

At Lincoln Investment Planning, Inc. ("Lincoln"), we strive to provide to you objective investment advice to assist you in retiring well. There are inherent in any recommendations, however, the potential for conflicts of interest. This conflict can come from the compensation our Financial Representatives ("FRs") may receive on specific investments or advisory services, or it may come from the compensation that Lincoln may receive from third party providers as a result of your purchase of products, advisory or retirement plan services. It is important for you to understand these conflicts of interest so that you may make an informed decision to permit Lincoln to serve your investment needs. Below are some of the compensation factors that may affect your FR's recommendations or Lincoln's decision as to the products and services that we offer. Should you have any questions about this information, please contact your FR.

Product and Pricing Choice. Lincoln's Product Sponsors have been chosen based on their ability to offer products that meet the financial needs of our investors. With the ever expanding array of products and services and the complexity associated with many of today's product choices, it is important for investors to work with a FR. Lincoln FRs are dedicated to assisting you in finding the right investment product. Lincoln has limited the product choices and product sponsors available to you and our FRs so that we can better prepare our FRs with product knowledge and information to better serve you.

Products and Services Compensation. As a registered broker dealer, Lincoln receives compensation in the form of commissions or concessions as described in a prospectus for the sale of securities, such as mutual funds, variable annuities, stocks and bonds. As a registered investment adviser, Lincoln retains a portion of the advisory fees paid by the investor for Lincoln's advisory services, and may also share in the advisory fee (a solicitor fee) paid by the investor to outside advisory services. As a general insurance agency, Lincoln receives compensation for the sale of insurance products, such as, life, health, disability, long term care, and fixed annuity products. Overall compensation to your Lincoln FR, as a result of your investments with Lincoln, may be in the form of commissions, concessions, advisory fees, distribution fees (also referred to as servicing or 12b-1 fees) and persistency fees.

Additional Compensation. Lincoln receives from certain Product Sponsors compensation over and above published commission schedules, advisory fees and concessions as described in a prospectus. This compensation may be paid for services we provide to the Product Sponsor or they may be paid to Lincoln in order to provide sales and marketing support. Lincoln agrees to permit Compensating Sponsors to provide marketing support services to its FRs. These include, but are not limited to, introduction and promotion of products approved for sale by Lincoln Investment Planning, Inc. to Lincoln's FRs; inclusion of such products or services on Lincoln's platforms (if applicable); due diligence conferences and educational sessions (hosted by either Lincoln and/or the Compensating Sponsor for FRs, investors, or both) for which attending FRs may be reimbursed for their out of pocket travel expenses. The facilitation of product training and communication of policies and procedures of Compensating Sponsors through resources and materials may include in-person training, webcasts, intranet, and hyperlinks from the Lincoln website to that of the Compensating Sponsor; newsletters; co-branding; speakers and sponsorship at Lincoln sponsored conferences; access to Lincoln's marketing staff, etc. Sponsorship events may include investor appreciation events, educational or product seminars, Lincoln educational or social events for its FRs. Lincoln maintains control of the agenda and attendees. Sponsorship by a Compensating Sponsor is at the discretion of the Product Sponsor and is not conditional on sales targets. This "Additional Compensation" may be received as a flat dollar amount or an amount based on sales or total dollar amount of investors' assets. Product Sponsors who pay Lincoln Additional Compensation are considered Lincoln's "Compensating Sponsors."

Source of Compensation. Most Additional Compensation payments are paid to Lincoln out of the revenues of the sponsoring investment company or insurance company and are NOT paid out of fund assets. Certain insurance companies or entities through which Lincoln places insurance business pay compensation that is based in part on factors such as total deposits, assets or premium volume and persistency or profitability of the business sold by Lincoln's FRs. The cost of this compensation may be directly or indirectly reflected in the premium or fee for the product.

Because Additional Compensation received by Lincoln may benefit Lincoln or its FRs financially, it may be deemed a potential financial conflict of interest when working with our investors.

Compensating Sponsors. Lincoln received Additional Compensation from the following product sponsors, investment advisors, and insurance companies and insurance general agencies in 2009:

Absolute Capital Management; Advanced Asset Management Advisors, Inc.; Alger Fund; Alliance Capital; American Funds; Calvert Asset Management Company; Clark Capital Management Group; Co; Evergreen Funds; Federated Investors; Franklin/Templeton Distributors; Genworth Financial Wealth Management, Inc.; Goldman Sachs & Company; Great American Financial Resources/Annuity Investor Life Insurance Co.; The Hartford; Haverford Trust; ICON Advisors, Inc.; Independent Planners Group; Individual Commercial Brokerage; ING Security Life of Denver Insurance Company; Invesco AIM, Jackson National Life Insurance Company; Lincoln Financial Group; Meeder Asset Management; MetLife Investors, MFS Investment Management & Subsidiaries; Ohio National Life Insurance Company; Oppenheimer Funds, Inc.; Pacific Life; Pioneer Investments; Portfolio Strategies, Inc.; Principal Life; Prudential Financial;

Putnam Investments; Russell Investment Group; Scudder Kemper; Security Benefit Group; Seligman Group; Sentinel Funds; T. Rowe Price, US Allianz Life Insurance Company of North America; and Van Kampen Investments, Inc.

Types and Amounts of Additional Compensation. The types and amounts of Additional Compensation received last year varied by Compensating Sponsor.

Additional Compensation may also include brokerage commissions received by Lincoln resulting from the execution of portfolio transactions on behalf of an investment company. There is no written or verbal agreement or arrangement whereby a sponsor is required to direct a certain amount of brokerage to Lincoln based upon the assets invested in a sponsor's products. Consequently, Lincoln cannot anticipate if sponsors will place trades through Lincoln in the future. Lincoln executed no trades for Compensating Sponsors' portfolios in 2009.

Additional Compensation is not shared directly with FRs, their Managers or Designated Supervisors, other than reimbursement of expenses from attendance at educational meetings sponsored by the product providers. Only Lincoln benefits financially from this Additional Compensation which is utilized to offset the cost of the services performed on behalf of the Product Sponsor or the marketing and operational expenses of the company.

Overall, in 2009, Additional Compensation based on sales or assets received by Lincoln represented 0.0137% of the total average aggregate value of our investors' asset holdings or \$1.37 on an account value of \$10,000.

2009 Compensating Product Sponsors who compensated Lincoln based on Sales or Assets or Sponsorship of Lincoln Events

Product Sponsor	Annual Compensation Arrangements for every \$10,000 in Investor Assets	Annual Compensation Arrangements for every \$10,000 of Investor Sales	Total Event Sponsorship and Compensation Arrangements Received
ICON Advisors, Inc.	\$8 ^a	-	\$182,198
Franklin/Templeton Investments	-	\$15 ^b	\$125,829
Oppenheimer Funds	-	\$1.40	\$110,000
Jackson National Life Insurance Co.	-	\$25	\$ 109,657
Federated Investors	\$10	-	\$ 91,629
Prudential	-	\$20	\$ 89,887
Invesco AIM	\$2.50	-	\$ 77,004
Putnam Investments	-	-	\$ 62,500
US Allianz	-	\$25	\$ 45,691
MetLife Investors	-	\$15	\$ 39,894
Security Benefit Group, Inc	\$3.00 ^c	-	\$ 38,762
Van Kampen Investments, Inc.	-	\$10 ^d	\$24,727
The Hartford	-	\$10	\$ 11,077
Russell Investment Group	-	\$5	\$ 10,558
Advanced Asset Management Advisors, Inc.	-	-	\$ 2,500

^a Lincoln receives \$10 per \$10,000 when total assets are greater than \$250 million; for assets below \$250 million, Lincoln receives \$8 per \$10,000. Lincoln could receive as much as \$15 per \$10,000 if total assets exceed \$1 billion

^b Lincoln receives \$15 on equity fund sales per \$10,000 invested and \$10 on bond fund sales per \$10,000 invested.

^c Lincoln receives \$1.50 per \$10,000 on assets annually with the potential to receive another \$1.50 per \$10,000 if positive net deposits occur each year.

^d Lincoln receives \$5.00 on certain specified funds and \$10 on other funds

A total of Additional Compensation received in 2009, by type, is reflected below:

- Administrative fees for such services as record-keeping or networking arrangements, which were paid by Product Sponsors on the value of assets or number of accounts totaled \$2,585,140;

- Sponsorship Fees paid by Product Sponsors and Investment Advisors for Lincoln sponsored sales events, paid in the form of cash or expense reimbursement, for sales meetings, seminars and conferences to which the Compensating Sponsor is invited totaled \$74,000;
- Additional Marketing and Sales Support Compensation received either in the form of a flat dollar amount, total sales transacted, or total assets held on behalf of Lincoln investors was \$947,912;
- Reimbursement of approved expenses incurred by FRs or Lincoln employees for attendance at educational meetings held by the Compensating Sponsor at pre-approved locations, or reimbursement of general mailings, investor or prospective investor appreciation meetings or seminars where the Compensating Sponsor has agreed to contribute toward the expense totaled \$64,207;
- Lincoln Financial Group pays a quarterly bonus fee to Lincoln for annuity business outside of a surrender period that remains in force (Persistence Bonus). Lincoln can also be charged back from Lincoln Financial for annuity contracts that are cancelled. For 2009, the net bonus less charge backs received by Lincoln was \$42,779.

OTHER POTENTIAL CONFLICTS OF INTEREST

Differential Compensation. Commissions received by Lincoln on transactions vary, generally ranging from 1.0% to 6.0% of amount invested, and advisory fees generally range from .60% – 2.0% of the assets under management. With respect to commissions and advisory fees received, Lincoln pays each FR an assigned payout rate that has been determined based upon the branch office that the FR is assigned, his/her total level of production, and the type of product being sold. Lincoln does not offer differential commission payouts based upon the specific product, or the Sponsor of the Product. Lincoln may, at its discretion, support its representatives by subsidizing the FR's marketing efforts. For advisory services offered by Lincoln on its platforms, there is no financial incentive to the FR to offer one program over another. Regardless of the advisory service offered, the FR receives the same percentage of the advisory fee paid by the investor. This allows the FR to make objective recommendations to the investor. Lincoln retains the remainder of the advisory fee paid by the investor to pay for such services as the administration, and management fee to the Strategists, when applicable.

With respect to distribution and servicing fees paid by product sponsors, the fees received by Lincoln generally range from 0.10% to 1.00% annually of the net asset value of the investors' assets. This fee is typically an ongoing fee that is paid to Lincoln in addition to the commission and/or advisory fee received. Lincoln's policy as to which FR shares in the distribution and servicing fees varies based on such factors as: whether the FR is in a company agency or independent agency branch office; whether the FR qualifies for Lincoln's achievement clubs by meeting certain production criteria (Honor Club or President's Club); whether the product paying the distribution fees is a Compensating Sponsor and/or whether the product issuing the distribution or servicing fees maintains an electronic relationship with Lincoln for the sharing of investor information. This may create a financial incentive for the FR to offer to the investor only those products for which he/she does qualify to share in distribution and servicing fees paid to Lincoln. Only a small number of Lincoln's FRs do not share in certain products' distribution and servicing fees paid to Lincoln. Lincoln shares, with its FRs, more than 78% of the distribution and servicing fees it receives. As an investor, you should ask your FR if he/she receives or shares in the distribution or servicing fees associated with his/her product recommendation to you.

Sales Contests. Lincoln also offers sales contests to its FRs that provide additional incentives to FRs. Lincoln may offer contests throughout the year that will be limited to those accounts on Lincoln's **SOLUTIONS** platforms. In offering a contest only on sales on these platforms, Lincoln may offer sales contests that may provide the FR with an incentive to offer the products or services of only those product sponsors that are approved for sale on the **SOLUTIONS** platforms. As of December 31, 2009 there were over 500 approved product sponsors at Lincoln, 56 of which were offered on the **SOLUTIONS** platforms and 21 of the 56 which are Compensating Sponsors. Lincoln includes in the contest all approved products on the platform and does not restrict these contests to Compensating Sponsors only. Top achievers in these contests may receive Lincoln sponsored trips, cash prizes, bonus commissions, extra club points, monetary donations in their name to a charity of their choice or other nominal prizes. All contests are across the entire product line available on the platforms. No contest is offered which will award the FR based upon a specific investment product or on a specific product sponsor. Lincoln will not accept any business that is not deemed suitable for the investor.

Endorsements. From time to time, Lincoln makes lump sum payments to education-based associations and not-for-profit organizations with a large constituency of employees who are eligible to invest in 403(b) retirement plans, (hereinafter, "Associations"). In some cases, Lincoln voluntarily makes such payments to reimburse the Associations for certain marketing expenses (e.g. newsletter advertisements) in connection with Lincoln's products and services. Certain Associations require Lincoln to reimburse them for marketing expenses, or the use of their facilities used to meet with their employees, or to obtain their explicit endorsement. Others request our assistance in covering their administrative cost of processing the payroll contributions. Through December 2009, payments ranged from \$300 to \$20,000 per Association.

Retirement Plan Custodial Services. Lincoln collects, on behalf of UMB Bank, n.a., the custodial fee for all **Retirement SOLUTIONS and Retirement SOLUTIONS^{PREMIER}** accounts. As the authorized agent for the custodian, Lincoln performs most of the administrative and custodial duties for UMB Bank, n.a. and retains the majority of the custodial fee collected as payment for these services. Therefore, Lincoln may have an incentive to encourage its FRs to utilize **Retirement SOLUTIONS and Retirement SOLUTIONS^{PREMIER}** accounts over other retirement plan custodial services.