

LINCOLN NATIONAL CORP
Form DEF 14A
April 11, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

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 Materials Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

Lincoln National Corporation

(Exact Name of Registrant as Specified in its Charter)

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- No fee required.
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(3) Filing Party:

(4) Date Filed:

RADNOR, PENNSYLVANIA

April 11, 2014

Dear Fellow Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders scheduled for Thursday, May 22, 2014, at 9:00 a.m., local time, at The Ritz-Carlton Hotel, 10 Avenue of the Arts, Philadelphia, Pennsylvania 19102. Our Board of Directors and management team look forward to greeting you.

The notice of meeting and proxy statement describe the matters to be acted upon at the Annual Meeting of Shareholders. Please review these documents carefully.

Many of our shareholders received a notice of internet availability instead of a paper copy of our proxy statement and our 2013 annual report to shareholders. The notice of internet availability contains instructions on how shareholders can access these documents over the internet as well as how shareholders can receive a paper or email copy of our proxy materials including our proxy statement, our 2013 annual report to shareholders and a proxy card. We believe electronic delivery allows us to provide our shareholders with the information they need, while lowering the costs of the delivery of the materials and reducing the environmental impact of printing and mailing paper copies.

It is important that you vote your shares of our stock by voting as promptly as possible by proxy, through the use of a proxy card, via telephone or over the 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

LINCOLN NATIONAL CORPORATION
RADNOR, PENNSYLVANIA

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS

April 11, 2014

The Annual Meeting of Shareholders of Lincoln National Corporation will be held on Thursday, May 22, 2014, at 9:00 a.m., local time, at The Ritz-Carlton Hotel, 10 Avenue of the Arts, Philadelphia, Pennsylvania 19102.

The items of business are:

1. the election of three directors for three-year terms expiring at the 2017 Annual Meeting;
2. the ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm for 2014;
3. the approval of an advisory resolution on the compensation of our named executive officers;
4. the approval of the Lincoln National Corporation 2014 Incentive Compensation Plan; and
5. to consider and act upon such other matters as may properly come before the meeting.

You have the right to receive this notice and vote at the Annual Meeting of Shareholders if you were a shareholder of record at the close of business on March 17, 2014. Please remember that your shares cannot be voted unless you cast your votes by one of the following methods: (1) sign and return a proxy card; (2) vote via telephone; (3) vote via the internet; (4) vote in person at the Annual Meeting; or (5) make other arrangements to vote your shares.

For the Board of Directors,

Charles A. Brawley, III
Senior Vice President, Associate General Counsel
& Secretary

TABLE OF CONTENTS

PROXY	1
SUMMARY	
GENERAL	3
INFORMATION	
SECURITY	6
OWNERSHIP	
GOVERNANCE OF THE	8
COMPANY	
THE BOARD OF DIRECTORS AND	10
COMMITTEES	
ITEM 1 – ELECTION OF	13
DIRECTORS	
Nominees for	14
Director	
Directors Continuing in	15
Office	
COMPENSATION OF	
DIRECTORS	19
ITEM 2 – RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED	
PUBLIC ACCOUNTING FIRM	21
Independent Registered Public Accounting Firm Fees and	
Services	21
Audit Committee Pre-Approval	
Policy	22
Other	
Information	22
Audit Committee	
Report	22
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	23
EXECUTIVE	
COMPENSATION	23
Compensation Discussion &	
Analysis	23
Compensation Committee	
Report	39
Executive Compensation	
Tables	40
Summary Compensation	
Table	40
Grants of Plan-Based	
Awards	43
Outstanding Equity Awards at Fiscal	
Year-End	45
Option Exercises and Stock	
Vested	46
Pension Benefits	47
	48

Nonqualified Deferred Compensation	
Potential Payments Upon Termination or Change of Control	49
ITEM 3 – ADVISORY PROPOSAL ON EXECUTIVE COMPENSATION	56
ITEM 4 – APPROVAL OF THE LINCOLN NATIONAL CORPORATION 2014 INCENTIVE COMPENSATION PLAN	57
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	66
RELATED PARTY TRANSACTIONS	66
GENERAL	66
Shareholder Proposals	66
Incorporation by Reference	68
Annual Report	68
Other Matters	68
EXHIBIT 1 – Section 11 – Notice of Shareholder Nominees	E-1
EXHIBIT 2 – Reconciliation of Non-GAAP Measures	E-3
EXHIBIT 3 – List of Defined Contribution Companies from the 2012 McLagan Survey and Financial Services Companies from the 2012 Towers Watson Survey	E-6
EXHIBIT 4 – List of Investment Companies from the 2012 McLagan Survey	E-8
EXHIBIT 5 – Definitions for Incentive Compensation Programs	E-9
EXHIBIT 6 – Lincoln National Corporation 2014 Incentive Compensation Plan	E-11
EXHIBIT 7 – Section 10 – Notice of Shareholder Business	E-27

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 22, 2014:

This proxy statement and the accompanying annual report are available at: www.proxydocs.com/Inc.

Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Shareholders

- Time and Place: Thursday, May 22, 2014 at 9:00 a.m. local time
- Place: The Ritz-Carlton Hotel
10 Avenue of the Arts
Philadelphia, PA 19102
- Record Date: March 17, 2014
- Voting: Shareholders as of the record date are entitled to vote. Each share of common stock and each share of preferred stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

Voting Matters

Agenda Item	Board Vote Recommendation	Page Reference (for more detail)
1. The election of three directors for three-year terms expiring at the 2017 Annual Meeting.	FOR each director nominee	13
2. The ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for 2014.	FOR	21
3. The approval of an advisory resolution on the compensation of our named executive officers.	FOR	56
4. The approval of the Lincoln National Corporation 2014 Incentive Compensation Plan.	FOR	57

Board of Director Nominees

Name	Age	Director Since	Occupation	Independent	Committee Memberships
Dennis R. Glass	64	2006	President and Chief Executive Officer, Lincoln National	No	Corporate Action

Corporation

Gary C. Kelly	59	2009	Chairman, President and Chief Executive Officer, Southwest Airlines Co.	Yes	Audit Finance
Michael F. Mee	71	2001	Retired, Executive Vice President and CFO, Bristol-Myers Squibb Company	Yes	Compensation Finance

Governance Highlights

Our Board of Directors has long considered strong governance practices a priority. They regularly evaluate and implement policies that reflect corporate governance best practices. Some of these practices include the following:

- The Chairman of the Board is an independent director;
- All of our directors, except for the chief executive officer, are independent;
- Majority voting and a director resignation policy for directors in uncontested elections;
- Robust stock ownership guidelines for directors;

- Independent directors meet regularly in executive session; and
- Board and committees conduct annual self-evaluations.

Executive Compensation Highlights

We are asking shareholders to cast an advisory, non-binding vote to approve compensation awarded to our named executive officers (“NEO”). The key objectives of our executive compensation program are to motivate our executives to increase profitability and shareholder returns, to pay compensation that varies based on performance and to retain key executive talent, who are critical to our success. At our 2013 Annual Meeting, shareholders expressed strong support for our executive compensation programs with 95% of the vote cast in favor of the advisory resolution.

Pay for Performance

Under these programs, we seek to align pay and performance by making a significant portion of our NEOs’ compensation dependent on:

- the achievement of specific annual and long-term strategic and financial goals; and
- the realization of increased shareholder value.

Our NEOs are those individuals who served as our chief executive officer and chief financial officer during 2013 and our three other most highly compensated executive officers, who are listed on page 23 of this proxy statement.

2013 Pay Mix

Named executive officer compensation is weighted towards variable compensation (annual and long-term incentives), where the actual amounts earned may differ from targeted amounts based on corporate and individual performance. As the following charts show, 88% of the CEO’s target direct compensation and an average of 79% of our other NEOs’ target direct compensation are variable with 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 at page 40 of this proxy statement

Please read “Compensation Discussion & Analysis” beginning on page 23 and “Executive Compensation Tables” beginning on page 40 for additional details about our executive compensation programs, including information about our NEOs’ fiscal year 2013 compensation.

LINCOLN NATIONAL CORPORATION
150 N. RADNOR CHESTER ROAD
RADNOR, PENNSYLVANIA 19087

PROXY STATEMENT

Annual Meeting of Shareholders

May 22, 2014

The Board of Directors (or “Board”) of Lincoln National Corporation (the “Company,” “we,” “our,” or “us”) is soliciting proxy in connection with the proposals to be voted on at the Annual Meeting of Shareholders scheduled for May 22, 2014 (the “Annual Meeting”). The Annual Meeting will be held at The Ritz-Carlton Hotel, 10 Avenue of the Arts, Philadelphia, Pennsylvania 19102, beginning at 9 a.m. local time. This proxy statement and a proxy card or a notice of internet availability was first sent to our shareholders on or about April 11, 2014. Whenever we refer in this proxy statement to the “Annual Meeting,” we are also referring to any meeting that results from an adjournment of the Annual Meeting.

GENERAL INFORMATION

Why did I receive this proxy statement or notice of internet availability of proxy materials?

You are receiving a proxy statement, or a notice of internet availability of proxy materials, because you owned shares of our stock on March 17, 2014, the record date, and that entitles you to vote at the Annual Meeting. This proxy statement describes the matters to be voted on at the Annual Meeting, provides information on these matters, and provides information about the Company that must be disclosed when your proxy is solicited.

What will I be voting on at the Annual Meeting?

At the Annual Meeting, shareholders are being asked to vote upon the following items of business:

1. the election of three directors for three-year terms expiring at the 2017 Annual Meeting;
2. the ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm for 2014;
3. the approval of an advisory resolution on the compensation of our named executive officers;
4. the approval of the Lincoln National Corporation 2014 Incentive Compensation Plan; and
5. to consider and act upon such other matters as may properly come before the meeting.

What are the Board of Directors recommendations?

- for the election of the three director nominees named in this proxy statement;
- for the ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm for 2014;
- for the approval of the advisory resolution on the compensation of our named executive officers; and
- for the approval of the Lincoln National Corporation 2014 Incentive Compensation Plan (the “2014 ICP”).

Why did some shareholders receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of the printed proxy materials?

In accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”), instead of mailing a printed copy of our proxy materials to each shareholder of record, we may furnish proxy materials by providing access to those documents on the internet. Most shareholders received a notice of internet availability (the “Notice”) containing instructions as to how to access and review all of the proxy materials on the internet. The Notice also contains instructions on how shareholders can request a paper copy of our proxy materials including our proxy statement, our 2013 annual report to shareholders and a proxy card form. The Notice also instructs shareholders how to submit their proxy on the internet. Shareholders receiving the Notice who would like to receive paper or email copies of our proxy materials should follow the instructions in the Notice for requesting those materials. To ensure timely delivery of such proxy materials prior to the Annual Meeting, shareholders should make such request by May 9, 2014.

How do I attend the Annual Meeting?

All shareholders of record as of March 17, 2014 are invited to attend the Annual Meeting in person. If you plan to attend the annual meeting, you will need to present proof of ownership and valid photo identification for admission. Proof of ownership can include a brokerage statement or letter from your broker showing that you owned shares of our stock as of the record date, March 17, 2014. If you do not have proof of ownership and valid photo identification, you will not be admitted to the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Only shareholders of record at the close of business on March 17, 2014, the record date for the meeting, are entitled to vote at the Annual Meeting. As of the record date, we had 262,001,129 shares of common stock, issued, outstanding and entitled to vote at the Annual Meeting. You are entitled to one vote for each share of common stock you own. The number of shares you own (and may vote) is listed on the proxy card or the Notice that you received.

What constitutes a quorum?

A majority of all outstanding shares entitled to vote at the Annual Meeting, or 131,000,565, constitutes a quorum, which is the minimum number of shares that must be present or represented by proxy at the Annual Meeting in order to transact business. Subject to the rules regarding the votes necessary to adopt the proposals discussed below, abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present. Generally, “broker non-votes” occur when brokerage firms return proxies for which no voting instructions have been received from beneficial owners and the broker does not have discretionary authority to vote on the proposal. Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment of the Annual Meeting, unless a new record date is set).

How do I vote?

1. In person. If you are a shareholder of record, you may attend the Annual Meeting and vote your shares or send a personal representative with an appropriate proxy.

If you own your shares in “street name” (i.e., through a broker-dealer or other financial institution) and you want to vote at the Annual Meeting, you will need to obtain a proxy card from the institution that holds your shares and present that card at the Annual Meeting.

If you own share equivalents through the Lincoln National Corporation Stock Fund of the LNC Employees’ 401(k) Savings Plan (the “Employees’ 401(k) Plan”), the LNL Agents’ 401(k) Savings Plan (the “Agents’ 401(k) Plan”), or the LNL ABGA Money Purchase Plan, or through our dividend reinvestment plan, you cannot vote in person at the Annual Meeting. Instructions on voting these share equivalents are described in more detail below under “How do I vote my 401(k) and/or dividend reinvestment plan shares?”

You can obtain additional information on voting in person at the Annual Meeting, including appropriate forms of proof of ownership and directions to the meeting location, by contacting Shareholder Services at 1-800-237-2920 or shareholderservices@lfg.com.

2. By Mail. Mark, date, sign and mail the proxy card in the prepaid envelope the Company has provided you if you received a paper copy of the proxy materials. If you return the proxy card but do not mark your voting preference, the individuals named as proxies will, to the extent permissible, vote your shares in accordance with the Board’s recommendation on each item in this proxy statement. With respect to any other matter that properly comes before the Annual Meeting, the individuals named as proxies will, to the extent permissible, vote all proxies in the manner they perceive to be in our best interests.

3. By Telephone or Internet. If you are a shareholder of record, you may submit your proxy with voting instructions by telephone if you are calling within the United States, Canada or Puerto Rico. If you are a shareholder of record,

you may also submit your proxy through the internet by visiting the website listed on the proxy card or Notice.

If you choose to submit your proxy with voting instructions by telephone or through the internet, you will be required to provide your assigned control number noted on the proxy card or Notice before your proxy will be accepted. In addition to the instructions that appear on the proxy card or Notice, step-by-step instructions will be provided by recorded telephone message or at the designated website on the internet.

If you hold your shares in "street name," please check your proxy card or Notice, or contact your broker, nominee, fiduciary or other custodian to determine if you will be able to vote by telephone or internet.

How many votes are needed to approve each proposal and what are the effects of broker non-votes, abstentions and unmarked proxy cards?

A majority of the votes cast by the holders of shares entitled to vote at the annual meeting, assuming a quorum is present, is required for: (1) the approval of the election of each director; (2) the ratification of the appointment of Ernst & Young LLP as our independent registered accounting firm; (3) the approval of the advisory resolution on the compensation of our named executive officers; and (4) the approval of the 2014 ICP. Abstentions will not count as votes cast either for or against a nominee or the above proposals.

The proposal regarding the approval of the compensation of our named executive officers is advisory only and not binding on the Board of Directors. If any other matters are properly presented at the Annual Meeting, a particular proposal will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.

If you sign and return a proxy or voting instruction card, but do not mark how your shares are to be voted, they will be voted as the Board recommends. If you hold your shares in "street name," you may instruct your broker on how you would like your shares voted. If you choose not to provide voting instructions, your shares are referred to as broker non-votes and the bank, broker or other custodian may be permitted to vote your shares (discretionary voting) only on the ratification of the appointment of the independent registered accounting firm. These broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting for purposes of determining a quorum, but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the vote for directors, the advisory resolution on the compensation of our named executive officers, or the 2014 ICP.

Can I revoke my proxy or change my vote after I vote my proxy?

Yes. You may revoke your proxy or change your vote at any time prior to the Annual Meeting by: (1) sending our Corporate Secretary a written revocation; (2) submitting a new proxy by mail, telephone or internet; or (3) attending the Annual Meeting and voting your shares in person.

How do I vote my 401(k) and/or dividend reinvestment plan shares?

If you have invested in the Lincoln National Corporation Stock Fund of the Employees' 401(k) Plan or the Agents' 401(k) Plan, your voting instructions, whether submitted via telephone or through the internet, will instruct the trustee of your plan how to vote the shares of common stock allocated to the plans. If our stock books contain identical account information regarding common stock that you own directly and common stock that you have an interest in through these plans, you will receive a single proxy/voting instruction card representing all shares owned by you. If you participate in one of these plans and do not provide the trustee with your voting instructions by 11:59 p.m. (E.D.T.) on May 20, 2014, the trustee of the plans will vote the shares in your account in proportion to shares held by the plans for which voting instructions have been received.

If you participate in our dividend reinvestment plan, your proxy/voting instruction card(s) will also include your shares of common stock allocated to your accounts in that plan. To vote your shares in this plan, you must return your proxy/voting instruction card(s) or submit your voting instructions by telephone or over the internet as instructed on your proxy/voting instruction card(s).

Who may solicit proxies?

Our directors, officers and employees, as well as Georgeson Inc., our proxy solicitation firm, may solicit proxies on behalf of the Board in person, by mail, telephone, fax and other electronic means.

Who pays for the costs of soliciting proxies?

We will pay the cost of soliciting proxies. Our directors, officers and employees will receive no additional compensation for soliciting proxies. We will reimburse certain brokerage firms, banks, custodians and other fiduciaries for the reasonable mailing and other expenses they incur in forwarding proxy materials to the beneficial

owners of stock that those brokerage firms, banks, custodians and fiduciaries hold of record. As noted above, we have retained Georgeson Inc. to solicit proxies. We will pay Georgeson Inc. a fee of \$11,000, plus reasonable expenses, for these services.

- 5 -

SECURITY OWNERSHIP

Security Ownership of More than 5% Beneficial Owners

We only have shares of common stock outstanding, which are listed on the New York Stock Exchange (“NYSE”) under the symbol “LNC.” The following table shows the names of persons or entities known by us to beneficially own more than 5% of our common stock as of December 31, 2013.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AS OF DECEMBER 31, 2013

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Common Stock	BlackRock, Inc. 40 East 52nd Street New York, New York 10022	17,305,409	6.6%
Common Stock	The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	17,838,508	6.79%

The information set forth in this table is based solely on our review of Schedules 13G filed with the SEC and as of the date set forth above. We do not have information regarding the foregoing share positions after December 31, 2013. The information regarding the amount and nature of beneficial ownership is to the best of our knowledge.

Security Ownership of Directors, Nominees and Executive Officers

The following table shows the number of shares of common stock and stock units (i.e., non-transferable, non-voting “phantom” units, the value of which is the same as the value of the corresponding number of shares of common stock) beneficially owned on March 15, 2014, by each director, nominee for director and named executive officer, individually, and by all directors and executive officers as a group.

Whenever we refer in this proxy statement to the “named executive officers” or “NEOs”, we are referring to those executive officers that we are required to identify in the Summary Compensation Table on page 40.

SECURITY OWNERSHIP OF DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS AS OF MARCH 15, 2014					
NAME	AMOUNT OF LNC COMMON STOCK AND NATURE OF BENEFICIAL OWNERSHIP ¹	PERCENT OF CLASS	LNC STOCK UNITS ²	TOTAL OF LNC COMMON STOCK AND STOCK UNITS	TOTAL PERCENT OF CLASS
William J. Avery	36,187	*	30,061	66,248	*
Charles C. Cornelio	337,337	*	5,001	342,378	*
William H. Cunningham	50,776	*	68,445	119,221	*
Randal J. Freitag	159,795	*	644	160,439	*
Wilford H. Fuller	213,446	*	23,077	236,522	*
Dennis R. Glass	1,607,299	*	40,523	1,647,822	*
George W. Henderson, III	41,965	*	46,939	88,904	*
Eric G. Johnson	39,781	*	39,855	79,636	*
Gary C. Kelly	20,040	*	11,576	31,616	*
Mark E. Konen	393,191	*	5,918	399,109	*
M. Leanne Lachman	37,528	*	49,822	87,350	*
Michael F. Mee	34,017	*	52,988	87,005	*
William P. Payne	52,860	*	28,178	81,038	*
Patrick S. Pittard	57,551	*	30,275	87,826	*
Isaiah Tidwell	43,210	*	22,821	66,031	*
All Directors and Executive Officers as a group –18 persons	3,283,433	1.24%	456,124	3,739,557	1.41%

* Each of these amounts represents less than 1% of the outstanding shares of our common stock as of March 15, 2014.

1. The number of shares that each person named in this table has a right to acquire within 60 days of March 15, 2014 is as follows: Mr. Avery, 25,105 shares; Mr. Cornelio 248,824 shares; Mr. Cunningham, 49,538 shares; Mr. Freitag, 133,984 shares; Mr. Fuller, 100,459 shares; Mr. Glass, 1,265,992 shares; Mr. Henderson, 41,359 shares; Mr. Johnson, 33,180 shares; Mr. Kelly, 17,040 shares; Mr. Konen, 311,000 shares; Ms. Lachman, 33,180 shares; Mr. Mee, 33,180 shares; Mr. Payne, 41,463 shares; Mr. Pittard, 49,538 shares; Mr. Tidwell, 43,120 shares; and all directors and officers as a group, 2,596,343 shares. Mr. Konen’s shares include 37,457 shares

that are held in a family trust.

2. LNC Stock Units are non-voting, non-transferable phantom stock units that track the economic performance of our common stock.

- 7 -

GOVERNANCE OF THE COMPANY

Our Board of Directors consists of 11 members. Ten of these directors are non-employees, or outside directors, and the Board has determined that all 10 are independent as discussed below.

Board Leadership Structure

The Board has no policy requiring separation of the offices of chief executive officer, or CEO, and Chairman of the Board. The Board believes this decision is part of the succession planning process and takes into consideration the best interests of the Company in making this determination. Currently, we separate the roles of CEO and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board provides guidance to the CEO and management, consults on the agenda for Board meetings, and presides over meetings of the full Board. In May 2013, independent director, William H. Cunningham, was re-elected to serve another one-year term as the non-executive Chairman of the Board. In addition to the duties described above, Mr. Cunningham acts as the key liaison between the Board and management and presides over meetings of the independent directors. As chairman, Mr. Cunningham also has the authority to call special meetings of the Board.

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. Additionally, we 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 the processes established to identify, measure, monitor, and manage significant risks, including credit risk, market risk, and operating risk. The Corporate Enterprise Risk and Capital Committee periodically reviews the Company's strategies and policies for managing these risks. The Board's role is regular oversight of the enterprise risk management process, including reviews of operational, financial, legal and regulatory, and strategic and competitive risks.

The Board exercises its responsibilities periodically as part of its meetings and through its Committees. The Board has delegated the regular oversight of our risk management efforts to the Audit Committee, the oversight of risks involving the capital structure of the enterprise to the Finance Committee and the oversight of compensation-related risk to the Compensation Committee. For a further discussion of the Audit and Finance Committees' oversight responsibilities, see "Audit Committee" and "Finance Committee" at pages 11 and 13 respectively. For a further discussion of the Compensation Committee's oversight of compensation-related risk, see "Risk Considerations Relating to Compensation" at page 29.

The Audit Committee receives quarterly reports from members of senior management, including the Chief Risk Officer, on areas of material risk to the Company, including operational, financial, legal, regulatory, strategic and competitive risks. After the Audit Committee receives these reports, the Chair of the Audit Committee provides a summary of the discussion to the full Board during the Audit Committee report at the next Board meeting. Similar reports are provided by the Compensation and Finance Committees to the full Board. This enables the Board and its Committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. In addition, at its meetings, the Board reviews the most significant risks facing the Company and the manner in which our executives manage these risks. We believe that our current leadership structure supports the Board's oversight role.

Our Corporate Governance Guidelines

The Board of Directors has developed and adopted a set of Corporate Governance Guidelines (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions. The full text of the Guidelines is available on our website at www.lfg.com. The Guidelines provide a framework for effective corporate governance, including the following key principles:

- A majority of our Board, including the nominees for director, must at all times be independent as that term is defined under the applicable SEC rules and our guidelines for determining the independence of directors, which meet the NYSE listing standards.
- The independent directors must meet in executive session at least once a year and may meet at such other times as they may desire. The outside directors, all of whom are independent, meet in connection with each regularly scheduled Board meeting and at such other times as they may desire.
- Only independent directors may serve on the Audit Committee, Compensation Committee and Corporate Governance Committee.
- The written charters of the Audit, Compensation, Corporate Governance and Finance Committees of the Board are reviewed not less than annually. The charters of the Audit, Compensation and Corporate Governance Committees comply with the NYSE’s

listing standards and are available on our website at www.lfg.com.

- We have a Code of Conduct that is available on our website at www.lfg.com. The Code of Conduct comprises our “code of ethics” for purposes of Item 406 of Regulation S-K under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and our “code of business conduct and ethics” for purposes of the NYSE listing standards. We intend to disclose amendments to or waivers from a required provision of the code by including such information on our website at www.lfg.com.
- Directors may not stand for election or reelection after their 75th birthday.
- The Board conducts an annual review of the performance of the Board and the Audit, Compensation, Corporate Governance and Finance Committees.
- The Corporate Governance Committee must re-evaluate the Guidelines each year.

Director Independence

Our Board maintains independence standards, which are included in the Guidelines. These independence standards require that a majority of our directors must at all times be independent as that term is defined under the applicable SEC rules and meet the criteria for independence as set forth in the NYSE listing standards. The NYSE listing standards provide that in order to be considered independent, the Board must determine that a director has no material relationship with us other than as a director.

The Corporate Governance Committee and the Board have reviewed the independence of each director, including the nominees for director at the Annual Meeting, under the standards set forth in the Guidelines and the NYSE listing standards. As a result of this review, the Board has affirmatively determined that directors Avery, Cunningham, Henderson, Johnson, Kelly, Lachman, Mee, Payne, Pittard and Tidwell are independent.

The Board also determined that those directors who are members of the Audit, Compensation and Corporate Governance Committees are likewise independent of our management and us under the Guidelines and the applicable SEC and NYSE rules.

In conducting its independence review, the Board considered, 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. In making these determinations, the Board considered that in the ordinary course of business, transactions occur between us and companies at which some of our directors are or have been directors, employees or officers. Mr. Cunningham is a professor at and employee of The University of Texas with which we engage in ordinary course of business transactions, namely, providing a 403(b) plan. In each case, the transactions were on terms that are substantially equivalent to those prevailing at the time for comparable transactions, and none reached the threshold levels set forth in our standards.

Director Nomination Process

The Corporate Governance Committee of the Board is responsible for: (1) assisting the Board by identifying individuals qualified to become Board members; (2) recommending to the Board the director nominees for the next annual meeting of shareholders; and (3) evaluating the competencies appropriate for the Board and identifying missing or under-represented competencies. Our Corporate Governance Guidelines provide that the Board is responsible for selecting its own members.

The Corporate Governance Committee does not have any specific minimum qualifications that must be met by a nominee. However, its charter provides that “[I]n nominating candidates, the Committee shall take into consideration such factors as it deems appropriate. These factors may include judgment, skill, diversity, experience, the extent to which the candidate’s experience complements the experience of other Board members and the extent to which the

candidate would be a desirable addition to the Board and any Committees of the Board. The Committee may consider candidates proposed by management, but is not required to do so.”

The Corporate Governance Committee begins by reviewing the individual director assessments of existing directors who are being considered for re-nomination. Current members of the Board who have skills and experience that are relevant to our business, who are willing to continue to serve and whose director assessment indicates the director has performed well during the most recent term are considered for re-nomination. If any member of the Board being considered for re-nomination does not wish to serve, or if the Corporate Governance Committee decides not to re-nominate a given member, the Corporate Governance Committee identifies the desired skills and experience that a potential new nominee should possess. The Corporate Governance Committee also considers whether it is necessary or desirable that the nominee be considered independent under the NYSE listing standards, and, if so, whether the individual meets the standards for independence. The Corporate Governance Committee may, but is not required to, retain an outside firm to assist in the identification and evaluation of potential nominees.

The Corporate Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. This assessment

includes integrity, business acumen, age, experience, professional accomplishments, skills such as an understanding of marketing, finance, accounting, regulation and public policy and a commitment to our shared values, among others – all in the context of an assessment of the perceived needs of the Board at a given point in time. Our Corporate Governance Guidelines also specify that diversity should be considered by the Corporate Governance Committee in the director identification and nomination process. The Committee seeks nominees with a broad diversity of backgrounds, experience, professions, education and differences in viewpoints and skills. The Board does not have a formal policy with respect to diversity; however, the Board and the Corporate Governance Committee believe that the backgrounds and qualifications of the directors, considered as a group, should provide a substantive blend of experience, knowledge and abilities that allow the Board to fulfill its responsibilities. 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.

In connection with the evaluation of a new nominee, the Corporate Governance Committee determines whether it should interview the nominee, and, if warranted, one or more members of the Corporate Governance Committee interview the nominee. Other directors may also be asked to interview the nominee. Upon completing the evaluation and the interview, the Corporate Governance Committee makes a recommendation to the Board as to whether to nominate the director nominee.

Although the Corporate Governance Committee does not solicit shareholder recommendations regarding director nominees to be proposed by the Board, it will consider such recommendations if they are made in accordance with the procedures set forth in Article I, Section 11 of our Bylaws, which are set forth in Exhibit 1 to this proxy statement and discussed beginning on page 66 under the heading “Shareholder Proposals.” If the Corporate Governance Committee determines that such a nominee should be considered as a director, it will recommend the nominee to the Board. The Board may accept or reject the proposed nominee. There are no differences in the manner in which the Corporate Governance Committee evaluates nominees for director based on whether the nominee is recommended by a shareholder.

Communications with Directors

The Board provides a process for shareholders and other interested persons to send communications to the Board or to the outside directors of the Board. Shareholders and other interested persons may send such communications to the outside members of the Board of Directors at:

The Outside Directors
Lincoln National Corporation
150 N. Radnor Chester Road
Radnor, PA 19087
Attention: Office of the Corporate Secretary

All communications will be received and processed by the Corporate Secretary. Relevant and appropriate communications will be referred to the non-executive Chairman of the Board. You may communicate anonymously and/or confidentially.

The Audit Committee has established a policy for reporting information related to possible violations of our Code of Conduct, or concerns or complaints pertaining to our accounting, internal controls or audit matters or other related concerns. The policy can be found on our website at www.lfg.com.

If you choose to submit your communication anonymously, we will be unable to contact you in the event we require further information. If you choose to communicate confidentially, we cannot guarantee absolute confidentiality.

Director Attendance at 2013 Annual Meeting

The Board does not have a formal policy regarding attendance by Board members at our Annual Meeting of Shareholders, but directors are encouraged to attend the Annual Meeting of Shareholders. Ten of our directors were in attendance at the 2013 Annual Meeting of Shareholders.

THE BOARD OF DIRECTORS AND COMMITTEES

Our Board is composed of 11 members. The members of the Board, including Board nominees, their relevant term of office and certain biographical information are set forth beginning on page 13 under “Item 1 – Election of Directors.” Compensation of our directors is discussed on page 19 under “Compensation of Directors.”

During 2013, the Board met four times. All directors attended 75% or more of the aggregate of: (1) the total number of meetings of the Board and (2) the total number of meetings held by committees on which he or she served.

Board Committees

The Board currently 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 following table lists the directors who currently serve on the Committees and the number of meetings held for each Committee during 2013. The Audit, Compensation, Corporate Governance and Finance Committees each conduct a self-evaluation of their respective committee's performance each year.

Current Committee Membership and Meetings Held During 2013

(C=Chair M=Member)

Name	Corporate					Corporate Action ¹
	Audit	Compensation	Governance	Executive	Finance	
William J. Avery	M		M			
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			C	M		
Patrick S. Pittard		C				
Isaiah Tidwell	M		M			
Number of Meetings in 2013:	9	4	4	0	5	

¹ The Committee on Corporate Action takes all action by the unanimous written consent of the sole member of that Committee, and there were 9 such consents in 2013.

The functions and responsibilities of the standing committees of our Board are described below.

Audit Committee

The primary function of the Audit Committee is oversight, including risk oversight. The principal functions of the Audit Committee include:

- assist the Board of Directors in its oversight of:
 - (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 policies and processes for risk assessment and risk management;
- appoint, retain and terminate the independent auditors, and approve all engagements of the independent auditors;
- discuss any significant matters arising from any audit;
- discuss 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, if applicable;