

INTEGRITY ASSURANCE PROGRAM

A Code of Business Ethics and Conduct

I. INTRODUCTION:

The Lincoln Educational Services Corporation's ("Lincoln" or the "Company") Integrity Assurance Program ("IAP"), A Code of Business Ethics and Conduct (the "Code"), makes compliance with high standards of business conduct mandatory for every Associate¹. Adherence to the principles set forth in this Code and the Lincoln Corporate Policies is essential to the efforts of the Company to gain and keep the confidence and support of students, vendors, regulatory agencies, accreditation bodies, the various State Departments of Education, the Securities and Exchange Commission (the "SEC") the United States Department of Education, law enforcement agencies, the courts and the public. Most important of all, compliance with this Code is simply the right thing to do.

The purpose of this Code is to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal or involving professional relationships;
- Compliance with applicable laws, rules and regulations;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that Lincoln files with, or submits to, the SEC and in other public communications made by Lincoln;
- The prompt internal reporting of violations of the Code to an appropriate person or persons identified in this Code; and
- Accountability for adherence to this Code.

The business of Lincoln is complex and this complexity will only increase in the future. The number of laws, regulations and other legal requirements that affect the Company's business will undoubtedly increase as technology advances and Lincoln's business efforts become more diverse. These changes will also create new ethical challenges as we adapt ourselves and our business to new situations. In light of these challenges, it is absolutely necessary that we have a central set of guiding principles to act as a legal and ethical

¹ An Associate includes, but is not limited to, a Company director, officer, employee, vendor, contractor, consultant or affiliate in each case as applicable.

compass for our Associates. This Code and the Lincoln Corporate Policies provide that compass.

Lincoln's IAP Program is organized as such:

- ***The Code of Business Ethics and Conduct***, which establishes Lincoln's guiding ethical and legal principles for conducting its business
- ***The Corporate Policies***, which make up the specific policies governing business ethics to which Associates must adhere
- ***The Associate Information Packet***, which summarizes the IAP policies to which Lincoln Associates are subject

While each of these sections has a specific purpose, together they provide an integrated approach to the way Lincoln will conduct business at every level of the Company.

Lincoln, like any other company, is composed of relationships among diverse groups of people, or "stakeholders," who play different roles in our business. Because Lincoln understands that each of these groups has different needs, responsibilities and legal obligations, the Code and the Corporate Policies are organized into categories that reflect those differences. The first seven (A-M) of these categories deal with the guiding principles for our relationships with the government, shareholders, Lincoln Associates, our students, the marketplace, our contractors, consultants and affiliates and the communities. The category (H) outlines the process by which this Code, the Corporate Policies and IAP Plans will be communicated and adhered to.

Lincoln's IAP Program reflects the commitment of the Company to do what is right. It is also necessary both to manage the business of Lincoln effectively and to meet the constantly changing needs of the law and the marketplace. It is a critical part of the way we do business. All Associates of the Company are expected to follow the requirements of Lincoln's IAP Program as well as all applicable laws and rules.

This part of the IAP Program, A Code of Business Ethics and Conduct, sets forth general principles for the operation of our business. In a fundamental sense, this Code is like the constitution of a country. It establishes standards and principles which must guide all of the conduct of the citizens of the country, the Associates of Lincoln. Also, other policies and procedures have been developed by the Corporate Legal Department, Corporate Human Resources and other Lincoln Departments which may touch on subjects covered by this IAP Program.

Because the principles described in this Code are general, you should review the applicable Corporate Policy for specific instruction and contact your manager, Corporate Legal Department, Human Resources or a member of the Lincoln IAP Committee when you have questions regarding proper conduct in a particular situation. Corporate Legal Department,

Human Resources and the IAP Committee may be contacted either directly or through the Lincoln AlertLine. Ultimately, questions regarding the interpretation of this Code, specific Corporate Policies or IAP Plans will be resolved by the IAP Committee.

Change in the law, economy, markets and technology is inevitable. Nothing contained in this Code, the Corporate Policies or other IAP Program communications, creates or implies an employment contract or term of employment. Lincoln is committed to continuously reviewing its policies, and, therefore, this Code and the Corporate Policies are subject to modification.

II. POLICIES:

1. COMPLIANCE WITH LAWS

Lincoln Associates must follow the applicable laws, regulations, rules and regulatory orders of every jurisdiction in which Lincoln operates. Each Associate is charged with the responsibility to acquire appropriate knowledge of the requirements relating to his or her duties to enable him or her to recognize potential dangers and to know when to seek legal advice. Violations of laws, regulations, rules and orders can subject an Associate to individual criminal or civil liability, as well as to Company discipline or termination. Such individual violations may also subject the Company to civil or criminal liability.

Lincoln forbids payments of any kind, by its subsidiaries, affiliates, officers or Associates, to any government official within the United States or abroad, for the purpose of obtaining or retaining business, or for the purpose of influencing favorable consideration or treatment regarding a business activity or other matter.

Lincoln must and shall respect the integrity of the markets in which it operates. To do so, it must ensure that Confidential Information is protected and that information properly disclosed to the public is accurate. Confidential Information is proprietary information, which is the intellectual property, confidential data and any other representation of Lincoln knowledge, whether verbal, printed, written or electronically recorded or transmitted. This includes any technologies, concepts, payroll, medical, engineering, sales, student and financial information and software. Confidential Information includes all information, whether technical, business, financial or otherwise, concerning Lincoln that the Company treats as confidential or is not made available in the marketplace. This information must not be divulged except in accordance with established Company procedures and applicable law. Confidential Information shall not be used for any Associate's personal gain, nor may any Associate allow a third party to use or obtain such information. This is true regardless of the information or the manner in which the information is obtained.

Lincoln's books, records and all documents, including reports submitted or reviewed by governing authorities, must accurately and fairly reflect all transactions and existing Company operations. Lincoln will maintain a system of internal accounting controls to ensure that:

- 1) Assets are safeguarded
- 2) Transactions conform to management's authorizations
- 3) Accounting records are accurate

No Associate will falsely report transactions or fail to report the existence of false reports in the Company's accounting records. Associates certifying the correctness of records and documents, including vouchers, bills, reports, permits, applications shall take all reasonable steps to assure that the information contained in the records and documents is correct and proper.

Lincoln actively promotes full, fair, accurate, timely, and understandable disclosure for use in any reports and documents that it files with, or submits to, the SEC and in other public communications. All Associates are expected to provide full, fair, accurate, timely, and understandable disclosure for use in such reports and documents.

2. PROTECTION OF COMPANY ASSETS

Lincoln is dedicated to creating value for its shareholders. Our shareholders have shown confidence in us by investing in the Company, and our obligation to them is to enhance and protect Lincoln's assets. That means we must be vigilant to protect the Company's physical property as well as intangible assets such as trade secrets and financial data. Company Property is all property and information owned, leased, developed or maintained by Lincoln, including but not limited to Company funds, equipment, supplies, other personal property, real property, intellectual property, computer software, curricula, technology databases, Confidential Information and other information about Lincoln's business. All Lincoln Associates must protect sensitive and proprietary information from disclosure to individuals outside and inside of Lincoln who do not have a legitimate business need to know.

Lincoln is committed to the use of a strong, effective system of internal controls designed to safeguard and preserve the Company Property. The Lincoln organization is responsible for maintaining and enforcing a system of internal administrative and accounting controls. These systems of control, which are mandated by law, are designed to ensure that all business transactions are properly authorized by management, are executed in accordance with such authorization and are appropriately reflected on the Company's books and records.

The cooperation of each and every Associate is necessary for this system to be effective in enabling Lincoln to document transactions and dispositions of its assets accurately.

Where Associates are responsible for the acquisition or disposition of assets for the Company, or are authorized to incur liabilities on the Company's behalf, they must be careful not to exceed the authority vested in them. Every Associate is involved, if not in the authorization or execution of business transactions, at least in reporting of some kind, if only expenses for travel and entertainment or for hours worked on a time card. It is important that it be done honestly and accurately.

3. MARGINS ACCOUNT, PLEDGING AND HEDGING

The Company prohibits its directors, executive officers and senior management from holding the Company's securities in a margin account, engaging in hedging transactions, or otherwise pledging the Company's securities as collateral for a loan.

4. RECOVERY OF EXECUTIVE & SENIOR MANAGEMENT INCENTIVE COMPENSATION

Under certain circumstances, including in the event that the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, the Company may take action as it deems necessary to remedy any misconduct determined to have occurred in connection with the noncompliance, prevent its recurrence and, if appropriate based on all relevant facts and circumstances, take remedial action against any officer that contributed to the noncompliance in accordance with the Company's Compensation Recovery Policy.

5. CONFLICT OF INTEREST

Associates of Lincoln must avoid activities, interests and associations where their personal interests could conflict, or reasonably appear to conflict, with the interests of the Company. A Conflict of Interest occurs when an individual's private interests interfere in any way, or even appear to interfere with the interests of Lincoln. A Conflict of Interest may include any interest, whether financial or otherwise, that would, or would appear, to influence a judgment or decision in favor of another person dealing with the Company other than normal passive investment activities. Each Associate shall make prompt and full disclosure in writing to Lincoln's IAP Committee of any situation that may involve a Conflict of Interest. Whether a conflict exists is to be decided by the Lincoln IAP Committee or Board of Directors, and all such decisions are final. The purpose of this Policy is to prevent Conflicts of Interest from interfering with the ability of any Associate to make decisions solely in the best interests of Lincoln, and it applies to every Associate of the

Company. A Substantial Interest is an economic interest that could, or might reasonably be thought to, influence judgment or action. An investment representing less than 1% of a class of outstanding securities (or in excess of 1% through mutual funds or similar non-discretionary, undirected arrangements) of a publicly held corporation is not a Substantial Interest. Immediate Family includes the Associate's spouse and children (and their spouses), and also the father, mother, sisters and brothers of both the Associate and Associate's spouse.

All salaried Associates, at the Officer level and above, and such other Associates who may, from time to time be directed to do so, maybe required to complete Lincoln's Conflict of Interest Questionnaire. Completing the Conflict of Interest Questionnaire does not exempt any Associate from the requirements of this Policy.

Any other Associate who has assumed, or is about to assume, a financial or other interest or relationship that might involve a Conflict of Interest must immediately inform his or her manager, corporate department head or a member of the Lincoln IAP Committee.

The following Conflict of Interest situations must be disclosed immediately:

- Ownership by an Associate, or an Immediate Family member, of a Substantial Interest in any entity which does or seeks to do business with, or is a competitor of Lincoln
- Any other arrangement or circumstance, including family or other personal relationships, which might dissuade the Associate from acting in the best interest of Lincoln

Associates should avoid any outside financial interest that might influence decisions or actions of Lincoln, unless approved by the IAP Committee or Lincoln's Board of Directors. Interests which might influence decisions or actions of Lincoln include:

- A Material Interest in another business that is a vendor, agent or competitor of Lincoln
- A personal financial transaction or relationship with a student, prospect, vendor, agent or competitor of Lincoln

No Associate may directly or indirectly benefit, or seek to benefit, from his or her position as an Associate from any sale, purchase or other activity of the Company. Lincoln Associates shall not:

- Purchase or lease real estate or other facilities which the Associate knows the Company may be interested in, or may need in the future

- Acquire an interest in a firm with which, to the Associate's knowledge, the Company is carrying on or contemplating negotiations for merger, purchase, joint venture or other business relationship
- Take personal advantage of a business opportunity that properly belongs to the Company or direct such opportunity from the Company for his or her own benefit.
- Take loans or guarantees for personal obligation from Lincoln.
- To engage in work unrelated to activities of Lincoln, such as the sale of products of any type, on Company premises whether or not these activities take place during or outside normal work hours.
- Use Company Property and/or Company Information for personal gain.
- Compete with the Company.

Lincoln Associates are encouraged to participate in public service and charitable activities so long as they do not create actual or potential conflicts with Associates' duties to the Company.

Questions regarding a potential Conflict of Interest should be directed to Lincoln's IAP Committee either directly or by calling the Lincoln-AlertLine. Decisions by Lincoln's IAP Committee or Lincoln's Board of Directors regarding whether a situation creates a conflict are final.

Given the evolving nature of Lincoln's business, including entering new areas of business, Conflicts of Interest or even the appearance of a conflict can change over time. The Company will not grandfather any pre-existing conflict situations, and an Associate must discontinue any activities that become a violation of this Code.

6. DISCRIMINATION AND HARASSMENT

All Associates have a right to work in an environment free of unlawful discrimination. Lincoln will provide equal employment and promotional opportunities for all Associates and applicants for employment on a non-discriminatory basis. Every Associate is responsible for ensuring that the work environment is free of discrimination or harassment due to race, color, sex, age, religion, national origin, sexual orientation, veteran status, marital status or disability unrelated to job performance. Retaliation against persons making good faith claims of discrimination is a serious violation and will result in discipline, up to and including termination. Persons filing false, frivolous or malicious complaints will also be subject to discipline, up to and including termination.

Lincoln recognizes and respects the privacy and confidentiality of Associate records. Personnel, medical, benefits and other Associate records are afforded the same confidentiality given to student records. Information is collected, utilized and disclosed only on a business need-to-know basis, except as may otherwise be required by law.

7. FAIR DEALING WITH STUDENTS

Lincoln's continued growth and success depends, to a large extent, on the ability of its Associates to increase student confidence. Serving students effectively is Lincoln's most important goal. If your job puts you in contact with students or potential students, it is critical for you to remember that to these people, you are Lincoln. You represent not only the Company, but all other Lincoln Associates as well. Lincoln's goodwill is one of our most important assets, and Associates must act to preserve and enhance our positive reputation. Information gathered by the Company is intended for use by Lincoln and no Associate is permitted to gain personal benefit from the advance knowledge of such information.

Lincoln respects the privacy of student records, and access to student information should be restricted to a business need-to-know basis. Absent the students' consent, disclosure of confidential information is prohibited except to the extent mandated by the Family Educational Rights and Privacy Act ("FERPA").

8. FAIR DEALING WITH VENDORS, CONTRACTORS, CONSULTANTS AND AFFILIATES

Our vendors, contractors, consultants and affiliates make significant contributions to our Company's success. To create an environment where they have an incentive to work with Lincoln, they must be confident that they will be treated fairly. Associates should not accept gifts, gratuities or entertainment of an unreasonable value from any company or person that does business or is seeking to do business with the Company.

Consultants and agents retained by Lincoln should follow our IAP Program and all applicable Corporate Policies in the course of their work on behalf of the Company. While Lincoln does not guarantee the conduct and behavior of our consultants and agents, it is part of your responsibility as a Lincoln Associate to insist that our consultants and agents behave appropriately. Consultants and agents shall not be retained to do anything illegal or improper.

What Lincoln cannot do directly it should not and will not do indirectly by acting through another party.

9. **FAIR DEALING WITH THE COMMUNITY**

Lincoln is committed to being a responsible corporate citizen within the communities in which it operates, and it wants its Associates to be important and constructive members of their communities as well.

Lincoln recognizes that the need to preserve and protect the vital natural resources of clean air, water and land is one of the most important obligations we have to the world and to the community. Every Lincoln Associate must assist these efforts by obeying all applicable environmental laws. The Company and all of its Associates share the responsibility to know the requirements of applicable environmental laws and Company practices and procedures. You must in particular be aware of environmental reporting requirements specific to your Company role.

Active participation in the political life of the community is a critical part of being a good citizen, but political activity by corporations and corporate Associates raises important ethical and legal concerns. Under federal and many state laws, Lincoln is prohibited from making “political contributions” to political parties or candidates. The term “political contribution” includes the donation of property or services and the purchase of tickets to fund-raising events, as well as direct cash contributions. Where corporate political contributions are legal in connection with state or local elections, such contributions shall be made only from funds allocated for that purpose and with the written approval of Lincoln’s General Counsel.

Individual Associates are encouraged to support their own parties and candidates, but they must do so on their own time and with their own resources. It is improper for an Associate to use his or her position within the Company to solicit political contributions from another for the purpose of supporting a political candidate or influencing legislation. It is also improper for an Associate to make a political contribution in the name of Lincoln and then seek reimbursement. Associates may make direct contributions of their own money, but such contributions are not reimbursable by Lincoln.

10. **ENFORCEMENT OF THE CODE; IAP GUIDELINES PROCESS; WHISTLEBLOWERS AND NON-RETALIATION; IAP PROGRAM AUDITING AND MONITORING; AMENDMENTS AND WAIVERS**

All Lincoln Associates are responsible for compliance with all laws, rules, standards and principles contained or referenced, directly or indirectly, in this Code, the Corporate Policies and the IAP Plans. In addition, each Associate has an obligation to behave according to high ethical standards.

Part of your ethical responsibility to Lincoln (and your job!) is to help the Company in enforcing its IAP Program. You should be alert to possible violations of the law,

of any Company policy or the IAP Program anywhere in the Company and are expected to report such violations promptly.

You are also expected to cooperate in any Company investigation of violations. Failure to do so may result in disciplinary action, up to and including termination. In addition, any Associate who is convicted of a felony, whether related to the Lincoln IAP Program or not, must report that fact to Lincoln's General Counsel (either directly or through the Lincoln AlertLine).

All cases of questionable activity will be reviewed to the extent possible, or reported for legal action, discipline or other corrective steps. Unless otherwise required by law, whenever possible, the Company will keep the identities of Associates about or against whom allegations of violations are made confidential. Unless otherwise required by law, Lincoln will also protect the identity of the reporting party. As further described below, reprisal, retribution or retaliation by anyone within the Company against any Associate who has, in good faith, reported a violation, suspected violation, or participated in an investigation by another is strictly prohibited.

Violations can lead to disciplinary action, up to and including termination.

Disciplinary action or termination may also be taken against managers or executives who condone, permit or fail to take appropriate action against or fail to exercise reasonable care to discover illegal, unethical or other improper conduct.

In addition to disciplinary action, Lincoln may refer a matter to law enforcement authorities for possible investigation and prosecution. The Company may also seek restitution from any Associate for losses resulting from the Associate's violations.

New Corporate Policies may, and likely will, be adopted in the future. Such policies must be approved by the IAP Committee. When such policies and plans are approved, they will be considered to be part of this Code.

This Code is intended to help you better understand what we believe to be in the best interests of Lincoln's stakeholders. It is impossible to define or even envision every conceivable situation in which Associates will be confronted with an ethical dilemma.

This Code, however, should establish an awareness and alertness to ethical responsibilities that will cause you to stop before taking action in a particular situation and to make an evaluation of the ethical concerns involved.

11. REPORTING AND INVESTIGATING VIOLATIONS AND SEEKING CLARIFICATION OF POLICIES; PROTECTION OF WHISTLE-BLOWERS

All Lincoln Associates are required to promptly report all known or suspected violations of applicable laws or of the Lincoln IAP, including the IAP Manual. Reports of such violations shall be made promptly to your manager, the Corporate Legal Department, Corporate Human Resources or Lincoln's IAP Committee. Reports to the IAP Committee, the Legal Department or Human Resources may be made directly or by calling the Lincoln AlertLine. Reports to the Lincoln AlertLine may be made anonymously. Lincoln will promptly and thoroughly investigate all reports.

This Policy has three purposes:

- To encourage Associates to report violations
- To help ensure prompt and full investigation of violations
- To assure Associates that they will be protected from retribution if they make good faith reports of violations or suspected violations of the law or the IAP Program

This Policy applies to every Lincoln Associate. Although Associates may contact any member of the IAP Committee, Lincoln suggests that contacts be made to the Company's Lincoln AlertLine. This will allow for a consistent handling process. Associates should immediately report violations and suspected violations of the law or the IAP Program. Associates should not delay in reporting a violation while they wait for more "hard" evidence. The report will be taken in good faith and further review or investigation will determine the validity of the reported violation.

The following are some examples of violations of law that must be reported immediately:

- Misrepresentation of our academic programs
- Misrepresentation of Financial Aid
- Misrepresentation of employment opportunities
- Racial discrimination
- Sexual harassment or discrimination
- Tampering with or altering Lincoln financial statements or records
- Obtaining vendor sales or services in exchange for bribes
- Any report that involves Lincoln and which has criminal implications

- Falsifying or misusing personal vouchers or Company credit cards
- Accessing student accounts or personnel records for personal reasons
- Releasing confidential information belonging to Lincoln
- Threatening statements or actions made by Associates
- Improper disposal of hazardous materials

This list is not exhaustive. If an Associate has questions regarding whether an issue or problem should be reported, the Associate should discuss the issue with his or her manager, the Corporate Legal Department, Corporate Human Resources, or Lincoln's IAP Committee. The Corporate Legal Department, Corporate Human Resources or Lincoln's IAP Committee may be contacted either directly or by calling the Lincoln AlertLine.

Failing to report or condoning a violation of the law or the IAP Program may lead to disciplinary action up to and including dismissal.

In order to encourage Associates to report violations, Associates must be assured that confidentiality will be maintained of all reported incidents to the extent possible. To allay fear of retribution, Associates are permitted to make anonymous reports of violations of the law or the Lincoln IAP Program.

To the extent possible and permitted by law the Company will take reasonable precautions to maintain the confidentiality of those individuals who report legal or IAP-related violations. This confidentiality will include both the confidentiality of the person making the report and the person about whom the report is being made. During an investigation of an alleged violation, Lincoln advises that the identities of Associates involved may be disclosed.

It is absolutely forbidden for Lincoln or any Associate to punish or conduct reprisals against another Associate who has reported a suspected violation of the law or of the IAP Program in good faith, including Associates who are interviewed during the investigation.

The following are examples of forbidden retribution or reprisal against an Associate who, in good faith, reports a violation:

- Firing, terminating, suspending, threatening, harassing or on any other matter discriminating against the Associate
- Making untrue reports or statements about the Associate's work habits or productivity

- Transferring the Associate or giving him or her less desirable work assignments
- Withdrawing pension or other benefits from the Associate
- Any act or conduct designed to intimidate or harass the Associate

Lincoln encourages its Associates to make good faith reports of possible violations of the law or of the IAP Program. The Company recognizes, however, that individual Associates can abuse the IAP Program to make unfounded accusations against other Associates in order to harass them or to exact revenge for personal disputes. For this reason, Lincoln must reserve the right to investigate persons who make reports when there is a reasonable basis to do so. Reasonable basis may include, but is not limited to, reasons to suspect a person's motives or when it is necessary to investigate a person's credibility and veracity as to a given report.

12. FEDERAL AND STATE WHISTLE-BLOWING LAWS

It is the policy of Lincoln that Associates who, in good faith, report violations of the law or the Lincoln IAP Program will not be subject to reprisals or other punishment as a consequence of reporting the violation. In addition to Lincoln's internal Policy against reprisals, federal and state laws provide protection for Associates who communicate with government officials regarding possible illegal behavior in some contexts. Discrimination against whistle-blowing Associates in the terms and conditions of their employment is prohibited. These terms and conditions would include anything affecting the Associate's working conditions, including wages, hours, bonuses and work stations. Discharge of a whistle-blowing Associate would also be considered discrimination, and would therefore be prohibited. It is the policy of Lincoln to comply with all applicable whistle-blower laws.

The following are some examples of Associates who are protected under the federal whistle-blower laws:

- Associates who disclose information to appropriate government officials regarding certain government contracts which they reasonably believe to be evidence of a federal violation
- Associates who disclose information to appropriate government officials regarding possible violations of certain federal laws

Associates aware of any action being taken against any Associate for his or her disclosure of information to a government official should contact Lincoln's Legal Department (either directly or through the Lincoln AlertLine) to ensure that no whistle-blower laws are being violated.

Each report of a known or suspected violation will be promptly and thoroughly investigated. In all cases, the IAP Committee or its designee and any supervisors or managers working on the investigation should carefully document all actions taken and decisions reached. A report should be prepared even if the investigation reveals that no violation occurred. The investigation report should set forth in reasonable detail:

- A summary of the incident
- The investigation conducted and the results there from
- The action taken

Copies of all investigation reports must be forwarded to the Corporate Legal Department. Unless directed or so charged, Associates will not investigate violations of the law or Lincoln's IAP Program. Such investigations will be directed by Lincoln's IAP Committee. If a violation of the law or the IAP Program has occurred, Lincoln will determine how and why the offense occurred and the Company will identify and implement steps to prevent similar violations from recurring.

13. IAP PROGRAM DISCIPLINE

It is the Policy of Lincoln to enforce its IAP Program, including, but not limited to, the Code and the Corporate Policies, in a consistent and fair manner through appropriate disciplinary mechanisms. Violations of the law are considered a violation of the Lincoln IAP Program. An Associate may, however, violate the IAP Program without violating the law.

When an Associate is determined to have engaged in a violation, he or she may be subject to discipline under this Policy, up to and including termination. It is the Policy of Lincoln to apply its discipline in a reasonable and consistent fashion; however, the form of discipline which is appropriate will be case-specific.

Nothing in this Policy, or any other documents or communications, verbal or written, regarding the Lincoln IAP Program creates or implies an employment contract or term of employment. The purpose of this Policy is to alert Associates to the discipline which may be imposed for violations of the IAP Program. This Corporate Policy and other documents and communications associated with the Lincoln IAP Program do not limit Lincoln's right to terminate employment (and any corresponding salary, bonus, options and Associate benefits) of any Associate at will at any time, with or without cause or prior notice. This Policy applies to every Lincoln Associate.

Lincoln is committed to fairness and flexibility in its disciplinary policy. While it is the Policy of Lincoln to enforce its IAP Program in a consistent manner, no single set of disciplinary options is appropriate in every case. Lincoln therefore retains the sole discretion to structure disciplinary sanctions as the circumstances warrant.

Associates should be aware that there are a number of factors which may be considered in deciding the seriousness of a violation and the discipline which is appropriate. Some of these factors “aggravate” (increase) the seriousness of the violation, while others “mitigate” (decrease) the seriousness of the violation. Since these factors are case-specific, similar violations may result in different discipline in different cases.

Determining whether a violation of the law or the IAP Program has occurred is perhaps the most important step in the process of enforcing the Lincoln IAP Program. Given the variety of possible violations, and the range of circumstances in which they can occur, Lincoln cannot employ a uniform procedure for the investigation and determination of violations.

If a violation of the law or the IAP Program has occurred, a disciplinary report may be prepared summarizing the violation and the discipline imposed, as deemed necessary by the IAP Committee. The disciplinary report may be included in the Associate’s personnel file.

14. IAP PROGRAM IMPLEMENTATION AND INTERPRETATION

The responsibility for overseeing and implementing the IAP Program for Lincoln is assigned to the Lincoln IAP Committee.

The Lincoln IAP Committee has final jurisdiction on questions or interpretations.

Day-to-day responsibility for the operation of the IAP Program may be assigned by the IAP Committee.

This Policy assigns and communicates the responsibility for overseeing the Lincoln IAP Program to the Lincoln IAP Committee.

This Policy applies to every Lincoln Associate.

The Lincoln IAP Committee’s responsibilities in overseeing and administering the IAP Program include the following elements:

- Establishing written ethical standards and procedures
- Updating and revising the IAP Program standards and procedures as necessary

- Monitoring compliance with laws, government regulations and the Lincoln IAP Program
- Ensuring the IAP standards and procedures are disseminated and implemented by Lincoln management
- Maintaining systems to ensure that Lincoln takes reasonable steps to hire, retain, and promote Associates that comply with the law and Lincoln's ethical values and policies
- Maintaining systems to allow Associates to report violations of the law or Lincoln's IAP Program without fear of retribution
- Ensuring investigations of alleged violations of Lincoln's standards and procedures are properly and promptly handled
- Ensuring Lincoln has taken steps to respond appropriately to misconduct if it occurs and to prevent a recurrence of any such misconduct

The Lincoln IAP Committee may assign certain day-to-day responsibility for the implementation and operation of Lincoln's IAP Program. Such individuals will be directly accountable to and will regularly report to the IAP Committee. Such assigned duties in overseeing the administration and implementation of Lincoln's IAP Program include the following:

- Overseeing the implementation of the IAP Program, including the dissemination of Code, IAP Associate Information Packet, Corporate Policies and Procedures, Associate certification and introductory IAP training
- Overseeing Lincoln's mechanisms used to report violations of the law and IAP Program, including review and follow-up on reported violations and the IAP Program enforcement procedures
- Providing guidance to managers, supervisors and other Associates regarding Lincoln's IAP Policies and Procedures
- Coordinating with an internal audit, the Legal Department, Human Resources and other departments to audit and monitor substantive compliance
- Ensuring investigations of alleged violations of Lincoln's IAP Program are properly and promptly handled
- Ensuring Lincoln's IAP Policies and Procedures are consistently enforced by appropriate disciplinary measures

- Identifying and implementing additional IAP standards and procedures in response to identified violations of the law and Lincoln's IAP Program

It is the Policy of Lincoln to maintain an effective IAP Program through the regular Auditing and Monitoring of the Program. To this end, the Company has set up an IAP Committee whose responsibility it is to oversee administration and enforcement of the IAP Program.

In order to implement its IAP Program, Lincoln requires that its Associates contribute to monitoring the success of the Program. The Company expects its Associates to cooperate fully with any and all of its attempts to gather information about how the IAP Program is operating.

It is also the Policy of Lincoln to encourage its Associates to express their concerns about the effectiveness of the IAP Program. This Policy applies to every Lincoln Associate.

Auditing and Monitoring is the systematic review of the IAP Program and the verification that there has in fact been compliance with the IAP Program, including the Corporate Policies, and any other Company policies.

In order to effectively implement its IAP Program, Lincoln is putting in place a number of procedures for reviewing and evaluating the IAP Program. Auditing and Monitoring the IAP Program may include:

- Verification of the prompt distribution of the relevant portions of the IAP Program to new and existing Associates
- Verification of the use of the IAP Program and particularly the IAP Policies in the orientation of new Associates
- Verification of the certification process by which Associates affirm that they have read and understood the relevant portions of the IAP Program.
- Verification that requirements included in the IAP Associate Information Packet and Corporate policies have been implemented and consistently followed
- Verification of the success of internal investigations, including the confidentiality and thoroughness of the investigations and adequate documentation
- Verification that reprisals are not being made against Associates who report violations of the law or Lincoln's IAP Program

- Verification of the enforcement of the IAP Program Discipline through:
 - review of the adequacy of the documentation of discipline proceedings
 - review of the consistency sanctions actually imposed

The IAP Committee may periodically instruct one or more Company Associates to undertake the Auditing and Monitoring of Lincoln's IAP Program. All Associates are expected to assist and fully cooperate with these Associates.

From time to time, Lincoln may also find it necessary to have auditors and investigators from outside the Company involved in the process of reviewing and auditing the effectiveness of Lincoln's IAP Program. These auditors and investigators may differ from the persons conducting internal investigations—in addition to investigating specific reports of violations, they may be conducting broad reviews of how the IAP Program is operating or specific legal or regulatory compliance. Even though these auditors and investigators may not be investigating a specific violation, it is still absolutely necessary that Associates cooperate with their investigations as fully as they would if a violation of the law were at issue.

Monitoring Lincoln's IAP Program is just as important as punishing violations—it is always better to prevent problems from happening than it is to have to fix them once they do.

It is critical that Associates play a central role in the Auditing and Monitoring of the IAP Program. Associates should feel free to express their concerns about the process of training and communication of the IAP Program. The same goes for any confusion Associates have about the IAP Policies. It is important to Lincoln that these Policies be understandable. If Associates have suggestions as to how Lincoln can improve its process of communication of the IAP Program, they should let their supervisor or manager know. If Associates do not feel comfortable communicating with their manager about these issues, they should contact Human Resources, the IAP Committee or report their concerns anonymously by calling the Lincoln AlertLine.

Feedback is of no use unless it reaches the Lincoln IAP Committee. Managers must ensure that the comments they receive regarding the IAP Program are routed to the Lincoln IAP Committee (either directly, through Lincoln's Legal Department or Corporate Human Resources, or through the Lincoln AlertLine).

15. AMENDMENTS AND WAIVERS

Any amendments and/or waivers to this Code must be approved or ratified by a majority vote of the Board of Directors. Any waivers or substantive amendments

shall be disclosed in a Form 8-K filed with the SEC or on the Company's website in compliance with Form 8-K within 4 business days.