

LINCOLN NATIONAL CORP
Form DEF 14A
April 15, 2016
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, For Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

Lincoln National Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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1. Amount Previously Paid:

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3. Filing Party:

4. Date Filed:

Table of Contents

Radnor, Pennsylvania / April 15, 2016

DEAR FELLOW SHAREHOLDER:

You are invited to attend our 2016 Annual Meeting of Shareholders, to be held Friday, May 27 at The Ritz-Carlton Hotel in Philadelphia, Pennsylvania. Our Board of Directors and management team look forward to greeting you.

This document describes the matters to be voted on at the Annual Meeting, so please review it carefully.

Many shareholders received a notice of Internet availability instead of paper copies of our proxy statement and our 2015 Annual Report to Shareholders. The notice of Internet availability provides instructions on how to access these documents over the Internet and how to receive a paper or email copy of our proxy materials, including our proxy statement, our 2015 Annual Report to Shareholders and a proxy card. Electronic delivery enables us to more cost-effectively provide you with the information you need while reducing the environmental impact of printing and mailing paper copies.

Please vote your shares of our stock as promptly as possible. You may vote by mailing in a proxy card, by telephone or Internet, or by attending the Annual Meeting and voting in person.

On behalf of the entire Board of Directors, thank you for your continued support.

Sincerely,

William H. Cunningham

Chairman of the Board

Table of Contents

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 27, 2016

9:00 a.m.
local time

The Ritz-Carlton Hotel
10 Avenue of the Arts
Philadelphia, Pennsylvania 19102

Mailing date: April 15, 2016

The purpose of the meeting is to:

1. elect seven Directors for a one-year term expiring at the 2017 Annual Meeting of Shareholders;
2. ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2016;
3. approve an advisory resolution on the compensation of our named executive officers;
4. consider and vote upon a shareholder proposal if properly presented at the meeting; and
5. consider and vote upon any other matters that might come up at the meeting.

You may vote at the Annual Meeting if you were a shareholder of record at the close of business on March 21, 2016. Please cast your votes by one of the following methods:

SIGNING AND RETURNING
A PROXY CARD

TOLL-FREE
TELEPHONE

THE INTERNET

IN PERSON AT THE
ANNUAL MEETING

If, going forward, you would like to receive electronic delivery of future proxy materials, please see page 78 for more information.

For the Board of Directors,

Kirkland L. Hicks

Executive Vice President, General Counsel & Secretary

Lincoln National Corporation

Radnor, Pennsylvania

Table of Contents

TABLE OF CONTENTS

<u>PROXY SUMMARY</u>	1
<u>GOVERNANCE OF THE COMPANY</u>	4
<u>AGENDA ITEM 1 - ELECTION OF DIRECTORS</u>	13
<u>Phase-Out of Classified Board</u>	13
<u>Nominees for Director</u>	13
<u>Directors Continuing in Office</u>	17
<u>COMPENSATION OF OUTSIDE DIRECTORS</u>	19
<u>AGENDA ITEM 2 - RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	23
<u>Independent Registered Public Accounting Firm Fees and Services</u>	23
<u>Audit Committee Pre-Approval Policy</u>	24
<u>Other Information</u>	24
<u>Audit Committee Report</u>	25
<u>AGENDA ITEM 3 - ADVISORY PROPOSAL ON EXECUTIVE COMPENSATION</u>	26
<u>COMPENSATION DISCUSSION & ANALYSIS</u>	28
<u>Executive Summary</u>	29
<u>Compensation Committee Report</u>	54
<u>EXECUTIVE COMPENSATION TABLES</u>	55
<u>Summary Compensation Table</u>	55
<u>Grants of Plan-Based Awards</u>	58
<u>Outstanding Equity Awards at Fiscal Year-End</u>	60
<u>Option Exercises and Stock Vested</u>	62
<u>Pension Benefits</u>	62
<u>Nonqualified Deferred Compensation</u>	64
<u>Potential Payments Upon Termination or Change of Control</u>	66
<u>AGENDA ITEM 4 - SHAREHOLDER PROPOSAL TO ADOPT SIMPLE MAJORITY VOTE</u>	73
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	75
<u>RELATED-PARTY TRANSACTIONS</u>	75
<u>SECURITY OWNERSHIP</u>	76
<u>ANNUAL MEETING INFORMATION</u>	78
<u>GENERAL INFORMATION</u>	82
<u>Shareholder Proposals</u>	82
<u>Incorporation by Reference</u>	83
<u>Compliance with Beneficial Ownership Reporting</u>	83
<u>Annual Report</u>	83
<u>Additional Voting Matters</u>	83
<u>EXHIBIT 1 - RECONCILIATION OF NON-GAAP MEASURES</u>	E-1
<u>EXHIBIT 2 - LIST OF INVESTMENT COMPANIES FROM THE 2014 MCLAGAN SURVEY</u>	E-4
<u>EXHIBIT 3 - DEFINITIONS FOR INCENTIVE COMPENSATION PROGRAMS</u>	E-5
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 27, 2016: This proxy statement and the accompanying annual report are available at: www.proxydocs.com/lnc.	

Table of Contents**PROXY SUMMARY**

This summary highlights certain information for your convenience. Since it does not contain all of the information you should consider, we encourage you to read the entire proxy statement carefully before voting.

ANNUAL MEETING OF SHAREHOLDERS

DATE / TIME	PLACE	VOTING
Friday, May 27, 2016	The Ritz-Carlton Hotel	Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals.
9:00 a.m. local time	10 Avenue of the Arts	
	Philadelphia, PA 19102	
	RECORD DATE March 21, 2016	

VOTING MATTERS

AGENDA ITEM	OUR BOARD'S VOTING WHERE TO FIND	
	RECOMMENDATION	MORE INFORMATION
1. Election of seven directors for a one-year term expiring at the 2017 Annual Meeting of Shareholders.	FOR each director nominee	Page 13
2. Ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for 2016.	FOR the ratification	Page 23

3. Approval of an advisory resolution on the compensation of our named executive officers. FOR the resolution Page 26

4. Shareholder proposal, if properly presented at the meeting. AGAINST the proposal Page 73

BOARD OF DIRECTOR NOMINEES

NAME					
OCCUPATION	AGE	DIRECTOR SINCE	SKILLS/QUALIFICATIONS	INDEPENDENT	COMMITTEE MEMBERSHIPS
William H. Cunningham Professor, University of Texas at Austin and James J. Bayless Chair for Free Enterprise at the University's McCombs School of Business	72	2006	finance and capital management marketing/public relations corporate governance	Yes	Compensation Corporate Governance Executive (Chair) Finance
George W. Henderson, III Retired Chairman and Chief Executive Officer, Burlington Industries, Inc.	67	2006	accounting finance and capital management	Yes	Audit Finance
Eric G. Johnson President and Chief Executive Officer, Baldwin Richardson Foods Company	65	1998	business operations and strategic planning finance and capital management marketing/public relations	Yes	Compensation Executive Finance (Chair)

Table of Contents**BOARD OF DIRECTOR NOMINEES (cont d.)**

NAME					
OCCUPATION	AGE	DIRECTOR SINCE	SKILLS/QUALIFICATIONS	INDEPENDENT	COMMITTEE MEMBERSHIPS
M. Leanne Lachman President, Lachman Associates LLC and Executive in Residence, Columbia Graduate School of Business	73	1985	business operations and strategic planning finance and capital management marketing/public relations corporate governance	Yes	Audit (Chair)
William Porter Payne Chairman, Centennial Holding Company, LLC	68	2006	finance and capital management marketing/public relations legal and regulatory corporate governance	Yes	Corporate Governance Executive
Patrick S. Pittard Chairman, PatrickPittard Advisors, LLC	70	2006	public accounting finance and capital management talent management corporate governance	Yes	Compensation (Chair)
Isaiah Tidwell Retired Executive Vice President and Georgia Wealth Management Director, Wachovia Bank, N.A.	71	2006	accounting risk management corporate governance	Yes	Audit Corporate Governance (Chair)

The directors continuing in office until the 2017 Annual Meeting are:

Dennis R. Glass, President and Chief Executive Officer of Lincoln National Corporation;

Gary C. Kelly, Chairman of the Board, President and Chief Executive Officer of Southwest Airlines Co.; and

Michael F. Mee, retired Executive Vice President and Chief Financial Officer of Bristol-Myers Squibb Company.
GOVERNANCE HIGHLIGHTS

Sound governance is important to our Board, which regularly evaluates and implements policies that reflect corporate governance best practices. Some of these practices are:

The Chairman of the Board is an independent director;

All of our directors, except for the chief executive officer, are independent;

We have majority voting and a director resignation policy for directors in uncontested elections;

We have robust stock ownership guidelines for directors and executive officers;

Independent directors meet regularly in executive session;

The Board and its committees conduct annual self-evaluations; and

As of the Annual Meeting in 2017, we will no longer have a classified Board and all directors will stand for election annually.

- 2 -

Table of Contents

EXECUTIVE COMPENSATION HIGHLIGHTS

The key objectives of our executive compensation program are to:

MOTIVATE OUR EXECUTIVES TO INCREASE PROFITABILITY AND SHAREHOLDER RETURN	PAY COMPENSATION THAT VARIES BASED ON PERFORMANCE	RETAIN KEY EXECUTIVE TALENT, AS THIS IS CRITICAL TO OUR SUCCESS
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We are asking you to cast an advisory, nonbinding vote to approve compensation awarded to our named executive officers (NEOs) our chief executive officer (CEO), chief financial officer (CFO) and three other most highly paid executive officers, as listed on page 28. At our last Annual Meeting, shareholders expressed strong support for our executive compensation programs, with 97% of votes cast in favor of the advisory resolution on executive compensation.

PAY FOR PERFORMANCE

We seek to align pay and performance by making a significant portion of our NEOs' compensation dependent on:

achieving specific annual and long-term strategic and financial goals; and

increasing shareholder value.

2015 Pay Mix. NEO compensation is weighted toward variable compensation (annual and long-term incentives), which is at risk because the actual amounts earned could differ from targeted amounts based on corporate and individual performance. As the following charts show, the vast majority of our CEO's and other NEOs' target direct compensation for 2015 could vary significantly based on company performance, including stock-price performance.

Note, the amounts in these graphs are shown at target and therefore will not match the values reflected in the Summary Compensation Table on page 55. For additional details about our executive compensation programs and our NEOs' fiscal year 2015 compensation, please see Compensation Discussion & Analysis beginning on page 28 and Executive Compensation Tables beginning on page 55.

Proxy Statement

ANNUAL MEETING OF SHAREHOLDERS | MAY 27, 2016

The Board of Directors of Lincoln National Corporation (the Company, we, us or Lincoln) is soliciting proxies in connection with the proposals to be voted on at the 2016 Annual Meeting of Shareholders, which will be held on

Friday, May 27 at The Ritz-Carlton Hotel, 10 Avenue of the Arts, Philadelphia, Pennsylvania 19102, beginning at 9:00 a.m. local time. This proxy statement and a proxy card or a notice of Internet availability were sent to our shareholders on or about April 15. When we refer to the Meeting or the Annual Meeting, we are also referring to any meeting that results from an adjournment of the Annual Meeting.

- 3 -

Table of Contents

GOVERNANCE OF THE COMPANY

Our Board of Directors has 10 members, 9 of whom are non-employees, or outside directors. The Board has determined that all 9 outside directors are independent, as discussed below. The Board may fill a director vacancy or reduce the size of the Board without shareholder approval.

BOARD LEADERSHIP STRUCTURE

The Board has no set policy requiring separation of the offices of CEO and Chairman of the Board (Chairman). It believes that the decision on whether or not to separate these roles should be part of the regular succession planning process and made based on the best interests of the Company.

Currently, we separate the roles of CEO and Chairman in recognition of the differences between these roles. The CEO is responsible for setting the Company's performance and strategic direction and for day-to-day leadership, while the Chairman provides guidance to the CEO and management, consults on the agenda for Board meetings, acts as the key liaison between the Board and management, and presides over meetings of the full Board and of the independent directors. He also has the authority to call special meetings of the Board.

The Board elects the Chairman annually. William H. Cunningham, an independent director, has served as our Chairman since 2009.

BOARD'S ROLE IN RISK OVERSIGHT

Enterprise risk management is an integral part of our business processes. Senior management is primarily responsible for establishing policies and procedures designed to assess and manage the Company's significant risks. We also have a Corporate Enterprise Risk and Capital Committee, made up of members of senior management and the Chief Risk Officer, that provides oversight of our enterprise-wide risk structure and of our processes to identify, measure, monitor and manage significant risks, including credit, market and operating risk.

The Board's role is regular oversight of the enterprise risk management process, including reviews of operational, financial, legal/regulatory, compensation, strategic and competitive risks. The Board reviews the most significant risks the Company faces and the manner in which our executives manage these risks. The Board has also delegated certain of its risk oversight efforts to its Committees, as shown below. This structure enables the Board and its Committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. We believe that the separation of the Chairman and CEO roles supports the Board's oversight role.

BOARD AND COMMITTEES: AREAS OF RISK OVERSIGHT

FULL BOARD

AUDIT

COMPENSATION

FINANCE

Strategy	Company's enterprise risk management efforts	Compensation policies and practices	Investment policies, strategies and guidelines
Operations	Financial statements	Executive incentive compensation and stock ownership	Capital management and structure
Competition	Financial reporting process	Executive retention and succession planning	Financial plan
Financial strategies and transactions	Accounting and audit matters		
	Legal, compliance and regulatory matters		

Table of Contents

OUR CORPORATE GOVERNANCE GUIDELINES

The Board's Corporate Governance Guidelines provide a framework for effective corporate governance and set expectations for how the Board should perform its functions. The Guidelines include the following key principles:

A majority of our Board must at all times be independent as defined by Securities and Exchange Commission (SEC) rules and New York Stock Exchange (NYSE) listing standards.

Our independent directors must meet in executive session at least once a year, with no members of management present. Our outside directors, all of whom are independent, meet in connection with each regularly scheduled Board meeting and at any other times they may choose.

Only independent directors may serve on the Audit, Compensation and Corporate Governance committees.

The written charters of the Audit, Compensation, and Corporate Governance committees comply with the NYSE's listing standards and are reviewed at least once each year.

We have a Code of Conduct, available on our website at www.lfg.com, which includes our code of ethics for purposes of SEC rules and our code of business conduct and ethics for purposes of the NYSE listing standards. We will disclose amendments to or waivers from a required provision of the code by including such information on our website.

Directors may not stand for election or reelection after reaching age 75.

The full texts of our Corporate Governance Guidelines and committee charters are available on our website at www.lfg.com.

DIRECTOR INDEPENDENCE

Under the Corporate Governance Guidelines, a majority of our directors must at all times be independent and meet the NYSE listing standards regarding independence as incorporated in our Corporate Governance Guidelines. Among other things, these standards require the Board to determine that our independent directors have no material relationship with Lincoln other than as directors.

Applying these standards, the Corporate Governance Committee and the Board have reviewed the independence of each director and director nominee, and the Board has determined that:

directors Cunningham, Henderson, Johnson, Kelly, Lachman, Mee, Payne, Pittard and Tidwell are independent; and

all members of the Audit, Compensation and Corporate Governance committees are independent of our management and of the Company.

In conducting its independence review, the Board will consider, among other things, transactions and relationships between each outside director (or any member of his or her immediate family) and us or our subsidiaries and affiliates. The Board takes into account that in the ordinary course of business, we conduct transactions with companies at which some of our directors are or have been directors, employees or officers. Transactions that are in the ordinary course of business on terms substantially equivalent to those prevailing at the time for comparable transactions, and that fall below the threshold levels set forth in our independence standards do not impact a director's independence under our standards.

- 5 -

Table of Contents

DIRECTOR NOMINATION PROCESS

Under our Corporate Governance Guidelines, the Board is responsible for selecting its own members. The Corporate Governance Committee is charged with:

- identifying the competencies appropriate for the Board;
- identifying which, if any, of those competencies may be missing or under-represented on the current Board;
- identifying individuals with appropriate qualifications and attributes; and

recommending to the Board the director nominees for the next annual meeting of shareholders.

Although there are no specific minimum qualifications for director nominees, the Corporate Governance Committee's charter allows the Committee to consider any factors it deems appropriate. The Committee reviews with the Board the appropriate skills and characteristics required of directors in the context of the Board's current make-up. In addition to considering a candidate's background, experience and professional accomplishments, the Board looks for individuals with, among other attributes, integrity, business acumen, specific skills (such as an understanding of marketing, finance, accounting, regulation and public policy) and a commitment to our shared values.

Although the Board does not have a formal diversity policy, our Corporate Governance Guidelines specify that the Corporate Governance Committee should consider diversity in the director identification and nomination process. As a result, the Committee seeks nominees with a broad diversity of backgrounds, experiences, professions, education and differences in viewpoints and skills. Its goal is to ensure that the directors, as a group, provide a substantive blend of experience, knowledge and ability that enables the Board to fulfill its responsibilities in a constructive and collegial environment. In the annual evaluation of the Board and committees, the Board considers whether the members of the Board reflect such diversity and whether such diversity contributes to a constructive and collegial environment.

The Corporate Governance Committee begins the nomination process each year by deciding whether to renominate current directors. This includes an individual assessment of each director who will be up for reelection the following year. The Committee then reviews the results of the individual director assessments. It considers for renomination those Board members whose skills and experience continue to be relevant to our business and whose performance for the most recent term has also been favorably assessed.

When identifying potential director candidates—whether to replace a director who has retired or resigned or to expand the Board to gain additional capabilities—the Committee determines the skills, experience and other characteristics that a potential nominee should possess (in light of the composition and needs of the Board and its committees, and including whether or not the nominee would be considered independent under the NYSE listing standards) and seeks candidates with those qualifications.

Although not required to do so, the Committee may consider candidates proposed by our directors or our management and may also retain an outside firm to help identify and evaluate potential nominees. The Committee will also consider nominations from shareholders. Such nominations must be submitted in writing to our Corporation Secretary at our principal executive office, and must include the same information that would be required for a candidate to be

nominated by a shareholder at a meeting of shareholders as described under General Information Shareholder Proposals on page 82. Any such recommendation must be received by the Corporate Secretary not later than January 27, 2017.

If the Corporate Governance Committee determines that it should conduct a full evaluation of a prospective candidate, including an interview, one or more members of the Committee will do so, and other directors may be asked to interview the candidate as well. Upon completing the evaluation and the interview, the Committee recommends to the Board whether to nominate the individual.

- 6 -

Table of Contents

The nominee evaluation process is the same whether the nomination comes from a Board member, management or a shareholder. If the Corporate Governance Committee recommends a shareholder nominee to the Board, the Board may as with any nominee either accept or reject the recommendation.

ANNUAL BOARD EVALUATION

Annually, the Board conducts a self-evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance Committee oversees the Board evaluation process, which is designed to elicit feedback and recommendations from the directors that will improve the effectiveness of the Board. Each year the Committee reviews the overall process for the assessment as well as the substantive matters to be addressed during the evaluation. In general, the evaluation covers a variety of topics including the Company's strategy, financial performance, risk management and succession planning. The results of the assessment are discussed with each Committee and the full Board following the compilation of the results.

COMMUNICATIONS WITH DIRECTORS

Shareholders and others who wish to communicate with the full Board or its outside (non-executive) directors may do so by sending a letter to either The Board of Directors or The Outside Directors, as appropriate, at:

Lincoln National Corporation

150 N. Radnor Chester Road

Radnor, PA 19087

Attention: Office of the Corporate Secretary

Our Corporate Secretary receives and processes all communications and will refer relevant and appropriate communications to the Chairman. If a communication relates to possible violations of our Code of Conduct or contains concerns or complaints regarding our accounting, internal auditing controls, or auditing matters or other related concerns, it will be referred to the Audit Committee, which has a policy for reporting such information. The policy can be found on our website at www.lfg.com.

You may communicate with the Board anonymously and/or confidentially. However, if you submit your communication anonymously, we will not be able to contact you in the event we require further information. Also, while we will attempt to preserve your confidentiality whenever possible, we cannot guarantee absolute confidentiality.

BOARD AND COMMITTEE MEETINGS

The Board met four times during 2015, and each director attended 75% or more of the aggregate of: (1) the total number of Board meetings; and (2) the total number of meetings held by committees on which he or she served. Although the Board does not have a formal policy that requires directors to attend our Annual Meeting of Shareholders, directors are encouraged to attend. All of the Company's directors attended the 2015 Annual Meeting.

Table of Contents**BOARD COMMITTEES**

The Board has six standing committees: the Audit Committee, the Compensation Committee, the Corporate Governance Committee, the Executive Committee, the Finance Committee and the Committee on Corporate Action. The table below lists the directors who currently serve on these committees and the number of meetings each committee held during 2015. The Audit, Compensation, Corporate Governance and Finance committees conduct self-evaluations of their committee's performance each year.

CURRENT COMMITTEE MEMBERSHIP AND MEETINGS HELD DURING 2015 (C=CHAIR M=MEMBER)						
	CORPORATE					CORPORATE
	AUDIT	COMPENSATION	GOVERNANCE	EXECUTIVE	FINANCE	ACTION ¹
William H. Cunningham		M	M	C	M	
Dennis R. Glass				M		C
George W. Henderson, III	M				M	
Eric G. Johnson		M		M	C	
Gary C. Kelly	M				M	
M. Leanne Lachman	C					
Michael F. Mee		M		M	M	
William P. Payne			M	M		
Patrick S. Pittard		C				
Isaiah Tidwell	M		C			
Number of Meetings in 2015	9	5	4	0	4	--

Shaded cells denote committee chair.

1. The Committee on Corporate Action takes all action by the unanimous written consent of the sole member of that Committee, and there were fourteen (14) such consents in 2015.

The functions and responsibilities of our Board's standing committees are described below. Charters for the Audit, Compensation, Corporate Governance, Executive and Finance committees are available on the Governance section of our website at www.lfg.com.

Table of Contents

AUDIT COMMITTEE

The primary function of the Audit Committee is oversight, including risk oversight. This includes:

helping the Board oversee: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the independent auditor's qualifications and independence; (4) the performance of our general auditor and independent auditor; and (5) our risk assessment and risk management policies and processes

hiring, firing, and evaluating the performance of the independent auditors and approving their compensation and all of their engagements

discussing the timing and process for implementing the rotation of the lead audit partner

discussing our annual and quarterly consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our SEC filings and annual report to shareholders

inquiring about significant risks and exposures, if any, and reviewing and assessing the steps taken to monitor and manage them

reviewing and discussing the risk policies and procedures adopted by management and the implementation of these policies

reviewing the qualifications and backgrounds of senior risk officers

establishing procedures for handling complaints regarding accounting, internal auditing controls or auditing matters and for the confidential, anonymous submission of employee concerns regarding questionable accounting or auditing matters

consulting with management before the appointment or replacement of the internal auditor

preparing the report required for inclusion in our annual proxy statement

reporting the Committee's activities to the Board on a regular basis and making any recommendations to the Board that the Committee deems appropriate.

The Board has determined that two of its members meet the definition of "audit committee financial expert" under SEC rules. The Board has named Gary C. Kelly as our "audit committee financial expert" for this proxy statement. The Audit Committee may obtain advice and assistance from internal or external legal, accounting or other advisers.

More information regarding the Audit Committee, including the Audit Committee Report, can be found under "Ratification of Appointment of Independent Registered Public Accounting Firm" beginning on page 23.

- 9 -

Table of Contents

COMPENSATION COMMITTEE

The principal functions of the Compensation Committee include:

establishing our general compensation philosophy in consultation with the compensation consultant and senior management

ensuring that succession plans are in place for the CEO and other executive officers

reviewing and approving corporate goals and objectives for NEO compensation

evaluating the CEO's performance and setting the CEO's compensation level based on this evaluation

evaluating annually whether the Company's compensation programs create unnecessary risks that could harm the Company

reviewing with management the Compensation Discussion & Analysis to be included in the proxy statement

reviewing and approving the strategies, policies and programs related to the compensation of our executive officers and other key personnel

making recommendations to the Board regarding incentive compensation and equity-based plans, and approving all grants and awards to executive officers under such plans

approving employment and severance agreements for executive officers

approving certain employee benefit and executive compensation plans and programs, and changes to such plans and programs

reporting the Committee's activities to the Board on a regular basis and making any recommendations the Committee deems appropriate.

The Compensation Committee may retain or obtain advice on executive compensation-related matters from a compensation consultant, outside legal counsel or other adviser. The Committee is directly responsible for appointing, compensating and overseeing the work of any such advisers and must consider certain independence factors before hiring them. More information concerning the Compensation Committee, including the role of its compensation consultant and our executive officers in determining or recommending the amount or form of executive compensation, can be found in the Compensation Discussion & Analysis section beginning on page 28.

Table of Contents

CORPORATE GOVERNANCE COMMITTEE

The principal functions of the Corporate Governance Committee include:

identifying individuals qualified to become Board members

recommending to the Board nominees for director (including those recommended by shareholders in accordance with our Bylaws)

taking a leadership role in shaping our corporate governance and recommending to the Board the corporate governance principles applicable to us

developing and recommending to the Board standards for determining the independence of directors

making recommendations to the Board regarding the compensation program for directors

making recommendations to the Board regarding the size of the Board and the membership, size, structure and function of its committees

helping evaluate the Board and individual directors

reporting the Committee's activities to the Board on a regular basis and making any recommendations the Committee deems appropriate.

The Corporate Governance Committee may hire and terminate search firms; approve any search firm's fees and terms of retention; and seek advice and assistance from internal or external legal, accounting or other advisers.

EXECUTIVE COMMITTEE

The principal function of the Executive Committee is to act for the Board, when necessary, between Board meetings. In such instances, the Executive Committee may act for the Board in managing and directing the Company's business and affairs, except for matters expressly delegated to another committee or the full Board. The Executive Committee reports any actions it takes to the Board as soon as practicable.

- 11 -

Table of Contents

FINANCE COMMITTEE

The principal functions of the Finance Committee include:

reviewing and providing guidance to senior management with respect to:

our annual three-year financial plan;

our capital structure, including issuance of securities by us or any of our affiliates, significant off balance sheet transactions, and our dividend and share repurchase strategies;

our reinsurance strategies; and

proposed mergers, acquisitions, divestitures, joint ventures and other strategic investments.

reviewing our overall credit quality and credit ratings strategy

reviewing the general account and our investment policies, strategies and guidelines

reviewing our hedging program and the policies and procedures governing the use of financial instruments, including derivatives

reviewing the funding adequacy of our qualified pension plans, including significant actuarial assumptions, investment policies and performance

reporting the Committee's activities to the Board on a regular basis and making any recommendations the Committee deems appropriate.

The Finance Committee may seek advice and assistance from internal or external legal, accounting or other advisers.

COMMITTEE ON CORPORATE ACTION

The Committee on Corporate Action was formed to delegate to the sole member, the CEO, the authority to take certain actions on behalf of the Board in accordance with limits set by the Board. The principal functions that have been delegated to the Committee on Corporate Action include:

determining the pricing of the securities offered from our shelf registration statement, including all rates, payments, ratios, discounts and other financial measures related to the pricing of such securities

approving, as necessary, the underwriting agreement, form of security and other transaction documents relating to the offering and sale of securities under our shelf registration statement

appointing and removing certain classes of our officers as the Board may determine by resolution.

Table of Contents

ITEM 1 | ELECTION OF DIRECTORS

PHASE-OUT OF CLASSIFIED BOARD

Our Board had traditionally been divided into three classes, with each class serving for a three-year term. Elections of the Board had also been staggered, meaning that only one class stood for election each year. In recognition of evolving corporate governance practices, we started this process at last year's Annual Meeting, where the class of directors up for reelection was elected for a one-year term. We will continue this process with this year's class of directors so that, by the 2017 Annual Meeting, shareholders will elect the entire Board annually.

NOMINEES FOR DIRECTOR

Each director brings a strong background and set of skills to the Board, giving the Board as a whole expertise, diversity and experience in a wide variety of areas. The Board believes that all of our directors have integrity and honesty and adhere to high ethical standards. They have also demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment to serve the Company.

Unless you direct otherwise or specifically indicate that you wish to abstain from voting for one or more of the nominees on the proxy, your proxy will be voted for each of the nominees below. Each nominee is a current director of the Company and has agreed to continue serving on the Board if elected. If any nominee is unable to serve as a director, proxies may be voted for another person designated by the Board.

The Board of Directors recommends a vote FOR each of the nominees.

Table of Contents

Nominees for a Term Expiring at the 2017 Annual Meeting

WILLIAM H. CUNNINGHAM

AGE: 72 DIRECTOR SINCE: 2006

*PROFESSOR AT THE
UNIVERSITY OF TEXAS AT
AUSTIN AND JAMES J. BAYLESS
CHAIR FOR FREE ENTERPRISE
AT THE UNIVERSITY S
MCCOMBS SCHOOL OF
BUSINESS*

Non-Executive Chairman of the Board since:
2009

*Member, Compensation, Corporate
Governance, Executive and Finance
Committees*

CAREER

Mr. Cunningham has been a professor with The University of Texas since 2000. Before that he served as Chancellor and CEO of The University of Texas System, as President of The University of Texas at Austin and as Dean of the McCombs School of Business.

QUALIFICATIONS

Substantial experience in accounting, marketing, finance and corporate governance, as well as experience leading a large public institution. Mr. Cunningham also has significant experience serving on public company boards, including over 20 years in our industry as a Director of Jefferson-Pilot Corporation, a public insurance company with whom we merged in 2006.

OTHER PUBLIC COMPANY BOARDS

John Hancock Mutual Funds, 1986 present; and Southwest Airlines Co., 2000 present.

PRIOR PUBLIC COMPANY BOARD SERVICE IN PAST 5 YEARS

LIN Media LLC, (formerly LIN Television Corporation) 2002 2007 and 2009 2014; and Resolute Energy Corporation, 2009 2015.

GEORGE W. HENDERSON, III AGE: 67 DIRECTOR SINCE: 2006

*RETIRED CHAIRMAN
AND CHIEF EXECUTIVE
OFFICER OF BURLINGTON
INDUSTRIES, INC.*

Member, Audit and Finance Committees

Mr. Henderson also serves as a Director of Lincoln Life & Annuity Company of New York, one of our insurance subsidiaries.

CAREER

Mr. Henderson was Chairman and CEO of Burlington Industries, a global manufacturer of textile products, 1998-2003. Before that he served as that company's President and its COO. He was also a member of Burlington's Board of Directors for 13 years.

QUALIFICATIONS

Executive leadership and management experience at the highest levels of a global public company; significant experience with international operations and accounting and financial reporting.

OTHER PUBLIC COMPANY BOARDS

Bassett Furniture Industries, Inc., 2004-present.

Table of Contents

<p>ERIC G. JOHNSON</p>	<p>AGE: 65 DIRECTOR SINCE: 1998</p>
<p><i>PRESIDENT AND CEO OF BALDWIN RICHARDSON</i></p>	<p><i>Chair, Finance Committee</i></p>
<p><i>FOODS COMPANY</i></p>	<p><i>Member, Compensation and Executive Committees</i></p>

CAREER Since 1997, Mr. Johnson has served as President and CEO of Baldwin Richardson Foods Company, a privately held manufacturer of products for the food service industry.

QUALIFICATIONS Extensive executive management skills; expertise in marketing, finance and the development and execution of corporate strategy; experience in mergers and acquisitions. Through his years of service on our Board, Mr. Johnson has also developed a deep base of knowledge regarding our business and our industry.

OTHER PUBLIC COMPANY BOARDS SUPERVALU, INC., 2013 present.

<p>M. LEANNE LACHMAN</p>	<p>AGE: 73 DIRECTOR SINCE: 1985</p>
<p><i>PRESIDENT OF LACHMAN ASSOCIATES LLC AND</i></p>	<p><i>Chair, Audit Committee</i></p>
<p><i>EXECUTIVE -IN-RESIDENCE, COLUMBIA GRADUATE SCHOOL OF BUSINESS</i></p>	<p>Ms. Lachman also serves as a Director of Lincoln Life & Annuity Company of New York, one of our insurance subsidiaries.</p>

CAREER Ms. Lachman has served since 2003 as President of Lachman Associates LLC, an independent real estate consultancy, and since 2000 as an Executive-in-Residence at Columbia Business School.

Before that she was Managing Director of Lend Lease Real Estate Investments, a global institutional investment manager.

QUALIFICATIONS

Extensive background in real estate analysis, investment, management, and development, and international operations. Through more than 25 years of service on our Board, she has acquired a deep understanding of our business, our organization and our industry.

OTHER PUBLIC COMPANY BOARDS

Liberty Property Trust, 1994 – present, including service on the audit, compensation and governance committees.

- 15 -

Table of Contents

WILLIAM PORTER PAYNE **AGE: 68 DIRECTOR SINCE: 2006**

CHAIRMAN OF CENTENNIAL *Member, Corporate Governance and*
HOLDING COMPANY, LLC *Executive Committees*

CAREER

Mr. Payne is the Chairman of Centennial Holding Company, LLC, a real estate investment firm. Previously, Mr. Payne served in an executive management role with Gleacher and Company, an investment banking and asset management firm. He was with Gleacher from 2000 through 2013.

QUALIFICATIONS

Extensive financial expertise; experience in providing strategic advisory services to complex organizations. Earlier in his career, Mr. Payne was an attorney specializing in commercial real estate transactions and mergers and acquisitions. His breadth of knowledge brings an interdisciplinary set of skills to the Board. He also has expertise in corporate governance, having served on a number of public company boards.

PRIOR PUBLIC COMPANY BOARD SERVICE IN PAST 5 YEARS

Cousins Properties, Inc., 1996 – 2014.

PATRICK S. PITTARD **AGE: 70 DIRECTOR SINCE: 2006**

CHAIRMAN OF PATRICKPITTARD *Chair, Compensation Committee*
ADVISORS LLC

Mr. Pittard also serves as a Director of Lincoln Life & Annuity Company of New York, one of our insurance subsidiaries.

CAREER

Mr. Pittard is Chairman of Patrick Pittard Advisors LLC, a human capital firm providing C-level services such as executive search and talent assessment. He also serves as

a leadership instructor at the Terry School of Business at the University of Georgia and was the Chairman and CEO of ACT Bridge from 2011 to 2013. Before that Mr. Pittard was Chairman, President and CEO of Heidrick & Struggles International, Inc., a worldwide provider of executive-level search and leadership services and one of the largest publicly traded global recruiting firms, from which he retired in 2002.

QUALIFICATIONS

Executive leadership and management experience at the highest levels of a global public company; experience driving strategic organizational growth; expertise in executive compensation, insurance and investments.

OTHER PUBLIC COMPANY BOARDS

Artisan Funds, 2001 present.

Table of Contents**ISAIAH TIDWELL****AGE: 71 DIRECTOR SINCE: 2006**

*RETIRED EXECUTIVE
VICE PRESIDENT AND
GEORGIA WEALTH
MANAGEMENT DIRECTOR OF
WACHOVIA BANK, N.A*

*Chair, Governance Committee**Member, Audit Committee***CAREER**

Before retiring in 2005, Mr. Tidwell was an Executive Vice President and Director of Wealth Management operations for Wachovia Bank in Georgia. During his career at Wachovia, he took on various roles with increasing responsibility, eventually becoming Southern Regional Executive before being promoted to Executive Vice President. Earlier in his career, Tidwell was employed in various accounting and financial positions with Celanese Corporation.

QUALIFICATIONS

Extensive experience in banking, financial services and wealth management. Through his years of service on the boards of other public companies, Mr. Tidwell has also developed knowledge of risk assessment practices and a significant understanding of finance and accounting principles.

OTHER PUBLIC COMPANY BOARDS

Synder s Lance, Inc. (formerly Lance, Inc.), 1995 – present.

PRIOR PUBLIC COMPANY BOARD SERVICE IN PAST 5 YEARS

Harris Teeter Supermarkets, Inc. (formerly Ruddick Corporation), 1999 – 2014.

DIRECTORS CONTINUING IN OFFICE UNTIL THE 2017 ANNUAL MEETING**DENNIS R. GLASS****AGE: 66 DIRECTOR SINCE: 2006***Member, Executive Committee*

*PRESIDENT AND CHIEF
EXECUTIVE OFFICER
OF LINCOLN NATIONAL
CORPORATION*

CAREER

Mr. Glass has served as our President since 2006 and our CEO since 2007. He is also President of, and serves on the boards of, our principal insurance subsidiaries. Before our merger with Jefferson-Pilot Corporation, Mr. Glass was President, CEO and a Director of that company.

QUALIFICATIONS

A seasoned executive who has served in executive-level positions in the insurance industry for over 30 years, Mr. Glass brings to his role as a Director a deep knowledge of our industry, our competitors and our products.

OTHER PUBLIC COMPANY BOARDS

None in past 5 years.

Table of Contents**GARY C. KELLY****AGE: 61 DIRECTOR SINCE: 2009**

*CHAIRMAN OF THE BOARD,
PRESIDENT AND CHIEF
EXECUTIVE OFFICER OF
SOUTHWEST AIRLINES CO.*

Member, Audit and Finance Committees

CAREER

Mr. Kelly has been CEO of Southwest Airlines since 2004, and President and Chairman since 2008. Previously Mr. Kelly held a number of senior-level positions within the Southwest organization, including CFO. Before joining Southwest, Mr. Kelly served as a CPA for a public auditing firm.

QUALIFICATIONS

Executive leadership and management experience at the highest levels of a public company; ability to provide insights into operational, regulatory and governance matters; substantial expertise in finance, accounting and financial reporting.

OTHER PUBLIC COMPANY BOARDS

Southwest Airlines Co., 2004 present.

MICHAEL F. MEE**AGE: 73 DIRECTOR SINCE: 2001**

*RETIRED EXECUTIVE VICE
PRESIDENT AND CHIEF
FINANCIAL OFFICER OF
BRISTOL-MYERS SQUIBB
COMPANY*

*Member, Compensation and Finance
Committees*

CAREER

From 1994 to 2001, Mr. Mee was the Executive Vice President and CFO of Bristol-Myers Squibb Co., a pharmaceutical and health care products company, where

he was also a member of the Office of the Chairman. Before joining Bristol-Myers Squibb, Mr. Mee served in senior financial executive positions with several Fortune 500 companies.

QUALIFICATIONS

Significant public accounting and financial reporting skills; extensive management experience and leadership skills; expertise in corporate strategy, development and investments, international operations and risk assessment.

OTHER PUBLIC COMPANY BOARDS

None in the past 5 years.

- 18 -

Table of Contents**COMPENSATION OF OUTSIDE DIRECTORS**

The Board adheres to the following guidelines in establishing outside director compensation:

We provide competitive compensation to attract and retain high-quality outside directors; and

A significant portion of each outside director's compensation is paid in equity to help align our directors' interests with those of our shareholders.

In accordance with our Corporate Governance Guidelines, the Board's compensation program is reviewed and assessed annually by the Corporate Governance Committee. As part of this review, the Committee may solicit the input of outside compensation consultants. During 2015, the Committee asked Pay Governance LLC, an independent compensation consultant, to provide a competitive analysis of the compensation we provide to our outside directors. As a result of that review and the Committee's discussion, the Committee recommended to the Board an increase of \$10,000 in the cash retainer for the Committee Chairs other than the Audit Committee Chair for 2016.

The following table compares our director fees for 2015 to the revised fees that took effect on January 1, 2016:

FEES	2015	2016
BOARD		
<i>Annual Retainer (Cash)</i>	\$86,000	\$86,000
<i>Deferred LNC Stock Units</i>	\$161,000	\$161,000
<i>Total Board Fees</i>	\$247,000	\$247,000
NON-EXECUTIVE CHAIRMAN OF THE BOARD		
<i>Deferred LNC Stock Units</i>	\$200,000	\$200,000
COMMITTEES (CASH)		
<i>Audit Committee Chair</i>	\$30,000	\$30,000
<i>Audit Committee Member</i>	\$10,000	\$10,000
<i>Other Committee Chair</i>	\$10,000	\$20,000

SHARE OWNERSHIP REQUIREMENTS

Lincoln's share ownership guidelines require outside directors to hold, within five years of joining the Board, interests in the Company's common stock equal to five (5) times the annual Board cash retainer. Interests in our stock that count toward the share ownership guidelines include Deferred LNC Stock Units, LNC stock owned outright, and 33% of vested stock options. As of December 31, 2015, all of our directors are in compliance with this requirement.

Table of Contents

OPTIONAL DEFERRAL OF ANNUAL RETAINER

In addition to receiving Board fees in the form of Deferred LNC Stock Units, directors may defer the cash component of their annual and committee retainers into various investment options under the Lincoln National Corporation Deferred Compensation Plan for Non-Employee Directors (the Directors DCP).

The investment options track those offered to employees under the LNC Employees 401(k) Savings Plan (the Employees 401(k) Plan) and include a Lincoln National Corporation Stock Fund investment option (the LNC Stock Fund). However, the Directors DCP uses phantom versions of the Employees 401(k) Plan investment options, meaning that accounts are credited with earnings or losses as if the amounts had been invested in the chosen investment options.

All deferred amounts, including the annual retainer paid in Deferred LNC Stock Units, are payable only when the director retires or resigns from the Board. In addition, amounts invested in the LNC Stock Fund upon cessation of a director s service on the Board are only payable in shares of Lincoln common stock.

MEETING FEES

No additional fees are paid for attending regularly scheduled Board or committee meetings, although the Corporate Governance Committee has discretion to recommend additional compensation (\$1,100 per meeting) for additional meetings. Outside directors who are also directors of Lincoln Life & Annuity Company of New York (LNY), our indirect, wholly owned subsidiary, receive an annual cash retainer of \$15,000 and a fee of \$1,100 for each LNY Board and committee meeting they attend. During 2015, three outside directors Mr. Henderson, Ms. Lachman and Mr. Pittard also served as directors of LNY.

OTHER BENEFITS

We offer outside directors several benefits in addition to the compensation listed above. These include:

Financial planning services up to \$20,000 for an initial financial plan and \$10,000 for annual updates. The services must be provided by a Lincoln Financial Network financial planner for the director to be reimbursed.

Participation at their own expense in certain health and welfare benefits, including our self-insured medical and dental plans as well as life insurance and accidental death and dismemberment coverages.

Participation in a matching charitable gift program through which the Lincoln Financial Foundation, Inc. matches donations from a director to one or more eligible organizations, up to an annual total of \$15,000 for all gifts.

Table of Contents**COMPENSATION OF NON-EMPLOYEE DIRECTORS* DURING 2015**

NAME	FEES EARNED OR PAID IN CASH ¹	STOCK AWARDS ²	ALL OTHER COMPENSATION	TOTAL
	(\$)	(\$)	(\$)	(\$)
William J Avery ³	96,000	161,000	25,000 ^{4,5}	282,000
William H. Cunningham	86,000	361,000	15,000 ⁵	462,000
George W. Henderson, III	115,400	161,000	10,000 ⁵	286,400
Eric G. Johnson	96,000	161,000	-	257,000
Gary C. Kelly	96,000	161,000	12,500 ⁵	269,500
M. Leanne Lachman	135,400	161,000	15,000 ⁵	311,400
Michael F. Mee	86,000	161,000	-	247,000
William Porter Payne	89,901	161,000	15,000 ⁵	265,901
Patrick S. Pittard	113,200	161,000	10,000 ⁴	284,200
Isaiah Tidwell	102,099	161,000	4,250 ⁵	267,349

* As an employee of the Company, Mr. Glass receives no director compensation.

1. As described above, \$86,000 of the annual retainer was paid in cash. The fees shown in this column also include any fees that an outside director was paid as the chair of a committee, as a member of the Audit Committee or for service on the Board of LNY.

2. The fair value of the stock awards was determined in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Stock Compensation. The assumptions made in calculating the grant date fair value of stock and option awards are set forth in Note 18 of the Notes to the Consolidated Financial Statements, included in Item 8 of our Form 10-K for fiscal year ended December 31, 2015. Mr. Cunningham received an additional \$200,000 in Deferred LNC Stock Units for serving as non-executive Chairman during 2015.

3. Mr. Avery retired from our Board of Directors effective December 31, 2015.

4. Includes the provision of financial planning services with an aggregate incremental cost to us of \$10,000 for each of Mr. Avery and Mr. Pittard.

5. Reflects contributions made on the director's behalf under the matching charitable gift program.

Table of Contents

The following table shows the number of deferred stock units and vested unexercised stock options held by each director as of December 31, 2015:

	DEFERRED LNC	STOCK
NAME	STOCK UNITS	OPTIONS
William J. Avery	6,247	8,506
William H. Cunningham	83,557	41,359
George W. Henderson, III	53,916	33,180
Eric G. Johnson	46,661	33,180
Gary C. Kelly	17,698	17,040
M. Leanne Lachman	56,869	33,180
Michael F. Mee	60,111	33,180
William Porter Payne	34,702	25,105
Patrick S. Pittard	36,849	19,606
Isaiah Tidwell	29,215	39,314

Deferred LNC Stock Units include amounts reported in the Stock Awards column above and phantom units awarded under the LNC Outside Directors Value Sharing Plan, which was terminated on July 1, 2004, plus any accrued dividend equivalents, which are automatically reinvested in additional phantom units of our common stock. The stock options held by Messrs. Cunningham and Tidwell include former options for Jefferson-Pilot Corporation common stock, which were converted into stock options for our common stock in connection with our merger with Jefferson-Pilot.

Table of Contents**ITEM 2 | RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee evaluates the performance of the Company's independent auditors each year and determines whether to reengage them or consider other firms. In doing so, the Committee considers the auditor's service quality and efficiency, capability, technical expertise, and knowledge of our operations and industry. On February 24, 2016, the Committee appointed Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm for fiscal year 2016. We have engaged this firm and its predecessors in this capacity continuously since 1968. In addition, the Committee is involved in the selection of Ernst & Young's lead engagement partner and ensures that the mandated rotation of the lead partner occurs routinely.

As a matter of good corporate governance, we request that our shareholders ratify (approve) this appointment, even though this is not required. If shareholders do not ratify this appointment, the Audit Committee will take note of that and may reconsider its decision. If shareholders do ratify this appointment, the Committee will still have discretion to terminate Ernst & Young and retain another accounting firm at any time during the year.

Representatives of Ernst & Young will be present at the Annual Meeting, where they will be given the opportunity to make a statement, if they wish to. They will also be available to respond to questions about their audit of our consolidated financial statements and internal controls over financial reporting for fiscal year 2015.

The Board of Directors recommends a vote FOR the ratification of Ernst & Young as our independent registered public accounting firm for 2016.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES AND SERVICES

The table below shows the total fees that Ernst & Young received for professional services rendered for fiscal years 2015 and 2014, with a breakdown of fees paid for different categories of work.

	FISCAL YEAR ENDED - DECEMBER 31, 2015	% OF TOTAL FEES	FISCAL YEAR ENDED - DECEMBER 31, 2014	% OF TOTAL FEES
Audit Fees ¹	\$10,015,790	90.9	\$9,841,680	88.1
Audit-Related Fees ²	937,100	8.5	1,222,782	10.9
Tax Fees ³	63,842	0.6	115,164	1.0
All Other Fees				
TOTAL FEES	\$11,016,732	100	\$11,179,626	100

Table of Contents

1. **Audit Fees.** Fees for audit services include fees and expenses associated with the annual audit, the reviews of our interim financial statements included in quarterly reports on Form 10-Q, accounting consultations directly associated with the audit, and services normally provided in connection with statutory and regulatory filings.
2. **Audit-Related Fees.** Audit-related services principally include employee benefit plan audits, service auditor reports on internal controls, due diligence procedures in connection with acquisitions and dispositions, reviews of registration statements and prospectuses, and accounting consultations not directly associated with the audit or quarterly reviews.
3. **Tax Fees.** Fees for tax services include tax-filing and advisory services.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee has policies and procedures to pre-approve all audit and permissible non-audit services that our accounting firm provides. Management submits to the Committee for approval a schedule of all audit, tax and other related services it expects the firm to provide during the year. The schedule includes examples of typical or known services expected to be performed, listed by category, to illustrate the types of services to be provided under each category. The Committee pre-approves the services by category, with specific dollar limits for each category. If management wants to engage the accounting firm for additional services, management must receive approval from the Committee for those services. The Committee chair also has the authority to pre-approve services between meetings, subject to certain dollar limitations, and must notify the full Committee of any such pre-approvals at its next scheduled meeting.

OTHER INFORMATION

Ernst & Young has advised us that neither it nor any member of the firm has any financial interest, direct or indirect, in any capacity in us or our subsidiaries. The Company has made similar inquiries of our directors and executive officers, and we have identified no such direct or indirect financial interest in Ernst & Young.

Table of Contents

AUDIT COMMITTEE REPORT

Management has primary responsibility for:

preparing our financial statements;
establishing financial reporting systems and internal controls; and
reporting on the effectiveness of our internal control over financial reporting.

The Company's independent registered public accounting firm is responsible for:

performing an independent audit of our consolidated financial statements;
issuing a report on those financial statements; and
issuing an attestation report on our internal control over financial reporting.

In this context, the Audit Committee has:

reviewed and discussed with management the audited financial statements for fiscal year 2015;
discussed with our accounting firm the matters that the Public Company Accounting Oversight Board (PCAOB)
requires them to discuss as per Auditing Standard No. 16, *Communications with Audit Committee*;
received the written disclosures and letter from our accounting firm that the PCAOB requires regarding the firm's
communications with the Audit Committee concerning independence; and
discussed with our accounting firm that firm's independence.

Based upon the review and discussions referred to in this report, the Audit Committee recommended to the Board that
the audited consolidated financial statements for fiscal year 2015 be included in the Company's Annual Report on
Form 10-K for fiscal year ending December 31, 2015, for filing with the SEC.

The Audit Committee

William J. Avery

George W. Henderson, III

Gary C. Kelly

M. Leanne Lachman, Chair

Isaiah Tidwell

Table of Contents

ITEM 3 | ADVISORY PROPOSAL ON EXECUTIVE COMPENSATION

The SEC requires that we allow shareholders to vote their approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement. As discussed in detail in the Compensation Discussion & Analysis (CD&A) section that begins on page 28, our executive compensation principles and underlying programs are designed to:

align the interests of our executive officers with those of our shareholders

link executive pay directly to the attainment of short- and long-term financial/business goals, which we refer to as pay for performance

attract, motivate and retain key executives who are crucial to our long-term success.

Key features of our compensation programs include:

Pay for Performance. We link our executives' targeted direct compensation to the performance of the Company as a whole, with the largest portion delivered as variable pay in the form of long-term equity awards and an annual incentive award. For instance in 2015, 90% of our CEO's compensation was at risk and variable.

Compensation Tied to Enterprise Performance and Shareholder Return. Our annual and long-term incentive compensation programs have multiple balanced performance measures and goals that tie executive compensation to key enterprise performance metrics and shareholder return.

Governance/Compensation Best Practices. Among the best practices we follow: we have an independent Compensation Committee and compensation consultant; we do not provide tax gross-up benefits; and we have a double-trigger equity vesting requirement upon a change of control of the Company.

Share Ownership Requirements. Our executives are subject to rigorous stock ownership guidelines to further align their interests with the long-term interests of our shareholders. For instance, our CEO is required to hold an amount of our shares equal to seven times his base salary, and our other executive officers must hold shares equal to four times their base salary.

In addition, we recognize that strong governance/compensation principles are essential to an effective executive compensation program. These governance/compensation principles and our executive compensation philosophy are established by the Compensation Committee, which is independent of management and advised by an independent consultant. The Committee regularly reviews the compensation programs applicable to our executive officers to ensure that the programs support our objectives of aligning our executive compensation structure with our shareholders' interests and current market practices.

Our compensation policies and procedures are described in detail on pages 28 to 54.

Although the advisory vote on this proposal is non-binding meaning that our Board is not required to adjust our executives' compensation or our compensation programs or policies as a result of the vote the Board and the Compensation Committee will consider the voting results when determining compensation policies and decisions,

including future executive compensation decisions. Notwithstanding the advisory nature of the vote, the resolution will be approved if more votes are cast for the proposal than against it. Abstentions and broker non-votes will not count as votes cast either for or against the proposal. We intend to hold a non-binding advisory vote on executive compensation each year, with the next such vote at our 2017 Annual Meeting.

- 26 -

Table of Contents

We urge you to read the CD&A and other information in the Executive Compensation section, beginning on page 28, which we believe demonstrates that our executive compensation programs align our executives' compensation with our short- and long-term performance; provide the incentives needed to attract, motivate and retain key executives crucial to our long-term success; and align the interests of our executive officers with those of our shareholders.

The Board unanimously recommends a vote FOR this proposal and FOR the following resolution:

Resolved, that the shareholders approve, on an advisory basis, the compensation of the named executive officers of the Company, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion & Analysis, the 2015 compensation tables regarding named executive officer compensation, and the accompanying narrative disclosure in this proxy statement.

- 27 -

Table of Contents

COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion & Analysis (CD&A) contains information about:

our fundamental pay-for-performance compensation philosophy

the structure of our compensation programs and the reasoning behind this structure

how compensation decisions are made and how our compensation programs are administered

the compensation we paid under our performance-based incentive programs for performance periods ending in 2015, and how it related to our short and long-term performance results

The CD&A also details the compensation of our NEOs (also referred to as executives or executive officers) included in the compensation tables beginning on page 55. These NEOs are:

DENNIS R. GLASS President and CEO

RANDAL J. FREITAG Executive Vice President and CFO

LISA M. BUCKINGHAM Executive Vice President, Chief Human Resources Officer, Head of Brand and Enterprise Communications

WILFORD H. FULLER President, Annuity Solutions, LFD and LFN

MARK E. KONEN President, Insurance and Retirement Solutions

We encourage you to read the CD&A in conjunction with the compensation tables on pages 55 to 72.

To ensure the continued effectiveness of our pay-for-performance culture, the Compensation Committee each year reviews and approves the elements, measures, targets and payouts of our executive compensation programs. In setting the programs' performance measures and goals, the Committee chooses metrics that focus on our overall corporate strategy and are linked to our long-term financial plan. Our executives' compensation is tied closely to the achievement of short- and long-term goals that (a) support our long-term business strategy and (b) measure the creation of sustainable long-term shareholder value.

At our 2015 Annual Meeting, shareholders expressed strong support for our executive compensation programs, with 97% of votes cast in favor of the advisory resolution on executive compensation.

- 28 -

Table of Contents

EXECUTIVE SUMMARY

OUR PAY FOR PERFORMANCE PHILOSOPHY

We believe that those executives with significant responsibility and a greater ability to influence the Company's results should have more of their total compensation tied directly to business results. Therefore, the vast majority of our NEO compensation is tied to Company or individual performance (and, for business-unit executives, to the performance of individual business units). This also means that the vast majority of our NEO compensation is at risk—executives will not reach their targeted pay amounts if the Company's performance does not meet expectations.

In keeping with this philosophy, annual and long-term incentive awards are the largest components of total NEO compensation, and the fixed pay element—base salary—is the smallest. The variable components are:

The Annual Incentive Program (AIP), which ties compensation to key Company performance metrics that, while measured annually, also support our long-term strategic goals

The Long-Term Incentive Program (LTI) which consists of a mix of long-term equity grants—including performance shares tied to metrics that reward increased shareholder value over a three-year period

As the following charts show, the vast majority of our CEO's and NEOs' target direct compensation is variable (i.e., based on performance, including that of our stock price.)

Note, the amounts in these graphs are shown at target and therefore will not match the values reflected in the Summary Compensation Table at page 55 of this proxy statement.

EXECUTIVE COMPENSATION BEST PRACTICES

When evaluating our compensation practices and policies, the Compensation Committee takes into account competitive market trends and the views of our shareholders. Examples of our governance and compensation practices include:

Robust stock ownership guidelines and stock holding requirements;

Moderate change-of-control benefits;

The use of an independent compensation consultant for significant compensation decisions regarding our executives;

Double trigger—vesting provisions for our equity awards following our change of control;

Clawback provisions on our equity awards;

No tax-gross-up benefits upon our change of control;

No repricing or exchange of underwater stock options without shareholder approval;

Restrictions regarding pledging, hedging and speculation in our securities; and

Limited perquisites for executive officers.

For more information, see [Change of Control Severance Arrangements](#) on page 53; [Alignment with Shareholders](#) on page 34; and [Role of the Compensation Consultant](#) on page 51.

- 29 -

Table of Contents

2015 PERFORMANCE OVERVIEW

We had solid financial results in 2015 as Lincoln's franchise was resilient in what proved be a very volatile year for capital markets. We continued to focus on growth, profitability, and capital management initiatives that we believe position us well for long-term, sustainable financial results.

Our full year results included the following highlights:

Despite these efforts to continue to build long-term value for our shareholders, our year-over-year stock price decreased 12.8% to \$50.26 on December 31, 2015, from \$57.67 on December 31, 2014. Over the longer term, our performance was strong. For the three year period from December 31, 2012 to December 31, 2015:

- 30 -

Table of Contents

These charts illustrate some of the measures of our full-year 2015 results. These are also among the key metrics used for our short- and long-term incentive compensation programs.

More information on our business performance during 2015 is available in our Form 10-K for fiscal year ended December 31, 2015 (the 2015 Form 10-K), which is included in the 2015 Annual Report to Shareholders that accompanies this proxy statement. A reconciliation of the measures not shown in accordance with generally accepted accounting principles (GAAP) used in this proxy statement to their corresponding GAAP measures can be found in Exhibit 1 on page E-1.

- 31 -

Table of Contents**ELEMENTS OF OUR COMPENSATION PROGRAM**

The following table outlines the elements of targeted direct compensation and how each element aligns with our objectives and guiding principles.

COMPENSATION ELEMENT	WHAT IT REWARDS	HOW IT ALIGNS WITH OUR OBJECTIVES	PERFORMANCE MEASURED	FIXED OR VARIABLE	CASH OR EQUITY
BASE SALARY	<ul style="list-style-type: none"> · Sustained high level of performance · Demonstrated success in meeting or exceeding key objectives · Highly developed skills and abilities critical to success of the business · Experience and time in position 	<ul style="list-style-type: none"> · Competitive base salaries enable us to attract and retain top talent · Merit-based salary increases align with our pay-for- performance philosophy 	INDIVIDUAL	FIXED	CASH
ANNUAL INCENTIVE AWARDS	<ul style="list-style-type: none"> · Company performance during the year against key financial goals · Specific business-segment performance during the year, measured against strategic business-segment goals 	<ul style="list-style-type: none"> · Competitive targets enable us to attract and retain top talent · Payouts depend on the achievement of established performance measures and goals that align pay with performance 	CORPORATE AND BUSINESS SEGMENT	VARIABLE	CASH

LONG-TERM INCENTIVE AWARDS

NONQUALIFIED	CORPORATE	VARIABLE	EQUITY
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STOCK OPTIONS	<ul style="list-style-type: none"> · Increase in stock price · Continued service 	<ul style="list-style-type: none"> · Value is dependent on our stock price; options have no value unless the stock price increases · Three-year ratable vesting supports retention 			
RESTRICTED STOCK UNITS	<ul style="list-style-type: none"> · Increase in stock price and dividends · Continued service 	<ul style="list-style-type: none"> · Value rises or falls as our stock price and dividend increases or decreases · Three-year cliff vesting supports retention 	CORPORATE	VARIABLE	EQUITY
PERFORMANCE SHARES	<ul style="list-style-type: none"> · Meeting or exceeding our return on equity goal · Total shareholder return performance relative to that of other companies 	<ul style="list-style-type: none"> · Payout is based on metrics important to our shareholders and critical to value creation · Three-year performance period supports retention and aligns pay with performance over an extended period of time · Relative performance metric creates incentive to outperform peers 	CORPORATE	VARIABLE	EQUITY

Table of Contents

OUR EXECUTIVE COMPENSATION PROGRAM PHILOSOPHY

Our executive compensation program has three key objectives:

PAY FOR PERFORMANCE

To link executive pay directly to the attainment of short-term and long-term financial/business goals, using short-term metrics that correlate with our strategic goals and long-term metrics that correlate to long-term shareholder value

ALIGNMENT WITH SHAREHOLDERS

To provide compensation arrangements that link the interests of our executive officers to those of our shareholders

COMPETITIVE COMPENSATION

To attract and retain key executive talent

These objectives, discussed below, guide us in setting and paying compensation to our NEOs.

PAY FOR PERFORMANCE

Our executive compensation program is based on a pay-for-performance philosophy: The vast majority of our executives' target compensation is made up of variable (at risk) compensation in the form of annual cash incentive awards and long-term equity awards that is linked to consolidated short- and long-term business performance and each individual's contribution to that performance. In measuring an executive's contribution, we put a strong emphasis on the individual's role in implementing strategies and driving performance specific to their function or the operating units they direct.

The key objectives of our pay-for-performance philosophy are to:

reward the achievement of superior financial results in both the short term and long term through balanced incentive programs;

offer the opportunity to earn above-market compensation when overall and individual performance exceed expectations; and

emphasize compensation that is at risk based on performance rather than compensation that is fixed for instance, only 10% of our CEO's target annual pay is fixed.

Balanced Performance Measure and Goals

It is important to us and to our executives that performance be measurable and that compensation be paid based on criteria that executives and shareholders alike can easily identify and understand.

To implement our pay-for-performance philosophy, the Compensation Committee chooses performance measures for our NEO incentive programs that focus on our overall corporate business strategies and that, if achieved, create sustained growth for our shareholders:

Our AIP is based on the same key financial measures indicative of Lincoln's current and future profitability; and

Our LTI uses measures that correlate directly to the creation of long-term value for Lincoln shareholders. The goals for each performance measure are linked directly to the Company's financial plan. In setting the goals, management and the Compensation Committee intend for the maximum performance levels to present a substantial challenge for our NEOs, thereby creating a strong incentive to produce superior results. For 2015, the Compensation Committee chose the following performance measures, which it has used since 2011:

- 33 -

Table of Contents

2015 ANNUAL INCENTIVE PROGRAM

PERFORMANCE MEASURE	WHY CHOSEN
Income from Operations per Diluted Share	This is a key measure of profitability that management uses to evaluate our business and that investors commonly use to value companies in the financial services industry.
Sales Growth	In our business, sales create value because, over time and at a compounded growth rate, they are an indicator of future profitability. In addition, we believe that distribution strength (depth and breadth) is an important driver of our valuation and that sales growth is an effective way to measure the value of the distribution franchise and overall product competitiveness.
Controllable Costs	Management establishes annual budgets for the Company and for each business unit that are key to the success of our financial plan. The Compensation Committee sets a budget-related performance goal to reinforce the importance of containing costs and expenses across the entire company.

2015 LONG-TERM INCENTIVE PROGRAM

PERFORMANCE MEASURE	WHY CHOSEN
Operating Return on Equity	This is an important measure that stock analysts use to value companies especially those in the financial services industry because it is a critical indicator of capital efficiency and is closely aligned with long-term shareholder value.
Relative Total Shareholder Return	This measure reflects the Company's delivery of shareholder value over time relative to that of peers.

ALIGNMENT WITH SHAREHOLDERS

Through our annual and long-term incentive compensation programs, our share ownership requirements and share retention policy, and the design and governance features of our long-term equity programs, we tie the financial interests of our NEOs to those of our shareholders. For both the annual and long-term programs, the Compensation Committee chooses performance goals that align with our strategies for sustained growth and profitability.

Table of Contents

Long-Term Incentives

The equity-based awards that are the basis of our long-term incentive compensation make up the largest part of our NEOs' targeted direct compensation. To provide a balanced incentive program and to lessen the risk inherent in the greater focus on long-term incentives, executives receive a mix of equity-based compensation awards, which include:

Performance share awards (PSAs) – the number of shares actually received depends on our performance over a three-year period relative to key metrics of shareholder value;

Restricted stock units (RSUs) – these awards cliff-vest three years from the date of grant (cliff-vesting acts as a retention tool for our executives) and the value ultimately realized depends on how our stock performs over that three-year period; and

Nonqualified stock options to purchase our common stock (Options) – these awards vest over time and only have value if the stock price rises after the option grants are made.

Share Ownership Guidelines and Holding Requirements

Our share ownership requirements formalize the Compensation Committee's belief that our officers should maintain a material personal financial stake in the Company. The requirements also promote a long-term perspective in managing our business by linking the long-term interests of our executives with those of our shareholders and reducing the incentive for short-term risk-taking.

Our share ownership requirements are based on multiples of base salary and vary by job level. Equity interests counted in determining whether share ownership guidelines have been met include:

shares owned outright;

amounts invested in shares of our common stock through our employee benefits plans;

restricted stock and RSUs; and

in-the-money vested Options.

SHARE OWNERSHIP AND RETENTION REQUIREMENTS

OFFICER POSITION	VALUE OF SHARES THAT OFFICER MUST HOLD	ADDITIONAL RETENTION REQUIREMENTS
CEO	7 times base salary	25% of net profit shares* for 5 years
Executive Officers (other than our CEO)	4 times base salary	25% of net profit shares* for 5 years

* Net profit shares reflect the value of an amount of shares remaining after payment of the option exercise price and taxes owed at the time of exercise plus the after-tax value of any vested RSUs or earned performance shares.

In addition to the minimum share ownership levels, each NEO must also retain an amount equal to 25% of the net profit shares resulting from equity-based LTI grants, such as vested RSUs or earned PSAs. This additional amount of shares must be held for five years from the date of exercise for Options or the date of vesting for other awards. If at any point an NEO does not meet the share ownership requirements, the executive must hold 50% of the net profit shares resulting from equity-based LTI awards that are exercised or vest, as applicable, until the required ownership level is met.

Table of Contents

Prohibition on Pledging and Hedging

Our Insider Trading and Confidentiality Policy includes provisions that prohibit: (i) the pledging of our securities; and (ii) the use of derivative instruments to hedge the value of any of our securities.

Multi-Year Performance and Vesting Periods

The multi-year performance criteria and vesting elements of our long-term incentive programs promote the retention of our executives by putting their focus on our long-term performance, thereby aligning our executives' interests with those of shareholders.

Prohibition on Repricing

Our equity incentive compensation plans prohibit us from reducing the exercise price of outstanding Options without shareholder approval.

Clawback Features

The equity awards for our NEOs are subject to clawback and forfeiture provisions, which allow us to rescind an executive's award(s) under certain conditions, such as if:

the executive's employment is terminated for cause; or

the executive violates any non-compete, non-disclosure, non-solicitation, non-disparagement or other restrictive covenant.

For example, if an executive violates any such agreement within six months of having exercised Options or received shares from a PSA, we may rescind the exercise or award and require the executive to return any gain realized or value received.

COMPETITIVE COMPENSATION

In general, we target our executives' total direct compensation i.e., base salary, targeted annual incentive compensation and targeted long-term incentive compensation at the median of the compensation paid to executives in similar positions at the insurance-based financial services and investment management companies with which we compete for talent.

Because the roles and responsibilities of our executives are unlikely to be exactly the same as those of executives with similar titles/roles in our peer companies, we often consider multiple sources of market data for this purpose. However, market data is only one of many factors considered when setting executive compensation targets. For more information on how we set target compensation and our benchmarking processes, please see [Setting Target Compensation](#) on page 37.

Table of Contents**CONSIDERATION OF OUR 2015 SHAREHOLDER VOTE ON EXECUTIVE COMPENSATION**

The Compensation Committee and the Board appreciate and value the views of our shareholders. At our 2015 Annual Meeting of Shareholders, approximately 97% of shareholder votes were cast in favor of the say on pay advisory resolution on executive compensation. While we do review the program design on an annual basis, there have not been any significant changes to our compensation program in the last several years. In light of the continued strong shareholder support for our overall pay practices and NEO compensation, the Compensation Committee decided to maintain our general principles and philosophy in structuring executive compensation for 2016.

SETTING TARGET COMPENSATION

The Compensation Committee made compensation decisions for the 2015 calendar year for the NEOs based on a detailed analysis of Company-specific and external data.

BENCHMARKING

To help the Compensation Committee set 2015 target direct compensation levels for our NEOs, Pay Governance performed a comprehensive competitive compensation analysis in November of 2014. They analyzed base pay, annual incentive opportunities, long-term incentive values and total direct compensation (the sum of the elements listed here) to establish market rates for each executive officer position. They then compared our current executive compensation levels to the market median of our peers.

For Messrs. Glass, Freitag and Konen, and Ms. Buckingham, Pay Governance used market data drawn from the stock companies included in the Towers Watson 2014 Diversified Insurance Study of Executive Compensation (the 2014 Towers DI Study), which are:

AFLAC	METLIFE
AIG	PHOENIX COMPANIES
ALLSTATE	PRINCIPAL FINANCIAL
AXA GROUP	PRUDENTIAL FINANCIAL
CIGNA	SUN LIFE FINANCIAL
CNO FINANCIAL	TRANSAMERICA
GENWORTH FINANCIAL	UNUM GROUP
HARTFORD FINANCIAL SERVICES	VOYA FINANCIAL INC.
JOHN HANCOCK	

Table of Contents

The Compensation Committee believes that these companies are appropriate for compensation benchmarking because, even though none has our exact business mix, each is a major competitor in one or more of our businesses and competes directly with us for talent. Because some of these companies have either higher or lower market capitalization, assets or revenue than we do, the data are size-adjusted, where possible, to ensure comparability with our scope. We have used the same market survey for a number of years, and if the companies included in the study change, we reflect those changes in our benchmarking peer group. Neither the Committee nor management has any input into the companies included in this general industry survey.

The survey data were used as a primary reference for most roles. The Compensation Committee seeks to target total direct compensation within a competitive range of plus or minus 15% of the 50th percentile of market data being used. In some cases the Committee may target compensation above or below this range. Reasons for doing this include:

organizational considerations; for example, because an executive's role is considered especially critical to our overall business strategy and to our succession planning;

internal pay equity considerations;

to gain the specific expertise needed to build a new business or improve an existing one; or

to retain highly qualified executives whom we have recruited from outside the insurance industry or whom we believe have skills or experience that will further our corporate strategy.

For Mr. Fuller, different compensation benchmarking data were reviewed due to the unique nature of his role. As President of Lincoln Financial Distributors (LFD) and Lincoln Financial Network (LFN), Mr. Fuller is responsible for our wholesale and retail distribution businesses. In addition, Mr. Fuller assumed responsibility for the Annuities business starting in March 2015. In recognition of his role, the Compensation Committee reviewed compensation data for executives in similar positions from the McLagan Partners Investment Products Sales and Marketing Survey for 2014, as well as from the companies in the 2014 Towers DI Study. For a list of the companies included in the McLagan Partners Investment Products Sales and Marketing Survey, see Exhibit 2 on page E-4.

Table of Contents

TALLY SHEETS

When making compensation decisions, the Compensation Committee considers:

the recommendations of our Chief Human Resources Officer (CHRO), the recommendations of our CEO, and the opinion of the Committee's independent compensation consultant (although our CHRO and CEO do not make recommendations with respect to their own compensation);

the available market data; and

reports called tally sheets illustrating all elements of targeted total direct compensation, including:

base salary;

annual and long-term incentive awards;

deferred compensation and change in pension;

perquisites; and

potential payments for various termination scenarios.

The tally sheets enable the Compensation Committee to analyze the value of total target compensation, as well as the value of compensation actually delivered compared with the value of compensation opportunities the Committee originally established.

The Compensation Committee also uses the tally sheets to assess whether our executive compensation program is consistent with our compensation philosophy and desired positioning relative to the market data. However, tally sheets are just one point of information the Committee uses to determine NEO compensation. The Committee performed a similar analysis to establish the total targeted direct compensation for our CEO.

2015 TARGET TOTAL DIRECT COMPENSATION FOR OUR NAMED EXECUTIVE OFFICERS

NAME	LONG-TERM INCENTIVE	TOTAL
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	BASE SALARY	ANNUAL INCENTIVE AWARD AT TARGET	AWARD AT ANNUAL TARGET	TARGETED ANNUAL COMPENSATION
Dennis R. Glass	\$1,169,050	\$2,338,100	\$7,764,900	\$11,272,050
Randal J. Freitag	\$650,202	\$812,753	\$1,658,000	\$3,120,955
Lisa M. Buckingham	\$578,448	\$636,293	\$1,067,794	\$2,282,535
Wilford H. Fuller	\$575,000	\$1,035,000	\$1,439,143	\$3,049,143
Mark E. Konen	\$663,320	\$994,980	\$1,654,285	\$3,312,585

- 39 -

Table of Contents**ANNUAL COMPENSATION FOR 2015**

During 2015, annual compensation was made up of base salary and a short-term incentive award under the AIP.

BASE SALARY

Base salaries are reviewed annually. In setting base salary levels for 2015, the Compensation Committee started with the 2014 base salaries and then made adjustments based on the compensation analysis discussed above and the individual performance of each NEO. In general, the increases for our NEOs were around 3%, with the exception of Mr. Freitag. The Compensation Committee made a larger adjustment to his base salary to bring it more in line with the current competitive levels within our marketplace for talent. Mr. Freitag's salary was increased 13% to \$650,202.

In March 2015, the Committee met to consider additional compensation changes in light of a reorganization of the business line responsibilities of Mr. Fuller and Mr. Konen following the retirement of an executive officer. The Committee approved an increase in Mr. Fuller's base salary from \$499,000 to \$575,000 effective as March 1, 2015. The Committee also approved other changes to their short- and long-term incentive compensation, which are reflected in amounts shown in the Annual Incentive Program section on page 40 and the Long-Term Compensation section on page 45.

The Committee approved the following base salaries for our NEOs effective for 2015:

NAME	2015
Dennis R. Glass	\$1,169,050
Randal J. Freitag	\$650,202
Lisa M. Buckingham	\$578,448
Wilford H. Fuller	\$575,000
Mark E. Konen	\$663,320

ANNUAL INCENTIVE PROGRAM**2015 Payout Opportunities**

The table below shows the dollar amount of the estimated threshold, target and maximum payout opportunities for the 2015 AIP that the Compensation Committee established on the grant date; the threshold, target and maximum opportunities are calculated as a percentage of each NEO's base salary. The threshold opportunity would be payable only in the case where the threshold goal is met for the performance measure with the lowest percentage payout amount.

ESTIMATED PAYOUT OPPORTUNITIES UNDER THE 2015 AIP

NAME	THRESHOLD	TARGET	MAXIMUM
Dennis R. Glass	\$35,072	\$2,338,100	\$4,676,200

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Randal J. Freitag	\$12,191	\$812,753	\$1,625,505
Lisa M. Buckingham	\$ 9,544	\$636,293	\$1,272,586
Wilford H. Fuller	\$23,288	\$1,035,000	\$2,070,000
Mark E. Konen	\$24,875	\$994,980	\$1,989,960

- 40 -

Table of Contents

2015 Performance Measures and Goals

In February 2015, the Compensation Committee established the goals and measures for the 2015 AIP.

Performance measures. The Committee selected three performance measures for 2015, the same ones it has used since 2011.

Income from operations per share

Sales growth

Management of controllable costs

The Committee chose these measures because they focus on our overall corporate strategy of balancing top-line revenue growth with profitability and prudent cost management. To learn more about why these measures were selected, see Pay for Performance on page 33.

For purposes of the 2015 AIP, Income from Operations is defined as net income in accordance with GAAP, but excluding the after-tax effects of the items detailed in Exhibit 1 on page E-1. This is one of the financial measures that management uses to assess our results. (To calculate Income from Operations per Share, the value of Income from Operations (as defined in Exhibit 1) was divided by the average diluted shares). Management believes that excluding these items from net income better reflects the underlying trends in our businesses because the excluded items are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments. In addition, in most instances decisions regarding these items do not necessarily relate to the operations of the individual segments.

For our CEO, performance is measured entirely at the corporate level, while our other NEOs are assessed on both corporate and business unit performance. To reflect the different roles and responsibilities of our NEOs, the Committee also weights the performance measures differently for each NEO, as shown in the tables on pages 42 to 44. As noted above, the Committee met again in March 2015 to consider and approve revised short-term incentive targets and performance measures and weightings for Messrs. Fuller and Konen to reflect their new business line reporting responsibilities after the reorganization. These revised measures are reflected in the below tables.

Performance goals. In setting the goals for each of the performance measures, management and the Compensation Committee intended the maximum levels to present a significant challenge, therefore requiring exceptionally strong performance to achieve these goals. The target goal for corporate Income from Operations per Share was set after consideration of a number of factors, including a review of our internal financial plan. The target goal for sales growth, at both the corporate and business-unit level, was based on our internal financial plan, emphasizing our corporate strategy to grow and protect the profitability of the business. The target goal for controllable costs was based upon controllable costs as budgeted in our annual financial plan. We believe that our methodology for determining financial performance targets for the AIP supports the following key objectives:

Aligning incentives with our annual financial plan;

Establishing challenging yet achievable incentive targets for our executives; and

Setting targets that are consistent with our assessment of opportunities and risks for the upcoming year.

2015 Performance Results and Actual Payouts

In February 2016, the Compensation Committee certified the performance results for the 2015 AIP. These formulaic results triggered a payout that was below target for all of our NEOs, except Mr. Fuller.

The following tables show the goals, weights, performance results and payout percentages for the 2015 AIP measures for each of our NEOs. Based on actual results, a payout percentage expressed as a percentage of the NEO's target payout opportunity is first determined for each goal. These payouts are then weighted to determine the weighted payout for each goal. The sum of these weighted payouts equals the NEO's payout percentage.

- 41 -

Table of Contents

The tables also show the resulting performance-based payouts approved by the Compensation Committee under the 2015 AIP for each of our NEOs and how these payouts compared with each NEO's target payout opportunity under this program.

DENNIS R. GLASS

CORPORATE MEASURES (100%)

	INCOME FROM OPERATIONS PER SHARE	SALES GROWTH				ENTERPRISE CONTROLLABLE COSTS
		LIFE	GROUP PROTECTION	ANNUITIES	RETIREMENT PLAN SERVICES	
GOALS						
Threshold	\$5.66	\$636 M	\$426 M	\$12,320 M	\$6,627 M	N/A
Target	\$6.22	\$723 M	\$485 M	\$14,000 M	\$7,530 M	100%
Maximum	\$6.97	\$809 M	\$543 M	\$15,680 M	\$8,434 M	89%
RESULTS						
Certified Performance	\$6.08	\$725 M	\$408 M	\$12,692 M	\$7,545 M	96%
Payout as Percentage of						
Target	81.3%	102.3%	0.0%	41.6%	101.7%	134.3%
Weighting	50.0%	11.0%	8.0%	10.0%	6.0%	15.0%
Weighted Payout	40.6%	11.3%	0.0%	4.2%	6.1%	20.1%

	PAYOUT PERCENTAGE		PAYOUT AMOUNT
	TARGET OPPORTUNITY	(sum of weighted payouts)	
ACTUAL PAYOUT UNDER THE 2015 AIP	\$2,338,100	82.3%	\$ 1,924,256
RANDAL J. FREITAG			

CORPORATE MEASURES (92.5%)

BUSINESS
UNIT
MEASURES

GOALS	INCOME FROM OPERATIONS PER SHARE	SALES GROWTH				CONTROLLABLE	
		LIFE PROTECTION	GROUP ANNUITIES	RETIREMENT SERVICES	ENTERPRISE		
					CONTROLLABLE		
					COSTS	FINANCE	
Threshold	\$5.66	\$636 M	\$426 M	\$12,320 M	\$6,627 M	N/A	N/A

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Target	\$6.22	\$723 M	\$485 M	\$14,000 M	\$7,530 M	100%	100%
Maximum	\$6.97	\$809 M	\$543 M	\$15,680 M	\$8,434 M	89%	90%

RESULTS

Certified Performance	\$6.08	\$725 M	\$408 M	\$12,692 M	\$7,545 M	96%	98.9%
Payout as Percentage of Target	81.3%	102.3%	0.0%	41.6%	101.7%	134.3%	110.8%
Weighting	50.0%	11.0%	8.0%	10.0%	6.0%	7.5%	7.5%
Weighted Payout	40.6%	11.3%	0.0%	4.2%	6.1%	10.1%	8.3%

	TARGET OPPORTUNITY	PAYOUT PERCENTAGE (sum of weighted payouts)	PAYOUT AMOUNT
ACTUAL PAYOUT UNDER THE 2015 AIP	\$812,753	80.5%	\$654,266

- 42 -

Table of Contents**LISA M. BUCKINGHAM**

	INCOME FROM OPERATIONS PER SHARE	CORPORATE MEASURES (85%)				BUSINESS UNIT MEASURES	
		SALES GROWTH				CONTROLLABLE COSTS	
		GROUP LIFE PROTECTION	GROUP ANNUITIES	RETIREMENT PLAN SERVICES	CONTROLLABLE COSTS	HUMAN RESOURCES	CONTROLLABLE COSTS
GOALS							
Threshold	\$5.66	\$636 M	\$426 M	\$12,320 M	\$6,627 M	N/A	N/A
Target	\$6.22	\$723 M	\$485 M	\$14,000 M	\$7,530 M	100%	100%
Maximum	\$6.97	\$809 M	\$543 M	\$15,680 M	\$8,434 M	90%	90%
RESULTS							
Certified Performance	\$6.08	\$725 M	\$408 M	\$12,692 M	\$7,545 M	97.9%	98.3%
Payout as Percentage of Target	81.3%	102.3%	0.0%	41.6%	101.7%	121.1%	117.1%
Weighting	50.0%	11.0%	8.0%	10.0%	6.0%	7.5%	7.5%
Weighted Payout	40.6%	11.3%	0.0%	4.2%			