units of LNC stock in our deferred compensation plans. In addition, for any period where a loss from continuing operations is experienced, shares used in the diluted EPS calculation represent basic shares, as using dilutive shares would be anti-dilutive to the calculation. In these periods, we would also exclude the deferred compensation adjustment.
- Return on equity (“ROE”) measures how efficiently we generate profits from the resources provided by our net assets. ROE is calculated by dividing annualized net income (loss) (or 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.

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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 securities;
 - Changes in the fair value of derivatives, embedded derivatives within certain reinsurance arrangements and trading securities (“gain (loss) on the mark-to-market on certain instruments”);
 - Changes in the fair value of the derivatives we own to hedge our guaranteed death benefit (“GDB”) riders reflected within 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;
 - Changes in the fair value of the embedded derivative liabilities related to index call options we may purchase in the future to hedge contract holder index allocations applicable to future reset periods for our indexed annuity products accounted for at fair value (“indexed annuity forward-starting options”); and
 - Changes in the fair value of equity securities;
- 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.

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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.

Prior year interest rate spreads for the Life Insurance segment have been restated to conform to the current year presentation.

Statistical Supplement is Dated

The financial data in this document is dated July 31, 2019, 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 Six Months Ended | | |
|---|----------------------------|---------------|---------------|---------------|---------------|--------|--------------------------|---------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Revenues | | | | | | | | | |
| Insurance premiums | \$ 1,165 | \$ 1,323 | \$ 1,336 | \$ 1,446 | \$ 1,398 | 20.0% | \$ 1,943 | \$ 2,845 | 46.4% |
| Fee income | 1,470 | 1,550 | 1,511 | 1,475 | 1,517 | 3.2% | 2,926 | 2,991 | 2.2% |
| Net investment income | 1,232 | 1,271 | 1,349 | 1,251 | 1,355 | 10.0% | 2,465 | 2,606 | 5.7% |
| Realized gain (loss): | | | | | | | | | |
| Other-than-temporary impairment (“OTTI”) | (1) | (2) | (2) | (8) | (4) | NM | (3) | (12) | NM |
| Realized gain (loss), excluding OTTI | (6) | (53) | 193 | (354) | (113) | NM | 8 | (468) | NM |
| Total realized gain (loss) | (7) | (55) | 191 | (362) | (117) | NM | 5 | (480) | NM |
| Amortization of deferred gains on business sold through reinsurance | - | - | 8 | 8 | 8 | NM | - | 15 | NM |
| Other revenues | 160 | 175 | 136 | 147 | 149 | -6.9% | 290 | 298 | 2.8% |
| Total revenues | <u>4,020</u> | <u>4,264</u> | <u>4,531</u> | <u>3,965</u> | <u>4,310</u> | 7.2% | <u>7,629</u> | <u>8,275</u> | 8.5% |
| Expenses | | | | | | | | | |
| Interest credited | 647 | 652 | 663 | 678 | 680 | 5.1% | 1,300 | 1,358 | 4.5% |
| Benefits | 1,661 | 1,626 | 2,142 | 1,757 | 1,852 | 11.5% | 3,019 | 3,610 | 19.6% |
| Commissions and other expenses | 1,177 | 1,367 | 1,162 | 1,176 | 1,272 | 8.1% | 2,234 | 2,446 | 9.5% |
| Interest and debt expense | 68 | 69 | 69 | 71 | 70 | 2.9% | 159 | 141 | -11.3% |
| Strategic digitization expense | 16 | 18 | 28 | 15 | 15 | -6.3% | 31 | 31 | 0.0% |
| Total expenses | <u>3,569</u> | <u>3,732</u> | <u>4,064</u> | <u>3,697</u> | <u>3,889</u> | 9.0% | <u>6,743</u> | <u>7,586</u> | 12.5% |
| Income (loss) before taxes | 451 | 532 | 467 | 268 | 421 | -6.7% | 886 | 689 | -22.2% |
| Federal income tax expense (benefit) | 66 | 42 | 68 | 16 | 58 | -12.1% | 134 | 73 | -45.5% |
| Net income (loss) | <u>385</u> | <u>490</u> | <u>399</u> | <u>252</u> | <u>363</u> | -5.7% | <u>752</u> | <u>616</u> | -18.1% |
| Adjustment for LNC stock units in our deferred compensation plans | (8) | - | (12) | - | - | 100.0% | (10) | - | 100.0% |
| Net income (loss) available to common stockholders – diluted | <u>\$ 377</u> | <u>\$ 490</u> | <u>\$ 387</u> | <u>\$ 252</u> | <u>\$ 363</u> | -3.7% | <u>\$ 742</u> | <u>\$ 616</u> | -17.0% |
| Earnings (Loss) Per Common Share – Diluted | | | | | | | | | |
| Net income (loss) | \$ 1.70 | \$ 2.24 | \$ 1.80 | \$ 1.22 | \$ 1.79 | 5.3% | \$ 3.34 | \$ 3.01 | -9.9% |
| ROE, including AOCI | | | | | | | | | |
| Net income (loss) | 9.9% | 13.0% | 10.9% | 6.6% | 8.3% | | 9.3% | 7.5% | |

Lincoln Financial Group
Consolidated Balance Sheets

Unaudited (millions of dollars)

| | As of | | | | | Change |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | |
| ASSETS | | | | | | |
| Investments: | | | | | | |
| Fixed maturity available-for-sale (“AFS”) securities: | | | | | | |
| Corporate bonds | \$ 81,059 | \$ 81,065 | \$ 81,314 | \$ 84,255 | \$ 85,907 | 6.0% |
| U.S. government bonds | 422 | 409 | 417 | 423 | 430 | 1.9% |
| Foreign government bonds | 471 | 459 | 448 | 453 | 440 | -6.6% |
| Mortgage-backed securities | 4,121 | 4,035 | 4,177 | 4,299 | 4,257 | 3.3% |
| Asset-backed collateralized debt obligations | 1,119 | 1,362 | 1,730 | 2,437 | 2,425 | 116.7% |
| State and municipal bonds | 5,248 | 5,218 | 5,345 | 5,569 | 5,669 | 8.0% |
| Hybrid and redeemable preferred securities | 620 | 613 | 593 | 614 | 605 | -2.4% |
| Total AFS securities | <u>93,060</u> | <u>93,161</u> | <u>94,024</u> | <u>98,050</u> | <u>99,733</u> | 7.2% |
| Trading securities | 1,450 | 1,440 | 1,950 | 3,314 | 4,522 | 211.9% |
| Equity securities | 112 | 112 | 99 | 153 | 196 | 75.0% |
| Mortgage loans on real estate | 12,217 | 12,561 | 13,260 | 13,997 | 15,090 | 23.5% |
| Policy loans | 2,508 | 2,490 | 2,509 | 2,498 | 2,484 | -1.0% |
| Derivative investments | 584 | 706 | 1,107 | 981 | 1,510 | 158.6% |
| Other investments | 2,076 | 2,216 | 2,267 | 2,752 | 2,845 | 37.0% |
| Total investments | <u>112,007</u> | <u>112,686</u> | <u>115,216</u> | <u>121,745</u> | <u>126,380</u> | 12.8% |
| Cash and invested cash | 1,775 | 1,460 | 2,345 | 1,593 | 3,314 | 86.7% |
| DAC and VOBA | 9,904 | 10,014 | 10,264 | 9,441 | 8,588 | -13.3% |
| Premiums and fees receivable | 574 | 592 | 570 | 607 | 553 | -3.7% |
| Accrued investment income | 1,119 | 1,168 | 1,119 | 1,184 | 1,146 | 2.4% |
| Reinsurance recoverables | 17,979 | 18,271 | 17,748 | 17,660 | 17,481 | -2.8% |
| Funds withheld reinsurance assets | 572 | 566 | 557 | 549 | 548 | -4.2% |
| Goodwill | 1,750 | 1,757 | 1,782 | 1,778 | 1,778 | 1.6% |
| Other assets | 8,921 | 9,644 | 15,713 | 16,373 | 16,196 | 81.5% |
| Separate account assets | 144,231 | 147,692 | 132,833 | 143,369 | 146,275 | 1.4% |
| Total assets | <u>\$ 298,832</u> | <u>\$ 303,850</u> | <u>\$ 298,147</u> | <u>\$ 314,299</u> | <u>\$ 322,259</u> | 7.8% |

Lincoln Financial Group
Consolidated Balance Sheets

Unaudited (millions of dollars)

| | As of | | | | | Change |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | |
| Liabilities | | | | | | |
| Future contract benefits | \$ 33,718 | \$ 33,988 | \$ 34,648 | \$ 34,009 | \$ 34,890 | 3.5% |
| Other contract holder funds | 88,698 | 89,906 | 91,233 | 93,959 | 94,947 | 7.0% |
| Short-term debt | - | - | - | 300 | 300 | NM |
| Long-term debt by rating agency leverage definitions: | | | | | | |
| Operating (see note ⁽²⁾ on page 6 for details) | 865 | 865 | 866 | 866 | 866 | 0.1% |
| Financial | 4,961 | 4,939 | 4,973 | 4,706 | 4,755 | -4.2% |
| Reinsurance related embedded derivatives | 25 | 20 | 3 | 177 | 310 | NM |
| Funds withheld reinsurance liabilities | 1,711 | 1,733 | 1,740 | 1,762 | 1,796 | 5.0% |
| Payables for collateral on investments | 4,699 | 4,212 | 4,805 | 5,362 | 5,632 | 19.9% |
| Other liabilities | 4,747 | 5,425 | 12,696 | 13,372 | 14,033 | 195.6% |
| Separate account liabilities | 144,231 | 147,692 | 132,833 | 143,369 | 146,275 | 1.4% |
| Total liabilities | <u>283,655</u> | <u>288,780</u> | <u>283,797</u> | <u>297,882</u> | <u>303,804</u> | 7.1% |
| Stockholders' Equity | | | | | | |
| Common stock | 5,674 | 5,619 | 5,392 | 5,285 | 5,241 | -7.6% |
| Retained earnings | 8,302 | 8,615 | 8,551 | 8,679 | 8,878 | 6.9% |
| AOCI: | | | | | | |
| Unrealized investment gains (losses) | 1,502 | 1,138 | 729 | 2,773 | 4,658 | 210.1% |
| Foreign currency translation adjustment | (18) | (20) | (23) | (20) | (24) | -33.3% |
| Funded status of employee benefit plans | (283) | (282) | (299) | (300) | (298) | -5.3% |
| Total AOCI | <u>1,201</u> | <u>836</u> | <u>407</u> | <u>2,453</u> | <u>4,336</u> | 261.0% |
| Total stockholders' equity | <u>15,177</u> | <u>15,070</u> | <u>14,350</u> | <u>16,417</u> | <u>18,455</u> | 21.6% |
| Total liabilities and stockholders' equity | <u>\$ 298,832</u> | <u>\$ 303,850</u> | <u>\$ 298,147</u> | <u>\$ 314,299</u> | <u>\$ 322,259</u> | 7.8% |

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 Six Months Ended | | |
|---|-------------------------------------|------------------|------------------|------------------|------------------|--------|-----------------------------------|------------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Income (Loss) | | | | | | | | | |
| Net income (loss) | \$ 385 | \$ 490 | \$ 399 | \$ 252 | \$ 363 | -5.7% | \$ 752 | \$ 616 | -18.1% |
| Pre-tax adjusted income (loss) from operations | 540 | 599 | 563 | 507 | 566 | 4.8% | 1,051 | 1,073 | 2.1% |
| After-tax adjusted income (loss) from operations ⁽¹⁾ | 454 | 510 | 475 | 441 | 478 | 5.3% | 895 | 919 | 2.7% |
| Adjusted operating tax rate | 15.9% | 14.9% | 15.6% | 13.0% | 15.5% | | 14.8% | 14.4% | |
| Average Stockholders' Equity | | | | | | | | | |
| Average equity, including AOCI | \$ 15,581 | \$ 15,124 | \$ 14,710 | \$ 15,384 | \$ 17,436 | 11.9% | \$ 16,117 | \$ 16,410 | 1.8% |
| Average AOCI | 1,717 | 1,019 | 622 | 1,430 | 3,394 | 97.7% | 2,384 | 2,412 | 1.2% |
| Average equity, excluding AOCI | <u>\$ 13,864</u> | <u>\$ 14,105</u> | <u>\$ 14,088</u> | <u>\$ 13,954</u> | <u>\$ 14,042</u> | 1.3% | <u>\$ 13,733</u> | <u>\$ 13,998</u> | 1.9% |
| ROE, excluding AOCI | | | | | | | | | |
| Net income (loss) | 11.1% | 13.9% | 11.3% | 7.2% | 10.4% | | 10.9% | 8.8% | |
| Adjusted income (loss) from operations | 13.1% | 14.5% | 13.5% | 12.6% | 13.6% | | 13.0% | 13.1% | |
| Per Share | | | | | | | | | |
| Net income (loss) (diluted) | \$ 1.70 | \$ 2.24 | \$ 1.80 | \$ 1.22 | \$ 1.79 | 5.3% | \$ 3.34 | \$ 3.01 | -9.9% |
| Adjusted income (loss) from operations (diluted) | 2.02 | 2.34 | 2.15 | 2.14 | 2.36 | 16.8% | 3.99 | 4.50 | 12.8% |
| Dividends declared during the period | 0.33 | 0.33 | 0.37 | 0.37 | 0.37 | 12.1% | 0.66 | 0.74 | 12.1% |
| Book value, including AOCI | \$ 69.85 | \$ 70.17 | \$ 69.71 | \$ 80.88 | \$ 91.92 | 31.6% | \$ 69.85 | \$ 91.92 | 31.6% |
| Per share impact of AOCI | 5.53 | 3.90 | 1.98 | 12.09 | 21.60 | 290.6% | 5.53 | 21.60 | 290.6% |
| Book value, excluding AOCI | <u>\$ 64.32</u> | <u>\$ 66.27</u> | <u>\$ 67.73</u> | <u>\$ 68.79</u> | <u>\$ 70.32</u> | 9.3% | <u>\$ 64.32</u> | <u>\$ 70.32</u> | 9.3% |
| Shares | | | | | | | | | |
| Repurchased during the period | 1.5 | 2.7 | 9.1 | 3.9 | 2.3 | 53.3% | 1.5 | 6.2 | NM |
| End-of-period – basic | 217.3 | 214.8 | 205.9 | 203.0 | 200.8 | -7.6% | 217.3 | 200.8 | -7.6% |
| End-of-period – diluted | 220.7 | 217.4 | 209.0 | 204.2 | 202.2 | -8.4% | 220.7 | 202.2 | -8.4% |
| Average for the period – diluted | 221.6 | 218.5 | 215.0 | 206.0 | 202.9 | -8.4% | 221.9 | 204.4 | -7.9% |

⁽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 Six Months Ended | | |
|--|-------------------------------------|------------------|------------------|------------------|------------------|--------|--------------------------|---------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Cash Returned to Common Stockholders | | | | | | | | | |
| Shares repurchased | \$ 100 | \$ 175 | \$ 535 | \$ 240 | \$ 150 | 50.0% | \$ 100 | \$ 390 | 290.0% |
| Common dividends | 72 | 72 | 70 | 76 | 75 | 4.2% | 144 | 150 | 4.2% |
| Total cash returned to common stockholders | <u>\$ 172</u> | <u>\$ 247</u> | <u>\$ 605</u> | <u>\$ 316</u> | <u>\$ 225</u> | 30.8% | <u>\$ 244</u> | <u>\$ 540</u> | 121.3% |
| Leverage Ratio | | | | | | | | | |
| Short-term debt | \$ - | \$ - | \$ - | \$ 300 | \$ 300 | NM | | | |
| Long-term debt | 5,826 | 5,804 | 5,839 | 5,572 | 5,621 | -3.5% | | | |
| Total debt ⁽¹⁾ | 5,826 | 5,804 | 5,839 | 5,872 | 5,921 | 1.6% | | | |
| Less: | | | | | | | | | |
| Operating debt ⁽²⁾ | 865 | 865 | 866 | 866 | 866 | 0.1% | | | |
| 25% of capital securities | 302 | 302 | 302 | 302 | 302 | 0.0% | | | |
| Carrying value of fair value hedges and other items | 178 | 155 | 189 | 222 | 270 | 51.7% | | | |
| Total numerator | <u>\$ 4,481</u> | <u>\$ 4,482</u> | <u>\$ 4,482</u> | <u>\$ 4,482</u> | <u>\$ 4,483</u> | 0.0% | | | |
| Stockholders' equity, excluding unrealized investment gains (losses) | \$ 13,675 | \$ 13,932 | \$ 13,621 | \$ 13,644 | \$ 13,797 | 0.9% | | | |
| Add: 25% of capital securities | 302 | 302 | 302 | 302 | 302 | 0.0% | | | |
| Total numerator | <u>4,481</u> | <u>4,482</u> | <u>4,482</u> | <u>4,482</u> | <u>4,483</u> | 0.0% | | | |
| Total denominator | <u>\$ 18,458</u> | <u>\$ 18,716</u> | <u>\$ 18,405</u> | <u>\$ 18,428</u> | <u>\$ 18,582</u> | 0.7% | | | |
| Leverage ratio | <u>24.3%</u> | <u>23.9%</u> | <u>24.4%</u> | <u>24.3%</u> | <u>24.1%</u> | | | | |
| Holding Company Available Liquidity | <u>\$ 484</u> | <u>\$ 465</u> | <u>\$ 465</u> | <u>\$ 481</u> | <u>\$ 474</u> | -2.1% | | | |

⁽¹⁾ Excludes obligations under finance leases and certain financing arrangements of \$413 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 | | | | | Change | For the Six Months Ended | | |
|--|----------------------------|---------------|---------------|---------------|---------------|--------|--------------------------------|-----------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Income (Loss) from Operations, Pre-Tax | | | | | | | | | |
| Annuities | \$ 322 | \$ 350 | \$ 300 | \$ 287 | \$ 309 | -4.0% | \$ 635 | \$ 596 | -6.1% |
| Retirement Plan Services | 51 | 47 | 54 | 43 | 49 | -3.9% | 99 | 92 | -7.1% |
| Life Insurance | 185 | 217 | 218 | 195 | 207 | 11.9% | 357 | 403 | 12.9% |
| Group Protection | 57 | 79 | 64 | 70 | 86 | 50.9% | 94 | 155 | 64.9% |
| Other Operations | (75) | (94) | (73) | (88) | (85) | -13.3% | (134) | (173) | -29.1% |
| Adjusted income (loss) from operations, before income taxes | <u>\$ 540</u> | <u>\$ 599</u> | <u>\$ 563</u> | <u>\$ 507</u> | <u>\$ 566</u> | 4.8% | <u>\$ 1,051</u> | <u>\$ 1,073</u> | 2.1% |
| Income (Loss) from Operations, After-Tax | | | | | | | | | |
| Annuities | \$ 275 | \$ 302 | \$ 258 | \$ 250 | \$ 266 | -3.3% | \$ 542 | \$ 517 | -4.6% |
| Retirement Plan Services | 43 | 40 | 45 | 39 | 42 | -2.3% | 86 | 81 | -5.8% |
| Life Insurance | 150 | 176 | 175 | 157 | 168 | 12.0% | 294 | 325 | 10.5% |
| Group Protection | 45 | 63 | 50 | 55 | 68 | 51.1% | 74 | 123 | 66.2% |
| Other Operations | (59) | (71) | (53) | (60) | (66) | -11.9% | (101) | (127) | -25.7% |
| Adjusted income (loss) from operations | <u>\$ 454</u> | <u>\$ 510</u> | <u>\$ 475</u> | <u>\$ 441</u> | <u>\$ 478</u> | 5.3% | <u>\$ 895</u> | <u>\$ 919</u> | 2.7% |
| | | | | | | | | | |
| | For the Three Months Ended | | | | | Change | For the Trailing Twelve Months | | |
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Sources of Earnings, Pre-Tax | | | | | | | | | |
| Investment spread | \$ 172 | \$ 169 | \$ 161 | \$ 151 | \$ 164 | -4.7% | \$ 724 | \$ 646 | -10.8% |
| Mortality/morbidity | 159 | 198 | 182 | 179 | 196 | 23.3% | 604 | 754 | 24.8% |
| Fees on AUM | 256 | 264 | 274 | 243 | 269 | 5.1% | 1,031 | 1,049 | 1.7% |
| VA riders | 28 | 62 | 19 | 22 | 22 | -21.4% | 107 | 126 | 17.8% |
| Total sources of earnings, before income taxes | 615 | 693 | 636 | 595 | 651 | 5.9% | 2,466 | 2,575 | 4.4% |
| Other Operations | (75) | (94) | (73) | (88) | (85) | -13.3% | (269) | (340) | -26.4% |
| Adjusted income (loss) from operations, before income taxes | <u>\$ 540</u> | <u>\$ 599</u> | <u>\$ 563</u> | <u>\$ 507</u> | <u>\$ 566</u> | 4.8% | <u>\$ 2,197</u> | <u>\$ 2,235</u> | 1.7% |
| Sources of Earnings, Pre-Tax, Percentage By Component | | | | | | | | | |
| Investment spread | 28.0% | 24.4% | 25.4% | 25.5% | 25.2% | | 29.4% | 25.1% | |
| Mortality/morbidity | 26.0% | 28.5% | 28.5% | 30.1% | 30.2% | | 24.5% | 29.3% | |
| Fees on AUM | 41.5% | 38.2% | 43.0% | 40.7% | 41.1% | | 41.8% | 40.7% | |
| VA riders | 4.5% | 8.9% | 3.1% | 3.7% | 3.5% | | 4.3% | 4.9% | |
| 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 | | | | | Change | For the Six Months Ended | | |
|--|----------------------------|----------|----------|----------|----------|--------|--------------------------|----------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Annuities | | | | | | | | | |
| Operating revenues | \$ 1,106 | \$ 1,118 | \$ 1,086 | \$ 1,174 | \$ 1,156 | 4.5% | \$ 2,180 | \$ 2,330 | 6.9% |
| Deposits | 2,983 | 3,080 | 3,774 | 3,508 | 3,654 | 22.5% | 5,509 | 7,162 | 30.0% |
| Net flows | (126) | (81) | 675 | 492 | 377 | NM | (732) | 869 | 218.7% |
| Average account values | 136,741 | 138,639 | 124,869 | 127,185 | 131,675 | -3.7% | 137,532 | 129,437 | -5.9% |
| Retirement Plan Services | | | | | | | | | |
| Operating revenues | \$ 292 | \$ 294 | \$ 300 | \$ 293 | \$ 299 | 2.4% | \$ 584 | \$ 592 | 1.4% |
| Deposits | 2,217 | 3,328 | 2,163 | 2,496 | 2,073 | -6.5% | 4,577 | 4,568 | -0.2% |
| Net flows | 499 | 1,411 | 173 | (381) | 307 | -38.5% | 962 | (74) | NM |
| Average account values | 68,534 | 71,293 | 69,518 | 69,977 | 72,612 | 6.0% | 68,437 | 71,228 | 4.1% |
| Life Insurance | | | | | | | | | |
| Operating revenues | \$ 1,680 | \$ 1,766 | \$ 1,815 | \$ 1,700 | \$ 1,802 | 7.3% | \$ 3,340 | \$ 3,502 | 4.9% |
| Deposits | 1,517 | 1,523 | 1,863 | 1,537 | 1,683 | 10.9% | 3,051 | 3,221 | 5.6% |
| Net flows | 1,084 | 1,080 | 1,439 | 1,020 | 1,217 | 12.3% | 2,160 | 2,237 | 3.6% |
| Average account values | 49,548 | 50,201 | 50,088 | 50,355 | 51,495 | 3.9% | 49,357 | 50,925 | 3.2% |
| Average in-force face amount | 727,577 | 733,216 | 740,047 | 753,441 | 772,231 | 6.1% | 725,081 | 762,836 | 5.2% |
| Group Protection | | | | | | | | | |
| Operating revenues | \$ 937 | \$ 1,128 | \$ 1,139 | \$ 1,138 | \$ 1,155 | 23.3% | \$ 1,490 | \$ 2,293 | 53.9% |
| Insurance premiums | 846 | 1,011 | 1,018 | 1,023 | 1,032 | 22.0% | 1,354 | 2,055 | 51.8% |
| Consolidated | | | | | | | | | |
| Adjusted operating revenues ⁽¹⁾ | \$ 4,073 | \$ 4,362 | \$ 4,394 | \$ 4,362 | \$ 4,470 | 9.7% | \$ 7,719 | \$ 8,833 | 14.4% |
| Deposits | 6,717 | 7,931 | 7,800 | 7,541 | 7,410 | 10.3% | 13,137 | 14,951 | 13.8% |
| Net flows | 1,457 | 2,410 | 2,287 | 1,131 | 1,901 | 30.5% | 2,390 | 3,032 | 26.9% |
| Average account values | 254,823 | 260,133 | 244,475 | 247,517 | 255,782 | 0.4% | 255,326 | 251,590 | -1.5% |

⁽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 Six Months Ended | | |
|------------------------------------|----------------------------|-----------------|-----------------|-----------------|-----------------|--------|--------------------------|-----------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Sales | | | | | | | | | |
| Annuities: | | | | | | | | | |
| With guaranteed living benefits | \$ 1,496 | \$ 1,416 | \$ 1,347 | \$ 1,060 | \$ 1,241 | -17.0% | \$ 2,943 | \$ 2,301 | -21.8% |
| Without guaranteed living benefits | 598 | 774 | 1,122 | 864 | 1,115 | 86.5% | 1,185 | 1,979 | 67.0% |
| Variable | 2,094 | 2,190 | 2,469 | 1,924 | 2,356 | 12.5% | 4,128 | 4,280 | 3.7% |
| Fixed | 889 | 890 | 1,305 | 1,584 | 1,298 | 46.0% | 1,381 | 2,882 | 108.7% |
| Total Annuities | <u>\$ 2,983</u> | <u>\$ 3,080</u> | <u>\$ 3,774</u> | <u>\$ 3,508</u> | <u>\$ 3,654</u> | 22.5% | <u>\$ 5,509</u> | <u>\$ 7,162</u> | 30.0% |
| Retirement Plan Services: | | | | | | | | | |
| First-year sales | \$ 841 | \$ 1,977 | \$ 835 | \$ 829 | \$ 610 | -27.5% | \$ 1,641 | \$ 1,438 | -12.4% |
| Recurring deposits | 1,376 | 1,351 | 1,328 | 1,667 | 1,463 | 6.3% | 2,936 | 3,130 | 6.6% |
| Total Retirement Plan Services | <u>\$ 2,217</u> | <u>\$ 3,328</u> | <u>\$ 2,163</u> | <u>\$ 2,496</u> | <u>\$ 2,073</u> | -6.5% | <u>\$ 4,577</u> | <u>\$ 4,568</u> | -0.2% |
| Life Insurance: | | | | | | | | | |
| UL | \$ 10 | \$ 9 | \$ 14 | \$ 11 | \$ 15 | 50.0% | \$ 19 | \$ 26 | 36.8% |
| <i>MoneyGuard</i> ® | 57 | 53 | 58 | 51 | 56 | -1.8% | 115 | 107 | -7.0% |
| IUL | 14 | 13 | 22 | 16 | 25 | 78.6% | 28 | 41 | 46.4% |
| VUL | 46 | 62 | 103 | 52 | 53 | 15.2% | 104 | 105 | 1.0% |
| Term | 29 | 26 | 33 | 30 | 37 | 27.6% | 54 | 67 | 24.1% |
| Total individual life insurance | 156 | 163 | 230 | 160 | 186 | 19.2% | 320 | 346 | 8.1% |
| Executive Benefits | 6 | 4 | 32 | 31 | 24 | 300.0% | 16 | 55 | 243.8% |
| Total Life Insurance | <u>\$ 162</u> | <u>\$ 167</u> | <u>\$ 262</u> | <u>\$ 191</u> | <u>\$ 210</u> | 29.6% | <u>\$ 336</u> | <u>\$ 401</u> | 19.3% |
| Group Protection: | | | | | | | | | |
| Life | \$ 31 | \$ 69 | \$ 100 | \$ 64 | \$ 42 | 35.5% | \$ 53 | \$ 107 | 101.9% |
| Disability | 38 | 73 | 123 | 42 | 40 | 5.3% | 59 | 82 | 39.0% |
| Dental | 25 | 16 | 49 | 13 | 13 | -48.0% | 37 | 25 | -32.4% |
| Total Group Protection | <u>\$ 94</u> | <u>\$ 158</u> | <u>\$ 272</u> | <u>\$ 119</u> | <u>\$ 95</u> | 1.1% | <u>\$ 149</u> | <u>\$ 214</u> | 43.6% |
| Percent employee-paid | 39.9% | 40.0% | 42.1% | 52.6% | 45.8% | | 44.9% | 49.6% | |

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

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|--------|--------------------------|-----------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Operating Revenues | | | | | | | | | |
| Annuities | \$ 1,106 | \$ 1,118 | \$ 1,086 | \$ 1,174 | \$ 1,156 | 4.5% | \$ 2,180 | \$ 2,330 | 6.9% |
| Retirement Plan Services | 292 | 294 | 300 | 293 | 299 | 2.4% | 584 | 592 | 1.4% |
| Life Insurance | 1,680 | 1,766 | 1,815 | 1,700 | 1,802 | 7.3% | 3,340 | 3,502 | 4.9% |
| Group Protection | 937 | 1,128 | 1,139 | 1,138 | 1,155 | 23.3% | 1,490 | 2,293 | 53.9% |
| Other Operations | 58 | 56 | 54 | 57 | 58 | 0.0% | 125 | 116 | -7.2% |
| Total adjusted operating revenues | <u>\$ 4,073</u> | <u>\$ 4,362</u> | <u>\$ 4,394</u> | <u>\$ 4,362</u> | <u>\$ 4,470</u> | 9.7% | <u>\$ 7,719</u> | <u>\$ 8,833</u> | 14.4% |
| General and Administrative Expenses, Net of Amounts Capitalized ⁽¹⁾ | | | | | | | | | |
| Annuities | 111 | \$ 116 | \$ 120 | \$ 117 | \$ 126 | 13.5% | \$ 227 | \$ 243 | 7.0% |
| Retirement Plan Services | 75 | 75 | 78 | 75 | 76 | 1.3% | 151 | 150 | -0.7% |
| Life Insurance | 113 | 119 | 121 | 121 | 131 | 15.9% | 230 | 253 | 10.0% |
| Group Protection | 140 | 174 | 166 | 156 | 167 | 19.3% | 220 | 323 | 46.8% |
| Other Operations | 28 | 34 | 33 | 40 | 37 | 32.1% | 57 | 78 | 36.8% |
| Total | <u>\$ 467</u> | <u>\$ 518</u> | <u>\$ 518</u> | <u>\$ 509</u> | <u>\$ 537</u> | 15.0% | <u>\$ 885</u> | <u>\$ 1,047</u> | 18.3% |
| General and Administrative Expenses, Net of Amounts Capitalized, as a Percentage of Operating Revenues | | | | | | | | | |
| Annuities | 10.0% | 10.4% | 11.1% | 10.0% | 10.9% | | 10.4% | 10.4% | |
| Retirement Plan Services | 25.7% | 25.6% | 25.8% | 25.5% | 25.4% | | 25.8% | 25.4% | |
| Life Insurance | 6.7% | 6.8% | 6.7% | 7.1% | 7.3% | | 6.9% | 7.2% | |
| Group Protection | 14.9% | 15.3% | 14.6% | 13.7% | 14.4% | | 14.8% | 14.1% | |
| Other Operations | 50.2% | 59.9% | 59.8% | 69.9% | 64.3% | | 45.7% | 67.1% | |
| Total | <u>11.5%</u> | <u>11.9%</u> | <u>11.8%</u> | <u>11.7%</u> | <u>12.0%</u> | | <u>11.5%</u> | <u>11.9%</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 | | | | | Change | For the Six Months Ended | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|--------|--------------------------|-----------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Operating Commissions and Other Expenses Incurred | | | | | | | | | |
| General and administrative expenses | \$ 515 | \$ 572 | \$ 591 | \$ 563 | \$ 593 | 15.1% | \$ 975 | \$ 1,157 | 18.7% |
| Commissions | 623 | 650 | 737 | 649 | 689 | 10.6% | 1,219 | 1,338 | 9.8% |
| Taxes, licenses and fees | 79 | 82 | 80 | 100 | 74 | -6.3% | 158 | 174 | 10.1% |
| Interest and debt expense | 68 | 69 | 69 | 71 | 70 | 2.9% | 136 | 141 | 3.7% |
| Expenses associated with reserve financing and unrelated letters of credit | 21 | 21 | 22 | 22 | 22 | 4.8% | 41 | 44 | 7.3% |
| Total adjusted operating commissions and other expenses incurred | <u>1,306</u> | <u>1,394</u> | <u>1,499</u> | <u>1,405</u> | <u>1,448</u> | 10.9% | <u>2,529</u> | <u>2,854</u> | 12.9% |
| Less Amounts Capitalized | | | | | | | | | |
| General and administrative expenses | (48) | (54) | (73) | (54) | (56) | -16.7% | (90) | (110) | -22.2% |
| Commissions | (292) | (313) | (406) | (326) | (348) | -19.2% | (582) | (674) | -15.8% |
| Taxes, licenses and fees | (10) | (9) | (59) | (15) | (15) | -50.0% | (21) | (30) | -42.9% |
| Total amounts capitalized | <u>(350)</u> | <u>(376)</u> | <u>(538)</u> | <u>(395)</u> | <u>(419)</u> | -19.7% | <u>(693)</u> | <u>(814)</u> | -17.5% |
| Total expenses incurred, net of amounts capitalized, excluding amortization | <u>956</u> | <u>1,018</u> | <u>961</u> | <u>1,010</u> | <u>1,029</u> | 7.6% | <u>1,836</u> | <u>2,040</u> | 11.1% |
| Amortization | | | | | | | | | |
| Amortization of DAC, VOBA and other intangibles | 262 | 420 | 308 | 209 | 280 | 6.9% | 521 | 488 | -6.3% |
| Total adjusted operating commissions and other expenses | <u>\$ 1,218</u> | <u>\$ 1,438</u> | <u>\$ 1,269</u> | <u>\$ 1,219</u> | <u>\$ 1,309</u> | 7.5% | <u>\$ 2,357</u> | <u>\$ 2,528</u> | 7.3% |

Lincoln Financial Group
Interest Rate Yields and Spreads By Segment

Unaudited

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|---|----------------------------|---------|----------|---------|---------|--------|--------------------------|---------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Annuities | | | | | | | | | |
| Earned rate on reserves | 3.84% | 3.89% | 3.92% | 3.97% | 4.09% | 25 | 3.85% | 4.03% | 18 |
| Variable investment income on reserves ⁽¹⁾ | 0.13% | 0.13% | 0.07% | 0.05% | 0.09% | (4) | 0.11% | 0.07% | (4) |
| Net investment income yield on reserves | 3.97% | 4.02% | 3.99% | 4.02% | 4.18% | 21 | 3.96% | 4.10% | 14 |
| Interest rate credited to contract holders | 2.23% | 2.24% | 2.31% | 2.41% | 2.35% | 12 | 2.27% | 2.37% | 10 |
| Interest rate spread | 1.74% | 1.78% | 1.68% | 1.61% | 1.83% | 9 | 1.69% | 1.73% | 4 |
| Base spreads excluding variable investment income | 1.61% | 1.65% | 1.61% | 1.56% | 1.74% | 13 | 1.58% | 1.66% | 8 |
| Retirement Plan Services | | | | | | | | | |
| Earned rate on reserves | 4.25% | 4.19% | 4.20% | 4.18% | 4.13% | (12) | 4.27% | 4.16% | (11) |
| Variable investment income on reserves ⁽¹⁾ | 0.12% | 0.10% | 0.06% | 0.05% | 0.07% | (5) | 0.10% | 0.06% | (4) |
| Net investment income yield on reserves | 4.37% | 4.29% | 4.26% | 4.23% | 4.20% | (17) | 4.37% | 4.22% | (15) |
| Interest rate credited to contract holders | 2.90% | 2.90% | 2.89% | 2.92% | 2.90% | - | 2.90% | 2.91% | 1 |
| Interest rate spread | 1.47% | 1.39% | 1.37% | 1.31% | 1.30% | (17) | 1.47% | 1.31% | (16) |
| Base spreads excluding variable investment income | 1.35% | 1.29% | 1.31% | 1.26% | 1.23% | (12) | 1.37% | 1.25% | (12) |
| Life Insurance – Interest-Sensitive | | | | | | | | | |
| Earned rate on reserves | 4.98% | 4.85% | 4.92% | 4.85% | 4.87% | (11) | 4.98% | 4.86% | (12) |
| Variable investment income on reserves ⁽¹⁾ | 0.16% | 0.38% | 0.61% | 0.06% | 0.46% | 30 | 0.21% | 0.26% | 5 |
| Net investment income yield on reserves | 5.14% | 5.23% | 5.53% | 4.91% | 5.33% | 19 | 5.19% | 5.12% | (7) |
| Interest rate credited to contract holders | 3.72% | 3.72% | 3.73% | 3.69% | 3.68% | (4) | 3.73% | 3.68% | (5) |
| Interest rate spread | 1.42% | 1.51% | 1.80% | 1.22% | 1.65% | 23 | 1.46% | 1.44% | (2) |
| Base spreads excluding variable investment income | 1.26% | 1.13% | 1.19% | 1.16% | 1.19% | (7) | 1.25% | 1.18% | (7) |
| Total ⁽²⁾ | | | | | | | | | |
| Earned rate ⁽³⁾ | 4.46% | 4.37% | 4.43% | 4.33% | 4.35% | (11) | 4.48% | 4.33% | (15) |
| Variable investment income ^{(1) (3)} | 0.17% | 0.29% | 0.43% | 0.06% | 0.32% | 15 | 0.20% | 0.20% | - |
| Net investment income yield ⁽³⁾ | 4.63% | 4.66% | 4.86% | 4.39% | 4.67% | 4 | 4.68% | 4.53% | (15) |

⁽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 Six Months Ended | | |
|--|-------------------------------------|---------------|---------------|---------------|---------------|--------|-----------------------------------|---------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 109 | \$ 102 | \$ 108 | \$ 208 | \$ 137 | 25.7% | \$ 180 | \$ 345 | 91.7% |
| Fee income | 587 | 598 | 571 | 568 | 586 | -0.2% | 1,173 | 1,154 | -1.6% |
| Net investment income | 244 | 251 | 261 | 257 | 286 | 17.2% | 493 | 544 | 10.3% |
| Operating realized gain (loss) | 48 | 46 | 50 | 41 | 46 | -4.2% | 96 | 87 | -9.4% |
| Amortization of deferred gain | - | - | 8 | 8 | 8 | NM | - | 15 | NM |
| Other revenues | 118 | 121 | 88 | 92 | 93 | -21.2% | 238 | 185 | -22.3% |
| Total operating revenues | <u>1,106</u> | <u>1,118</u> | <u>1,086</u> | <u>1,174</u> | <u>1,156</u> | 4.5% | <u>2,180</u> | <u>2,330</u> | 6.9% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 144 | 145 | 150 | 162 | 163 | 13.2% | 291 | 325 | 11.7% |
| Benefits | 183 | 149 | 196 | 284 | 219 | 19.7% | 329 | 503 | 52.9% |
| Commissions incurred | 265 | 278 | 291 | 268 | 287 | 8.3% | 509 | 555 | 9.0% |
| Other expenses incurred | 222 | 233 | 241 | 230 | 244 | 9.9% | 454 | 475 | 4.6% |
| Amounts capitalized | (134) | (147) | (176) | (147) | (161) | -20.1% | (254) | (308) | -21.3% |
| Amortization | 104 | 110 | 84 | 90 | 95 | -8.7% | 216 | 184 | -14.8% |
| Total operating expenses | <u>784</u> | <u>768</u> | <u>786</u> | <u>887</u> | <u>847</u> | 8.0% | <u>1,545</u> | <u>1,734</u> | 12.2% |
| Income (loss) from operations before taxes | 322 | 350 | 300 | 287 | 309 | -4.0% | 635 | 596 | -6.1% |
| Federal income tax expense (benefit) | 47 | 48 | 42 | 37 | 43 | -8.5% | 93 | 79 | -15.1% |
| Income (loss) from operations | <u>\$ 275</u> | <u>\$ 302</u> | <u>\$ 258</u> | <u>\$ 250</u> | <u>\$ 266</u> | -3.3% | <u>\$ 542</u> | <u>\$ 517</u> | -4.6% |
| Effective Federal Income Tax Rate | 14.6% | 13.6% | 13.8% | 12.8% | 13.9% | | 14.6% | 13.4% | |
| Average Equity, Excluding Goodwill and AOCI | \$ 5,002 | \$ 5,045 | \$ 5,000 | \$ 4,785 | \$ 4,741 | -5.2% | \$ 4,978 | \$ 4,763 | -4.3% |
| ROE, Excluding Goodwill and AOCI | 22.0% | 23.9% | 20.7% | 20.9% | 22.5% | | 21.8% | 21.7% | |
| Return on Average Account Values | 81 | 87 | 83 | 79 | 81 | - | 79 | 80 | 1 |
| Income (Loss) from Operations | | | | | | | | | |
| Variable annuity | 225 | 264 | 232 | 214 | 232 | 3.1% | 444 | 447 | 0.7% |
| Fixed annuity | 50 | 38 | 26 | 36 | 34 | -32.0% | 98 | 70 | -28.6% |
| Account Values | | | | | | | | | |
| Variable annuity account values: | | | | | | | | | |
| Average | \$ 117,177 | \$ 118,838 | \$ 112,615 | \$ 113,785 | \$ 117,254 | 0.1% | \$ 117,974 | \$ 115,531 | -2.1% |
| End-of-period | 116,901 | 119,430 | 108,536 | 116,514 | 119,005 | 1.8% | 116,901 | 119,005 | 1.8% |
| Fixed annuity account values: | | | | | | | | | |
| Average | 19,564 | 19,801 | 12,254 | 13,400 | 14,421 | -26.3% | 19,558 | 13,906 | -28.9% |
| End-of-period | 19,655 | 19,855 | 12,743 | 13,944 | 14,839 | -24.5% | 19,655 | 14,839 | -24.5% |

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

Unaudited (millions of dollars)

| | As of or For the Three Months Ended | | | | | Change | As of or For the Six Months Ended | | |
|--|-------------------------------------|--------------|--------------|--------------|--------------|--------|-----------------------------------|--------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Fee income | \$ 64 | \$ 65 | \$ 62 | \$ 61 | \$ 62 | -3.1% | \$ 129 | \$ 123 | -4.7% |
| Net investment income | 222 | 223 | 232 | 226 | 231 | 4.1% | 444 | 457 | 2.9% |
| Other revenues | 6 | 6 | 6 | 6 | 6 | 0.0% | 11 | 12 | 9.1% |
| Total operating revenues | <u>292</u> | <u>294</u> | <u>300</u> | <u>293</u> | <u>299</u> | 2.4% | <u>584</u> | <u>592</u> | 1.4% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 137 | 140 | 142 | 145 | 145 | 5.8% | 274 | 290 | 5.8% |
| Benefits | - | - | - | - | 1 | NM | 1 | 1 | 0.0% |
| Commissions incurred | 21 | 20 | 18 | 19 | 19 | -9.5% | 40 | 39 | -2.5% |
| Other expenses incurred | 83 | 83 | 86 | 85 | 83 | 0.0% | 167 | 167 | 0.0% |
| Amounts capitalized | (6) | (5) | (6) | (5) | (5) | 16.7% | (10) | (10) | 0.0% |
| Amortization | 6 | 9 | 6 | 6 | 7 | 16.7% | 13 | 13 | 0.0% |
| Total operating expenses | <u>241</u> | <u>247</u> | <u>246</u> | <u>250</u> | <u>250</u> | 3.7% | <u>485</u> | <u>500</u> | 3.1% |
| Income (loss) from operations before taxes | 51 | 47 | 54 | 43 | 49 | -3.9% | 99 | 92 | -7.1% |
| Federal income tax expense (benefit) | 8 | 7 | 9 | 4 | 7 | -12.5% | 13 | 11 | -15.4% |
| Income (loss) from operations | <u>\$ 43</u> | <u>\$ 40</u> | <u>\$ 45</u> | <u>\$ 39</u> | <u>\$ 42</u> | -2.3% | <u>\$ 86</u> | <u>\$ 81</u> | -5.8% |
| Effective Federal Income Tax Rate | 15.1% | 15.9% | 15.9% | 8.5% | 14.3% | | 13.3% | 11.6% | |
| Average Equity, Excluding Goodwill and AOCI | \$ 1,302 | \$ 1,316 | \$ 1,356 | \$ 1,402 | \$ 1,429 | 9.8% | \$ 1,307 | \$ 1,415 | 8.3% |
| ROE, Excluding Goodwill and AOCI | 13.3% | 12.1% | 13.3% | 11.2% | 11.7% | | 13.1% | 11.5% | |
| Pre-tax Net Margin | 32.8% | 30.7% | 34.0% | 29.1% | 31.7% | | 31.9% | 30.4% | |
| Return on Average Account Values | 25 | 22 | 26 | 22 | 23 | (2) | 25 | 23 | (2) |
| Net Flows by Market | | | | | | | | | |
| Small Market | 12 | 110 | 248 | 189 | 25 | 108.3% | \$ (67) | \$ 213 | NM |
| Mid - Large Market | 730 | 1,573 | 264 | (283) | 532 | -27.1% | 1,564 | 249 | -84.1% |
| Multi-Fund® and Other | (243) | (272) | (339) | (287) | (250) | -2.9% | (535) | (536) | -0.2% |
| Net Flows – Trailing Twelve Months | \$ 1,844 | \$ 2,813 | \$ 2,546 | \$ 1,702 | \$ 1,510 | -18.1% | \$ 1,844 | \$ 1,510 | -18.1% |

Lincoln Financial Group
Life Insurance – Select Earnings and Operational Data

Unaudited (millions of dollars)

| | As of or For the Three Months Ended | | | | | Change | As of or For the Six Months Ended | | |
|--|-------------------------------------|-------------------|-------------------|-------------------|-------------------|--------|-----------------------------------|-------------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 205 | \$ 205 | \$ 210 | \$ 213 | \$ 224 | 9.3% | \$ 401 | \$ 438 | 9.2% |
| Fee income | 819 | 886 | 881 | 844 | 868 | 6.0% | 1,624 | 1,710 | 5.3% |
| Net investment income | 650 | 671 | 719 | 643 | 707 | 8.8% | 1,308 | 1,351 | 3.3% |
| Operating realized gain (loss) | (2) | (3) | - | (3) | (2) | 0.0% | (2) | (5) | NM |
| Other revenues | 8 | 7 | 5 | 3 | 5 | -37.5% | 9 | 8 | -11.1% |
| Total operating revenues | <u>1,680</u> | <u>1,766</u> | <u>1,815</u> | <u>1,700</u> | <u>1,802</u> | 7.3% | <u>3,340</u> | <u>3,502</u> | 4.9% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 351 | 352 | 357 | 354 | 355 | 1.1% | 705 | 709 | 0.6% |
| Benefits | 840 | 742 | 913 | 902 | 913 | 8.7% | 1,690 | 1,814 | 7.3% |
| Commissions incurred | 166 | 173 | 241 | 186 | 197 | 18.7% | 345 | 383 | 11.0% |
| Other expenses incurred | 198 | 202 | 210 | 212 | 214 | 8.1% | 399 | 426 | 6.8% |
| Amounts capitalized | (193) | (199) | (318) | (220) | (232) | -20.2% | (397) | (452) | -13.9% |
| Amortization | 133 | 279 | 194 | 71 | 148 | 11.3% | 241 | 219 | -9.1% |
| Total operating expenses | <u>1,495</u> | <u>1,549</u> | <u>1,597</u> | <u>1,505</u> | <u>1,595</u> | 6.7% | <u>2,983</u> | <u>3,099</u> | 3.9% |
| Income (loss) from operations before taxes | 185 | 217 | 218 | 195 | 207 | 11.9% | 357 | 403 | 12.9% |
| Federal income tax expense (benefit) | 35 | 41 | 43 | 38 | 39 | 11.4% | 63 | 78 | 23.8% |
| Income (loss) from operations | <u>\$ 150</u> | <u>\$ 176</u> | <u>\$ 175</u> | <u>\$ 157</u> | <u>\$ 168</u> | 12.0% | <u>\$ 294</u> | <u>\$ 325</u> | 10.5% |
| Effective Federal Income Tax Rate | 18.9% | 18.7% | 19.8% | 19.6% | 19.1% | | 17.6% | 19.3% | |
| Average Equity, Excluding Goodwill and AOCI | \$ 7,954 | \$ 8,047 | \$ 8,147 | \$ 8,399 | \$ 8,697 | 9.3% | \$ 7,890 | \$ 8,548 | 8.3% |
| ROE, Excluding Goodwill and AOCI | 7.5% | 8.8% | 8.6% | 7.5% | 7.7% | | 7.5% | 7.6% | |
| Average Account Values | \$ 49,548 | \$ 50,201 | \$ 50,088 | \$ 50,355 | \$ 51,495 | 3.9% | \$ 49,357 | \$ 50,925 | 3.2% |
| In-Force Face Amount | | | | | | | | | |
| UL and other | \$ 341,663 | \$ 342,455 | \$ 343,922 | \$ 346,292 | \$ 347,674 | 1.8% | \$ 341,663 | \$ 347,674 | 1.8% |
| Term insurance | 388,475 | 393,839 | 399,877 | 416,789 | 433,706 | 11.6% | 388,475 | 433,706 | 11.6% |
| Total in-force face amount | <u>\$ 730,138</u> | <u>\$ 736,294</u> | <u>\$ 743,799</u> | <u>\$ 763,081</u> | <u>\$ 781,380</u> | 7.0% | <u>\$ 730,138</u> | <u>\$ 781,380</u> | 7.0% |

Lincoln Financial Group
Group Protection – Select Earnings and Operational Data

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|--|----------------------------|--------------|--------------|--------------|--------------|--------|--------------------------|---------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Income (Loss) from Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 846 | \$ 1,011 | \$ 1,018 | \$ 1,023 | \$ 1,032 | 22.0% | \$ 1,354 | \$ 2,055 | 51.8% |
| Net investment income | 63 | 76 | 80 | 74 | 81 | 28.6% | 103 | 154 | 49.5% |
| Other revenues | 28 | 41 | 41 | 41 | 42 | 50.0% | 33 | 84 | 154.5% |
| Total operating revenues | <u>937</u> | <u>1,128</u> | <u>1,139</u> | <u>1,138</u> | <u>1,155</u> | 23.3% | <u>1,490</u> | <u>2,293</u> | 53.9% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 1 | 1 | 2 | 1 | 1 | 0.0% | 2 | 3 | 50.0% |
| Benefits | 617 | 744 | 769 | 753 | 758 | 22.9% | 943 | 1,511 | 60.2% |
| Commissions incurred | 83 | 89 | 101 | 92 | 92 | 10.8% | 149 | 184 | 23.5% |
| Other expenses incurred | 176 | 218 | 218 | 203 | 208 | 18.2% | 281 | 411 | 46.3% |
| Amounts capitalized | (17) | (25) | (39) | (23) | (20) | -17.6% | (30) | (43) | -43.3% |
| Amortization | 20 | 22 | 24 | 42 | 30 | 50.0% | 51 | 72 | 41.2% |
| Total operating expenses | <u>880</u> | <u>1,049</u> | <u>1,075</u> | <u>1,068</u> | <u>1,069</u> | 21.5% | <u>1,396</u> | <u>2,138</u> | 53.2% |
| Income (loss) from operations before taxes | 57 | 79 | 64 | 70 | 86 | 50.9% | 94 | 155 | 64.9% |
| Federal income tax expense (benefit) | 12 | 16 | 14 | 15 | 18 | 50.0% | 20 | 32 | 60.0% |
| Income (loss) from operations | <u>\$ 45</u> | <u>\$ 63</u> | <u>\$ 50</u> | <u>\$ 55</u> | <u>\$ 68</u> | 51.1% | <u>\$ 74</u> | <u>\$ 123</u> | 66.2% |
| 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 | \$ 1,610 | \$ 2,105 | \$ 2,082 | \$ 2,165 | \$ 2,360 | 46.6% | \$ 1,356 | \$ 2,262 | 66.9% |
| ROE, Excluding Goodwill and AOCI | 11.2% | 11.9% | 9.6% | 10.1% | 11.5% | | 10.9% | 10.9% | |
| Loss Ratios by Product Line | | | | | | | | | |
| Life | 68.0% | 70.6% | 70.8% | 71.4% | 71.2% | | 66.1% | 71.3% | |
| Disability | 76.4% | 75.8% | 79.6% | 75.4% | 74.9% | | 71.6% | 75.2% | |
| Dental | 73.4% | 72.2% | 70.6% | 72.2% | 75.0% | | 74.0% | 73.6% | |
| Total | 73.1% | 73.6% | 75.8% | 73.7% | 73.6% | | 69.8% | 73.6% | |

Lincoln Financial Group
Other Operations – Select Earnings and Operational Data

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|--|----------------------------|----------------|----------------|----------------|----------------|--------|--------------------------|-----------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Other Operations | | | | | | | | | |
| Operating revenues: | | | | | | | | | |
| Insurance premiums | \$ 5 | \$ 4 | \$ - | \$ 2 | \$ 5 | 0.0% | \$ 8 | \$ 7 | -12.5% |
| Net investment income | 53 | 50 | 57 | 51 | 50 | -5.7% | 117 | 100 | -14.5% |
| Other revenues | - | 2 | (3) | 4 | 3 | NM | - | 9 | NM |
| Total operating revenues | <u>58</u> | <u>56</u> | <u>54</u> | <u>57</u> | <u>58</u> | 0.0% | <u>125</u> | <u>116</u> | -7.2% |
| Operating expenses: | | | | | | | | | |
| Interest credited | 14 | 14 | 13 | 15 | 15 | 7.1% | 29 | 30 | 3.4% |
| Benefits | 28 | 38 | 20 | 20 | 25 | -10.7% | 47 | 46 | -2.1% |
| Commissions and other expenses | 7 | 11 | (3) | 24 | 18 | 157.1% | 16 | 41 | 156.3% |
| Interest and debt expenses | 68 | 69 | 69 | 71 | 70 | 2.9% | 136 | 141 | 3.7% |
| Strategic digitization expense | 16 | 18 | 28 | 15 | 15 | -6.3% | 31 | 31 | 0.0% |
| Total operating expenses | <u>133</u> | <u>150</u> | <u>127</u> | <u>145</u> | <u>143</u> | 7.5% | <u>259</u> | <u>289</u> | 11.6% |
| Income (loss) from operations before taxes | (75) | (94) | (73) | (88) | (85) | -13.3% | (134) | (173) | -29.1% |
| Federal income tax expense (benefit) | (16) | (23) | (20) | (28) | (19) | -18.8% | (33) | (46) | -39.4% |
| Income (loss) from operations | <u>\$ (59)</u> | <u>\$ (71)</u> | <u>\$ (53)</u> | <u>\$ (60)</u> | <u>\$ (66)</u> | -11.9% | <u>\$ (101)</u> | <u>\$ (127)</u> | -25.7% |

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 Six Months Ended | | |
|--|----------------------------|------------------|------------------|-----------------|-----------------|---------|--------------------------|-----------------|---------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| DAC, VOBA and DSI | | | | | | | | | |
| Balance as of beginning-of-period | \$ 9,538 | \$ 10,162 | \$ 10,278 | \$ 10,512 | \$ 9,689 | 1.6% | \$ 8,641 | \$ 10,512 | 21.7% |
| Deferrals | 363 | 387 | 550 | 406 | 427 | 17.6% | 716 | 832 | 16.2% |
| Operating amortization | <u>(269)</u> | <u>(424)</u> | <u>(311)</u> | <u>(209)</u> | <u>(279)</u> | -3.7% | <u>(535)</u> | <u>(488)</u> | 8.8% |
| Deferrals, net of operating amortization | 94 | (37) | 239 | 197 | 148 | 57.4% | 181 | 344 | 90.1% |
| Amortization associated with benefit ratio unlocking | 1 | (5) | 36 | (25) | (7) | NM | 6 | (32) | NM |
| Business acquired | 30 | - | - | - | - | -100.0% | 30 | - | -100.0% |
| Business sold through reinsurance | - | - | (278) | - | - | NM | - | - | NM |
| Adjustment related to realized gains (losses) | (7) | - | (38) | 31 | 11 | 257.1% | (12) | 42 | NM |
| Adjustment related to unrealized gains (losses) | 506 | 158 | 275 | (1,026) | (1,009) | NM | 1,316 | (2,034) | NM |
| Balance as of end-of-period | <u>\$ 10,162</u> | <u>\$ 10,278</u> | <u>\$ 10,512</u> | <u>\$ 9,689</u> | <u>\$ 8,832</u> | -13.1% | <u>\$ 10,162</u> | <u>\$ 8,832</u> | -13.1% |
| DFEL | | | | | | | | | |
| Balance as of beginning-of-period | \$ 1,877 | \$ 2,294 | \$ 2,442 | \$ 2,769 | \$ 2,203 | 17.4% | \$ 1,445 | \$ 2,769 | 91.6% |
| Deferrals | 207 | 214 | 251 | 217 | 245 | 18.4% | 410 | 462 | 12.7% |
| Operating amortization | <u>(121)</u> | <u>(165)</u> | <u>(146)</u> | <u>(112)</u> | <u>(142)</u> | -17.4% | <u>(227)</u> | <u>(255)</u> | -12.3% |
| Deferrals, net of operating amortization | 86 | 49 | 105 | 105 | 103 | 19.8% | 183 | 207 | 13.1% |
| Amortization associated with benefit ratio unlocking | - | (1) | 4 | (3) | (1) | NM | 1 | (4) | NM |
| Adjustment related to realized (gains) losses | (4) | (3) | (10) | 3 | (3) | 25.0% | (8) | - | 100.0% |
| Adjustment related to unrealized (gains) losses | 335 | 103 | 228 | (671) | (655) | NM | 673 | (1,325) | NM |
| Balance as of end-of-period | <u>\$ 2,294</u> | <u>\$ 2,442</u> | <u>\$ 2,769</u> | <u>\$ 2,203</u> | <u>\$ 1,647</u> | -28.2% | <u>\$ 2,294</u> | <u>\$ 1,647</u> | -28.2% |
| DAC, VOBA, DSI and DFEL | | | | | | | | | |
| Balance as of End-of-Period, After-Tax | \$ 6,216 | \$ 6,190 | \$ 6,117 | \$ 5,914 | \$ 5,676 | -8.7% | \$ 6,216 | \$ 5,676 | -8.7% |

Lincoln Financial Group
Annuities – Account Value Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|--------|--------------------------|-------------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Fixed Annuities | | | | | | | | | |
| Balance as of beginning-of-period | \$ 20,315 | \$ 20,722 | \$ 21,116 | \$ 21,666 | \$ 22,941 | 12.9% | \$ 20,305 | \$ 21,666 | 6.7% |
| Gross deposits | 889 | 890 | 1,305 | 1,584 | 1,298 | 46.0% | 1,381 | 2,882 | 108.7% |
| Full surrenders and deaths | (490) | (555) | (501) | (469) | (501) | -2.2% | (890) | (970) | -9.0% |
| Other contract benefits | (157) | (161) | (186) | (151) | (135) | 14.0% | (308) | (286) | 7.1% |
| Net flows | 242 | 174 | 618 | 964 | 662 | 173.6% | 183 | 1,626 | NM |
| Contract holder assessments | (8) | (8) | (9) | (8) | (10) | -25.0% | (15) | (18) | -20.0% |
| Reinvested interest credited | 173 | 228 | (59) | 319 | 243 | 40.5% | 249 | 562 | 125.7% |
| Balance as of end-of-period, gross | 20,722 | 21,116 | 21,666 | 22,941 | 23,836 | 15.0% | 20,722 | 23,836 | 15.0% |
| Reinsurance ceded | (1,067) | (1,261) | (8,923) | (8,997) | (8,997) | NM | (1,067) | (8,997) | NM |
| Balance as of end-of-period, net | <u>\$ 19,655</u> | <u>\$ 19,855</u> | <u>\$ 12,743</u> | <u>\$ 13,944</u> | <u>\$ 14,839</u> | -24.5% | <u>\$ 19,655</u> | <u>\$ 14,839</u> | -24.5% |
| Variable Annuities | | | | | | | | | |
| Balance as of beginning-of-period | \$ 116,172 | \$ 116,901 | \$ 119,430 | \$ 108,536 | \$ 116,514 | 0.3% | \$ 117,479 | \$ 108,536 | -7.6% |
| Gross deposits | 2,094 | 2,190 | 2,469 | 1,924 | 2,356 | 12.5% | 4,128 | 4,280 | 3.7% |
| Full surrenders and deaths | (1,545) | (1,523) | (1,414) | (1,458) | (1,722) | -11.5% | (3,158) | (3,180) | -0.7% |
| Other contract benefits | (917) | (922) | (998) | (938) | (919) | -0.2% | (1,885) | (1,857) | 1.5% |
| Net flows | (368) | (255) | 57 | (472) | (285) | 22.6% | (915) | (757) | 17.3% |
| Contract holder assessments | (620) | (629) | (617) | (601) | (619) | 0.2% | (1,238) | (1,221) | |
| Change in market value and reinvestment | 1,717 | 3,413 | (10,334) | 9,051 | 3,395 | 97.7% | 1,575 | 12,447 | NM |
| Balance as of end-of-period, gross and net | <u>\$ 116,901</u> | <u>\$ 119,430</u> | <u>\$ 108,536</u> | <u>\$ 116,514</u> | <u>\$ 119,005</u> | 1.8% | <u>\$ 116,901</u> | <u>\$ 119,005</u> | 1.8% |
| Total | | | | | | | | | |
| Balance as of beginning-of-period | \$ 136,487 | \$ 137,623 | \$ 140,546 | \$ 130,202 | \$ 139,455 | 2.2% | \$ 137,784 | \$ 130,202 | -5.5% |
| Gross deposits | 2,983 | 3,080 | 3,774 | 3,508 | 3,654 | 22.5% | 5,509 | 7,162 | 30.0% |
| Full surrenders and deaths | (2,035) | (2,078) | (1,915) | (1,927) | (2,223) | -9.2% | (4,048) | (4,150) | -2.5% |
| Other contract benefits | (1,074) | (1,083) | (1,184) | (1,089) | (1,054) | 1.9% | (2,193) | (2,143) | 2.3% |
| Net flows | (126) | (81) | 675 | 492 | 377 | NM | (732) | 869 | 218.7% |
| Contract holder assessments | (628) | (637) | (626) | (609) | (629) | -0.2% | (1,253) | (1,239) | 1.1% |
| Change in market value and reinvestment | 1,890 | 3,641 | (10,393) | 9,370 | 3,638 | 92.5% | 1,824 | 13,009 | NM |
| Balance as of end-of-period, gross | 137,623 | 140,546 | 130,202 | 139,455 | 142,841 | 3.8% | 137,623 | 142,841 | 3.8% |
| Reinsurance ceded | (1,067) | (1,261) | (8,923) | (8,997) | (8,997) | NM | (1,067) | (8,997) | NM |
| Balance as of end-of-period, net | <u>\$ 136,556</u> | <u>\$ 139,285</u> | <u>\$ 121,279</u> | <u>\$ 130,458</u> | <u>\$ 133,844</u> | -2.0% | <u>\$ 136,556</u> | <u>\$ 133,844</u> | -2.0% |

Lincoln Financial Group
Retirement Plan Services – Account Value Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|---|----------------------------|------------------|------------------|------------------|------------------|--------|--------------------------|------------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| General Account | | | | | | | | | |
| Balance as of beginning-of-period | \$ 18,856 | \$ 19,046 | \$ 19,511 | \$ 19,766 | \$ 19,914 | 5.6% | \$ 18,724 | \$ 19,766 | 5.6% |
| Gross deposits | 394 | 704 | 489 | 458 | 393 | -0.3% | 853 | 850 | -0.4% |
| Withdrawals | (443) | (442) | (544) | (519) | (470) | -6.1% | (963) | (989) | -2.7% |
| Net flows | (49) | 262 | (55) | (61) | (77) | -57.1% | (110) | (139) | -26.4% |
| Transfers between fixed and variable accounts | 104 | 65 | 169 | 70 | 97 | -6.7% | 164 | 168 | 2.4% |
| Contract holder assessments | (3) | (3) | (3) | (3) | (3) | 0.0% | (5) | (6) | -20.0% |
| Reinvestment interest credited | 138 | 141 | 144 | 142 | 145 | 5.1% | 273 | 287 | 5.1% |
| Balance as of end-of-period | <u>\$ 19,046</u> | <u>\$ 19,511</u> | <u>\$ 19,766</u> | <u>\$ 19,914</u> | <u>\$ 20,076</u> | 5.4% | <u>\$ 19,046</u> | <u>\$ 20,076</u> | 5.4% |
| Separate Account and Mutual Funds | | | | | | | | | |
| Balance as of beginning-of-period | \$ 48,854 | \$ 50,137 | \$ 52,994 | \$ 47,289 | \$ 51,885 | 6.2% | \$ 48,645 | \$ 47,289 | -2.8% |
| Gross deposits | 1,823 | 2,624 | 1,674 | 2,038 | 1,680 | -7.8% | 3,724 | 3,718 | -0.2% |
| Withdrawals | (1,275) | (1,475) | (1,446) | (2,358) | (1,296) | -1.6% | (2,652) | (3,653) | -37.7% |
| Net flows | 548 | 1,149 | 228 | (320) | 384 | -29.9% | 1,072 | 65 | -93.9% |
| Transfers between fixed and variable accounts | (112) | (134) | (170) | (210) | (141) | -25.9% | (231) | (352) | -52.4% |
| Contract holder assessments | (52) | (53) | (52) | (51) | (52) | 0.0% | (105) | (103) | 1.9% |
| Change in market value and reinvestment | 899 | 1,895 | (5,711) | 5,177 | 1,862 | 107.1% | 756 | 7,039 | NM |
| Balance as of end-of-period | <u>\$ 50,137</u> | <u>\$ 52,994</u> | <u>\$ 47,289</u> | <u>\$ 51,885</u> | <u>\$ 53,938</u> | 7.6% | <u>\$ 50,137</u> | <u>\$ 53,938</u> | 7.6% |
| Total | | | | | | | | | |
| Balance as of beginning-of-period | \$ 67,710 | \$ 69,183 | \$ 72,505 | \$ 67,055 | \$ 71,799 | 6.0% | \$ 67,369 | \$ 67,055 | -0.5% |
| Gross deposits | 2,217 | 3,328 | 2,163 | 2,496 | 2,073 | -6.5% | 4,577 | 4,568 | -0.2% |
| Withdrawals | (1,718) | (1,917) | (1,990) | (2,877) | (1,766) | -2.8% | (3,615) | (4,642) | -28.4% |
| Net flows | 499 | 1,411 | 173 | (381) | 307 | -38.5% | 962 | (74) | NM |
| Transfers between fixed and variable accounts | (8) | (69) | (1) | (140) | (44) | NM | (67) | (184) | NM |
| Contract holder assessments | (55) | (56) | (55) | (54) | (55) | 0.0% | (110) | (109) | 0.9% |
| Change in market value and reinvestment | 1,037 | 2,036 | (5,567) | 5,319 | 2,007 | 93.5% | 1,029 | 7,326 | NM |
| Balance as of end-of-period | <u>\$ 69,183</u> | <u>\$ 72,505</u> | <u>\$ 67,055</u> | <u>\$ 71,799</u> | <u>\$ 74,014</u> | 7.0% | <u>\$ 69,183</u> | <u>\$ 74,014</u> | 7.0% |

Lincoln Financial Group
Life Insurance – Account Value Roll Forwards

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|---|----------------------------|------------------|------------------|------------------|------------------|--------|--------------------------|------------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| General Account | | | | | | | | | |
| Balance as of beginning-of-period | \$ 36,855 | \$ 36,955 | \$ 37,054 | \$ 37,289 | \$ 37,275 | 1.1% | \$ 36,791 | \$ 37,289 | 1.4% |
| Deposits | 1,073 | 1,024 | 1,133 | 1,027 | 1,117 | 4.1% | 2,112 | 2,144 | 1.5% |
| Withdrawals and deaths | (312) | (266) | (197) | (331) | (195) | 37.5% | (629) | (527) | 16.2% |
| Net flows | 761 | 758 | 936 | 696 | 922 | 21.2% | 1,483 | 1,617 | 9.0% |
| Contract holder assessments | (1,018) | (1,024) | (1,051) | (1,043) | (1,107) | -8.7% | (2,037) | (2,148) | -5.4% |
| Reinvested interest credited | 357 | 365 | 350 | 333 | 348 | -2.5% | 718 | 680 | -5.3% |
| Balance as of end-of-period, gross | 36,955 | 37,054 | 37,289 | 37,275 | 37,438 | 1.3% | 36,955 | 37,438 | 1.3% |
| Reinsurance ceded | (693) | (683) | (677) | (669) | (666) | 3.9% | (693) | (666) | 3.9% |
| Balance as of end-of-period, net | <u>\$ 36,262</u> | <u>\$ 36,371</u> | <u>\$ 36,612</u> | <u>\$ 36,606</u> | <u>\$ 36,772</u> | 1.4% | <u>\$ 36,262</u> | <u>\$ 36,772</u> | 1.4% |
| Separate Account | | | | | | | | | |
| Balance as of beginning-of-period | \$ 13,987 | \$ 14,420 | \$ 15,102 | \$ 13,735 | \$ 15,346 | 9.7% | \$ 13,851 | \$ 13,735 | -0.8% |
| Deposits | 444 | 499 | 730 | 510 | 566 | 27.5% | 939 | 1,077 | 14.7% |
| Withdrawals and deaths | (121) | (177) | (227) | (186) | (271) | NM | (262) | (457) | -74.4% |
| Net flows | 323 | 322 | 503 | 324 | 295 | -8.7% | 677 | 620 | -8.4% |
| Contract holder assessments | (179) | (187) | (210) | (193) | (195) | -8.9% | (358) | (388) | -8.4% |
| Change in market value and reinvestment | 289 | 547 | (1,660) | 1,480 | 495 | 71.3% | 250 | 1,974 | NM |
| Balance as of end-of-period, gross | 14,420 | 15,102 | 13,735 | 15,346 | 15,941 | 10.5% | 14,420 | 15,941 | 10.5% |
| Reinsurance ceded | (868) | (886) | (758) | (832) | (844) | 2.8% | (868) | (844) | 2.8% |
| Balance as of end-of-period, net | <u>\$ 13,552</u> | <u>\$ 14,216</u> | <u>\$ 12,977</u> | <u>\$ 14,514</u> | <u>\$ 15,097</u> | 11.4% | <u>\$ 13,552</u> | <u>\$ 15,097</u> | 11.4% |
| Total | | | | | | | | | |
| Balance as of beginning-of-period | \$ 50,842 | \$ 51,375 | \$ 52,156 | \$ 51,024 | \$ 52,621 | 3.5% | \$ 50,642 | \$ 51,024 | 0.8% |
| Deposits | 1,517 | 1,523 | 1,863 | 1,537 | 1,683 | 10.9% | 3,051 | 3,221 | 5.6% |
| Withdrawals and deaths | (433) | (443) | (424) | (517) | (466) | -7.6% | (891) | (984) | -10.4% |
| Net flows | 1,084 | 1,080 | 1,439 | 1,020 | 1,217 | 12.3% | 2,160 | 2,237 | 3.6% |
| Contract holder assessments | (1,197) | (1,211) | (1,261) | (1,236) | (1,302) | -8.8% | (2,395) | (2,536) | -5.9% |
| Change in market value and reinvestment | 646 | 912 | (1,310) | 1,813 | 843 | 30.5% | 968 | 2,654 | 174.2% |
| Balance as of end-of-period, gross | 51,375 | 52,156 | 51,024 | 52,621 | 53,379 | 3.9% | 51,375 | 53,379 | 3.9% |
| Reinsurance ceded | (1,561) | (1,569) | (1,435) | (1,501) | (1,510) | 3.3% | (1,561) | (1,510) | 3.3% |
| Balance as of end-of-period, net | <u>\$ 49,814</u> | <u>\$ 50,587</u> | <u>\$ 49,589</u> | <u>\$ 51,120</u> | <u>\$ 51,869</u> | 4.1% | <u>\$ 49,814</u> | <u>\$ 51,869</u> | 4.1% |

Other Information



Lincoln Financial Group

Select Investment Data

Unaudited (millions of dollars)

| | As of 6/30/18 | | As of 12/31/18 | | As of 6/30/19 | |
|---|---------------|--------|----------------|--------|---------------|--------|
| | Amount | % | Amount | % | Amount | % |
| Fixed Maturity AFS, Trading and Equity Securities, at Fair Value | | | | | | |
| Fixed maturity AFS securities: | | | | | | |
| Corporate bonds | \$ 81,059 | 85.7% | \$ 81,314 | 84.7% | \$ 85,907 | 82.3% |
| U.S. government bonds | 422 | 0.4% | 417 | 0.4% | 430 | 0.4% |
| Foreign government bonds | 471 | 0.5% | 448 | 0.5% | 440 | 0.4% |
| Mortgage-backed securities | 4,121 | 4.4% | 4,177 | 4.3% | 4,257 | 4.1% |
| Asset-backed collateralized debt obligations | 1,119 | 1.2% | 1,730 | 1.8% | 2,425 | 2.3% |
| State and municipal bonds | 5,248 | 5.5% | 5,345 | 5.6% | 5,669 | 5.4% |
| Hybrid and redeemable preferred securities | 620 | 0.7% | 593 | 0.6% | 605 | 0.6% |
| Total fixed maturity AFS securities | 93,060 | 98.4% | 94,024 | 97.9% | 99,733 | 95.5% |
| Trading securities | 1,450 | 1.5% | 1,950 | 2.0% | 4,522 | 4.3% |
| Equity securities | 112 | 0.1% | 99 | 0.1% | 196 | 0.2% |
| Total fixed maturity AFS, trading and equity securities | \$ 94,622 | 100.0% | \$ 96,073 | 100.0% | \$ 104,451 | 100.0% |
| Fixed Maturity AFS, Trading and Equity Securities, at Amortized Cost | | | | | | |
| Fixed maturity AFS securities | \$ 90,083 | 98.5% | \$ 92,429 | 98.0% | \$ 91,190 | 95.4% |
| Trading securities | 1,304 | 1.4% | 1,823 | 1.9% | 4,227 | 4.4% |
| Equity securities | 110 | 0.1% | 116 | 0.1% | 205 | 0.2% |
| Total fixed maturity AFS, trading and equity securities | \$ 91,497 | 100.0% | \$ 94,368 | 100.0% | \$ 95,622 | 100.0% |
| Percentage of Fixed Maturity AFS Securities, at Amortized Cost | | | | | | |
| Investment grade | | 95.9% | | 96.2% | | 96.1% |
| Below investment grade | | 4.1% | | 3.8% | | 3.9% |

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

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|--|----------------------------|----------------|----------------|-----------------|-----------------|--------|--------------------------|-----------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Realized Gain (Loss), Pre-Tax | | | | | | | | | |
| Total adjusted operating realized gain (loss) | \$ 46 | \$ 43 | \$ 50 | \$ 38 | \$ 44 | -4.3% | \$ 94 | \$ 82 | -12.8% |
| Total excluded realized gain (loss) | (53) | (98) | 141 | (400) | (161) | NM | (89) | (562) | NM |
| Total realized gain (loss), pre-tax | <u>\$ (7)</u> | <u>\$ (55)</u> | <u>\$ 191</u> | <u>\$ (362)</u> | <u>\$ (117)</u> | NM | <u>\$ 5</u> | <u>\$ (480)</u> | NM |
| Excluded Realized Gain (Loss) Net of Benefit Ratio Unlocking, After-Tax | | | | | | | | | |
| Total excluded realized gain (loss) | \$ (41) | \$ (77) | \$ 111 | \$ (316) | \$ (128) | NM | \$ (69) | \$ (443) | NM |
| Benefit ratio unlocking | 7 | 33 | (167) | 142 | 46 | NM | (3) | 188 | NM |
| Net gain (loss), after-tax | <u>\$ (34)</u> | <u>\$ (44)</u> | <u>\$ (56)</u> | <u>\$ (174)</u> | <u>\$ (82)</u> | NM | <u>\$ (72)</u> | <u>\$ (255)</u> | NM |
| Realized Gain (Loss) Net of Benefit Ratio Unlocking, After-Tax | | | | | | | | | |
| Realized gain (loss) related to investments | \$ 9 | \$ (15) | \$ (37) | \$ (110) | \$ (37) | NM | \$ (6) | \$ (146) | NM |
| Variable annuity net derivative results: | | | | | | | | | |
| Hedge program performance, including unlocking for GLB reserves hedged | (42) | (19) | (53) | (15) | (19) | 54.8% | (67) | (33) | 50.7% |
| GLB non-performance risk component | <u>2</u> | <u>(5)</u> | <u>56</u> | <u>(27)</u> | <u>(2)</u> | NM | <u>7</u> | <u>(30)</u> | NM |
| Total variable annuity net derivative results | (40) | (24) | 3 | (42) | (21) | 47.5% | (60) | (63) | -5.0% |
| Indexed annuity forward-starting option | <u>(3)</u> | <u>(5)</u> | <u>(22)</u> | <u>(22)</u> | <u>(24)</u> | NM | <u>(6)</u> | <u>(46)</u> | NM |
| Excluded realized gain (loss) net of benefit ratio unlocking, after-tax | <u>\$ (34)</u> | <u>\$ (44)</u> | <u>\$ (56)</u> | <u>\$ (174)</u> | <u>\$ (82)</u> | NM | <u>\$ (72)</u> | <u>\$ (255)</u> | NM |
| Components of Realized Gain (Loss) Related to Investments, After-Tax | | | | | | | | | |
| OTTI | \$ (1) | \$ (2) | \$ (2) | \$ (6) | \$ (3) | NM | \$ (2) | \$ (9) | NM |
| Other realized gain (loss) related to certain investments | (11) | (7) | (13) | (15) | (7) | 39.0% | (26) | (21) | 19.2% |
| Gain (loss) on the mark-to-market on equity investments | 2 | - | (15) | 5 | 1 | -50.0% | 1 | 6 | NM |
| Gain (loss) on the mark-to-market on certain instruments | <u>19</u> | <u>(6)</u> | <u>(7)</u> | <u>(94)</u> | <u>(28)</u> | NM | <u>21</u> | <u>(122)</u> | NM |
| Total realized gain (loss) related to investments, after-tax | <u>\$ 9</u> | <u>\$ (15)</u> | <u>\$ (37)</u> | <u>\$ (110)</u> | <u>\$ (37)</u> | NM | <u>\$ (6)</u> | <u>\$ (146)</u> | NM |

Lincoln Financial Group
Select GAAP to Non-GAAP Reconciliations

Unaudited (millions of dollars)

| | For the Three Months Ended | | | | | Change | For the Six Months Ended | | |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|--------|--------------------------|-----------------|--------|
| | 6/30/18 | 9/30/18 | 12/31/18 | 3/31/19 | 6/30/19 | | 6/30/18 | 6/30/19 | Change |
| Revenues | | | | | | | | | |
| Total revenues | \$ 4,020 | \$ 4,264 | \$ 4,531 | \$ 3,965 | \$ 4,310 | 7.2% | \$ 7,629 | \$ 8,275 | 8.5% |
| Less: | | | | | | | | | |
| Excluded realized gain (loss) | (53) | (98) | 141 | (400) | (161) | NM | (89) | (562) | NM |
| Amortization of DFEL associated with benefit ratio unlocking | - | - | (4) | 3 | 1 | NM | (1) | 4 | NM |
| Adjusted operating revenues | <u>\$ 4,073</u> | <u>\$ 4,362</u> | <u>\$ 4,394</u> | <u>\$ 4,362</u> | <u>\$ 4,470</u> | 9.7% | <u>\$ 7,719</u> | <u>\$ 8,833</u> | 14.4% |
| Net Income | | | | | | | | | |
| Net income (loss) | \$ 385 | \$ 490 | \$ 399 | \$ 252 | \$ 363 | -5.7% | \$ 752 | \$ 616 | -18.1% |
| Less: | | | | | | | | | |
| Excluded realized gain (loss), after-tax | (41) | (77) | 111 | (316) | (128) | NM | (69) | (443) | NM |
| Benefit ratio unlocking, after-tax | 7 | 33 | (167) | 142 | 46 | NM | (3) | 188 | NM |
| Net impact from the Tax Cuts and Jobs Act | - | 32 | - | - | - | NM | (13) | - | 100.0% |
| Acquisition and integration costs related to mergers and acquisitions, after-tax | (35) | (8) | (20) | (15) | (33) | 5.7% | (39) | (48) | -23.1% |
| Gain (loss) on early extinguishment of debt, after-tax | - | - | - | - | - | NM | (19) | - | 100.0% |
| Adjusted income (loss) from operations | <u>\$ 454</u> | <u>\$ 510</u> | <u>\$ 475</u> | <u>\$ 441</u> | <u>\$ 478</u> | 5.3% | <u>\$ 895</u> | <u>\$ 919</u> | 2.7% |
| Earnings (Loss) Per Common Share – Diluted | | | | | | | | | |
| Net income (loss) | \$ 1.70 | \$ 2.24 | \$ 1.80 | \$ 1.22 | \$ 1.79 | 5.3% | \$ 3.34 | \$ 3.01 | -9.9% |
| Less: | | | | | | | | | |
| Excluded realized gain (loss), after-tax | (0.19) | (0.36) | 0.53 | (1.54) | (0.63) | NM | (0.32) | (2.17) | NM |
| Benefit ratio unlocking, after-tax | 0.03 | 0.15 | (0.78) | 0.69 | 0.22 | NM | (0.01) | 0.92 | NM |
| Net impact from the Tax Cuts and Jobs Act | - | 0.15 | - | - | - | NM | (0.06) | - | 100.0% |
| Acquisition and integration costs related to mergers and acquisitions, after-tax | (0.16) | (0.04) | (0.10) | (0.07) | (0.16) | 0.0% | (0.18) | (0.24) | -33.3% |
| Gain (loss) on early extinguishment of debt, after-tax | - | - | - | - | - | NM | (0.08) | - | 100.0% |
| Adjusted income (loss) from operations | <u>\$ 2.02</u> | <u>\$ 2.34</u> | <u>\$ 2.15</u> | <u>\$ 2.14</u> | <u>\$ 2.36</u> | 16.8% | <u>\$ 3.99</u> | <u>\$ 4.50</u> | 12.8% |