

## **Lincoln Financial Reports 2025 First Quarter Results**

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**Radnor, PA**, May 8, 2025: Lincoln Financial (NYSE: LNC) today reported financial results for the first quarter ended March 31, 2025.

- Execution against strategic and financial objectives drove another quarter of strong performance.
- First quarter net income (loss) available to common stockholders was \$(756) million, or \$(4.41) per diluted share.
- First quarter adjusted operating income available to common stockholders was \$280 million, or \$1.60 per diluted share.
  - The primary difference between net income (loss) and adjusted operating income (loss) resulted from a \$0.9 billion after-tax loss, or \$(5.04) per diluted share, primarily due to changes in market risk benefits driven by the decrease in interest rates and lower equity markets, non-economic impacts.
- Estimated RBC ratio remains in excess of targeted buffer, reinforcing ability to navigate the dynamic macro environment and to support growth.
- Announced partnership with Bain Capital, including a minority investment expected to support acceleration of strategic priorities, which is expected to close in the second half of 2025.

"We delivered solid results in the first quarter of 2025 as we continued to execute on our strategy to transform Lincoln," said Ellen Cooper, Chairman, President and CEO of Lincoln Financial. "Year over year, Group Protection earnings increased 26% and margin expanded 120 basis points. Annuities generated significant sales in the quarter supported by a diversified product mix, underlying results in Life Insurance continued to improve, and Retirement Plan Services total deposits increased by 8%.

"Additionally, our recently announced long-term strategic partnership with Bain Capital is a pivotal milestone in advancing Lincoln's vision, providing differentiated access to private asset origination, accelerating value creation across multiple value streams, and aligning our interests with a minority ownership stake. Against the current backdrop of macroeconomic uncertainty, the strategic actions we have taken over the past several years to strengthen our capital foundation, optimize our operating model, and shift to a more resilient and diversified business mix leave us well prepared to fulfill our commitments to shareholders and policyholders despite the ongoing volatility."

## Business Highlights

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Our 2025 first-quarter results reflected further progress by each of our businesses on executing their strategic priorities.

### Retail Solutions

- **Annuities** reported operating income of \$290 million, essentially unchanged compared with the first quarter of 2024 (excluding the unfavorable impact of \$31 million of significant items in the prior-year quarter) as market appreciation and spread expansion were offset by variable annuity outflows. Annuities generated first quarter sales of \$3.8 billion, up 33% year over year, with spread-based products comprising approximately 60% of total sales. Our Annuities business continued to benefit from offering a diverse mix of products with features that address customer preferences.
- **Life Insurance** reported an operating loss of \$16 million, a \$19 million improvement from the prior-year quarter. This result was due to improved mortality and lower net G&A expenses, which resulted from actions taken in 2024 to improve operational efficiency, partially offset by lower alternative investment income. Total sales were \$97 million, 7% higher than the prior-year period, as growth in risk-sharing products continued to gain momentum.

### Workplace Solutions

- **Group Protection** reported operating income of \$101 million in the quarter, up 26% compared to the 2024 first quarter, and an operating margin of 7.4%, a 120 basis point increase for the same period. These results were driven by continued favorable long-term disability results. Premiums were 7% higher year over year, reflecting strong persistency and prior-year sales. Sales of \$157 million were 9% higher year over year, driven by continued growth in supplemental health.
- **Retirement Plan Services** reported operating income of \$34 million in the quarter, down 6% year over year, primarily due to the impact of a plan termination. Excluding this impact, earnings were essentially unchanged year over year as continued stable value outflows were offset by market appreciation. Total deposits were \$4.1 billion in the quarter, 8% higher than the prior-year period, driven by higher recurring deposits.

## Earnings Summary

(in millions, except per share data)

	As of or For the Three Months Ended			
	3/31/24 <sup>(1)</sup>		3/31/25	
Net income (loss)	\$	1,222	\$	(722)
Net income (loss) available to common stockholders – diluted		1,191		(756)
Net income (loss) per diluted share available to common stockholders <sup>(2)</sup>	\$	6.93	\$	(4.41)
Adjusted income (loss) from operations		244		314
Adjusted income (loss) from operations available to common stockholders		210		280
Adjusted income (loss) from operations per diluted share available to common stockholders	\$	1.22	\$	1.60

<sup>(1)</sup> Prior period amounts have been recast to conform to the current period presentation.

<sup>(2)</sup> In periods where a net loss is presented, basic shares are used in the diluted EPS and adjusted diluted EPS calculations, as using diluted shares would result in a lower loss per share.

## Reconciliation of Net Income (Loss) to Adjusted Income (Loss) from Operations<sup>(1)</sup>

(in millions)

	For the Three Months Ended			
	3/31/24 <sup>(1)</sup>		3/31/25	
<b>Net income (loss) available to common stockholders – diluted</b>	\$	1,191	\$	(756)
Less:				
Preferred stock dividends declared		(34)		(34)
Adjusted for deferred units of LNC stock in our deferred compensation plans		3		—
<b>Net income (loss)</b>		1,222		(722)
Less:				
Net annuity product features, pre-tax		1,450		(1,092)
Net life insurance product features, pre-tax		(130)		42
Credit loss-related adjustments, pre-tax		(1)		(28)
Investment gains (losses), pre-tax		(81)		(103)
Changes in the fair value of reinsurance-related embedded derivatives, trading securities and certain mortgage loans, pre-tax <sup>(2)</sup>		194		(90)
Other items, pre-tax <sup>(2)</sup>		(186)		(35)
Income tax benefit (expense) related to the above pre-tax items		(268)		270
<b>Adjusted income (loss) from operations</b>	\$	244	\$	314
<b>Adjusted income (loss) from operations available to common stockholders</b>	\$	210	\$	280

<sup>(1)</sup> See the definition of Adjusted Income (Loss) from Operations at the back of this press release for revisions made to the definition in the third quarter of 2024 and further explanation of reconciliation line items. Prior period impacts have been recast to conform to the current period presentation.

<sup>(2)</sup> Refer to the full reconciliation at the back of this release for footnotes.

## Variable Investment Income

Alternative Investment Income, after-tax <sup>(1)</sup> (in millions)	For the Three Months Ended				
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25
Annuities	\$ 2	\$ 1	\$ 3	\$ 3	\$ 2
Life Insurance	58	26	73	76	55
Group Protection	1	1	1	1	1
Retirement Plan Services	1	—	2	2	1
Other Operations	—	—	—	1	—
<b>Consolidated</b>	<b>\$ 62</b>	<b>\$ 28</b>	<b>\$ 79</b>	<b>\$ 83</b>	<b>\$ 59</b>

<sup>(1)</sup> Excludes alternative investment income on investments supporting our modified coinsurance and coinsurance with funds withheld agreements as we have limited economic interest in those investments.

Prepayment Income, after-tax (in millions)	For the Three Months Ended				
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25
Annuities	\$ 1	\$ —	\$ —	\$ 2	\$ —
Life Insurance	—	2	3	1	1
Group Protection	—	—	1	1	—
Retirement Plan Services	1	—	—	1	—
Other Operations	—	—	—	—	—
<b>Consolidated</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 4</b>	<b>\$ 5</b>	<b>\$ 1</b>

## Items Impacting Segment and Other Operations Results

(in millions)	For the Three Months Ended March 31, 2025				
	Annuities	Life Insurance	Group Protection	Retirement Plan Services	Other Operations
After-tax impacts:					
Alternative investment income compared to return target <sup>(1)</sup>	\$ (1)	\$ (16)	\$ —	\$ (1)	\$ —
Prepayment income <sup>(2)</sup>	—	1	—	—	—
Annual assumption review	—	—	—	—	—
Tax items	—	—	—	—	—
Other	—	—	—	—	—
<b>Total impact</b>	<b>\$ (1)</b>	<b>\$ (15)</b>	<b>\$ —</b>	<b>\$ (1)</b>	<b>\$ —</b>

(in millions)	For the Three Months Ended March 31, 2024				
	Annuities	Life Insurance	Group Protection	Retirement Plan Services	Other Operations
After-tax impacts:					
Alternative investment income compared to return target <sup>(1)</sup>	\$ (1)	\$ (5)	\$ —	\$ —	\$ —
Prepayment income <sup>(2)</sup>	1	—	—	1	—
Annual assumption review	—	—	—	—	—
Tax items	(12)	(1)	—	—	(3)
Other <sup>(3)</sup>	(19)	—	—	—	—
<b>Total impact</b>	<b>\$ (31)</b>	<b>\$ (6)</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ (3)</b>

<sup>(1)</sup> Alternative investment income comparison to return target assumes a 10% annual return on the alternative investment portfolio.

<sup>(2)</sup> Prepayment income is actual income reported in the quarter.

<sup>(3)</sup> Balance sheet true-up in preparation for the close of the sale of Lincoln's wealth management business.

## Capital and Liquidity

(in millions, except percent and per share data)	As of or For the Three Months Ended				
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25
Holding company available liquidity <sup>(1)</sup>	\$ 466	\$ 463	\$ 459	\$ 463	\$ 466
RBC ratio <sup>(2)</sup>	400-410%	>420%	>420%	433 %	>420%
Book value per share (BVPS), including AOCI	\$ 38.46	\$ 40.78	\$ 46.97	\$ 42.60	\$ 41.96
Book value per share, excluding AOCI <sup>(3)</sup>	\$ 61.63	\$ 66.37	\$ 62.67	\$ 72.06	\$ 67.04
Adjusted book value per share <sup>(3)</sup>	\$ 65.01	\$ 68.51	\$ 70.04	\$ 72.34	\$ 73.19

<sup>(1)</sup> Holding company available liquidity presented as of 3/31/24, 6/30/24, 9/30/24 and 12/31/24 does not include the \$300 million prefunding of a 2025 maturity.

<sup>(2)</sup> The RBC ratio is calculated annually as of December 31, but is reported in the March statutory reporting, and as such, the quarterly ratios presented for 3/31/24, 6/30/24, 9/30/24 and 03/31/25 are considered estimates based on information known at the time of reporting.

<sup>(3)</sup> Refer to the reconciliation to book value per share, including AOCI, at the back of this release.

## Annuities

(in millions, except ROA data)	As of or For the Three Months Ended					
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25	Change
Total operating revenues	\$ 1,269	\$ 1,209	\$ 1,195	\$ 1,223	\$ 1,198	(5.6)%
Total operating expenses	952	858	836	864	858	(9.9)%
Income (loss) from operations before taxes	317	351	359	359	340	7.3 %
Federal income tax expense (benefit)	58	54	58	56	50	(13.8)%
Income (loss) from operations	\$ 259	\$ 297	\$ 301	\$ 303	\$ 290	12.0 %
Income (loss) from operations, excluding impact of annual assumption review	\$ 259	\$ 297	\$ 300	\$ 303	\$ 290	12.0 %
Total sales	\$ 2,847	\$ 3,817	\$ 3,375	\$ 3,689	\$ 3,789	33.1 %
Net flows	\$ (1,993)	\$ (954)	\$ (1,637)	\$ (1,891)	\$ (1,676)	15.9 %
Average account balances, net of reinsurance	\$ 155,291	\$ 158,370	\$ 161,680	\$ 165,424	\$ 163,688	5.4 %
Return on average account balances (bps)	67	75	74	73	71	

- Income from operations was \$290 million for the first quarter, up 12% compared to the prior-year quarter. This result was driven by the non-recurrence of \$31 million of unfavorable significant items in the prior-year quarter: \$19 million related to a balance sheet true-up in preparation for the close of the sale of Lincoln's wealth management business and \$12 million of tax-related expenses. Excluding the impact of these items, operating income was essentially unchanged year over year.
- Total sales were \$3.8 billion in the quarter, increasing 33% compared to the prior year. Spread-based products comprised approximately 60% of total sales.

- Net outflows were approximately \$1.7 billion in the quarter, compared to net outflows of \$2.0 billion in the prior-year quarter, driven by strong sales momentum.
- Average account balances, net of reinsurance, were \$164 billion, increasing 5% year over year. This result was primarily due to growth in RILA, which represented 21% of total Annuities ending account balances, net of reinsurance.

## Life Insurance

(in millions)	As for or For the Three Months Ended					
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25	Change
Total operating revenues	\$ 1,541	\$ 1,511	\$ 1,589	\$ 1,608	\$ 1,587	3.0 %
Total operating expenses	1,591	1,562	1,568	1,634	1,619	1.8 %
Income (loss) from operations before taxes	(50)	(51)	21	(26)	(32)	36.0 %
Federal income tax expense (benefit)	(15)	(16)	(1)	(11)	(16)	(6.7)%
Income (loss) from operations	\$ (35)	\$ (35)	\$ 22	\$ (15)	\$ (16)	54.3 %
Income (loss) from operations, excluding the impact of annual assumption review	\$ (35)	\$ (35)	\$ 14	\$ (15)	\$ (16)	54.3 %
Average account balances, net of reinsurance	\$ 42,280	\$ 43,230	\$ 44,055	\$ 44,746	\$ 44,390	5.0 %
Total sales	\$ 91	\$ 105	\$ 122	\$ 119	\$ 97	6.6 %

- The loss from operations was \$16 million, compared to a loss of \$35 million in the prior-year quarter, resulting from improved mortality and lower net G&A expenses, partially offset by lower alternative investment income.
- Total sales were \$97 million, up 7% compared to the 2024 first quarter, as growth in risk-sharing products continued to gain momentum.
- Average account balances, net of reinsurance, were \$44 billion, up 5% versus the prior-year quarter.

## Group Protection

(in millions, except margin data)

	As of or For the Three Months Ended					
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25	Change
Total operating revenues	\$ 1,425	\$ 1,441	\$ 1,432	\$ 1,418	\$ 1,521	6.7 %
Total operating expenses	1,324	1,276	1,295	1,282	1,393	5.2 %
Income (loss) from operations before taxes	101	165	137	136	128	26.7 %
Federal income tax expense (benefit)	21	35	28	29	27	28.6 %
Income (loss) from operations	\$ 80	\$ 130	\$ 109	\$ 107	\$ 101	26.3 %
Income (loss) from operations, excluding the impact of annual assumption review	\$ 80	\$ 130	\$ 110	\$ 107	\$ 101	26.3 %
Insurance premiums	\$ 1,285	\$ 1,298	\$ 1,288	\$ 1,274	\$ 1,371	6.7 %
Total sales	\$ 144	\$ 161	\$ 84	\$ 467	\$ 157	9.0 %
Total loss ratio	75.0 %	70.1 %	71.4 %	71.0 %	72.4 %	
Operating margin <sup>(1)</sup>	6.2 %	10.0 %	8.4 %	8.4 %	7.4 %	
Operating margin, excluding the impact of annual assumption review	6.2 %	10.0 %	8.5 %	8.4 %	7.4 %	

<sup>(1)</sup> Operating margin is calculated by dividing income (loss) from operations by insurance premiums.

- Income from operations was \$101 million in the quarter, 26% higher than the prior-year quarter, and the operating margin improved by 120 basis points to 7.4%. Continued favorable long-term disability results and continued growth in supplemental health drove the improvement in both measures.
- Insurance premiums were \$1.4 billion in the quarter, increasing 7% year over year.
- Sales increased 9% year over year, driven by growth in supplemental health.
- The total loss ratio was 72.4%, 260 basis points lower than the prior-year quarter, driven by continued favorable long-term disability results.

## Retirement Plan Services

(in millions, except ROA data)

	As of or For the Three Months Ended						Change
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25		
Total operating revenues	\$ 322	\$ 327	\$ 335	\$ 337	\$ 327		1.6 %
Total operating expenses	281	281	286	288	289		2.8 %
Income (loss) from operations before taxes	41	46	49	49	38		(7.3)%
Federal income tax expense (benefit)	5	6	5	6	4		(20.0)%
Income (loss) from operations	\$ 36	\$ 40	\$ 44	\$ 43	\$ 34		(5.6)%
Deposits	\$ 3,802	\$ 3,282	\$ 4,180	\$ 3,473	\$ 4,115		8.2 %
Net flows	\$ 391	\$ (197)	\$ 651	\$ (732)	\$ (2,184)		NM
Average account balances	\$ 103,240	\$ 106,374	\$ 110,550	\$ 113,711	\$ 113,075		9.5 %
Return on average account balances (bps)	14	15	16	15	12		

- Income from operations was \$34 million in the quarter, down 6% compared to the prior year, primarily due to the impact of a plan termination. Excluding this impact, earnings were essentially unchanged as continued stable value outflows were offset by market appreciation.
- Net outflows were \$2.2 billion, primarily due to a large plan termination in the quarter.
- Total deposits were \$4.1 billion, 8% higher than the prior-year quarter, driven by higher recurring deposits.
- Average account balances were \$113 billion, increasing 10% from the prior year.

## Other Operations

(in millions)

	As of or For the Three Months Ended						Change
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25		
Total operating revenues	\$ 27	\$ 39	\$ 52	\$ 42	\$ 52		92.6 %
Total operating expenses	146	161	157	160	164		12.3 %
Income (loss) from operations before taxes	(119)	(122)	(105)	(118)	(112)		5.9 %
Federal income tax expense (benefit)	(23)	(25)	(21)	(23)	(17)		26.1 %
Income (loss) from operations <sup>(1)</sup>	\$ (96)	\$ (97)	\$ (84)	\$ (95)	\$ (95)		1.0 %

<sup>(1)</sup> Income (loss) from operations does not include preferred dividends.

## **Unrealized Gains and Losses**

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The Company reported a net unrealized loss of \$9.4 billion (pre-tax) on its available-for-sale securities as of March 31, 2025, compared to a net unrealized loss of \$9.8 billion (pre-tax) as of March 31, 2024. The year-over-year decrease was primarily due to lower Treasury rates.

The tables attached to this release define and reconcile the non-GAAP measures adjusted income (loss) from operations, adjusted income (loss) from operations available to common stockholders, book value per share excluding AOCI, and adjusted book value per share to net income (loss), net income (loss) available to common stockholders, and book value per share including AOCI, calculated in accordance with GAAP.

This press release contains statements that are forward-looking, and actual results may differ materially. Please see the Forward-looking Statements – Cautionary Language at the end of this release for factors that may cause actual results to differ materially from the Company's current expectations.

For other financial information, please refer to the Company's first quarter 2025 statistical supplement and first quarter 2025 earnings supplement, which are available in the investor relations section of its website <http://www.lincolffinancial.com/investor>.

## **Conference Call Information**

Lincoln Financial will discuss the company's first quarter results with the investment community in a call beginning at 8:00 a.m. Eastern Time on Thursday, May 8, 2025.

The call will be broadcast live through the company's website at [www.lincolffinancial.com/webcast](http://www.lincolffinancial.com/webcast). Please log on to the webcast at least 15 minutes prior to the start of the call to download and install any necessary streaming media software. A replay of the call will be available by 10:30 a.m. Eastern Time on May 8, 2025, at [www.lincolffinancial.com/webcast](http://www.lincolffinancial.com/webcast).

## **About Lincoln Financial**

Lincoln Financial helps people confidently plan for their vision of a successful financial future. As of December 31, 2024, approximately 17 million customers trust our guidance and solutions across four core businesses – annuities, life insurance, group protection, and retirement plan services. As of March 31, 2025, the company had \$312 billion in end-of-period account balances, net of reinsurance. Headquartered in Radnor, PA., Lincoln Financial is the marketing name for Lincoln National Corporation (NYSE: LNC) and its affiliates. Learn more at [LincolnFinancial.com](https://LincolnFinancial.com).

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## **Non-GAAP Measures**

Management believes that adjusted income (loss) from operations (or adjusted operating income), adjusted income (loss) from operations available to common stockholders, and adjusted income (loss) from operations per diluted share available to common stockholders better explain the results of the company's ongoing businesses in a manner that allows for a better understanding of the underlying trends in the company's current business as the excluded items are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments, and, in most instances, decisions regarding these items do not necessarily relate to the operations of the individual segments. Management also believes that using book value, excluding accumulated other comprehensive income ("AOCI"), and adjusted book value per share enables investors to analyze the amount of our net worth that is primarily attributable to our business operations. Book value per share, excluding AOCI is useful to investors because it eliminates the effect of items that are unpredictable and can fluctuate significantly from period to period, primarily based on changes in interest rates. Adjusted book value per share is useful to investors because it eliminates the effect of items that are unpredictable and can fluctuate significantly from period to period, primarily based on changes in equity markets and interest rates.

For the historical periods, reconciliations of non-GAAP measures used in this press release to the most directly comparable GAAP measure may be included in this Appendix to the press release and/or are included in the Statistical Supplements for the corresponding periods contained in the Earnings section of the Investor Relations page on our website: <http://www.lincolfinancial.com/investor>.

## **Definitions of Non-GAAP Measures Used in this Press Release**

Adjusted income (loss) from operations, adjusted income (loss) from operations available to common stockholders, book value per share, excluding AOCI, and adjusted book value per share are financial measures we use to evaluate and assess our results. Adjusted income (loss) from operations, adjusted income (loss) from operations available to common stockholders, book value per share, excluding AOCI, and adjusted book value per share, as used in the press release, are non-GAAP financial measures and do not replace GAAP net income (loss), net income (loss) available to common stockholders, and book value per share, including AOCI, the most directly comparable GAAP measures.

### **Adjusted Income (Loss) from Operations**

In the third quarter of 2024, we revised our definition of adjusted income (loss) from operations to exclude the impact of certain additional items that are not indicative of the ongoing operations of the business and may obscure trends in the underlying performance of the Company. The presentation of prior period adjusted income (loss) from operations was recast for such third quarter 2024 revisions to conform to the current period presentation.

Adjusted income (loss) from operations is GAAP net income excluding the following items, as applicable:

- Items related to annuity product features, which include changes in MRBs, including gains and losses and benefit payments, changes in the fair value of the derivative instruments we hold to hedge GLB and GDB riders, net of fee income allocated to support the cost of hedging them, and changes in the fair value of the embedded derivative liabilities of our indexed annuity contracts and the associated index options we hold to hedge them, including collateral expense associated with the hedge program (collectively, "net annuity product features");
- Items related to life insurance product features, which include changes in the fair value of derivatives we hold as part of VUL hedging, changes in reserves resulting from benefit ratio unlocking associated with the impact of capital markets, and changes in the fair value of the embedded derivative liabilities of our IUL contracts and the associated index options we hold to hedge them (collectively, "net life insurance product features");
- Credit loss-related adjustments on fixed maturity AFS securities, mortgage loans on real estate and reinsurance-related assets ("credit loss-related adjustments");
- Changes in the fair value of equity securities, certain derivatives, certain other investments and realized gains (losses) on sales, disposals and impairments of financial assets (collectively, "investment gains (losses)");
- Changes in the fair value of reinsurance-related embedded derivatives, trading securities and mortgage loans on real estate electing the fair value option ("changes in the fair value of reinsurance-related embedded derivatives, trading securities and certain mortgage loans");

- Income (loss) from the initial adoption of new accounting standards, accounting policy changes and new regulations, including changes in tax law;
- Income (loss) from reserve changes, net of related amortization, on business sold through reinsurance;
- Losses from the impairment of intangible assets and gains (losses) on other non-financial assets;
- Income (loss) from discontinued operations;
- Other items, which include the following: certain legal and regulatory accruals; severance expense related to initiatives that realign the workforce; transaction and integration costs related to mergers and acquisitions including the acquisition or divestiture, through reinsurance or other means, of businesses or blocks of business; mark-to-market adjustment related to the LNC stock component of our deferred compensation plans ("deferred compensation mark-to-market adjustment"); gains (losses) on modification or early extinguishment of debt; and impacts from settlement or curtailment of defined benefit obligations; and
- Income tax benefit (expense) related to the above pre-tax items, including the effect of tax adjustments such as changes to deferred tax valuation allowances.

### **Adjusted Income (Loss) from Operations Available to Common Stockholders**

Adjusted income (loss) from operations available to common stockholders is defined as after-tax adjusted income (loss) from operations less preferred stock dividends.

### **Book Value Per Share, Excluding AOCI**

Book value per share, excluding AOCI, is calculated based upon a non-GAAP financial measure.

- It is calculated by dividing (a) stockholders' equity, excluding AOCI and preferred stock, by (b) common shares outstanding.
- We provide book value per share, excluding AOCI, to enable investors to analyze the amount of our net worth that is attributable primarily to our business operations.
- Management believes book value per share, excluding AOCI, is useful to investors because it eliminates the effect of items that are unpredictable and can fluctuate significantly from period to period, primarily based on changes in interest rates.
- Book value per share is the most directly comparable GAAP measure.

### **Adjusted Book Value Per Share**

Adjusted book value per share is calculated based upon a non-GAAP financial measure.

- It is calculated by dividing (a) stockholders' equity, excluding AOCI, preferred stock, MRB-related impacts, GLB and GLB hedge instrument gains (losses), and the difference between amounts recognized in net income (loss) on reinsurance-related embedded derivatives and the underlying asset portfolios ("reinsurance-related embedded derivatives and portfolio gains (losses)") by (b) common shares outstanding.
- We provide adjusted book value per share to enable investors to analyze the amount of our net worth that is attributable primarily to our business operations.
- Management believes adjusted book value per share is useful to investors because it eliminates the effect of items that are unpredictable and can fluctuate significantly from period to period, primarily based on changes in equity markets and interest rates.
- Book value per share is the most directly comparable GAAP measure.

### **Other Definitions**

#### **Holding Company Available Liquidity**

Holding company available liquidity consists of cash and invested cash, excluding cash held as collateral, and certain short-term investments that can be readily converted into cash, net of commercial paper outstanding.

## Sales

Sales as reported consist of the following:

- Annuities and Retirement Plan Services – deposits from new and existing customers;
- Universal life insurance ("UL"), indexed universal life insurance ("IUL"), variable universal life insurance ("VUL") – first-year commissionable premiums plus 5% of excess premiums received;
- *MoneyGuard*<sup>®</sup> linked-benefit products – *MoneyGuard*<sup>®</sup> (UL) and *MoneyGuard Market Advantage*<sup>®</sup> (VUL), 150% of commissionable premiums;
- Executive Benefits – insurance and corporate-owned UL and VUL, first-year commissionable premiums plus 5% of excess premium received, and single premium bank-owned UL and VUL, 15% of single premium deposits;
- Term – 100% of annualized first-year premiums; and
- Group Protection – annualized first-year premiums from new policies.

**Lincoln National Corporation**  
**Reconciliation of Net Income (Loss) to Adjusted Income (Loss) from Operations and**  
**Average Stockholders' Equity to Adjusted Average Stockholders' Equity**

(in millions, except per share data)

	For the Three Months Ended March 31,	
	2025	2024 <sup>(1)</sup>
<b>Net Income (Loss) Available to Common Stockholders – Diluted</b>	\$ (756)	\$ 1,191
Less:		
Preferred stock dividends declared	(34)	(34)
Adjustment for deferred units of LNC stock in our deferred compensation plans	—	3
<b>Net Income (Loss)</b>	<u>(722)</u>	<u>1,222</u>
Less:		
Net annuity product features, pre-tax	(1,092)	1,450
Net life insurance product features, pre-tax	42	(130)
Credit loss-related adjustments, pre-tax	(28)	(1)
Investment gains (losses), pre-tax	(103)	(81)
Changes in the fair value of reinsurance-related embedded derivatives, trading securities and certain mortgage loans, pre-tax <sup>(2)</sup>	(90)	194
Other items, pre-tax <sup>(3)(4)(5)(6)</sup>	(35)	(186)
Income tax benefit (expense) related to the above pre-tax items	270	(268)
Total adjustments	<u>(1,036)</u>	<u>978</u>
<b>Adjusted Income (Loss) from Operations</b>	<u>\$ 314</u>	<u>\$ 244</u>
Add:		
Preferred stock dividends declared	(34)	(34)
<b>Adjusted Income (Loss) from Operations Available to Common Stockholders</b>	<u><u>\$ 280</u></u>	<u><u>\$ 210</u></u>
<b>Earnings (Loss) Per Common Share – Diluted <sup>(7)</sup></b>		
Net income (loss)	\$ (4.41)	\$ 6.93
Adjusted income (loss) from operations	1.60	1.22
<b>Stockholders' Equity, Average</b>		
Stockholders' equity	\$ 8,231	\$ 7,219
Less:		
Preferred stock	986	986
AOCI	(4,671)	(3,714)
Stockholders' equity, excluding AOCI and preferred stock	<u>11,916</u>	<u>9,947</u>
MRB-related impacts	2,649	1,829
GLB and GDB hedge instruments gains (losses)	(3,027)	(2,380)
Reinsurance-related embedded derivatives and portfolio gains (losses)	(173)	(557)
<b>Adjusted average stockholders' equity</b>	<u><u>\$ 12,467</u></u>	<u><u>\$ 11,055</u></u>

(1) Prior period impacts have been recast to conform to the current period presentation. See definitions of Non-GAAP measures earlier in this release.

(2) Includes primarily changes in the fair value of the embedded derivative related to the fourth quarter 2023 reinsurance transaction.

(3) Includes certain legal accruals of \$(114) million, primarily related to the settlement of cost of insurance litigation in the first quarter of 2024.

(4) Includes severance expense related to initiatives to realign the workforce of \$(6) million and \$(49) million in the first quarter of 2025 and 2024, respectively.

(5) Includes transaction and integration costs related to mergers, acquisitions and divestitures of \$(20) million and \$(10) million in the first quarter of 2025 and 2024, respectively.

- (6) Includes deferred compensation mark-to-market adjustment of \$(9) million and \$(13) million in the first quarter of 2025 and 2024, respectively.
- (7) In periods where a net loss or adjusted loss from operations is presented, basic shares are used in the diluted EPS and adjusted diluted EPS calculations, as the use of diluted shares would result in a lower loss per share.

### Lincoln National Corporation

#### Reconciliation of Book Value per Share

	As of the Three Months Ended				
	3/31/24	6/30/24	9/30/24	12/31/24	3/31/25
<b>Book Value Per Common Share</b>					
Book value per share	\$ 38.46	\$ 40.78	\$ 46.97	\$ 42.60	\$ 41.96
Less:					
AOCI	(23.17)	(25.59)	(15.70)	(29.46)	(25.08)
Book value per share, excluding AOCI	61.63	66.37	62.67	72.06	67.04
Less:					
MRB-related gains (losses)	15.10	15.66	12.56	18.51	12.42
GLB and GDB hedge instruments gains (losses)	(15.69)	(16.22)	(16.17)	(17.91)	(17.43)
Reinsurance-related embedded derivatives and portfolio gains (losses)	(2.79)	(1.58)	(3.76)	(0.88)	(1.14)
Adjusted book value per share	<u>\$ 65.01</u>	<u>\$ 68.51</u>	<u>\$ 70.04</u>	<u>\$ 72.34</u>	<u>\$ 73.19</u>

## Lincoln National Corporation Digest of Earnings

(in millions, except per share data)

	<b>For the Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenues</b>	\$ 4,691	\$ 4,116
<b>Net Income (Loss)</b>	\$ (722)	\$ 1,222
Preferred stock dividends declared	(34)	(34)
Adjustment for deferred units of LNC stock in our deferred compensation plans <sup>(1)</sup>	—	3
<b>Net Income (Loss) Available to Common Stockholders – Diluted</b>	\$ (756)	\$ 1,191
<b>Net Income (Loss) Per Common Share – Basic</b>	\$ (4.41)	\$ 6.98
<b>Net Income (Loss) Per Common Share – Diluted <sup>(2)</sup></b>	\$ (4.41)	\$ 6.93
<b>Average Shares – Basic</b>	<b>171,321,440</b>	170,049,994
<b>Average Shares – Diluted</b>	<b>174,087,020</b>	171,834,746

<sup>(1)</sup> We exclude deferred units of LNC stock that are antidilutive from our diluted earnings per share calculation.

<sup>(2)</sup> In periods where a net loss or adjusted loss from operations is presented, basic shares are used in the diluted EPS and adjusted diluted EPS calculations, as the use of diluted shares would result in a lower loss per share.

## FORWARD-LOOKING STATEMENTS – CAUTIONARY LANGUAGE

Certain statements made in this press release and in other written or oral statements made by Lincoln or on Lincoln's behalf are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). A forward-looking statement is a statement that is not a historical fact and, without limitation, includes any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statements may contain words like: "anticipate," "believe," "estimate," "expect," "project," "shall," "will" and other words or phrases with similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, trends in Lincoln's businesses, prospective services or products, future performance or financial results and the outcome of contingencies, such as legal proceedings. Lincoln claims the protection afforded by the safe harbor for forward-looking statements provided by the PSLRA.

Forward-looking statements are subject to risks and uncertainties. Actual results could differ materially from those expressed in or implied by such forward-looking statements due to a variety of factors, including:

- Weak general economic and business conditions that may affect demand for our products, account balances, investment results, guaranteed benefit liabilities, premium levels and claims experience;
- Adverse global capital and credit market conditions that may affect our ability to raise capital, if necessary, and may cause us to realize impairments on investments and certain intangible assets, including goodwill and the valuation allowance against deferred tax assets, which may reduce future earnings and/or affect our financial condition and ability to raise additional capital or refinance existing debt as it matures;
- The inability of our subsidiaries to pay dividends to the holding company in sufficient amounts, which could harm the holding company's ability to meet its obligations;
- Legislative, regulatory or tax changes, both domestic and foreign, that affect: the cost of, or demand for, our subsidiaries' products; the required amount of reserves and/or surplus; our ability to conduct business; our affiliate reinsurance arrangements; and restrictions on the payment of revenue sharing and 12b-1 distribution fees;
- Changes in tax law or the interpretation of or application of existing tax laws that could impact our tax costs and the products that we sell;
- The impact of regulations adopted by the Securities and Exchange Commission ("SEC"), the Department of Labor or other federal or state regulators or self-regulatory organizations that could adversely affect our distribution model and sales of our products and result in additional disclosure and other requirements related to the sale and delivery of our products;
- The impact of new and emerging rules, laws and regulations relating to privacy, cybersecurity and artificial intelligence that may lead to increased compliance costs, reputation risk and/or changes in business practices;
- Increasing scrutiny and evolving expectations and regulations regarding ESG matters that may adversely affect our reputation and our investment portfolio;
- Actions taken by reinsurers to raise rates on in-force business;
- Declines in or sustained low interest rates causing a reduction in investment income, the interest margins of our businesses and demand for our products;
- Rapidly increasing or sustained high interest rates that may negatively affect our profitability, value of our investment portfolio and capital position and may cause policyholders to surrender annuity and life insurance policies, thereby causing realized investment losses;
- The impact of the implementation of the provisions of the European Market Infrastructure Regulation relating to the regulation of derivatives transactions;
- The initiation of legal or regulatory proceedings against us, and the outcome of any legal or regulatory proceedings, such as: adverse actions related to present or past business practices common in businesses in which we compete; adverse decisions in significant actions including, but not limited to, actions brought by federal and state authorities and class action cases; new decisions that result in changes in law; and unexpected trial court rulings;
- A decline or continued volatility in the equity markets causing a reduction in the sales of our subsidiaries' products; a reduction of asset-based fees that our subsidiaries charge on various investment and insurance products; and an increase in liabilities related to guaranteed benefit riders, which are accounted for as market risk benefits, of our subsidiaries' variable annuity products;
- Ineffectiveness of our risk management policies and procedures, including our various hedging strategies;
- A deviation in actual experience regarding future policyholder behavior, mortality, morbidity, interest rates or equity market returns from the assumptions used in pricing our subsidiaries' products and in establishing related insurance reserves, which may reduce future earnings;
- Changes in accounting principles that may affect our consolidated financial statements;

- Lowering of one or more of our debt ratings issued by nationally recognized statistical rating organizations and the adverse effect such action may have on our ability to raise capital and on our liquidity and financial condition;
- Lowering of one or more of the insurer financial strength ratings of our insurance subsidiaries and the adverse effect such action may have on the premium writings, policy retention, and profitability of our insurance subsidiaries and liquidity;
- Significant credit, accounting, fraud, corporate governance or other issues that may adversely affect the value of certain financial assets, as well as counterparties to which we are exposed to credit risk, requiring that we realize losses on financial assets;
- Interruption in or failure of the telecommunication, information technology or other operational systems of the company or the third parties on whom we rely or failure to safeguard the confidentiality or privacy of sensitive data on such systems, including from cyberattacks or other breaches in security of such systems;
- The effect of acquisitions and divestitures, including the inability to realize the anticipated benefits of acquisitions and dispositions of businesses and potential operating difficulties and unforeseen liabilities relating thereto, as well as the effect of restructurings, product withdrawals and other unusual items;
- The inability to complete our announced transaction with Bain Capital within the expected timeframe, or at all, and the possibility that the anticipated benefits related to the transaction may not materialize as expected;
- The inability to realize or sustain the benefits we expect from, greater than expected investments in, and the potential impact of efforts related to, our strategic initiatives;
- The adequacy and collectability of reinsurance that we have obtained;
- Pandemics, acts of terrorism, war or other man-made and natural catastrophes that may adversely impact liabilities for policyholder claims, and adversely affect our businesses and the cost and availability of reinsurance;
- Competitive conditions, including pricing pressures, new product offerings and the emergence of new competitors, that may affect the level of premiums and fees that our subsidiaries can charge for their products;
- The unknown effect on our subsidiaries' businesses resulting from evolving market preferences and the changing demographics of our client base; and
- The unanticipated loss of key management or wholesalers.

The risks and uncertainties included here are not exhaustive. Our most recent Form 10-K, as well as other reports that we file with the SEC, include additional factors that could affect our businesses and financial performance. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

Further, it is not possible to assess the effect of all risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. In addition, Lincoln disclaims any obligation to correct or update any forward-looking statements to reflect events or circumstances that occur after the date of this press release.

The reporting of Risk-Based Capital ("RBC") measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities.