

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2023

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: 1-6028

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction of incorporation or organization)

35-1140070

(I.R.S. Employer Identification No.)

150 N. Radnor-Chester Road, Suite A305, Radnor, Pennsylvania

(Address of principal executive offices)

19087

(Zip Code)

(484) 583-1400

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock	LNC	New York Stock Exchange
Depository Shares, each representing a 1/1000 th interest in a share of 9.000% Non-Cumulative Preferred Stock, Series D	LNC PRD	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of May 5, 2023, there were 169,558,641 shares of the registrant's common stock outstanding.

Lincoln National Corporation

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements
LINCOLN NATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited, in millions, except share data)

	As of March 31, 2023	As of December 31, 2022
ASSETS		
Investments:		
Fixed maturity available-for-sale securities, at fair value (amortized cost: 2023 - \$111,528; 2022 - \$111,707; allowance for credit losses: 2023 - \$39; 2022 - \$22)	\$ 101,936	\$ 99,736
Trading securities	3,266	3,498
Equity securities	414	427
Mortgage loans on real estate, net of allowance for credit losses (portion at fair value: 2023 - \$490; 2022 - \$487)	18,327	18,301
Policy loans	2,383	2,359
Derivative investments	4,005	3,594
Other investments	3,892	3,739
Total investments	<u>134,223</u>	<u>131,654</u>
Cash and invested cash	3,766	3,343
Deferred acquisition costs, value of business acquired and deferred sales inducements	12,277	12,235
Reinsurance recoverables, net of allowance for credit losses	19,309	19,443
Market risk benefit assets	3,445	2,807
Accrued investment income	1,277	1,253
Goodwill	1,144	1,144
Other assets	19,280	18,802
Separate account assets	148,421	143,536
Total assets	<u>\$ 343,142</u>	<u>\$ 334,217</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Policyholder account balances	\$ 116,167	\$ 114,435
Future contract benefits	39,757	38,826
Market risk benefit liabilities	1,976	2,078
Deferred front-end loads	5,250	5,052
Payables for collateral on investments	6,803	6,712
Short-term debt	500	500
Long-term debt	5,974	5,955
Other liabilities	11,562	12,021
Separate account liabilities	148,421	143,536
Total liabilities	<u>336,410</u>	<u>329,115</u>
Contingencies and Commitments (See Note 13)		
Stockholders' Equity		
Preferred stock – 10,000,000 shares authorized:		
Series C preferred stock – 20,000 shares authorized, issued and outstanding as of March 31, 2023, and December 31, 2022	493	493
Series D preferred stock – 20,000 shares authorized, issued and outstanding as of March 31, 2023, and December 31, 2022	493	493
Common stock – 800,000,000 shares authorized; 169,537,759 and 169,220,511 shares issued and outstanding as of March 31, 2023, and December 31, 2022, respectively	4,560	4,544
Retained earnings	4,940	5,924
Accumulated other comprehensive income (loss)	(3,754)	(6,352)
Total stockholders' equity	<u>6,732</u>	<u>5,102</u>
Total liabilities and stockholders' equity	<u>\$ 343,142</u>	<u>\$ 334,217</u>

LINCOLN NATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited, in millions, except per share data)

	For the Three Months Ended March 31,	
	2023	2022
Revenues		
Insurance premiums	\$ 1,579	\$ 1,477
Fee income	1,379	1,458
Net investment income	1,466	1,411
Realized gain (loss)	(828)	181
Amortization of deferred gain on business sold through reinsurance	9	11
Other revenues	209	182
Total revenues	3,814	4,720
Expenses		
Benefits	2,291	2,156
Interest credited	785	697
Market risk benefit (gain) loss	619	(1,359)
Policyholder liability remeasurement (gain) loss	(118)	41
Commissions and other expenses	1,300	1,253
Interest and debt expense	83	66
Spark program expense	24	31
Total expenses	4,984	2,885
Income (loss) before taxes	(1,170)	1,835
Federal income tax expense (benefit)	(289)	353
Net income (loss)	(881)	1,482
Other comprehensive income (loss), net of tax:		
Unrealized investment gain (loss)	1,774	(7,498)
Market risk benefit non-performance risk gain (loss)	1,025	20
Policyholder liability discount rate remeasurement gain (loss)	(202)	811
Foreign currency translation adjustment	3	(5)
Funded status of employee benefit plans	(2)	3
Total other comprehensive income (loss), net of tax	2,598	(6,669)
Comprehensive income (loss)	\$ 1,717	\$ (5,187)
Net Income (Loss) Available to Common Stockholders		
Net income (loss)	\$ (881)	\$ 1,482
Preferred stock dividends declared	(25)	-
Deferred units of LNC stock in our deferred compensation plans	(3)	(1)
Net income (loss) available to common stockholders	\$ (909)	\$ 1,481
Net Income (Loss) Per Common Share		
Basic	\$ (5.35)	\$ 8.50
Diluted	(5.37)	8.39
Cash Dividends Declared Per Preferred Share	\$ 1,254.69	\$ -
Cash Dividends Declared Per Common Share	0.45	0.45

LINCOLN NATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in millions)

	For the Three Months Ended March 31,	
	2023	2022
Preferred Stock		
Balance as of beginning-of-year	\$ 986	\$ -
Balance as of end-of-period	<u>986</u>	<u>-</u>
Common Stock		
Balance as of beginning-of-year	4,544	4,735
Stock compensation/issued for benefit plans	16	6
Retirement of common stock/cancellation of shares	<u>-</u>	<u>(155)</u>
Balance as of end-of-period	<u>4,560</u>	<u>4,586</u>
Retained Earnings		
Balance as of beginning-of-year	5,924	5,196
Net income (loss)	(881)	1,482
Retirement of common stock	-	(245)
Preferred stock dividends declared	(25)	-
Common stock dividends declared	<u>(78)</u>	<u>(79)</u>
Balance as of end-of-period	<u>4,940</u>	<u>6,354</u>
Accumulated Other Comprehensive Income (Loss)		
Balance as of beginning-of-year	(6,352)	9,984
Other comprehensive income (loss), net of tax	<u>2,598</u>	<u>(6,669)</u>
Balance as of end-of-period	<u>(3,754)</u>	<u>3,315</u>
Total stockholders' equity as of end-of-period	<u>\$ 6,732</u>	<u>\$ 14,255</u>

LINCOLN NATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	For the Three Months Ended March 31,	
	2023	2022
Cash Flows from Operating Activities		
Net income (loss)	\$ (881)	\$ 1,482
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Realized (gain) loss	828	(181)
Market risk benefit (gain) loss	619	(1,359)
Sales and maturities (purchases) of trading securities, net	290	(187)
Amortization of deferred gain on business sold through reinsurance	(9)	(11)
Change in:		
Deferred acquisition costs, value of business acquired, deferred sales inducements and deferred front-end loads	156	122
Accrued investment income	4	(35)
Insurance liabilities and reinsurance-related balances	(1,322)	636
Accrued expenses	(143)	(262)
Federal income tax accruals	(289)	407
Other	(27)	(136)
Net cash provided by (used in) operating activities	(774)	476
Cash Flows from Investing Activities		
Purchases of available-for-sale securities and equity securities	(2,999)	(3,934)
Sales of available-for-sale securities and equity securities	1,739	105
Maturities of available-for-sale securities	1,440	1,604
Purchases of alternative investments	(170)	(161)
Sales and repayments of alternative investments	22	131
Issuance of mortgage loans on real estate	(269)	(539)
Repayment and maturities of mortgage loans on real estate	183	717
Repayment (issuance) of policy loans, net	(27)	25
Net change in collateral on investments, derivatives and related settlements	(184)	16
Other	(60)	(104)
Net cash provided by (used in) investing activities	(325)	(2,140)
Cash Flows from Financing Activities		
Payment of long-term debt, including current maturities	-	(300)
Issuance of long-term debt, net of issuance costs	-	297
Payment related to sale-leaseback transactions	(5)	(4)
Payment related to certain financing arrangements	(10)	-
Deposits of fixed account balances	4,192	3,477
Withdrawals of fixed account balances	(2,570)	(2,063)
Transfers from (to) separate accounts, net	21	94
Common stock issued for benefit plans	(4)	(10)
Repurchase of common stock	-	(400)
Dividends paid to preferred stockholders	(25)	-
Dividends paid to common stockholders	(77)	(79)
Net cash provided by (used in) financing activities	1,522	1,012
Net increase (decrease) in cash, invested cash and restricted cash	423	(652)
Cash, invested cash and restricted cash as of beginning-of-year	3,343	2,612
Cash, invested cash and restricted cash as of end-of-period	\$ 3,766	\$ 1,960

LINCOLN NATIONAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Operations, Basis of Presentation and Summary of Significant Accounting Policies

Nature of Operations

Lincoln National Corporation and its subsidiaries (“LNC” or the “Company,” which also may be referred to as “we,” “our” or “us”) operate multiple insurance businesses through four business segments: Life Insurance, Annuities, Group Protection and Retirement Plan Services. In addition, we include financial data for operations that are not directly related to our business segments in Other Operations. The collective group of businesses uses “Lincoln Financial Group” as its marketing identity. Through our business segments, we sell a wide range of wealth protection, accumulation, group protection and retirement income products and solutions. These products primarily include universal life insurance (“UL”), variable universal life insurance (“VUL”), linked-benefit UL and VUL, indexed universal life insurance (“IUL”), term life insurance, fixed and indexed annuities, variable annuities, group life, disability and dental and employer-sponsored retirement plans and services. For more information on our segments and the products and solutions we provide, see Note 15.

Basis of Presentation

The accompanying unaudited consolidated financial statements are prepared in accordance with United States of America generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions for the Securities and Exchange Commission (“SEC”) Quarterly Report on Form 10-Q, including Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The information contained in the Notes to Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K/A for the year ended December 31, 2022, should be read in connection with the reading of these interim unaudited consolidated financial statements. Certain GAAP policies, which significantly affect the determination of financial condition, results of operations and cash flows, are summarized below.

In the opinion of management, these statements include all normal recurring adjustments necessary for a fair presentation of the Company’s results. Operating results for the three months ended March 31, 2023, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2023. All material inter-company accounts and transactions have been eliminated in consolidation.

Certain amounts reported in prior periods’ consolidated financial statements have been reclassified to conform to the presentation adopted in the current period.

We present disaggregated disclosures in the Notes below for long-duration insurance balances, applying the level of aggregation by reportable segment as follows:

Reportable Segment	Level of Aggregation
Life Insurance	Traditional Life UL and Other
Annuities	Variable Annuities Fixed Annuities Payout Annuities
Group Protection	Group Protection
Retirement Plan Services	Retirement Plan Services

The fixed annuities level of aggregation represents deferred fixed annuities. We have excluded amounts reported in Other Operations from our disaggregated disclosures that are attributable to the indemnity reinsurance agreements with Protective Life Insurance Company (“Protective”) and Swiss Re Life & Health America, Inc (“Swiss Re”) as these contracts are fully reinsured, run-off institutional pension business in the form of group annuity and the results of certain disability income business and not reflected in the results of the reportable segments listed above.

Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of LNC and all other entities in which we have a controlling financial interest and any variable interest entities (“VIEs”) in which we are the primary beneficiary. We use the equity method of

accounting to recognize all of our investments in limited liability partnerships. All material inter-company accounts and transactions have been eliminated in consolidation.

Our involvement with VIEs is primarily to invest in assets that allow us to gain exposure to a broadly diversified portfolio of asset classes. A VIE is an entity that does not have sufficient equity to finance its own activities without additional financial support or where investors lack certain characteristics of a controlling financial interest. We assess our contractual, ownership or other interests in a VIE to determine if our interest participates in the variability the VIE was designed to absorb and pass onto variable interest holders. We perform an ongoing qualitative assessment of our variable interests in VIEs to determine whether we have a controlling financial interest and would therefore be considered the primary beneficiary of the VIE. If we determine we are the primary beneficiary of a VIE, we consolidate the assets and liabilities of the VIE in the consolidated financial statements.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. In applying these estimates and assumptions, management makes subjective and complex judgments that frequently require assumptions about matters that are uncertain and inherently subject to change, including matters related to or impacted by the COVID-19 pandemic. Actual results could differ from these estimates and assumptions. Included among the material (or potentially material) reported amounts and disclosures that require use of estimates are: fair value of certain financial assets, derivatives, allowances for credit losses, deferred acquisition costs (“DAC”), value of business acquired (“VOBA”), DSI, goodwill and other intangibles, market risk benefits (“MRBs”), future contract benefits, DFEL, pension plans, stock-based incentive compensation, income taxes including the recoverability of our deferred tax assets, and the potential effects of resolving litigated matters.

Business Combinations

We use the acquisition method of accounting for all business combination transactions, and accordingly, recognize the fair values of assets acquired, liabilities assumed and any noncontrolling interests in the consolidated financial statements. The allocation of fair values may be subject to adjustment after the initial allocation for up to a one-year period as more information becomes available relative to the fair values as of the acquisition date. The consolidated financial statements include the results of operations of any acquired company since the acquisition date.

Fair Value Measurement

Our measurement of fair value is based on assumptions used by market participants in pricing the asset or liability, which may include inherent risk, restrictions on the sale or use of an asset or non-performance risk, which would include our own credit risk. Our estimate of an exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability (“exit price”) in the principal market, or the most advantageous market in the absence of a principal market, for that asset or liability, as opposed to the price that would be paid to acquire the asset or receive a liability (“entry price”). Pursuant to the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification*TM (“ASC”), we categorize our financial instruments carried at fair value into a three-level fair value hierarchy, based on the priority of inputs to the respective valuation technique. The three-level hierarchy for fair value measurement is defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date, except for large holdings subject to “blockage discounts” that are excluded;
- Level 2 – inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and
- Level 3 – inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability, and we make estimates and assumptions related to the pricing of the asset or liability, including assumptions regarding risk.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

When a determination is made to classify an asset or liability within Level 3 of the fair value hierarchy, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement. Because certain securities trade in less liquid or illiquid markets with limited or no pricing information, the determination of fair value for these securities is inherently more difficult. However,

Level 3 fair value investments may include, in addition to the unobservable or Level 3 inputs, observable components, which are components that are actively quoted or can be validated to market-based sources.

Fixed Maturity Available-For-Sale Securities – Fair Valuation Methodologies and Associated Inputs

Securities classified as available-for-sale (“AFS”) consist of fixed maturity securities and are stated at fair value with unrealized gains and losses included within accumulated other comprehensive income (loss) (“AOCI”). We measure the fair value of our securities classified as fixed maturity AFS based on assumptions used by market participants in pricing the security. The most appropriate valuation methodology is selected based on the specific characteristics of the fixed maturity security, and we consistently apply the valuation methodology to measure the security’s fair value. Our fair value measurement is based on a market approach that utilizes prices and other relevant information generated by market transactions involving identical or comparable securities. Sources of inputs to the market approach primarily include third-party pricing services, independent broker quotations or pricing matrices. We do not adjust prices received from third parties; however, we do analyze the third-party pricing services’ valuation methodologies and related inputs and perform additional evaluation to determine the appropriate level within the fair value hierarchy.

The observable and unobservable inputs to our valuation methodologies are based on a set of standard inputs that we generally use to evaluate all of our fixed maturity AFS securities. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. In addition, market indicators, industry and economic events are monitored, and further market data is acquired if certain triggers are met. For certain security types, additional inputs may be used, or some of the inputs described above may not be applicable. For private placement securities, we use pricing matrices that utilize observable pricing inputs of similar public securities and Treasury yields as inputs to the fair value measurement. Depending on the type of security or the daily market activity, standard inputs may be prioritized differently or may not be available for all fixed maturity AFS securities on any given day. For broker-quoted only securities, non-binding quotes from market makers or broker-dealers are obtained from sources recognized as market participants. For securities trading in less liquid or illiquid markets with limited or no pricing information, we use unobservable inputs to measure fair value.

The following summarizes our fair valuation methodologies and associated inputs, which are particular to the specified security type and are in addition to the defined standard inputs to our valuation methodologies for all of our fixed maturity AFS securities discussed above:

- Corporate bonds and U.S. government bonds – We also use Trade Reporting and Compliance Engine™ reported tables for our corporate bonds and vendor trading platform data for our U.S. government bonds.
- Mortgage- and asset-backed securities (“ABS”) – We also utilize additional inputs, which include new issues data, monthly payment information and monthly collateral performance, including prepayments, severity, delinquencies, step-down features and over collateralization features for each of our mortgage-backed securities (“MBS”), which include collateralized mortgage obligations and mortgage pass through securities backed by residential mortgages (“RMBS”), commercial mortgage-backed securities (“CMBS”) and collateralized loan obligations (“CLOs”).
- State and municipal bonds – We also use additional inputs that include information from the Municipal Securities Rule Making Board, as well as material event notices, new issue data, issuer financial statements and Municipal Market Data benchmark yields for our state and municipal bonds.
- Hybrid and redeemable preferred securities – We also utilize additional inputs of exchange prices (underlying and common stock of the same issuer) for our hybrid and redeemable preferred securities.

In order to validate the pricing information and broker-dealer quotes, we employ, where possible, procedures that include comparisons with similar observable positions, comparisons with subsequent sales and observations of general market movements for those security classes. We have policies and procedures in place to review the process that is utilized by our third-party pricing service and the output that is provided to us by the pricing service. On a periodic basis, we test the pricing for a sample of securities to evaluate the inputs and assumptions used by the pricing service, and we perform a comparison of the pricing service output to an alternative pricing source. We also evaluate prices provided by our primary pricing service to ensure that they are not stale or unreasonable by reviewing the prices for unusual changes from period to period based on certain parameters or for lack of change from one period to the next.

Fixed Maturity AFS Securities – Evaluation for Recovery of Amortized Cost

We regularly review our fixed maturity AFS securities (also referred to as “debt securities”) for declines in fair value that we determine to be impairment-related, including those attributable to credit risk factors that may require a credit loss allowance.

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For our debt securities, we generally consider the following to determine whether our debt securities with unrealized losses are credit impaired:

- The estimated range and average period until recovery;
- The estimated range and average holding period to maturity;
- Remaining payment terms of the security;
- Current delinquencies and nonperforming assets of underlying collateral;
- Expected future default rates;
- Collateral value by vintage, geographic region, industry concentration or property type;
- Subordination levels or other credit enhancements as of the balance sheet date as compared to origination; and
- Contractual and regulatory cash obligations.

For a debt security, if we intend to sell a security, or it is more likely than not we will be required to sell a debt security before recovery of its amortized cost basis and the fair value of the debt security is below amortized cost, we conclude that an impairment has occurred and the amortized cost is written down to current fair value, with a corresponding charge to realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). If we do not intend to sell a debt security, or it is not more likely than not we will be required to sell a debt security before recovery of its amortized cost basis but the present value of the cash flows expected to be collected is less than the amortized cost of the debt security (referred to as the credit loss), we conclude that an impairment has occurred, and a credit loss allowance is recorded, with a corresponding charge to realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). The remainder of the decline to fair value related to factors other than credit loss is recorded in other comprehensive income ("OCI") to unrealized losses on fixed maturity AFS securities on the Consolidated Statements of Stockholders' Equity, as this amount is considered a noncredit impairment.

When assessing our intent to sell a debt security, or if it is more likely than not we will be required to sell a debt security before recovery of its cost basis, we evaluate facts and circumstances such as, but not limited to, decisions to reposition our security portfolio, sales of securities to meet cash flow needs and sales of securities to capitalize on favorable pricing. Management considers the following as part of the evaluation:

- The current economic environment and market conditions;
- Our business strategy and current business plans;
- The nature and type of security, including expected maturities and exposure to general credit, liquidity, market and interest rate risk;
- Our analysis of data from financial models and other internal and industry sources to evaluate the current effectiveness of our hedging and overall risk management strategies;
- The current and expected timing of contractual maturities of our assets and liabilities, expectations of prepayments on investments and expectations for surrenders and withdrawals of life insurance policies and annuity contracts;
- The capital risk limits approved by management; and
- Our current financial condition and liquidity demands.

In order to determine the amount of the credit loss for a debt security, we calculate the recovery value by performing a discounted cash flow analysis based on the current cash flows and future cash flows we expect to recover. The discount rate is the effective interest rate implicit in the underlying debt security. The effective interest rate is the original yield, or the coupon if the debt security was previously impaired. See the discussion below for additional information on the methodology and significant inputs, by security type, that we use to determine the amount of a credit loss.

To determine the recovery period of a debt security, we consider the facts and circumstances surrounding the underlying issuer including, but not limited to, the following:

- Historical and implied volatility of the security;
- The extent to which the fair value has been less than amortized cost;
- Adverse conditions specifically related to the security or to specific conditions in an industry or geographic area;
- Failure, if any, of the issuer of the security to make scheduled payments; and
- Recoveries or additional declines in fair value subsequent to the balance sheet date.

In periods subsequent to the recognition of a credit loss impairment through a credit loss allowance, we continue to reassess the expected cash flows of the debt security at each subsequent measurement date as necessary. If the measurement of credit loss changes, we recognize a provision for (or reversal of) credit loss expense through realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss), limited by the amount that amortized cost exceeds fair value. Losses are charged against the allowance for credit losses when management believes the uncollectibility of a debt security is confirmed or when either of the criteria regarding intent or requirement to sell is met. Accrued interest on debt securities is written-off when deemed uncollectible.

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To determine the recovery value of a corporate bond or CLO, we perform additional analysis related to the underlying issuer including, but not limited to, the following:

- Fundamentals of the issuer to determine what we would recover if they were to file bankruptcy versus the price at which the market is trading;
- Fundamentals of the industry in which the issuer operates;
- Earnings multiples for the given industry or sector of an industry that the underlying issuer operates within, divided by the outstanding debt to determine an expected recovery value of the security in the case of a liquidation;
- Expected cash flows of the issuer (e.g., whether the issuer has cash flows in excess of what is required to fund its operations);
- Expectations regarding defaults and recovery rates;
- Changes to the rating of the security by a rating agency; and
- Additional market information (e.g., if there has been a replacement of the corporate debt security).

Each quarter, we review the cash flows for the MBS portfolio, including current credit enhancements and trends in the underlying collateral performance to determine whether or not they are sufficient to provide for the recovery of our amortized cost. To determine recovery value of a MBS, we perform additional analysis related to the underlying issuer including, but not limited to, the following:

- Discounted cash flow analysis based on the current cash flows and future cash flows we expect to recover;
- Level of borrower creditworthiness of the home equity loans or residential mortgages that back an RMBS or commercial mortgages that back a CMBS;
- Susceptibility to fair value fluctuations for changes in the interest rate environment;
- Susceptibility to reinvestment risks, in cases where market yields are lower than the securities' book yield earned;
- Susceptibility to reinvestment risks, in cases where market yields are higher than the book yields earned on a security;
- Expectations of sale of such a security where market yields are higher than the book yields earned on a security; and
- Susceptibility to variability of prepayments.

When evaluating MBS and mortgage-related ABS, we consider a number of pool-specific factors as well as market level factors when determining whether or not the impairment on the security requires a credit loss allowance. The most important factor is the performance of the underlying collateral in the security and the trends of that performance in the prior periods. We use this information about the collateral to forecast the timing and rate of mortgage loan defaults, including making projections for loans that are already delinquent and for those loans that are currently performing but may become delinquent in the future. Other factors used in this analysis include the credit characteristics of borrowers, geographic distribution of underlying loans and timing of liquidations by state. Once default rates and timing assumptions are determined, we then make assumptions regarding the severity of a default if it were to occur. Factors that impact the severity assumption include expectations for future home price appreciation or depreciation, loan size, first lien versus second lien, existence of loan level private mortgage insurance, type of occupancy and geographic distribution of loans. Once default and severity assumptions are determined for the security in question, cash flows for the underlying collateral are projected including expected defaults and prepayments. These cash flows on the collateral are then translated to cash flows on our tranche based on the cash flow waterfall of the entire capital security structure. If this analysis indicates the entire principal on a particular security will not be returned, the security is reviewed for a credit loss by comparing the expected cash flows to amortized cost. To the extent that the security has already been impaired through a credit loss allowance or was purchased at a discount, such that the amortized cost of the security is less than or equal to the present value of cash flows expected to be collected, no credit loss allowance is required. Otherwise, if the amortized cost of the security is greater than the present value of the cash flows expected to be collected, and the security was not purchased at a discount greater than the expected principal loss, then an impairment through a credit loss allowance is recognized.

We further monitor the cash flows of all of our debt securities backed by mortgages on an ongoing basis. We also perform detailed analysis on all of our subprime, Alt-A, non-agency residential MBS and on a significant percentage of our debt securities backed by pools of commercial mortgages. The detailed analysis includes revising projected cash flows by updating the cash flows for actual cash received and applying assumptions with respect to expected defaults, foreclosures and recoveries in the future. These revised projected cash flows are then compared to the amount of credit enhancement (subordination) in the structure to determine whether the amortized cost of the security is recoverable. If it is not recoverable, we record an impairment through a credit loss allowance for the security.

Trading Securities

Trading securities consist of fixed maturity securities in designated portfolios, some of which support modified coinsurance and coinsurance with funds withheld reinsurance agreements. Investment results for the portfolios that support modified coinsurance and coinsurance with funds withheld reinsurance agreements, including gains and losses from sales, are passed directly to the reinsurers pursuant to contractual terms of the reinsurance agreements. Trading securities are carried at fair value, and changes in fair value and changes in the fair value of embedded derivative liabilities associated with the underlying reinsurance agreements are recorded in realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss) as they occur.

Equity Securities

Equity securities are carried at fair value, and changes in fair value are recorded in realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss) as they occur. Equity securities consist primarily of common stock of publicly-traded companies, privately placed securities and mutual fund shares. We measure the fair value of our equity securities based on assumptions used by market participants in pricing the security. The most appropriate valuation methodology is selected based on the specific characteristics of the equity security. Fair values of publicly-traded equity securities are determined using quoted prices in active markets for identical or comparable securities. When quoted prices are not available, we use valuation methodologies most appropriate for the specific asset. Fair values for private placement securities are determined using discounted cash flow, earnings multiple and other valuation models. The fair values of mutual fund shares that transact regularly are based on transaction prices of identical fund shares.

Mortgage Loans on Real Estate

Mortgage loans on real estate consist of commercial and residential mortgage loans and are generally carried at unpaid principal balances adjusted for amortization of premiums and accretion of discounts and are net of allowance for credit losses. We carry certain commercial mortgage loans associated with modified coinsurance agreements at fair value where the fair value option has been elected. Interest income is accrued on the principal balance of the loan based on the loan's contractual interest rate. Premiums and discounts are amortized using the effective yield method over the life of the loan. Interest income and amortization of premiums and discounts are reported in net investment income on the Consolidated Statements of Comprehensive Income (Loss) along with mortgage loan fees, which are recorded as they are incurred.

Our policy for commercial mortgage loans is to report loans that are 60 or more days past due, which equates to two or more payments missed, as delinquent. Our policy for residential mortgage loans is to report loans that are 90 or more days past due, which equates to three or more payments missed, as delinquent. We do not accrue interest on loans 90 days past due, and any interest received on these loans is either applied to the principal or recorded in net investment income on the Consolidated Statements of Comprehensive Income (Loss) when received, depending on the assessment of the collectability of the loan. We resume accruing interest once a loan complies with all of its original terms or restructured terms. Mortgage loans deemed uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are likewise credited to the allowance for credit losses. Accrued interest on mortgage loans is written-off when deemed uncollectible.

In connection with our recognition of an allowance for credit losses for mortgage loans on real estate, we perform a quantitative analysis using a probability of default/loss given default/exposure at default approach to estimate expected credit losses in our mortgage loan portfolio as well as unfunded commitments related to commercial mortgage loans, exclusive of certain mortgage loans held at fair value. Our model estimates expected credit losses over the contractual terms of the loans, which are the periods over which we are exposed to credit risk, adjusted for expected prepayments. Credit loss estimates are segmented by commercial mortgage loans, residential mortgage loans, and unfunded commitments related to commercial mortgage loans.

The allowance for credit losses for pooled loans of similar risk (i.e., commercial and residential mortgage loans) is estimated using relevant historical credit loss information adjusted for current conditions and reasonable and supportable forecasts of future conditions. Historical credit loss experience provides the basis for the estimation of expected credit losses with adjustments for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term lengths as well as adjustments for changes in environmental conditions, such as unemployment rates, property values, or other factors that management deems relevant. We apply probability weights to the positive, base and adverse scenarios we use. For periods beyond our reasonable and supportable forecast, we use implicit mean reversion over the remaining life of the recoverable, meaning our model will inherently revert to the baseline scenario as the baseline is representative of the historical average over a longer period of time.

Loans are considered impaired when it is probable that, based upon current information and events, we will be unable to collect all amounts due under the contractual terms of the loan agreement. When we determine that a loan is impaired, a specific credit loss allowance is established for the excess carrying value of the loan over its estimated value. The loan's estimated value is based on: the present value of expected future cash flows discounted at the loan's effective interest rate; the loan's observable market price; or the fair value of the loan's collateral.

Allowance for credit losses are maintained at a level we believe is adequate to absorb current expected lifetime credit losses. Our periodic evaluation of the adequacy of the allowance for credit losses is based on historical loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay (including the timing of future payments), the estimated value of the underlying collateral, composition of the loan portfolio, current economic conditions, reasonable and supportable forecasts about the future and other relevant factors.

Mortgage loans on real estate are presented net of the allowance for credit losses on the Consolidated Balance Sheets. Changes in the allowance are reported in realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). Mortgage loans on real estate deemed uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are credited to the allowance for credit losses, limited to the aggregate of amounts previously charged-off and expected to be charged-off.

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Our commercial loan portfolio is primarily comprised of long-term loans secured by existing commercial real estate. We believe all of the commercial loans in our portfolio share three primary risks: borrower credit worthiness; sustainability of the cash flow of the property; and market risk; therefore, our methods of monitoring and assessing credit risk are consistent for our entire portfolio.

For our commercial mortgage loan portfolio, trends in market vacancy and rental rates are incorporated into the analysis that we perform for monitored loans and may contribute to the establishment of (or an increase or decrease in) an allowance for credit losses. In addition, we review each loan individually in our commercial mortgage loan portfolio on an annual basis to identify emerging risks. We focus on properties that experienced a reduction in debt-service coverage or that have significant exposure to tenants with deteriorating credit profiles. Where warranted, we establish or increase a credit loss allowance for a specific loan based upon this analysis.

We measure and assess the credit quality of our commercial mortgage loans by using loan-to-value and debt-service coverage ratios. The loan-to-value ratio compares the principal amount of the loan to the fair value at origination of the underlying property collateralizing the loan and is commonly expressed as a percentage. Loan-to-value ratios greater than 100% indicate that the principal amount is greater than the collateral value. Therefore, all else being equal, a lower loan-to-value ratio generally indicates a higher quality loan. The debt-service coverage ratio compares a property's net operating income to its debt-service payments. Debt-service coverage ratios of less than 1.0 indicate that property operations do not generate enough income to cover its current debt payments. Therefore, all else being equal, a higher debt-service coverage ratio generally indicates a higher quality loan. These credit quality metrics are monitored and reviewed at least annually.

We have off-balance sheet commitments related to commercial mortgage loans. As such, an allowance for credit losses is developed based on the commercial mortgage loan process outlined above, along with an internally developed conversion factor.

Our residential loan portfolio is primarily comprised of first lien mortgages secured by existing residential real estate. In contrast to the commercial mortgage loan portfolio, residential mortgage loans are primarily smaller-balance homogenous loans that share similar risk characteristics. Therefore, these pools of loans are collectively evaluated for inherent credit losses. Such evaluations consider numerous factors, including, but not limited to borrower credit scores, collateral values, loss forecasts, geographic location, delinquency rates and economic trends. These evaluations and assessments are revised as conditions change and new information becomes available, including updated forecasts, which can cause the allowance for credit losses to increase or decrease over time as such evaluations are revised. Generally, residential mortgage loan pools exclude loans that are nonperforming, as those loans are evaluated individually using the evaluation framework for specific allowance for credit losses described above.

For residential mortgage loans, our primary credit quality indicator is whether the loan is performing or nonperforming. We generally define nonperforming residential mortgage loans as those that are 90 or more days past due and/or in nonaccrual status. There is generally a higher risk of experiencing credit losses when a residential mortgage loan is nonperforming. We monitor and update aging schedules and nonaccrual status on a monthly basis.

Policy Loans

Policy loans represent loans we issue to policyholders that use the cash surrender value of their life insurance policy as collateral. Policy loans are carried at unpaid principal balances.

Derivative Instruments

We hedge certain portions of our exposure to interest rate risk, foreign currency exchange risk, equity market risk and credit risk by entering into derivative transactions. Our derivative instruments are recognized as either assets or liabilities on the Consolidated Balance Sheets at estimated fair value. We have master netting agreements with each of our derivative counterparties that allow for the netting of our derivative asset and liability positions by counterparty. We categorize derivatives into a three-level hierarchy, based on the priority of the inputs to the respective valuation technique as discussed above in "Fair Value Measurement." The accounting for changes in the estimated fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship, and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, we designate the hedging instrument based upon the exposure being hedged: as a cash flow hedge or a fair value hedge.

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is reported as a component of AOCI and reclassified into net income in the same period or periods during which the hedged transaction affects net income. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of designated future cash flows of the hedged item (hedge ineffectiveness), if any, is recognized in net income during the period of change. For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative instrument, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in net income during the period of change in estimated fair values. For derivative instruments not designated as hedging instruments, but that are economic hedges, the gain or loss is recognized in net income.

We purchase and issue financial instruments and products that contain embedded derivative instruments that are recorded with the associated host contract. When it is determined that the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a

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derivative instrument, the embedded derivative is bifurcated from the host for measurement purposes and reported within other assets or other liabilities on the Consolidated Balance Sheets. The embedded derivative is carried at fair value with changes in fair value recognized in net income during the period of change.

We employ several different methods for determining the fair value of our derivative instruments. The fair value of our derivative contracts are measured based on current settlement values, which are based on quoted market prices, industry standard models that are commercially available and broker quotes. These techniques project cash flows of the derivatives using current and implied future market conditions. We calculate the present value of the cash flows to measure the current fair market value of the derivative.

Other Investments

Other investments consist primarily of alternative investments, cash collateral receivables related to our derivative instruments, Federal Home Loan Bank (“FHLB”) common stock and short-term investments.

Alternative investments consist primarily of investments in limited partnerships (“LPs”). We account for our investments in LPs using the equity method to determine the carrying value. Recognition of alternative investment income is delayed due to the availability of the related financial statements, which are generally obtained from the partnerships’ general partners. As a result, our private equity investments are generally on a three-month delay and our hedge funds are on a one-month delay. In addition, the impact of audit adjustments related to completion of calendar-year financial statement audits of the investees are typically received during the second quarter of each calendar year. Accordingly, our investment income from alternative investments for any calendar-year period may not include the complete impact of the change in the underlying net assets for the partnership for that calendar-year period.

In uncleared derivative transactions, we and the counterparty enter into a credit support annex requiring either party to post collateral, which may be in the form of cash, equal to the net derivative exposure. Cash collateral we have posted to a counterparty is recorded within other investments. Cash collateral a counterparty has posted is recorded within payables for collateral on investments. We also have investments in FHLB common stock, carried at cost, that enable access to the FHLB lending program. For more information on our collateralized financing arrangements, see “Payables for Collateral on Investments” below.

Short-term investments consist of securities with original maturities of one year or less, but greater than three months. Securities included in short-term investments are carried at fair value, with valuation methods and inputs consistent with those applied to fixed maturity AFS securities.

Cash and Invested Cash

Cash and invested cash is carried at cost and includes all highly liquid debt instruments purchased with an original maturity of three months or less.

DAC, VOBA, DSI and DFEL

Acquisition costs directly related to successful contract acquisitions or renewals of UL, VUL, traditional life insurance, group life and disability insurance, annuities and other investment contracts have been deferred (i.e., DAC). Such acquisition costs are capitalized in the period they are incurred and primarily include commissions, certain bonuses, portion of total compensation and benefits of certain employees involved in the acquisition process and medical and inspection fees. VOBA is an intangible asset that reflects the estimated fair value of in-force contracts in a life insurance company acquisition and represents the portion of the purchase price that is allocated to the value of the right to receive future cash flows from the business in force at the acquisition date. Bonus credits and excess interest for dollar cost averaging contracts are considered DSI and reported in deferred acquisition costs, value of business acquired and deferred sales inducements on the Consolidated Balance Sheets. Contract sales charges that are collected in the early years of an insurance contract are deferred and reported as deferred front-end loads (i.e., DFEL) on the Consolidated Balance Sheets.

DAC, VOBA, DSI and DFEL amortization is reported within the following financial statement line items on the Consolidated Statements of Comprehensive Income (Loss):

- DAC and VOBA – commissions and other expenses
- DSI – interest credited
- DFEL – fee income

DAC, VOBA, DSI and DFEL are amortized on a constant level basis relative to the insurance in force over the expected term of the related contracts using the groupings and actuarial assumptions that are consistent with those used for calculating the related policyholder liability balances. Actuarial assumptions include, but are not limited to, mortality, morbidity and certain policyholder behaviors such as persistency, which are adjusted for emerging experience and expected trends of the related long-duration insurance contracts and certain investment contracts by each reportable segment. During the third quarter of each year, we conduct our comprehensive review and

update these actuarial assumptions. We may update our actuarial assumptions in other quarters as we become aware of information that warrants updating outside of our comprehensive review. These resulting changes are applied prospectively.

The following provides a summary of our DAC, VOBA, DSI and DFEL amortization basis and expected amortization period by reportable segment:

Reportable Segment	Amortization Basis	Expected Amortization Period
Life Insurance	Policy count of policies in force	On average 60 years
Annuities	Total deposits paid to date on policies in force	Between 30 to 40 years
Group Protection	Group certificate contracts in force	4 years
Retirement Plan Services	Lives in force	Between 40 to 50 years

We account for modifications of insurance contracts that result in a substantially unchanged contract as a continuation of the replaced contract. We account for modifications of insurance contracts that result in a substantially changed contract as an extinguishment of the replaced contract.

For reinsurance transactions where we receive proceeds that represent recovery of our previously incurred acquisition costs, we reduce the applicable unamortized acquisition cost such that net acquisition costs are capitalized and charged to commissions and other expenses.

Reinsurance

Our insurance subsidiaries enter into reinsurance agreements in the normal course of business to limit our exposure to the risk of loss and to enhance our capital management.

In order for a reinsurance agreement to qualify for reinsurance accounting, the agreement must satisfy certain risk transfer conditions that include, among other items, a reasonable possibility of a significant loss for the assuming entity. When we apply reinsurance accounting, premiums, benefits and DAC amortization are reported net of reinsurance ceded, as applicable, on the Consolidated Statements of Comprehensive Income (Loss). Amounts currently recoverable, such as ceded reserves, other than ceded MRBs, are reported in reinsurance recoverables, and amounts currently payable to the reinsurers, such as premiums, are included in other liabilities on the Consolidated Balance Sheets.

We use deposit accounting to recognize reinsurance agreements that do not transfer significant insurance risk. This accounting treatment results in amounts paid or received by our insurance subsidiaries to be considered on deposit with the reinsurer and such amounts are reported in other assets and other liabilities, respectively, on the Consolidated Balance Sheets. As amounts are paid or received, consistent with the underlying contracts, deposit assets or liabilities are adjusted. When there is a contractual right of offset, assets and liabilities and revenues and expenses from certain reinsurance contracts that grant statutory surplus relief to our insurance companies are netted on the Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income (Loss), respectively.

Reinsurance recoverables are measured and recognized consistent with the liabilities related to the underlying contracts. The interest assumption used for discounting reinsurance recoverables associated with non-participating traditional life insurance contracts and limited payment life-contingent annuity contracts is the upper-medium grade fixed income instrument (“single-A”) interest rate locked-in at the reinsurance contract issuance date. We remeasure reinsurance recoverables associated with non-participating traditional life insurance contracts and limited payment life-contingent annuity contracts with the current single-A interest rate as of the end of each reporting period. Ceded MRBs are accounted for separately from reinsurance recoverables. See “MRBs” below for additional information. The cost of reinsurance related to long-duration contracts is accounted for over the life of the underlying reinsured policies using assumptions consistent with those used to account for the underlying policies and is reported within other assets on the Consolidated Balance Sheets.

We estimated an allowance for credit losses for all reinsurance recoverables and related reinsurance deposit assets held by our subsidiaries, other than ceded MRB assets. As such, we performed a quantitative analysis using a probability of loss model approach to estimate expected credit losses for reinsurance recoverables, inclusive of similar assets recognized using the deposit method of accounting. The credit loss allowance is a general allowance for pools of receivables with similar risk characteristics segmented by credit risk ratings and receivables assessed on an individual basis that do not share similar risk characteristics where we anticipate a credit loss over the life of reinsurance-related assets, other than ceded MRB assets.

Our model uses relevant internal or external historical loss information adjusted for current conditions and reasonable and supportable forecasts of future events and conditions in developing our credit loss estimate. We utilized historical credit rating data to form an estimation of probability of default of counterparties by means of a transition matrix that provides the rates of credit migration for credit ratings transitioning to impairment. We updated reinsurer credit ratings during the period to incorporate the most up-to-date information on the current state of the financial stability of our reinsurers. To simulate changes in economic conditions, we used positive, base and adverse scenarios that include varying levels of loss given default assumptions to reflect the impact of changes in severity of losses. We applied probability weights to the positive, base and adverse scenarios. For periods beyond our reasonable and supportable forecasts, we used implicit mean reversion over the remaining life of the recoverable. Additionally, we considered factors that impact our exposure at

default that are driven by actuarial expectations around term assumptions rather than being directly driven by market or economic environment.

Our model estimates the expected credit losses over the life of the reinsurance asset. Credit loss estimates are segmented based on counterparty credit risk. Our modeling process utilizes counterparty credit ratings, collateral types and amounts, and term and run-off assumptions. For reinsurance recoverables that do not share similar risk characteristics, we assessed on an individual basis to determine a specific credit loss allowance.

We estimated expected credit losses over the contractual term of the recoverable, which is the period during which we are exposed to the credit risk. Reinsurance recoverables may not have explicit contractual lives, but are tied to the underlying insurance products; as a result, we estimated the contractual life by utilizing actuarial estimates of the timing of payouts related to those underlying products.

Reinsurance agreements often require the reinsurer to collateralize the recoverable with funds in a trust account or with a letter of credit for the benefit of the ceding insurance entity that can reduce the expected credit losses on a given agreement. As such, we review reinsurance collateral by individual agreement to sensitize risk of loss based on level of collateralization. This review is driven by the assumption that non-collateralized reinsurance recoverables would have materially higher losses in times of default. Therefore, reinsurance recoverables are pooled as either fully-collateralized or non-collateralized.

Reinsurance recoverables are presented net of the allowance for credit losses on the Consolidated Balance Sheets. Changes in the allowance for credit losses are reported in realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). Reinsurance recoverables deemed uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are credited to the allowance for credit losses, limited to the aggregate of amounts previously charged-off and expected to be charged-off.

Goodwill

We recognize the excess of the purchase price, plus the fair value of any noncontrolling interest in the acquiree, over the fair value of identifiable net assets acquired as goodwill. Goodwill is not amortized, but is reviewed for impairment annually as of October 1 and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value.

We perform a quantitative goodwill impairment test where the fair value of the reporting unit is determined and compared to the carrying value of the reporting unit. If the carrying value of the reporting unit is greater than the reporting unit's fair value, goodwill is impaired and written down to the reporting unit's fair value; and a charge is reported in impairment of intangibles on the Consolidated Statements of Comprehensive Income (Loss). The results of one goodwill impairment test on one reporting unit cannot subsidize the results of another reporting unit.

Other Assets and Other Liabilities

Other assets consist primarily of certain reinsurance assets, net of allowance for credit losses, ceded MRB liabilities, specifically identifiable intangible assets, current taxes and deferred taxes, premiums and fees receivable, property and equipment, balances associated with corporate-owned and bank-owned life insurance, receivables resulting from sales of securities that had not yet settled as of the balance sheet date, operating lease right-of-use ("ROU") assets, finance lease assets and other receivables and prepaid expenses. Other liabilities consist primarily of certain reinsurance payables, deferred taxes, other policyholder liabilities, pension and other employee benefit liabilities, deferred gain on business sold through reinsurance, derivative instrument liabilities, payables resulting from purchases of securities that had not yet settled as of the balance sheet date, long-term operating lease liabilities, certain financing arrangements, finance lease liabilities, ceded MRB assets and other accrued expenses.

The carrying values of specifically identifiable intangible assets are reviewed at least annually for indicators of impairment in value that are related to credit loss or non-credit, including unexpected or adverse changes in the following: the economic or competitive environments in which the company operates; profitability analyses; cash flow analyses; and the fair value of the relevant business operation. If there was an indication of impairment, then the discounted cash flow method would be used to measure the impairment, and the carrying value would be adjusted as necessary and reported in impairment of intangibles on the Consolidated Statements of Comprehensive Income (Loss). Sales force intangibles are attributable to the value of the new business distribution system acquired through business combinations. These assets are amortized on a straight-line basis over their useful life of 25 years. Specifically identifiable intangible assets also includes the value of customer relationships acquired ("VOCRA") and value of distribution agreements ("VODA"). The carrying values of VOCRA and VODA are amortized using a straight-line basis over their weighted average life of 20 years and 13 years, respectively.

Property and equipment owned for company use is carried at cost less allowances for depreciation. Provisions for depreciation of investment real estate and property and equipment owned for company use are computed principally on the straight-line method over the estimated useful lives of the assets, which include buildings, computer hardware and software and other property and equipment. Certain assets on the Consolidated Balance Sheets are related to finance leases and certain financing arrangements and are depreciated in a manner consistent with our current depreciation policy for owned assets. We periodically review the carrying value of our long-lived assets, including property and equipment, for impairment whenever events or circumstances indicate that the carrying amount of such

assets may not be fully recoverable. For long-lived assets to be held and used, impairments are recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Long-lived assets to be disposed of by abandonment or in an exchange for a similar productive long-lived asset are classified as held-for-use until they are disposed. Long-lived assets to be sold are classified as held-for-sale and are no longer depreciated. Certain criteria have to be met in order for the long-lived asset to be classified as held-for-sale, including that a sale is probable and expected to occur within one year. Long-lived assets classified as held-for-sale are recorded at the lower of their carrying amount or fair value less cost to sell.

We lease office space and certain equipment under various long-term lease agreements. We determine if an arrangement is a lease at inception. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Our leases do not provide an implicit rate; therefore, we use our incremental borrowing rate at the commencement date in determining the present value of future payments. The ROU asset is calculated using the lease liability carrying amount, plus or minus prepaid/accrued lease payments, minus the unamortized balance of lease incentives received, plus unamortized initial direct costs. Lease terms used to calculate our lease obligation include options when we are reasonably certain that we will exercise such options. Our lease agreements may contain both lease and non-lease components, which are accounted for separately. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Other liabilities include deferred gains on business sold through reinsurance. Effective October 1, 2021, we entered into a reinsurance agreement with Security Life of Denver Insurance Company (a subsidiary of Resolution Life that we refer to herein as “Resolution Life”). We are recognizing the gain related to this transaction over the projected life of the policies, or 30 years. Effective January 1, 2020, we entered into a reinsurance agreement with Swiss Re. We are recognizing the gain related to this transaction over the period in which the in-force policies are expected to run off, or 15 years. Effective October 1, 2018, we entered into a reinsurance agreement with Athene Holding Ltd. (“Athene”). We are recognizing the gain related to this transaction over the period in which the majority of account values is expected to run off, or 20 years.

Separate Account Assets and Liabilities

Separate accounts represent segregated funds that are maintained to meet specific investment objectives of policyholders who direct the investments and bear the investment risk, except to the extent of minimum guarantees made by the Company with respect to certain accounts. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company.

We report separate account assets as a summary total on the Consolidated Balance Sheets based on the fair value of the underlying investments. The underlying investments consist primarily of mutual funds, fixed maturity AFS securities, short-term investments and cash. Investment income and net realized and unrealized gains (losses) of the separate accounts generally accrue directly to the policyholders; therefore, they are not reflected on the Consolidated Statements of Comprehensive Income (Loss), and the Consolidated Statements of Cash Flows do not reflect investment activity of the separate accounts. Asset-based fees and contract administration charges (collectively referred to as “policyholder assessments”) are assessed against the accounts and included within fee income on the Consolidated Statements of Comprehensive Income (Loss). An amount equivalent to the separate account assets is recorded as separate account liabilities, representing the account balance obligated to be returned to the policyholder.

Future Contract Benefits

Future contract benefits represent liability reserves, including liability for future policy benefits (“LFPB”), liability for future claims reserves and additional liability for other insurance benefits that we have established and carry based on estimates of how much we will need to pay for future benefits and claims.

The LFPB associated with non-participating traditional life insurance contracts and limited payment life-contingent annuity contracts is measured using a net premium ratio approach. This approach accrues expected benefits and claims in proportion to the premium revenue recognized. For life-contingent payout annuity contracts with limited premium payments, as premium collection is not the completion of the earnings process, gross premiums in excess of net premiums are deferred. This excess of gross premiums received over the related net premiums is referred to as the deferred profit liability (“DPL”). The DPL is included in the LFPB, and profits are recognized over the life of the contracts.

In measuring our LFPB, we establish cohorts, which are groupings of long-duration contracts. Factors that we consider in determining cohorts include, but are not limited to, our contract classification and issue year requirements, product risk characteristics, assumptions and modeling level used in the valuation systems. The net premium ratio is capped at 100% at the individual cohort level. Expected benefits and claims in excess of premium revenue recognized are expensed immediately.

We use actuarial assumptions to best estimate future premium and benefit cash flows (“cash flow assumptions”) as well as the actual historical cash flows received and paid to derive a net premium ratio in measuring the LFPB. These actuarial assumptions include mortality rates, morbidity, policyholder behavior (e.g., persistency) and withdrawals based principally on generally accepted actuarial

methods and assumptions. During the third quarter of each year, we conduct our comprehensive review of the cash flow assumptions and projection models used in estimating these liabilities and update these assumptions (excluding the claims settlement expense assumption that is locked in at inception) in the calculation of the net premium ratio. We may also update these assumptions in other quarters as we become aware of information that is indicative of such update. On a quarterly basis, we retrospectively update the net premium ratio for actual experience. The remeasurement of LFPB for both assumption updates and actual experience are reported within policyholder liability remeasurement gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). For all contract cohorts issued after January 1, 2021, interest is accrued on LFPB at the single-A interest rate on the contract cohort inception date. For contract cohorts issued prior to January 1, 2021, interest remains accruing at the original discount rate in effect on the contract cohort inception date due to the modified retrospective transition method. We also remeasure the LFPB using the single-A interest rate as of the end of each reporting period, which is reported within policyholder liability discount rate remeasurement gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

We evaluate the liability for future claims on our long-term life and disability group products. Given the term and renewal features of our product and funding nature of the associated premiums, we have determined that the liability value is generally zero for policies that are not on claim. Therefore, the liability for future claims represents future payments on claims for which a disability event has occurred as of the valuation date. In measuring the liability for future claims, we establish cohorts similar to the process described above and use actuarial assumptions primarily based on claim termination rates, offsets for other insurance including social security and long-term disability incidence and severity assumptions. Cash flow assumptions are subject to the comprehensive review process discussed above. On a quarterly basis, the liability for future claims is updated for actual claims experience. The remeasurement of the liability for future claims for both assumption updates and actual experience are reported within policyholder liability remeasurement gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). We remeasure the liability for future claims using a single-A interest rate as of the end of each reporting period, which is reported within policyholder liability discount rate remeasurement gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

We use the single-A interest rate curve to discount cash flows used to calculate the LFPB and the liability for future claims. This curve is developed using the upper-medium grade (low credit risk) fixed-income instrument yields that are intended to reflect the duration characteristics of the applicable insurance liabilities.

We issue UL contracts with separate accounts that may include various types of guaranteed benefits that are not accounted for as MRBs or embedded derivatives. These guaranteed benefits require an additional liability that is calculated by estimating the present value of total expected benefit payments over the life of the contract from inception divided by the present value of total expected assessments over the life of the contract (“benefit ratio”) multiplied by the cumulative assessments recorded from the contract inception through the balance sheet date less the cumulative payments plus interest on the liability. Cash flow assumptions incorporated in a benefit ratio in measuring these additional liabilities for other insurance benefits include mortality rates, morbidity, policyholder behavior (e.g., persistency) and withdrawals based principally on generally accepted actuarial methods and assumptions. During the third quarter of each year, we conduct our comprehensive review of the cash flow assumptions and projection models used in estimating these liabilities and update these assumptions in the calculation of the benefit ratio. We may also update these assumptions in other quarters as we become aware of information that is indicative of such update. On a quarterly basis, we retrospectively update the benefit ratio for actual experience. The remeasurement of additional liability for both assumptions and actual experience are reported within policyholder liability remeasurement gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). As future cash flow assumption and experience updates result in changes in expected benefit payments or assessments, the benefit ratio is recalculated using the updated expected benefit payments and assessments over the life of the contract since inception. The revised benefit ratio is then applied to the liability calculation described above.

Premium deficiency testing is performed for interest-sensitive life products periodically using best estimate assumptions as of the testing date to test the adequacy and appropriateness of the established net reserve (i.e., GAAP reserves net of any DSI or VOBA assets). The premium deficiency test is also performed using a discount rate based on the average crediting rate. A premium deficiency exists when the net reserve plus the present value of expected future gross premiums are determined to be insufficient to cover expected future benefits and non-level expenses.

The business written or assumed by us includes participating life insurance contracts, under which the policyholder is entitled to share in the earnings of such contracts via receipt of dividends. The dividend scale for participating policies is reviewed annually and may be adjusted to reflect recent experience and future expectations.

MRBs

MRBs are contracts or contract features that provide protection to the policyholder from other-than-nominal capital market risk and expose us to other-than-nominal capital market risk upon the occurrence of a specific event or circumstance, such as death, annuitization or periodic withdrawal. MRBs do not include the death benefit component of a life insurance contract (i.e., the difference between the account balance and the death benefit amount). All long-duration insurance contracts and certain investment contracts are subject to

MRB evaluation. An MRB can be in either an asset or a liability position. Our MRB assets and MRB liabilities are reported at fair value separately on the Consolidated Balance Sheets.

We issue variable and fixed annuity contracts that may include various types of guaranteed living benefit (“GLB”) and guaranteed death benefit (“GDB”) riders that we have classified as MRBs. For contracts that contain multiple features that qualify as MRBs, the MRBs are valued on a combined basis using an integrated model. We have entered into reinsurance agreements to cede certain GLB and GDB riders where the reinsurance agreements themselves are accounted for as MRBs or contain MRBs. We therefore record ceded MRB assets and ceded MRB liabilities associated with these reinsurance agreements. Ceded MRB liabilities are included in other assets and ceded MRB assets are included in other liabilities on the Consolidated Balance Sheets.

MRBs are valued based on a stochastic projection of risk-neutral scenarios that incorporate a spread reflecting our non-performance risk. Ceded MRBs are valued based on a stochastic projection of risk-neutral scenarios that incorporate a spread reflecting our counterparties’ non-performance risk. The scenario assumptions, at each valuation date, are those we view to be appropriate for a hypothetical market participant and include assumptions for capital markets, policyholder behavior (e.g., policy lapse, rider utilization, etc.) mortality, risk margin and administrative expenses. These assumptions are based on a combination of historical data and actuarial judgments. During the third quarter of each year, we conduct our comprehensive review of the actuarial assumptions and projection models used in estimating these MRBs and update these assumptions on a prospective basis as needed. We may also update these assumptions in other quarters as we become aware of information that is indicative of the need for such an update. The assumptions for our own non-performance risk and our counterparties’ non-performance risk for MRBs and ceded MRBs, respectively, are determined at each valuation date and reflect our and our counterparties’ risks of not fulfilling the obligations of the underlying liability. The spread for the non-performance risk is added to the discount rates used in determining the fair value from the net cash flows. For information on fair value inputs, see Note 12.

Policyholder Account Balances

Policyholder account balances include the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. The liability for policyholder account balances includes UL and VUL and investment-type annuity products where account balances are equal to deposits plus interest credited less withdrawals, surrender charges, policyholder assessments, as well as amounts representing the fair value of embedded derivative instruments associated with our IUL and indexed annuity products. During the third quarter of each year, we conduct our comprehensive review of the assumptions and projection models used in estimating these embedded derivatives and update assumptions as needed. We may also update these assumptions in other quarters as we become aware of information that is indicative of the need for such an update.

Short-Term and Long-Term Debt

Short-term debt has contractual or expected maturities of one year or less. Long-term debt has contractual or expected maturities greater than one year.

Payables for Collateral on Investments

When we enter into collateralized financing transactions on our investments, a liability is recorded equal to the cash or non-cash collateral received. This liability is included within payables for collateral on investments on the Consolidated Balance Sheets. Income and expenses associated with these transactions are recorded as investment income and investment expenses within net investment income on the Consolidated Statements of Comprehensive Income (Loss). Changes in payables for collateral on investments are reflected within cash flows from investing activities on the Consolidated Statements of Cash Flows.

Contingencies and Commitments

A loss contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. Contingencies arising from environmental remediation costs, regulatory judgments, claims, assessments, guarantees, litigation, recourse reserves, fines, penalties and other sources are recorded when deemed probable and reasonably estimable, based on our best estimate.

Fee Income

Fee income for investment and interest-sensitive life insurance contracts consists of asset-based fees, percent of premium charges, contract administration charges and surrender charges that are assessed against policyholder account balances. Investment products consist primarily of individual and group variable and fixed annuities. Interest-sensitive life insurance products include UL, VUL, linked-benefit UL and VUL and other interest-sensitive life insurance policies. These products include life insurance sold to individuals, corporate-owned life insurance and bank-owned life insurance.

The timing of revenue recognition as it relates to fees assessed on investment contracts is determined based on the nature of such fees. Asset-based fees and contract administration charges are assessed on a daily or monthly basis and recognized as revenue as performance obligations are met, over the period underlying customer assets are owned or advisory services are provided. Percent of premium charges

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are assessed at the time of premium payment and recognized as revenue when assessed and earned. Certain amounts assessed that represent compensation for services to be provided in future periods are reported as unearned revenue and recognized in income over the periods benefited. Surrender charges are recognized upon surrender of a contract by the policyholder in accordance with contractual terms. For investment and interest-sensitive life insurance contracts, the amounts collected from policyholders are considered deposits and are not included in revenue.

Wholesaling-related 12b-1 fees received from separate account fund sponsors as compensation for servicing the underlying mutual funds are recorded as revenues based on a contractual percentage of the market value of mutual fund assets over the period shares are owned by customers. Net investment advisory fees related to asset management of certain separate account funds are recorded as revenues based on a contractual percentage of the customer's managed assets over the period advisory services are provided.

Insurance Premiums

Insurance premiums consist primarily of group insurance products, traditional life insurance and payout annuities with life contingencies. These insurance premiums are recognized as revenue when due.

Net Investment Income

We earn investment income on the underlying general account investments supporting our fixed products less related expenses. Dividends and interest income, recorded in net investment income, are recognized when earned. Amortization of premiums and accretion of discounts on investments in debt securities are reflected in net investment income over the contractual terms of the investments in a manner that produces a constant effective yield.

For CLOs and MBS, included in the trading and fixed maturity AFS securities portfolios, we recognize income using a constant effective yield based on anticipated prepayments and the estimated economic life of the securities. When actual prepayments differ significantly from originally anticipated prepayments, the retrospective effective yield is recalculated to reflect actual payments to date and a catch up adjustment is recorded in the current period. In addition, the new effective yield, which reflects anticipated future payments, is used prospectively. Any adjustments resulting from changes in effective yield are reflected in net investment income on the Consolidated Statements of Comprehensive Income (Loss).

Realized Gain (Loss)

Realized gain (loss) includes realized gains and losses from the sale of investments, write-downs for impairments of investments and changes in the allowance for credit losses for financial assets, changes in fair value of mortgage loans on real estate accounted for under the fair value option, changes in fair value of equity securities, certain derivative and embedded derivative gains and losses, gains and losses on the sale of subsidiaries and businesses and net gains and losses on reinsurance-related embedded derivatives and trading securities. Realized gains and losses on the sale of investments are determined using the specific identification method. Realized gain (loss) is reported net of allocations of investment gains and losses to certain policyholders, certain funds withheld on reinsurance arrangements and certain modified coinsurance arrangements for which we have a contractual obligation.

MRB Gain (Loss)

MRB gain (loss) includes the change in fair value of MRB and ceded MRB assets and liabilities. Changes in the fair value of MRB assets and liabilities are recognized in net income (loss), except for the portion attributable to the change in non-performance risk that is recognized in OCI. Changes in the fair value of ceded MRB assets and liabilities, including the changes in our counterparties' non-performance risks, are recognized in net income (loss).

Other Revenues

Other revenues consist primarily of fees attributable to broker-dealer services recorded as performance obligations are met, either at the time of sale or over time based on a contractual percentage of customer account values, and proceeds from reinsurance recaptures. The broker-dealer services primarily relate to our retail sales network and consist of commission revenue for the sale of non-affiliated securities recorded on a trade date basis and advisory fee income. Advisory fee income is asset-based revenues recorded as earned based on a contractual percentage of customer account values. Other revenues earned by our Group Protection segment consist of fees from administrative services performed, which are recognized as performance obligations are met over the terms of the underlying agreements.

Interest Credited

We credit interest to our policyholder account balances based on the contractual terms supporting our products.

Benefits

Benefits for UL and other interest-sensitive life insurance products include benefit claims incurred during the period in excess of contract account balances. Benefits also include the change in reserves for life insurance products with secondary guarantee benefits, annuity

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products with guaranteed death and living benefits and certain annuities with life contingencies. For traditional life, group life and disability income products, benefits are recognized when incurred in a manner consistent with the related premium recognition policies.

Policyholder Liability Remeasurement Gain (Loss)

Policyholder liability remeasurement gain (loss) recognized in net income (loss) includes remeasurement gains and losses resulting from updates in cash flow assumptions and actual variance from expected experience used in the net premium ratio or benefit ratio calculation for future policy benefits associated with traditional life insurance and limited payment life-contingent annuity products, liabilities for future claims associated with our group products, and additional liabilities for other insurance benefits on certain guaranteed benefits associated with our UL products.

Policyholder liability remeasurement gain (loss) recognized in OCI includes any changes resulting from the discount rate remeasurement of future policy benefits associated with traditional life insurance and limited payment life-contingent annuity products and liabilities for future claims associated with our group products as of each reporting period.

Spark Program Expense

Spark program expense consists primarily of costs related to our Spark Initiative.

Pension and Other Postretirement Benefit Plans

Pursuant to the accounting rules for our obligations to employees and agents under our various pension and other postretirement benefit plans, we are required to make a number of assumptions to estimate related liabilities and expenses. The mortality assumption is based on actual and anticipated plan experience, determined using acceptable actuarial methods. We use assumptions for the weighted-average discount rate and expected return on plan assets to estimate pension expense. The discount rate assumptions are determined using an analysis of current market information and the projected benefit flows associated with these plans. The expected long-term rate of return on plan assets is based on historical and projected future rates of return on the funds invested in the plan. The calculation of our accumulated postretirement benefit obligation also uses an assumption of weighted-average annual rate of increase in the per capita cost of covered benefits, which reflects a health care cost trend rate.

Stock-Based Compensation

In general, we expense the fair value of stock awards included in our incentive compensation plans. As of the date our stock awards are approved, the fair value of stock options is determined using a Black-Scholes options valuation methodology, and the fair value of other stock awards is based upon the market value of the stock. The fair value of the awards is expensed over the performance or service period, which generally corresponds to the vesting period, and is recognized as an increase to common stock in stockholders' equity. We apply an estimated forfeiture rate to our accrual of compensation cost. We classify certain stock awards as liabilities. For these awards, the settlement value is classified as a liability on the Consolidated Balance Sheets, and the liability is marked-to-market through net income at the end of each reporting period. Stock-based compensation expense is reflected in commissions and other expenses on the Consolidated Statements of Comprehensive Income (Loss).

Interest and Debt Expense

Interest expense on our short-term and long-term debt is recognized as due and any associated premiums, discounts and debt issuance costs are amortized (accrued) over the term of the related borrowing utilizing the effective interest method. In addition, gains or losses related to certain derivative instruments associated with debt are recognized in interest and debt expense during the period of the change.

Income Taxes

We file a U.S. consolidated income tax return that includes all of our eligible subsidiaries. Ineligible subsidiaries file separate individual corporate tax returns. Subsidiaries operating outside of the U.S. are taxed, and income tax expense is recorded, based on applicable foreign statutes. Deferred income taxes are recognized, based on enacted rates, when assets and liabilities have different values for financial statement and tax reporting purposes. A valuation allowance is recorded to the extent required. Considerable judgment and the use of estimates are required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, we consider many factors, including: the nature and character of the deferred tax assets and liabilities; taxable income in prior carryback years; future reversals of temporary differences; the length of time carryovers can be utilized; and any tax planning strategies we would employ to avoid a tax benefit from expiring unused.

Foreign Currency Translation

The balance sheet accounts and income statement items of foreign subsidiaries, reported in functional currencies other than the U.S. dollar are translated at the current and average exchange rates for the year, respectively. Resulting translation adjustments and other

translation adjustments for foreign currency transactions that affect cash flows are reported in AOCI, a component of stockholders' equity.

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing earnings available to common shareholders by the average common shares outstanding. Diluted EPS is computed assuming the conversion or exercise of non-vested stock, stock options and performance share units outstanding during the year.

For any period where a net loss is experienced, shares used in the diluted EPS calculation represent basic shares, as the use of diluted shares would result in a lower loss per share.

2. New Accounting Standards

The following table provides a description of our adoption of new Accounting Standards Updates ("ASUs") issued by the FASB and the impact of the adoption on the consolidated financial statements. ASUs not listed below were assessed and determined to be either not applicable or insignificant in presentation or amount.

Standard	Description	Effective Date	Effect on Financial Statements or Other Significant Matters
ASU 2020-04, Reference Rate Reform (Topic 848) and related amendments	The amendments in this update provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions impacted by reference rate reform. If certain criteria are met, an entity will not be required to remeasure or reassess contracts impacted by reference rate reform. Additionally, changes to the critical terms of a hedging relationship affected by reference rate reform will not require entities to de-designate the relationship if certain requirements are met. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2024, with certain exceptions. The amendments are effective for contract modifications made between March 12, 2020, and December 31, 2024.	March 12, 2020 through December 31, 2024	This standard may be elected and applied prospectively. We have elected practical expedients under this guidance to maintain hedge accounting for certain derivatives. This ASU has not had a material impact to our consolidated financial condition and results of operations, but we will continue to evaluate those impacts as our transition progresses.
ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts and related amendments	See Note 3 for information about ASU 2018-12.	January 1, 2023	We adopted this ASU effective January 1, 2023, with a transition date of January 1, 2021, using a modified retrospective approach, except for market risk benefits for which we applied a full retrospective transition approach. See Note 3 for transition disclosures related to the adoption of this ASU.

3. Adoption of ASU 2018-12

On January 1, 2023, we adopted FASB Accounting Standards Update (“ASU”) 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts and related amendments (“ASU 2018-12”) with a transition date of January 1, 2021. ASU 2018-12 updated accounting and reporting requirements for long-duration contracts and certain investment contracts issued by insurance entities. We adopted ASU 2018-12 under the modified retrospective approach, except for MRBs, which applied the full retrospective approach. Our consolidated financial statements are presented under the new guidance for reporting periods beginning January 1, 2021.

Under ASU 2018-12, we include actual historical cash flows along with best estimate future cash flows to derive the net premium ratio when calculating the LFPB associated with our traditional and limited-payment long-duration contracts. We review and update, if necessary, assumptions used to measure future cash flows included in the net premium ratio at least annually. Historical cash flows included in the net premium ratio are updated for actual experience quarterly and as assumptions are updated. Changes in the measurement of our LFPB result from updates to cash flow assumptions and actual experience, which impacts are reported within policyholder remeasurement gain (loss) on our Consolidated Statements of Comprehensive Income (Loss). We use an upper-medium grade (low credit risk) fixed-income instrument yield (single-A) discount rate when calculating the LFPB. This discount rate is updated quarterly at each reporting date with the impact recognized in OCI. ASU 2018-12 also eliminated loss recognition testing, premium deficiency testing and the provision for adverse deviation for LFPB.

ASU 2018-12 introduced the category of MRBs, which are contracts or contract features that provide protection to the policyholder from other-than-nominal capital market risk and expose us to other-than-nominal capital market risk upon the occurrence of a specific event or circumstance, such as death, annuitization or periodic withdrawal. MRBs are required to be measured at fair value, with periodic changes in fair value reported within MRB gain (loss) on our Consolidated Statements of Comprehensive Income (Loss), except for periodic changes to instrument-specific credit risk related to direct policies, which are recognized in OCI. Changes in the fair value of ceded MRB assets and liabilities are also reported within MRB gain (loss) on our Consolidated Statements of Comprehensive Income (Loss).

ASU 2018-12 simplified the amortization model for DAC and DAC-like intangible balances, including VOBA, DSI and DFEL. Historically these balances were amortized in proportion to premium or over expected gross profits. They are now amortized on a constant-level basis over the expected term of the contract. Loss recognition testing and impairment testing are no longer applicable for DAC.

ASU 2018-12 requires disaggregated rollforwards of the beginning of year to the end of the reporting period balances. We also disclose information about inputs, judgments, assumptions, methods, changes during the period and the effect of these changes on the measurement of applicable balances. In determining the appropriate level of aggregation, we considered our reportable segments, nature and risk characteristics of our products and level of aggregation we used in disclosures presented outside the financial statements.

The following table presents the cumulative effect adjustments (in millions), after-tax and shown as increase (decrease), to the components of stockholders’ equity due to the adoption of ASU 2018-12 as of January 1, 2021, by primary accounting topic:

	Retained Earnings	AOCI	Total Stockholders’ Equity
Shadow impacts:			
DAC, VOBA, DSI and DFEL	\$ -	\$ 2,271	\$ 2,271
Additional liabilities for other insurance benefits	-	1,197	1,197
LFPB and Other ⁽¹⁾	(187)	(1,715)	(1,902)
MRBs ⁽²⁾	(6,086)	2,874	(3,212)
Total	<u>\$ (6,273)</u>	<u>\$ 4,627</u>	<u>\$ (1,646)</u>

⁽¹⁾ Includes impacts to reserves and ceded reserves reported within future contract benefits and reinsurance recoverables, respectively on the Consolidated Balance Sheets, excluding shadow impacts on additional liabilities for other insurance benefits.

⁽²⁾ Includes impacts related to MRB assets and MRB liabilities reported on the Consolidated Balance Sheets, and ceded MRBs reported within other assets on the Consolidated Balance Sheets.

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The following table summarizes the effect of the adoption of ASU 2018-12 as of January 1, 2021, (in millions) on the Consolidated Balance Sheets:

	Retained Earnings	AOCI	Total Stockholders' Equity
DAC, VOBA and DSI	\$ -	\$ 6,079	\$ 6,079
Reinsurance recoverables	607	2,431	3,038
Other assets ⁽¹⁾	242	-	242
Future contract benefits	(844)	(3,088)	(3,932)
MRBs, net	(7,956)	3,656	(4,300)
DFEL	-	(3,190)	(3,190)
Other liabilities ⁽²⁾	1,678	(1,261)	417
Total	<u>\$ (6,273)</u>	<u>\$ 4,627</u>	<u>\$ (1,646)</u>

⁽¹⁾ Consists primarily of ceded MRB adjustments.

⁽²⁾ Consists of state and federal tax adjustments.

The following table summarizes the changes in DAC, VOBA and DSI, pre-tax, (in millions) due to the adoption of ASU 2018-12 and reconciles this balance to the Consolidated Balance Sheets:

	Balance Pre-Adoption December 31, 2020	Impact from Removal of Shadow Balances from AOCI	Balance Post-Adoption January 1, 2021
DAC			
Traditional Life	\$ 1,082	\$ -	\$ 1,082
UL and Other	394	5,031	5,425
Variable Annuities	3,518	52	3,570
Fixed Annuities	264	215	479
Group Protection	187	-	187
Retirement Plan Services	120	112	232
Total DAC	<u>5,565</u>	<u>5,410</u>	<u>10,975</u>
VOBA			
Traditional Life	67	-	67
UL and Other	180	630	810
Fixed Annuities	-	23	23
Total VOBA	<u>247</u>	<u>653</u>	<u>900</u>
DSI ⁽¹⁾			
UL and Other	35	-	35
Variable Annuities	148	2	150
Fixed Annuities	17	13	30
Retirement Plan Services	13	1	14
Total DSI	<u>213</u>	<u>16</u>	<u>229</u>
Total DAC, VOBA and DSI	<u>\$ 6,025</u>	<u>\$ 6,079</u>	<u>\$ 12,104</u>

⁽¹⁾ Pre-adoption DSI balance was previously reported in other assets on the Consolidated Balance Sheets.

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The following table summarizes the changes in DFEL, pre-tax, (in millions) due to the adoption of ASU 2018-12 and reconciles this balance to the Consolidated Balance Sheets:

	Balance Pre-Adoption December 31, 2020	Impact from Removal of Shadow Balances from AOCI	Balance Post-Adoption January 1, 2021
DFEL ⁽¹⁾			
UL and Other	\$ 113	\$ 3,185	\$ 3,298
Variable Annuities	288	5	293
Total DFEL	<u>\$ 401</u>	<u>\$ 3,190</u>	<u>\$ 3,591</u>

⁽¹⁾ Pre-adoption DFEL balance was previously reported in other contract holder funds on the Consolidated Balance Sheets.

The following table summarizes the changes in future contract benefits, pre-tax, (in millions) due to the adoption of ASU 2018-12 and reconciles this balance to the Consolidated Balance Sheets:

	Balance Pre-Adoption December 31, 2020 ⁽¹⁾	Impact from Removal of Shadow Balances from AOCI	Single-A Discount Rate Measurement in AOCI	Cumulative Effect to Retained Earnings	Balance Post-Adoption January 1, 2021
LFPB					
Traditional Life	\$ 3,483	\$ -	\$ 943	\$ -	\$ 4,426
Payout Annuities	2,314	(105)	415	44	2,668
Liability for Future Claims					
Group Protection	5,422	-	517	-	5,939
Additional Liabilities for Other					
Insurance Benefits					
UL and Other	13,649	(1,515)	-	174	12,308
Other Operations ⁽²⁾	10,463	(80)	2,913	626	13,922
Other ⁽³⁾	3,565	-	-	-	3,565
Total future contract benefits	<u>\$ 38,896</u>	<u>\$ (1,700)</u>	<u>\$ 4,788</u>	<u>\$ 844</u>	<u>\$ 42,828</u>

⁽¹⁾ Balance pre-adoption excludes features that meet the definition of an MRB upon transition, including features that were previously accounted for as an additional liability. Also, balance pre-adoption reflects certain reclassifications of non-life contingent account balances from future contract benefits to policyholder account balances within the Consolidated Balance Sheets.

⁽²⁾ Represents future contract benefits reported in Other Operations primarily attributable to the indemnity reinsurance agreements with Protective (\$6.3 billion and \$7.4 billion as of December 31, 2020, and January 1, 2021, respectively) and Swiss Re (\$2.0 billion and \$3.5 billion as of December 31, 2020, and January 1, 2021, respectively). Includes LFPB and additional liabilities balances.

⁽³⁾ Represents other miscellaneous reserves outside the scope of ASU 2018-12.

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The following table summarizes the changes in reinsurance recoverables, pre-tax, (in millions) due to the adoption of ASU 2018-12 and reconciles this balance to the Consolidated Balance Sheets:

	Balance Pre-Adoption December 31, 2020 ⁽¹⁾	Single-A Discount Rate Measurement in AOCI	Cumulative Effect to Retained Earnings	Balance Post-Adoption January 1, 2021
Reinsured LFPB				
Traditional Life	\$ 755	\$ 151	\$ -	\$ 906
Payout Annuities	2	-	-	2
Reinsured Liability for Future Claims				
Group Protection	148	14	-	162
Reinsured Additional Liabilities for Other Insurance Benefits				
UL and Other	335	-	(3)	332
Reinsured Other Operations ⁽²⁾	14,320	2,266	610	17,196
Reinsured Other ⁽³⁾	790	-	-	790
Total reinsurance recoverables	<u>\$ 16,350</u>	<u>\$ 2,431</u>	<u>\$ 607</u>	<u>\$ 19,388</u>

- ⁽¹⁾ Balance pre-adoption excludes features that meet the definition of a ceded MRB upon transition, including features that were previously accounted for as reinsured additional liabilities.
- ⁽²⁾ Represents reinsurance recoverables reported in Other Operations primarily attributable to the indemnity reinsurance agreements with Protective (\$12.0 billion and \$13.2 billion as of December 31, 2020, and January 1, 2021, respectively) and Swiss Re (\$1.3 billion and \$2.6 billion as of December 31, 2020, and January 1, 2021, respectively). Includes reinsured LFPB and reinsured additional liabilities balances.
- ⁽³⁾ Represents other miscellaneous reinsurance recoverables outside the scope of ASU 2018-12.

The following table summarizes the changes in the net liability position of MRBs, pre-tax, (in millions) due to the adoption of ASU 2018-12 and reconciles this balance to the Consolidated Balance Sheets:

	Balance Pre-Adoption December 31, 2020 ⁽¹⁾	Cumulative Effect of Credit Risk to AOCI	Cumulative Effect to Retained Earnings	Balance Post-Adoption January 1, 2021
MRBs, Net				
Variable Annuities	\$ 831	\$ (3,592)	\$ 7,968	\$ 5,207
Fixed Annuities	192	(52)	(22)	118
Retirement Plan Services	11	(12)	10	9
Total MRBs, net	<u>\$ 1,034</u>	<u>\$ (3,656)</u>	<u>\$ 7,956</u>	<u>\$ 5,334</u>

- ⁽¹⁾ Balance pre-adoption includes all features that meet the definition of an MRB upon transition, including features that were previously accounted for as additional liabilities or embedded derivatives.

The following table summarizes the changes in the net asset position of ceded MRBs, pre-tax, (in millions) due to the adoption of ASU 2018-12, reported in other assets on the Consolidated Balance Sheets:

	Balance Pre-Adoption December 31, 2020 ⁽¹⁾	Cumulative Effect to Retained Earnings	Balance Post-Adoption January 1, 2021
Ceded MRBs, Net			
Variable Annuities	\$ 215	\$ 121	\$ 336
Total ceded MRBs, net	<u>\$ 215</u>	<u>\$ 121</u>	<u>\$ 336</u>

- ⁽¹⁾ Balance pre-adoption includes all features that meet the definition of a ceded MRB upon transition, including features that were previously accounted for as reinsured additional liabilities or embedded derivatives.

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The following summarizes the effect of the adoption of ASU 2018-12 (in millions) on certain financial statement line items within the previously reported Consolidated Balance Sheets:

	As of December 31, 2022		
	As Previously Reported ⁽¹⁾	Adoption of New Accounting Standard	As Adjusted
Deferred acquisition costs, value of business acquired and deferred sales inducements ⁽²⁾	\$ 13,803	\$ (1,568)	\$ 12,235
Reinsurance recoverables, net of allowance for credit losses	19,882	(439)	19,443
Market risk benefit assets	-	2,807	2,807
Other assets ⁽²⁾	20,493	(1,691)	18,802
Total assets	335,108	(891)	334,217
Future contract benefits ⁽²⁾	41,756	(2,930)	38,826
Market risk benefit liabilities	-	2,078	2,078
Deferred front-end loads ⁽²⁾	5,669	(617)	5,052
Other liabilities ⁽²⁾	11,976	45	12,021
Total liabilities	330,539	(1,424)	329,115
Retained earnings	6,707	(783)	5,924
Accumulated other comprehensive income (loss)	(7,668)	1,316	(6,352)
Total stockholders' equity	4,569	533	5,102

⁽¹⁾ The amounts as previously reported were derived from our Annual Report on Form 10-K/A for the year ended December 31, 2022, filed on March 30, 2023, and disclosed in “Impacts to our Consolidated Financial Statements Related to the Restatement of Previously Issued Consolidated Financial Statements and the adoption of ASU 2018-12” in Note 1.

⁽²⁾ Certain amounts have been reclassified to conform to the presentation adopted in the current period.

The following summarizes the effect of the adoption of ASU 2018-12 (in millions) on certain financial statement line items within the previously reported Consolidated Statements of Comprehensive Income (Loss):

	For the Three Months Ended March 31, 2022		
	As Previously Reported ⁽¹⁾	Adoption of New Accounting Standard	As Adjusted
Fee income	\$ 1,568	\$ (110)	\$ 1,458
Realized gain (loss)	25	156	181
Total revenues	4,674	46	4,720
Benefits	2,568	(412)	2,156
Market risk benefit (gain) loss	-	(1,359)	(1,359)
Policyholder liability remeasurement (gain) loss	-	41	41
Commissions and other expenses	1,235	18	1,253
Total expenses	4,597	(1,712)	2,885
Income (loss) before taxes	77	1,758	1,835
Federal income tax expense (benefit)	(15)	368	353
Net income (loss)	92	1,390	1,482
Unrealized investment gain (loss)	(5,187)	(2,311)	(7,498)
Market risk benefit non-performance risk gain (loss)	-	20	20
Policyholder liability discount rate remeasurement gain (loss)	-	811	811
Total other comprehensive income (loss), net of tax	(5,189)	(1,480)	(6,669)
Comprehensive income (loss)	(5,097)	(90)	(5,187)
Net income (loss) per common share:			
Basic	0.53	7.97	8.50
Diluted	0.52	7.87	8.39

⁽¹⁾ The amounts as previously reported were derived from our Annual Report on Form 10-K/A for the year ended December 31, 2022, filed on March 30, 2023, and disclosed in Note 23.

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The following summarizes the effect of the adoption of ASU 2018-12 (in millions) on certain financial statement line items within the previously reported Consolidated Statements of Stockholders' Equity:

	For the Three Months Ended March 31, 2022		
	As Previously Reported ⁽¹⁾	Adoption of New Accounting Standard	As Adjusted
Retained earnings balance as of beginning-of-year	\$ 9,578	\$ (4,382)	\$ 5,196
Net income (loss)	92	1,390	1,482
Retained earnings balance as of end-of-period	9,346	(2,992)	6,354
Accumulated other comprehensive income (loss) balance as of beginning-of-year	6,411	3,573	9,984
Other comprehensive income (loss), net of tax	(5,189)	(1,480)	(6,669)
Accumulated other comprehensive income (loss) balance as of end-of-period	1,252	2,063	3,315
Total stockholders' equity as of end-of-period	15,184	(929)	14,255

⁽¹⁾ The amounts as previously reported were derived from our Annual Report on Form 10-K/A for the year ended December 31, 2022, filed on March 30, 2023, and disclosed in Note 23.

The following summarizes the effect of the adoption of ASU 2018-12 (in millions) on certain financial statement line items within the previously reported Consolidated Statements of Cash Flows:

	For the Three Months Ended March 31, 2022		
	As Previously Reported ⁽¹⁾	Adoption of New Accounting Standard	As Adjusted
Net income (loss)	\$ 92	\$ 1,390	\$ 1,482
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Realized (gain) loss	(25)	(156)	(181)
Market risk benefit (gain) loss	-	(1,359)	(1,359)
Change in:			
Deferred acquisition costs, value of business acquired, deferred sales inducements and deferred front-end loads	31	91	122
Insurance liabilities and reinsurance-related balances ⁽²⁾	999	(363)	636
Federal income tax accruals	39	368	407
Other ⁽²⁾	(165)	29	(136)

⁽¹⁾ The amounts as previously reported were derived from our Annual Report on Form 10-K/A for the year ended December 31, 2022, originally filed on March 30, 2023, and disclosed in Note 23.

⁽²⁾ Certain amounts have been reclassified to conform to the presentation adopted in the current period.

4. Investments

Fixed Maturity AFS Securities

The amortized cost, gross unrealized gains and losses, allowance for credit losses and fair value of fixed maturity available-for-sale (“AFS”) securities (in millions) were as follows:

	As of March 31, 2023				
	Amortized Cost	Gross Unrealized		Allowance for Credit Losses	Fair Value
		Gains	Losses		
Fixed maturity AFS securities:					
Corporate bonds	\$ 88,713	\$ 1,139	\$ 9,377	\$ 27	\$ 80,448
U.S. government bonds	399	9	25	-	383
State and municipal bonds	5,386	279	408	-	5,257
Foreign government bonds	334	19	44	-	309
RMBS	2,223	24	191	6	2,050
CMBS	1,905	1	235	-	1,671
ABS	12,205	42	784	5	11,458
Hybrid and redeemable preferred securities	363	25	27	1	360
Total fixed maturity AFS securities	<u>\$ 111,528</u>	<u>\$ 1,538</u>	<u>\$ 11,091</u>	<u>\$ 39</u>	<u>\$ 101,936</u>

	As of December 31, 2022				
	Amortized Cost	Gross Unrealized		Allowance for Credit Losses	Fair Value
		Gains	Losses		
Fixed maturity AFS securities:					
Corporate bonds	\$ 89,249	\$ 787	\$ 11,004	\$ 9	\$ 79,023
U.S. government bonds	405	5	31	-	379
State and municipal bonds	5,410	172	512	-	5,070
Foreign government bonds	348	17	47	-	318
RMBS	2,216	22	222	7	2,009
CMBS	1,917	3	246	-	1,674
ABS	11,797	38	926	5	10,904
Hybrid and redeemable preferred securities	365	25	30	1	359
Total fixed maturity AFS securities	<u>\$ 111,707</u>	<u>\$ 1,069</u>	<u>\$ 13,018</u>	<u>\$ 22</u>	<u>\$ 99,736</u>

The amortized cost and fair value of fixed maturity AFS securities by contractual maturities (in millions) as of March 31, 2023, were as follows:

	Amortized Cost	Fair Value
Due in one year or less	\$ 3,348	\$ 3,309
Due after one year through five years	17,818	17,052
Due after five years through ten years	17,991	16,552
Due after ten years	56,038	49,844
Subtotal	<u>95,195</u>	<u>86,757</u>
Structured securities (RMBS, CMBS, ABS)	16,333	15,179
Total fixed maturity AFS securities	<u>\$ 111,528</u>	<u>\$ 101,936</u>

Actual maturities may differ from contractual maturities because issuers may have the right to call or pre-pay obligations.

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The fair value and gross unrealized losses of fixed maturity AFS securities (dollars in millions) for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, were as follows:

	As of March 31, 2023					
	Less Than or Equal to Twelve Months		Greater Than Twelve Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses ⁽¹⁾
Fixed maturity AFS securities:						
Corporate bonds	\$ 45,493	\$ 4,662	\$ 19,086	\$ 4,715	\$ 64,579	\$ 9,377
U.S. government bonds	212	18	40	7	252	25
State and municipal bonds	1,115	148	856	260	1,971	408
Foreign government bonds	41	7	98	37	139	44
RMBS	1,251	126	326	65	1,577	191
CMBS	949	83	628	152	1,577	235
ABS	4,686	225	5,888	559	10,574	784
Hybrid and redeemable preferred securities	64	3	103	24	167	27
Total fixed maturity AFS securities	<u>\$ 53,811</u>	<u>\$ 5,272</u>	<u>\$ 27,025</u>	<u>\$ 5,819</u>	<u>\$ 80,836</u>	<u>\$ 11,091</u>
Total number of fixed maturity AFS securities in an unrealized loss position						<u>8,065</u>

	As of December 31, 2022					
	Less Than or Equal to Twelve Months		Greater Than Twelve Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses ⁽¹⁾
Fixed maturity AFS securities:						
Corporate bonds	\$ 59,929	\$ 9,049	\$ 7,094	\$ 1,955	\$ 67,023	\$ 11,004
U.S. government bonds	261	25	27	6	288	31
State and municipal bonds	1,958	440	237	72	2,195	512
Foreign government bonds	130	19	58	28	188	47
RMBS	1,490	179	193	43	1,683	222
CMBS	1,224	156	320	90	1,544	246
ABS	6,715	552	3,326	374	10,041	926
Hybrid and redeemable preferred securities	63	5	97	25	160	30
Total fixed maturity AFS securities	<u>\$ 71,770</u>	<u>\$ 10,425</u>	<u>\$ 11,352</u>	<u>\$ 2,593</u>	<u>\$ 83,122</u>	<u>\$ 13,018</u>
Total number of fixed maturity AFS securities in an unrealized loss position						<u>8,175</u>

⁽¹⁾ As of March 31, 2023, and December 31, 2022, we recognized \$15 million and \$6 million of gross unrealized losses, respectively, in other comprehensive income (loss) ("OCI") for fixed maturity AFS securities for which an allowance for credit losses has been recorded.

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The fair value, gross unrealized losses (in millions) and number of fixed maturity AFS securities where the fair value had declined and remained below amortized cost by greater than 20% were as follows:

	As of March 31, 2023		
	Fair Value	Gross Unrealized Losses	Number of Securities ⁽¹⁾
Less than six months	\$ 2,458	\$ 780	436
Six months or greater, but less than nine months	4,420	1,503	728
Nine months or greater, but less than twelve months	4,350	1,968	638
Twelve months or greater	425	260	86
Total	<u>\$ 11,653</u>	<u>\$ 4,511</u>	<u>1,888</u>

	As of December 31, 2022		
	Fair Value	Gross Unrealized Losses	Number of Securities ⁽¹⁾
Less than six months	\$ 11,351	\$ 3,659	1,500
Six months or greater, but less than nine months	4,411	2,226	650
Nine months or greater, but less than twelve months	447	302	74
Twelve months or greater	2	1	15
Total	<u>\$ 16,211</u>	<u>\$ 6,188</u>	<u>2,239</u>

⁽¹⁾ We may reflect a security in more than one aging category based on various purchase dates.

Our gross unrealized losses on fixed maturity AFS securities decreased by \$1.9 billion for the three months ended March 31, 2023. As discussed further below, we believe the unrealized loss position as of March 31, 2023, did not require an impairment recognized in earnings as (i) we did not intend to sell these fixed maturity AFS securities; (ii) it is not more likely than not that we will be required to sell the fixed maturity AFS securities before recovery of their amortized cost basis; and (iii) the difference in the fair value compared to the amortized cost was due to factors other than credit loss. Based upon this evaluation as of March 31, 2023, management believes we have the ability to generate adequate amounts of cash from our normal operations (e.g., insurance premiums, fee income and investment income) to meet cash requirements with a prudent margin of safety without requiring the sale of our impaired securities.

As of March 31, 2023, the unrealized losses associated with our corporate bond, U.S. government bond, state and municipal bond and foreign government bond securities were attributable primarily to rising interest rates and widening credit spreads since purchase. We performed a detailed analysis of the financial performance of the underlying issuers and determined that we expected to recover the entire amortized cost of each impaired security.

Credit ratings express opinions about the credit quality of a security. Securities rated investment grade (those rated BBB- or higher by S&P Global Ratings (“S&P”) or Baa3 or higher by Moody’s Investors Service (“Moody’s”)) are generally considered by the rating agencies and market participants to be low credit risk. As of March 31, 2023, and December 31, 2022, 96% of the fair value of our corporate bond portfolio was rated investment grade. As of March 31, 2023, and December 31, 2022, the portion of our corporate bond portfolio rated below investment grade had an amortized cost of \$3.5 billion and \$3.7 billion, respectively, and a fair value of \$3.3 billion and \$3.5 billion, respectively. Based upon the analysis discussed above, we believe that as of March 31, 2023, and December 31, 2022, we would have recovered the amortized cost of each corporate bond.

As of March 31, 2023, the unrealized losses associated with our MBS and ABS were attributable primarily to rising interest rates and widening credit spreads since purchase. We assessed for credit impairment using a cash flow model that incorporates key assumptions including default rates, severities and prepayment rates. We estimated losses for a security by forecasting the underlying loans in each transaction. The forecasted loan performance was used to project cash flows to the various tranches in the structure, as applicable. Our forecasted cash flows also considered, as applicable, independent industry analyst reports and forecasts and other independent market data. Based upon our assessment of the expected credit losses of the security given the performance of the underlying collateral compared to our subordination or other credit enhancement, we expected to recover the entire amortized cost of each impaired security.

As of March 31, 2023, the unrealized losses associated with our hybrid and redeemable preferred securities were attributable primarily to wider credit spreads caused by illiquidity in the market and subordination within the capital structure, as well as credit risk of underlying issuers. For our hybrid and redeemable preferred securities, we evaluated the financial performance of the underlying issuers based upon credit performance and investment ratings and determined that we expected to recover the entire amortized cost of each impaired security.

Credit Loss Impairment on Fixed Maturity AFS Securities

We regularly review our fixed maturity AFS securities for declines in fair value that we determine to be impairment-related, including those attributable to credit risk factors that may require an allowance for credit losses. Changes in the allowance for credit losses on fixed maturity AFS securities (in millions), aggregated by investment category, were as follows:

	For the Three Months Ended March 31, 2023			
	Corporate Bonds	RMBS	Other	Total
Balance as of beginning-of-year	\$ 9	\$ 7	\$ 6	\$ 22
Additions from purchases of PCD debt securities ⁽¹⁾	-	-	-	-
Additions for securities for which credit losses were not previously recognized	19	-	-	19
Additions (reductions) for securities for which credit losses were previously recognized	-	(1)	-	(1)
Reductions for securities disposed	(1)	-	-	(1)
Balance as of end-of-period ⁽²⁾	<u>\$ 27</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 39</u>

	For the Three Months Ended March 31, 2022			
	Corporate Bonds	RMBS	Other	Total
Balance as of beginning-of-year	\$ 17	\$ 1	\$ 1	\$ 19
Additions from purchases of PCD debt securities ⁽¹⁾	-	-	-	-
Additions for securities for which credit losses were not previously recognized	-	1	1	2
Reductions for securities disposed	(1)	-	-	(1)
Balance as of end-of-period ⁽²⁾	<u>\$ 16</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 20</u>

⁽¹⁾ Represents purchased credit-deteriorated (“PCD”) fixed maturity AFS securities.

⁽²⁾ As of March 31, 2023 and 2022, accrued investment income on fixed maturity AFS securities totaled \$1.1 billion and \$1.0 billion, respectively, and was excluded from the estimate of credit losses.

Mortgage Loans on Real Estate

The following provides the current and past due composition of our mortgage loans on real estate (in millions):

	As of March 31, 2023			As of December 31, 2022		
	Commercial	Residential	Total	Commercial	Residential	Total
Current	\$ 17,008	\$ 1,330	\$ 18,338	\$ 17,003	\$ 1,315	\$ 18,318
30 to 59 days past due	-	29	29	19	23	42
60 to 89 days past due	19	10	29	-	6	6
90 or more days past due	-	31	31	-	33	33
Allowance for credit losses	(83)	(20)	(103)	(84)	(15)	(99)
Unamortized premium (discount)	(8)	36	28	(8)	36	28
Mark-to-market gains (losses) ⁽¹⁾	(25)	-	(25)	(27)	-	(27)
Total carrying value	<u>\$ 16,911</u>	<u>\$ 1,416</u>	<u>\$ 18,327</u>	<u>\$ 16,903</u>	<u>\$ 1,398</u>	<u>\$ 18,301</u>

⁽¹⁾ Represents the mark-to-market on certain mortgage loans on real estate for which we have elected the fair value option. See Note 12 for additional information.

Our commercial mortgage loan portfolio had the largest concentrations in California, which accounted for 28% and 27% of commercial mortgage loans on real estate as of March 31, 2023, and December 31, 2022, respectively, and Texas, which accounted for 9% of commercial mortgage loans on real estate as of March 31, 2023, and December 31, 2022.

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Our residential mortgage loan portfolio had the largest concentrations in California, which accounted for 16% and 17% of residential mortgage loans on real estate as of March 31, 2023, and December 31, 2022, respectively, and New Jersey, which accounted for 12% of residential mortgage loans on real estate as of March 31, 2023, and December 31, 2022.

As of March 31, 2023, and December 31, 2022, we had 74 and 73 residential mortgage loans, respectively, that were either delinquent or in foreclosure. As of March 31, 2023, and December 31, 2022, we had 36 and 49 residential mortgage loans in foreclosure, respectively, with an aggregate carrying value of \$15 million and \$21 million, respectively.

As of March 31, 2023, and December 31, 2022, there were three and two specifically identified impaired commercial mortgage loans, respectively, with an aggregate carrying value of less than \$1 million.

As of March 31, 2023, and December 31, 2022, there were 47 and 37 specifically identified impaired residential mortgage loans, respectively, with an aggregate carrying value of \$19 million and \$16 million, respectively.

Additional information related to impaired mortgage loans on real estate (in millions) was as follows:

	For the Three Months Ended March 31,	
	2023	2022
Average aggregate carrying value for impaired mortgage loans on real estate	\$ 18	\$ 21
Interest income recognized on impaired mortgage loans on real estate	-	-
Interest income collected on impaired mortgage loans on real estate	-	-

The amortized cost of mortgage loans on real estate on nonaccrual status (in millions) was as follows:

	As of March 31, 2023		As of December 31, 2022	
	Nonaccrual with no Allowance for Credit Losses	Nonaccrual	Nonaccrual with no Allowance for Credit Losses	Nonaccrual
Commercial mortgage loans on real estate	\$ -	\$ -	\$ -	\$ -
Residential mortgage loans on real estate	-	32	-	34
Total	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 34</u>

We use loan-to-value and debt-service coverage ratios as credit quality indicators for our commercial mortgage loans on real estate. The amortized cost of commercial mortgage loans on real estate (dollars in millions) by year of origination and credit quality indicator was as follows:

	As of March 31, 2023						
	Less than 65%	Debt- Service Coverage Ratio	65% to 75%	Debt- Service Coverage Ratio	Greater than 75%	Debt- Service Coverage Ratio	Total
Origination Year							
2023	\$ 155	1.61	\$ -	-	\$ -	-	\$ 155
2022	1,769	2.06	97	2.02	1	1.13	1,867
2021	2,349	3.05	70	1.51	-	-	2,419
2020	1,284	2.86	14	1.54	-	-	1,298
2019	2,673	2.23	93	1.50	18	1.43	2,784
2018 and prior	8,192	2.40	221	1.54	83	1.33	8,496
Total	<u>\$ 16,422</u>		<u>\$ 495</u>		<u>\$ 102</u>		<u>\$ 17,019</u>

As of December 31, 2022

Origination Year	Less	Debt-	65%	Debt-	Greater	Debt-	Total
	than 65%	Service Coverage Ratio	to 75%	Service Coverage Ratio	than 75%	Service Coverage Ratio	
2022	\$ 1,769	2.06	\$ 105	1.50	\$ 2	1.45	\$ 1,876
2021	2,354	3.05	72	1.53	-	-	2,426
2020	1,289	3.00	17	1.58	-	-	1,306
2019	2,685	2.18	81	1.50	29	1.58	2,795
2018	2,225	2.17	71	1.62	-	-	2,296
2017 and prior	6,184	2.44	131	1.75	-	-	6,315
Total	<u>\$ 16,506</u>		<u>\$ 477</u>		<u>\$ 31</u>		<u>\$ 17,014</u>

We use loan performance status as the primary credit quality indicator for our residential mortgage loans on real estate. The amortized cost of residential mortgage loans on real estate (in millions) by year of origination and credit quality indicator was as follows:

Origination Year	As of March 31, 2023		
	Performing	Nonperforming	Total
2023	\$ 13	\$ -	\$ 13
2022	613	7	620
2021	513	6	519
2020	89	2	91
2019	116	14	130
2018 and prior	60	3	63
Total	<u>\$ 1,404</u>	<u>\$ 32</u>	<u>\$ 1,436</u>

Origination Year	As of December 31, 2022		
	Performing	Nonperforming	Total
2022	\$ 578	\$ 5	\$ 583
2021	527	6	533
2020	90	3	93
2019	119	18	137
2018	65	2	67
2017 and prior	-	-	-
Total	<u>\$ 1,379</u>	<u>\$ 34</u>	<u>\$ 1,413</u>

Credit Losses on Mortgage Loans on Real Estate

In connection with our recognition of an allowance for credit losses for mortgage loans on real estate, we perform a quantitative analysis using a probability of default/loss given default/exposure at default approach to estimate expected credit losses in our mortgage loan portfolio as well as unfunded commitments related to commercial mortgage loans, exclusive of certain mortgage loans held at fair value.

Changes in the allowance for credit losses on mortgage loans on real estate (in millions) were as follows:

	For the Three Months Ended March 31, 2023		
	Commercial	Residential	Total
Balance as of beginning-of-year	\$ 84	\$ 15	\$ 99
Additions (reductions) from provision for credit loss expense ⁽¹⁾	(1)	5	4
Additions from purchases of PCD mortgage loans on real estate	-	-	-
Balance as of end-of-period ⁽²⁾	<u>\$ 83</u>	<u>\$ 20</u>	<u>\$ 103</u>

	For the Three Months Ended March 31, 2022		
	Commercial	Residential	Total
Balance as of beginning-of-year	\$ 79	\$ 17	\$ 96
Additions (reductions) from provision for credit loss expense ⁽¹⁾	(20)	1	(19)
Additions from purchases of PCD mortgage loans on real estate	-	-	-
Balance as of end-of-period ⁽²⁾	<u>\$ 59</u>	<u>\$ 18</u>	<u>\$ 77</u>

⁽¹⁾ We did not recognize any credit loss benefit (expense) related to unfunded commitments for mortgage loans on real estate for the three months ended March 31, 2023. We recognized \$(1) million of credit loss benefit (expense) related to unfunded commitments for mortgage loans on real estate for the three months ended March 31, 2022.

⁽²⁾ Accrued investment income on mortgage loans on real estate totaled \$52 million and \$49 million as of March 31, 2023 and 2022, respectively, and was excluded from the estimate of credit losses.

Alternative Investments

As of March 31, 2023, and December 31, 2022, alternative investments included investments in 330 and 337 different partnerships, respectively, and represented approximately 2% of total investments.

Impairments on Fixed Maturity AFS Securities

Details underlying credit loss benefit (expense) incurred as a result of impairments that were recognized in net income (loss) and included in realized gain (loss) on fixed maturity AFS securities (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Credit Loss Benefit (Expense)		
Fixed maturity AFS securities:		
Corporate bonds	\$ (18)	\$ 1
RMBS	1	(1)
ABS	-	(1)
Total credit loss benefit (expense)	<u>\$ (17)</u>	<u>\$ (1)</u>

Payables for Collateral on Investments

The carrying value of the payables for collateral on investments included on the Consolidated Balance Sheets and the fair value of the related investments or collateral (in millions) consisted of the following:

	As of March 31, 2023		As of December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Collateral payable for derivative investments ⁽¹⁾	\$ 3,552	\$ 3,552	\$ 3,284	\$ 3,284
Securities pledged under securities lending agreements ⁽²⁾	296	288	298	287
Investments pledged for FHLBI ⁽³⁾	2,955	3,649	3,130	3,925
Total payables for collateral on investments	<u>\$ 6,803</u>	<u>\$ 7,489</u>	<u>\$ 6,712</u>	<u>\$ 7,496</u>

- (1) We obtain collateral based upon contractual provisions with our counterparties. These agreements take into consideration the counterparties' credit rating as compared to ours, the fair value of the derivative investments and specified thresholds that if exceeded result in the receipt of cash that is typically invested in cash and invested cash. This also includes interest payable on collateral. See Note 6 for additional information.
- (2) Our pledged securities under securities lending agreements are included in fixed maturity AFS securities on the Consolidated Balance Sheets. We generally obtain collateral in an amount equal to 102% and 105% of the fair value of the domestic and foreign securities, respectively. We value collateral daily and obtain additional collateral when deemed appropriate. The cash received in our securities lending program is typically invested in cash and invested cash or fixed maturity AFS securities.
- (3) Our pledged investments for Federal Home Loan Bank ("FHLB") of Indianapolis ("FHLBI") are included in fixed maturity AFS securities and mortgage loans on real estate on the Consolidated Balance Sheets. The collateral requirements are generally 105% to 115% of the fair value for fixed maturity AFS securities and 155% to 175% of the fair value for mortgage loans on real estate. The cash received in these transactions is primarily invested in cash and invested cash or fixed maturity AFS securities.

We have repurchase agreements through which we can obtain liquidity by pledging securities. The collateral requirements are generally 80% to 95% of the fair value of the securities, and our agreements with third parties contain contractual provisions to allow for additional collateral to be obtained when necessary. The cash received in our repurchase program is typically invested in fixed maturity AFS securities. As of March 31, 2023, and December 31, 2022, we were not participating in any open repurchase agreements.

Increase (decrease) in payables for collateral on investments (in millions) consisted of the following:

	For the Three Months Ended	
	March 31,	
	2023	2022
Collateral payable for derivative investments	\$ 268	\$ (786)
Securities pledged under securities lending agreements	(2)	17
Investments pledged for FHLBI	(175)	750
Total increase (decrease) in payables for collateral on investments	<u>\$ 91</u>	<u>\$ (19)</u>

We have elected not to offset our securities lending transactions in the consolidated financial statements. The remaining contractual maturities of securities lending transactions accounted for as secured borrowings (in millions) were as follows:

	As of March 31, 2023				
	Overnight and Continuous	Up to 30 Days	30 - 90 Days	Greater Than 90 Days	Total
Securities Lending					
Corporate bonds	\$ 279	\$ -	\$ -	\$ -	\$ 279
Foreign government bonds	8	-	-	-	8
Equity securities	9	-	-	-	9
Total gross secured borrowings	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296</u>

	As of December 31, 2022				
	Overnight and Continuous	Up to 30 Days	30 - 90 Days	Greater Than 90 Days	Total
Securities Lending					
Corporate bonds	\$ 288	\$ -	\$ -	\$ -	\$ 288
Foreign government bonds	2	-	-	-	2
Equity securities	8	-	-	-	8
Total gross secured borrowings	<u>\$ 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298</u>

We accept collateral in the form of securities in connection with repurchase agreements. In instances where we are permitted to sell or re-pledge the securities received, we report the fair value of the collateral received and a related obligation to return the collateral in the consolidated financial statements. In addition, we receive securities in connection with securities borrowing agreements that we are permitted to sell or re-pledge. As of March 31, 2023, the fair value of all collateral received that we are permitted to sell or re-pledge was \$26 million, and we had re-pledged all of this collateral to cover initial margin and over-the-counter collateral requirements on certain derivative investments.

Investment Commitments

As of March 31, 2023, our investment commitments were \$2.5 billion, which included \$1.8 billion of LPs, \$405 million of private placement securities and \$277 million of mortgage loans on real estate.

Concentrations of Financial Instruments

As of March 31, 2023, and December 31, 2022, our most significant investments in one issuer were our investments in securities issued by the Federal National Mortgage Association with a fair value of \$780 million and \$745 million, respectively, or 1% of total investments, and our investments in securities issued by the Federal Home Loan Mortgage Corporation with a fair value of \$716 million and \$720 million, respectively, or 1% of total investments. These concentrations include fixed maturity AFS, trading and equity securities.

As of March 31, 2023, and December 31, 2022, our most significant investments in one industry were our investments in securities in the financial services industry with a fair value of \$16.7 billion and \$16.6 billion, respectively, or 12% and 13%, respectively, of total investments, and our investments in securities in the consumer non-cyclical industry with a fair value of \$15.4 billion and \$15.1 billion, respectively, or 11% of total investments. These concentrations include fixed maturity AFS, trading and equity securities.

5. Variable Interest Entities

Consolidated VIEs

Asset information (dollars in millions) for the consolidated variable interest entities (“VIEs”) included on our Consolidated Balance Sheets was as follows:

	As of March 31, 2023			As of December 31, 2022		
	Number of Instruments	Notional Amounts	Carrying Value	Number of Instruments	Notional Amounts	Carrying Value
Assets						
Total return swap	1	\$ 547	\$ -	1	\$ 568	\$ -

There were no gains or losses for consolidated VIEs recognized on our Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2023 and 2022.

Unconsolidated VIEs

Structured Securities

Through our investment activities, we make passive investments in structured securities issued by VIEs for which we are not the manager. These structured securities include our asset-backed securities (“ABS”), residential mortgage-backed securities (“RMBS”) and commercial mortgage-backed securities (“CMBS”). We have not provided financial or other support with respect to these VIEs other than our original investment. We have determined that we are not the primary beneficiary of these VIEs due to the relative size of our investment in comparison to the principal amount of the structured securities issued by the VIEs and the level of credit subordination that reduces our obligation to absorb losses or right to receive benefits. Our maximum exposure to loss on these structured securities is

limited to the amortized cost for these investments. We recognize our variable interest in these VIEs at fair value on our Consolidated Balance Sheets. For information about these structured securities, see Note 5.

Limited Partnerships and Limited Liability Companies

We invest in certain limited partnerships (“LPs”) and limited liability companies (“LLCs”) that we have concluded are VIEs. Our exposure to loss is limited to the capital we invest in the LPs and LLCs. We do not hold any substantive kick-out or participation rights in the LPs and LLCs, and we do not receive any performance fees or decision maker fees from the LPs and LLCs. Based on our analysis of the LPs and LLCs, we are not the primary beneficiary of the VIEs as we do not have the power to direct the most significant activities of the LPs and LLCs. The carrying amounts of our investments in the LPs and LLCs are recognized in other investments on our Consolidated Balance Sheets and were \$3.1 billion as of March 31, 2023, and December 31, 2022.

6. Derivative Instruments

We maintain an overall risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings that are caused by interest rate risk, foreign currency exchange risk, equity market risk, basis risk, commodity risk and credit risk. We assess these risks by continually identifying and monitoring changes in our exposures that may adversely affect expected future cash flows and by evaluating hedging opportunities.

Derivative activities are monitored by various management committees. The committees are responsible for overseeing the implementation of various hedging strategies that are developed through the analysis of financial simulation models and other internal and industry sources. The resulting hedging strategies are incorporated into our overall risk management strategies.

See Note 12 for additional disclosures related to the fair value of our derivative instruments.

Interest Rate Contracts

We use derivative instruments as part of our interest rate risk management strategy. These instruments are economic hedges unless otherwise noted and include:

Forward-Starting Interest Rate Swaps

We use forward-starting interest rate swaps to hedge the interest rate exposure within our life and annuity products.

Interest Rate Cap Corridors

We use interest rate cap corridors to provide a level of protection from the effect of rising interest rates for certain life insurance products and annuity contracts. Interest rate cap corridors involve purchasing an interest rate cap at a specific cap rate and selling an interest rate cap with a higher cap rate. For each corridor, the amount of quarterly payments, if any, is determined by the rate at which the underlying index rate resets above the original capped rate. The corridor limits the benefit the purchaser can receive as the related interest rate index rises above the higher capped rate. There is no additional liability to us other than the purchase price associated with the interest rate cap corridor.

Interest Rate Futures

We use interest rate futures contracts to hedge the liability exposure on certain options in variable annuity products. These futures contracts require payment between our counterparty and us on a daily basis for changes in the futures index price.

Interest Rate Swap Agreements

We use interest rate swap agreements to hedge the liability exposure on certain options in variable annuity products.

We also use interest rate swap agreements designated and qualifying as cash flow hedges to hedge the interest rate risk of floating-rate bond coupon payments by replicating a fixed-rate bond.

Finally, we use interest rate swap agreements designated and qualifying as fair value hedges to hedge against changes in the fair value of certain fixed-rate long-term debt and fixed maturity securities due to interest rate risks.

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Treasury and Reverse Treasury Locks

We use treasury locks designated and qualifying as cash flow hedges to hedge the interest rate exposure related to our issuance of fixed-rate securities or the anticipated future cash flows of floating-rate fixed maturity securities due to changes in interest rates. In addition, we use reverse treasury locks designated and qualifying as cash flow hedges to hedge the interest rate exposure related to the anticipated purchase of fixed-rate securities or the anticipated future cash flows of floating-rate fixed maturity securities due to changes in interest rates. These derivatives are primarily structured to hedge interest rate risk inherent in the assumptions used to price certain liabilities.

Foreign Currency Contracts

We use derivative instruments as part of our foreign currency risk management strategy. These instruments are economic hedges unless otherwise noted and include:

Currency Futures

We use currency futures to hedge foreign exchange risk associated with certain options in variable annuity products. Currency futures exchange one currency for another at a specified date in the future at a specified exchange rate.

Foreign Currency Swaps

We use foreign currency swaps to hedge foreign exchange risk of investments in fixed maturity securities denominated in foreign currencies. A foreign currency swap is a contractual agreement to exchange one currency for another at specified dates in the future at a specified exchange rate.

We also use foreign currency swaps designated and qualifying as cash flow hedges to hedge foreign exchange risk of investments in fixed maturity securities denominated in foreign currencies.

Foreign Currency Forwards

We use foreign currency forwards to hedge foreign exchange risk of investments in fixed maturity securities denominated in foreign currencies. A foreign currency forward is a contractual agreement to exchange one currency for another at specified dates in the future at a specified current exchange rate.

Equity Market Contracts

We use derivative instruments as part of our equity market risk management strategy that are economic hedges and include:

Call Options Based on the S&P 500[®] Index and Other Indices

We use call options to hedge the liability exposure on certain options in variable annuity, indexed variable annuity, fixed indexed annuity, IUL and VUL products.

Our indexed annuity and IUL contracts permit the holder to elect an interest rate return or an equity market component, where interest credited to the contracts is linked to the performance of the S&P 500 Index or other indices. Policyholders may elect to rebalance index options at renewal dates. At the end of each indexed term, which can be up to six years, we have the opportunity to re-price the indexed component by establishing participation rates, caps, spreads and specified rates, subject to contractual guarantees. We use call options that are highly correlated to the portfolio allocation decisions of our policyholders, such that we are economically hedged with respect to equity returns for the current reset period.

Consumer Price Index Swaps

We use consumer price index swaps to hedge the liability exposure on certain options in fixed annuity products. Consumer price index swaps are contracts entered into at no cost and whose payoff is the difference between the consumer price index inflation rate and the fixed-rate determined as of inception.

Equity Futures

We use equity futures contracts to hedge the liability exposure on certain options in variable annuity products. These futures contracts require payment between our counterparty and us on a daily basis for changes in the futures index price.

Put Options

We use put options to hedge the liability exposure on certain options in variable annuity, indexed variable annuity and VUL products. Put options are contracts that require buyers to pay at a specified future date the amount, if any, by which a specified equity index is less than the strike rate stated in the agreement, applied to a notional amount.

Total Return Swaps

We use total return swaps to hedge the liability exposure on certain options in variable annuity products and indexed variable annuity products.

In addition, we use total return swaps to hedge a portion of the liability related to our deferred compensation plans. We receive the total return on a portfolio of indexes and pay a floating-rate of interest.

Commodity Contracts

We use commodity contracts to economically hedge certain investments that are closely tied to the changes in commodity values. The commodity contract is an over-the-counter contract that combines a purchase put/sold call to lock in a commodity price within a predetermined range in exchange for a net premium.

Credit Contracts

We use derivative instruments as part of our credit risk management strategy that are economic hedges and include:

Credit Default Swaps – Buying Protection

We use credit default swaps (“CDSs”) to hedge the liability exposure on certain options in variable annuity products.

We buy CDSs to hedge against a drop in bond prices due to credit concerns of certain bond issuers. A CDS allows us to put the bond back to the counterparty at par upon a default event by the bond issuer. A default event is defined as bankruptcy, failure to pay, obligation acceleration or restructuring.

CDSs – Selling Protection

We use CDSs to hedge the liability exposure on certain options in variable annuity products.

We sell CDSs to offer credit protection to policyholders and investors. The CDSs hedge the policyholders and investors against a drop in bond prices due to credit concerns of certain bond issuers. A CDS allows the investor to put the bond back to us at par upon a default event by the bond issuer. A default event is defined as bankruptcy, failure to pay, obligation acceleration or restructuring.

Embedded Derivatives

We have embedded derivatives that include:

Indexed Annuity and IUL Contracts Embedded Derivatives

Our indexed annuity and IUL contracts permit the holder to elect an interest rate return or an equity market component, where interest credited to the contracts is linked to the performance of the S&P 500® Index or other indices. Policyholders may elect to rebalance index options at renewal dates. At the end of each indexed term, which can be up to six years, we have the opportunity to re-price the indexed component by establishing participation rates, caps, spreads and specified rates, subject to contractual guarantees. We use options that are highly correlated to the portfolio allocation decisions of our policyholders, such that we are economically hedged with respect to equity returns for the current reset period.

Reinsurance-Related Embedded Derivatives

We have certain modified coinsurance and coinsurance with funds withheld reinsurance agreements with embedded derivatives related to the withheld assets of the related funds. These derivatives are considered total return swaps with contractual returns that are attributable to various assets and liabilities associated with these reinsurance agreements.

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We have derivative instruments with off-balance-sheet risks whose notional or contract amounts exceed the related credit exposure. Outstanding derivative instruments with off-balance-sheet risks (in millions) were as follows:

	As of March 31, 2023			As of December 31, 2022		
	Notional Amounts	Fair Value		Notional Amounts	Fair Value	
		Asset	Liability		Asset	Liability
Qualifying Hedges						
Cash flow hedges:						
Interest rate contracts ⁽¹⁾	\$ 2,295	\$ 67	\$ 143	\$ 2,590	\$ 123	\$ 232
Foreign currency contracts ⁽¹⁾	4,400	637	19	4,383	643	18
Total cash flow hedges	6,695	704	162	6,973	766	250
Fair value hedges:						
Interest rate contracts ⁽¹⁾	1,115	1	68	1,155	2	44
Non-Qualifying Hedges						
Interest rate contracts ⁽¹⁾	83,299	607	764	105,977	709	935
Foreign currency contracts ⁽¹⁾	363	19	2	395	27	2
Equity market contracts ⁽¹⁾	215,684	6,372	2,837	142,946	5,135	2,035
Commodity contracts ⁽¹⁾	13	23	-	13	14	3
Credit contracts ⁽¹⁾	122	-	-	-	-	-
Embedded derivatives:						
Reinsurance-related ⁽²⁾	-	367	-	-	416	-
Indexed annuity and IUL contracts ^{(2) (3)}	-	305	5,796	-	525	4,783
Total derivative instruments	<u>\$ 307,291</u>	<u>\$ 8,398</u>	<u>\$ 9,629</u>	<u>\$ 257,459</u>	<u>\$ 7,594</u>	<u>\$ 8,052</u>

⁽¹⁾ These asset and liability balances are presented on a gross basis. Amounts are reported in derivative investments and other liabilities on the Consolidated Balance Sheets after the evaluation for right of offset subject to master netting agreements.

⁽²⁾ Reported in other assets and other liabilities on the Consolidated Balance Sheets.

⁽³⁾ Reported in policyholder account balances on the Consolidated Balance Sheets.

The maturity of the notional amounts of derivative instruments (in millions) was as follows:

	Remaining Life as of March 31, 2023					Total
	Less Than 1 Year	1 - 5 Years	6 - 10 Years	11 - 30 Years	Over 30 Years	
Interest rate contracts ⁽¹⁾	\$ 19,876	\$ 19,738	\$ 21,449	\$ 21,433	\$ 4,213	\$ 86,709
Foreign currency contracts ⁽²⁾	220	767	1,622	2,112	42	4,763
Equity market contracts	158,344	38,948	7,515	9	10,868	215,684
Commodity contracts	13	-	-	-	-	13
Credit contracts	-	50	72	-	-	122
Total derivative instruments with notional amounts	<u>\$ 178,453</u>	<u>\$ 59,503</u>	<u>\$ 30,658</u>	<u>\$ 23,554</u>	<u>\$ 15,123</u>	<u>\$ 307,291</u>

⁽¹⁾ As of March 31, 2023, the latest maturity date for which we were hedging our exposure to the variability in future cash flows for these instruments was April 20, 2067.

⁽²⁾ As of March 31, 2023, the latest maturity date for which we were hedging our exposure to the variability in future cash flows for these instruments was June 16, 2061.

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The following amounts (in millions) were recorded on the Consolidated Balance Sheets related to cumulative basis adjustments for fair value hedges:

Line Item in the Consolidated Balance Sheets in which the Hedged Item is Included	Amortized Cost of the Hedged Assets / (Liabilities)		Cumulative Fair Value Hedging Adjustment Included in the Amortized Cost of the Hedged Assets / (Liabilities)	
	As of March 31, 2023	As of December 31, 2022	As of March 31, 2023	As of December 31, 2022
	Fixed maturity AFS securities, at fair value	\$ 556	\$ 587	\$ 60
Long-term debt ⁽¹⁾	(719)	(698)	156	177

⁽¹⁾ Includes \$(337) million and \$(341) million of unamortized adjustments from discontinued hedges as of March 31, 2023, and December 31, 2022, respectively.

The change in our unrealized gain (loss) on derivative instruments within accumulated other comprehensive income (loss) (“AOCI”) (in millions) was as follows:

	For the Three Months Ended March 31,	
	2023	2022
Unrealized Gain (Loss) on Derivative Instruments		
Balance as of beginning-of-year	\$ 388	\$ (85)
Other comprehensive income (loss):		
Unrealized holding gains (losses) arising during the period:		
Cash flow hedges:		
Interest rate contracts	58	61
Foreign currency contracts	76	(17)
Change in foreign currency exchange rate adjustment	(67)	75
Income tax benefit (expense)	(15)	(24)
Less:		
Reclassification adjustment for gains (losses) included in net income (loss):		
Cash flow hedges:		
Interest rate contracts ⁽¹⁾	-	1
Interest rate contracts ⁽²⁾	6	(6)
Foreign currency contracts ⁽¹⁾	14	13
Foreign currency contracts ⁽³⁾	2	3
Income tax benefit (expense)	(5)	(2)
Balance as of end-of-period	<u>\$ 423</u>	<u>\$ 1</u>

⁽¹⁾ The OCI offset is reported within net investment income on the Consolidated Statements of Comprehensive Income (Loss).

⁽²⁾ The OCI offset is reported within interest and debt expense on the Consolidated Statements of Comprehensive Income (Loss).

⁽³⁾ The OCI offset is reported within realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

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The effects of qualifying and non-qualifying hedges (in millions) on the Consolidated Statements of Comprehensive Income (Loss) were as follows:

	Gain (Loss) Recognized in Income					
	For the Three Months Ended March 31,					
	2023			2022		
	Realized Gain (Loss)	Net Investment Income	Interest and Debt Expense	Realized Gain (Loss)	Net Investment Income	Interest and Debt Expense
Total Line Items in which the Effects of Fair Value or Cash Flow Hedges are Recorded	\$ (828)	\$ 1,466	\$ 83	\$ 181	\$ 1,411	\$ 66
Qualifying Hedges						
Gain or (loss) on fair value hedging relationships:						
Interest rate contracts:						
Hedged items	-	16	(21)	-	(63)	58
Derivatives designated as hedging instruments	-	(16)	21	-	63	(58)
Gain or (loss) on cash flow hedging relationships:						
Interest rate contracts:						
Amount of gain or (loss) reclassified from AOCI into income	-	-	6	-	1	(6)
Foreign currency contracts:						
Amount of gain or (loss) reclassified from AOCI into income	2	14	-	3	13	-
Non-Qualifying Hedges						
Interest rate contracts	332	-	-	(821)	-	-
Foreign currency contracts	(1)	-	-	-	-	-
Equity market contracts	(53)	-	-	(324)	-	-
Commodity contracts	11	-	-	-	-	-
Credit contracts	(1)	-	-	-	-	-
Embedded derivatives:						
Reinsurance-related	(49)	-	-	263	-	-
Indexed annuity and IUL contracts	(713)	-	-	506	-	-

As of March 31, 2023, \$80 million of the deferred net gains (losses) on derivative instruments in AOCI were expected to be reclassified to earnings during the next 12 months. This reclassification would be due primarily to interest rate variances related to our interest rate swap agreements.

For the three months ended March 31, 2023 and 2022, there were no material reclassifications to earnings due to hedged firm commitments no longer deemed probable or due to hedged forecasted transactions that had not occurred by the end of the originally specified time period.

As of March 31, 2023 and December 31, 2022, we did not have any exposure related to CDSs for which we are the seller.

Credit Risk

We are exposed to credit losses in the event of non-performance by our counterparties on various derivative contracts and reflect assumptions regarding the credit or non-performance risk. The non-performance risk is based upon assumptions for each counterparty's credit spread over the estimated weighted average life of the counterparty exposure, less collateral held. As of March 31, 2023, the non-performance risk adjustment was zero. The credit risk associated with such agreements is minimized by entering into agreements with financial institutions with long-standing, superior performance records. Additionally, we maintain a policy of requiring derivative contracts to be governed by an International Swaps and Derivatives Association ("ISDA") Master Agreement. We are required to maintain minimum ratings as a matter of routine practice in negotiating ISDA agreements. Under some ISDA agreements, our insurance subsidiaries have agreed to maintain certain financial strength or claims-paying ratings. A downgrade below these levels could result in termination of derivative contracts, at which time any amounts payable by us would be dependent on the market value of the underlying derivative contracts. In certain transactions, we and the counterparty have entered into a credit support annex requiring either party to post collateral when net exposures exceed pre-determined thresholds. These thresholds vary by counterparty and credit rating. The amount of such exposure is essentially the net replacement cost or market value less collateral held for such agreements with each counterparty if the net market value is in our favor. We did not have any exposure as of March 31, 2023, or December 31, 2022.

The amounts recognized (in millions) by S&P credit rating of counterparty, for which we had the right to reclaim cash collateral or were obligated to return cash collateral, were as follows:

S&P Credit Rating of Counterparty	As of March 31, 2023		As of December 31, 2022	
	Collateral Posted by Counter- Party (Held by LNC)	Collateral Posted by LNC (Held by Counter- Party)	Collateral Posted by Counter- Party (Held by LNC)	Collateral Posted by LNC (Held by Counter- Party)
AA-	\$ 510	\$ (5)	\$ 383	\$ (6)
A+	1,781	(111)	1,718	(166)
A	1,247	(5)	1,172	-
	<u>\$ 3,538</u>	<u>\$ (121)</u>	<u>\$ 3,273</u>	<u>\$ (172)</u>

Balance Sheet Offsetting

Information related to the effects of offsetting on the Consolidated Balance Sheets (in millions) was as follows:

	<u>As of March 31, 2023</u>		
	<u>Derivative Instruments</u>	<u>Embedded Derivative Instruments</u>	<u>Total</u>
Financial Assets			
Gross amount of recognized assets	\$ 7,708	\$ 672	\$ 8,380
Gross amounts offset	(3,703)	-	(3,703)
Net amount of assets	4,005	672	4,677
Gross amounts not offset:			
Cash collateral	(3,538)	-	(3,538)
Non-cash collateral ⁽¹⁾	(467)	-	(467)
Net amount	<u>\$ -</u>	<u>\$ 672</u>	<u>\$ 672</u>
Financial Liabilities			
Gross amount of recognized liabilities	\$ 129	\$ 5,796	\$ 5,925
Gross amounts offset	(17)	-	(17)
Net amount of liabilities	112	5,796	5,908
Gross amounts not offset:			
Cash collateral ⁽²⁾	(112)	-	(112)
Non-cash collateral ⁽²⁾	-	-	-
Net amount	<u>\$ -</u>	<u>\$ 5,796</u>	<u>\$ 5,796</u>

⁽¹⁾ Excludes excess non-cash collateral received of \$760 million, as the collateral offset is limited to the net estimated fair value of derivatives after application of netting arrangements.

⁽²⁾ Excludes excess cash collateral pledged of \$9 million, as the collateral offset is limited to the net estimated fair value of derivatives after application of netting arrangements. There was no excess non-cash collateral pledged as of March 31, 2023.

	<u>As of December 31, 2022</u>		
	<u>Derivative Instruments</u>	<u>Embedded Derivative Instruments</u>	<u>Total</u>
Financial Assets			
Gross amount of recognized assets	\$ 6,604	\$ 941	\$ 7,545
Gross amounts offset	(3,010)	-	(3,010)
Net amount of assets	3,594	941	4,535
Gross amounts not offset:			
Cash collateral	(3,273)	-	(3,273)
Non-cash collateral ⁽¹⁾	(321)	-	(321)
Net amount	<u>\$ -</u>	<u>\$ 941</u>	<u>\$ 941</u>
Financial Liabilities			
Gross amount of recognized liabilities	\$ 260	\$ 4,783	\$ 5,043
Gross amounts offset	(50)	-	(50)
Net amount of liabilities	210	4,783	4,993
Gross amounts not offset:			
Cash collateral	(172)	-	(172)
Non-cash collateral ⁽²⁾	(38)	-	(38)
Net amount	<u>\$ -</u>	<u>\$ 4,783</u>	<u>\$ 4,783</u>

⁽¹⁾ Excludes excess non-cash collateral received of \$1.1 billion, as the collateral offset is limited to the net estimated fair value of derivatives after application of netting arrangements.

Excludes excess non-cash collateral pledged of \$8 million, as the collateral offset is limited to the net estimated fair value of derivatives after application of netting arrangements.

7. DAC, VOBA, DSI and DFEL

The following table reconciles DAC, VOBA and DSI (in millions) to the Consolidated Balance Sheets:

	As of March 31, 2023	As of December 31, 2022
DAC, VOBA and DSI		
Traditional Life	\$ 1,400	\$ 1,383
UL and Other	6,133	6,100
Variable Annuities	3,870	3,879
Fixed Annuities	475	479
Group Protection	142	141
Retirement Plan Services	257	253
Total DAC, VOBA and DSI	<u>\$ 12,277</u>	<u>\$ 12,235</u>

The following table reconciles DFEL (in millions) to the Consolidated Balance Sheets:

	As of March 31, 2023	As of December 31, 2022
DFEL		
UL and Other	\$ 4,966	\$ 4,766
Variable Annuities	284	286
Total DFEL	<u>\$ 5,250</u>	<u>\$ 5,052</u>

The following tables summarize the changes in DAC (in millions):

	For the Three Months Ended March 31, 2023					
	Traditional Life	UL and Other	Variable Annuities	Fixed Annuities	Group Protection	Retirement Plan Services
Balance as of beginning-of-year	\$ 1,333	\$ 5,605	\$ 3,751	\$ 439	\$ 141	\$ 236
Deferrals	55	118	84	14	25	6
Amortization	(36)	(73)	(90)	(17)	(24)	(5)
Balance as of end-of-period	<u>\$ 1,352</u>	<u>\$ 5,650</u>	<u>\$ 3,745</u>	<u>\$ 436</u>	<u>\$ 142</u>	<u>\$ 237</u>

	For the Year Ended December 31, 2022					
	Traditional Life	UL and Other	Variable Annuities	Fixed Annuities	Group Protection	Retirement Plan Services
Balance as of beginning-of-year	\$ 1,195	\$ 5,360	\$ 3,717	\$ 448	\$ 140	\$ 235
Deferrals	266	539	391	60	98	20
Amortization	(128)	(294)	(357)	(69)	(97)	(19)
Balance as of end-of-year	<u>\$ 1,333</u>	<u>\$ 5,605</u>	<u>\$ 3,751</u>	<u>\$ 439</u>	<u>\$ 141</u>	<u>\$ 236</u>

DAC amortization expense of \$245 million and \$239 million was recorded in commissions and other expenses on the Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2023 and 2022, respectively.

The following tables summarize the changes in VOBA (in millions):

	For the Three Months Ended March 31, 2023		
	Traditional Life	UL and Other	Fixed Annuities
Balance as of beginning-of-year	\$ 50	\$ 465	\$ 17
Deferrals	-	-	1
Amortization	(2)	(11)	(1)
Balance as of end-of-period	<u>\$ 48</u>	<u>\$ 454</u>	<u>\$ 17</u>

	For the Year Ended December 31, 2022		
	Traditional Life	UL and Other	Fixed Annuities
Balance as of beginning-of-year	\$ 59	\$ 511	\$ 20
Deferrals	-	2	-
Amortization	(9)	(48)	(3)
Balance as of end-of-year	<u>\$ 50</u>	<u>\$ 465</u>	<u>\$ 17</u>

VOBA amortization expense of \$14 million and \$15 million was recorded in commissions and other expenses on the Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2023 and 2022, respectively. No additions or write-offs were recorded for each respective year.

The following tables summarize the changes in DSI (in millions):

	For the Three Months Ended March 31, 2023			
	UL and Other	Variable Annuities	Fixed Annuities	Retirement Plan Services
Balance as of beginning-of-year	\$ 30	\$ 128	\$ 23	\$ 17
Deferrals	-	1	-	2
Amortization	(1)	(4)	(1)	1
Balance as of end-of-period	<u>\$ 29</u>	<u>\$ 125</u>	<u>\$ 22</u>	<u>\$ 20</u>

	For the Year Ended December 31, 2022			
	UL and Other	Variable Annuities	Fixed Annuities	Retirement Plan Services
Balance as of beginning-of-year	\$ 31	\$ 139	\$ 27	\$ 14
Deferrals	1	1	-	4
Amortization	(2)	(12)	(4)	(1)
Balance as of end-of-year	<u>\$ 30</u>	<u>\$ 128</u>	<u>\$ 23</u>	<u>\$ 17</u>

DSI amortization expense of \$5 million and \$5 million was recorded in interest credited on the Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2023 and 2022, respectively.

The following tables summarize the changes in DFEL (in millions):

	For the Three Months Ended March 31, 2023		For the Year Ended December 31, 2022	
	UL and Other	Variable Annuities	UL and Other	Variable Annuities
Balance as of beginning-of-year	\$ 4,766	\$ 286	\$ 3,934	\$ 291
Deferrals	261	5	1,061	23
Amortization	(61)	(7)	(229)	(28)
Balance as of end-of-period	<u>\$ 4,966</u>	<u>\$ 284</u>	<u>\$ 4,766</u>	<u>\$ 286</u>

DFEL amortization of \$68 million and \$65 million was recorded in fee income on the Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2023 and 2022, respectively.

8. MRBs

The following table reconciles MRBs (in millions) to MRB assets and MRB liabilities on the Consolidated Balance Sheets:

	As of March 31, 2023			As of December 31, 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
			(Assets)			(Assets)
			Liabilities			Liabilities
Variable Annuities	\$ 3,305	\$ 1,893	\$ (1,412)	\$ 2,666	\$ 2,004	\$ (662)
Fixed Annuities	114	83	(31)	117	72	(45)
Retirement Plan Services	26	-	(26)	24	2	(22)
Total MRBs	<u>\$ 3,445</u>	<u>\$ 1,976</u>	<u>\$ (1,469)</u>	<u>\$ 2,807</u>	<u>\$ 2,078</u>	<u>\$ (729)</u>

The following table summarizes the balances of and changes in net MRB (assets) liabilities (in millions):

	As of or For the Three Months Ended			As of or For the Year Ended		
	March 31, 2023			December 31, 2022		
	Variable	Fixed	Retirement	Variable	Fixed	Retirement
Annuities	Annuities	Plan	Annuities	Annuities	Plan	
		Services			Services	
Balance as of beginning-of-year	\$ (662)	\$ (45)	\$ (22)	\$ 2,398	\$ 114	\$ (1)
Balance as of beginning-of-year, before the effect of changes in non-performance risk	1,511	(5)	(20)	4,823	158	12
Issuances	1	-	-	12	-	(3)
Attributed fees collected	379	9	2	1,571	32	6
Benefit payments	(19)	-	-	(63)	-	-
Effect of changes in interest rates	1,406	31	5	(9,346)	(232)	(55)
Effect of changes in equity markets	(1,029)	(2)	(6)	4,293	12	18
Effect of changes in equity index volatility	(286)	-	(2)	(225)	14	(1)
In-force updates and other changes in MRBs ⁽¹⁾	76	1	-	661	10	3
Effect of changes in future expected policyholder behavior	-	-	-	(158)	1	-
Effect of changes in other future expected assumptions ⁽²⁾	-	-	-	(57)	-	-
Balance as of end-of-period, before the effect of changes in non-performance risk	2,039	34	(21)	1,511	(5)	(20)
Effect of cumulative changes in non-performance risk	(3,451)	(65)	(5)	(2,173)	(40)	(2)
Balance as of end-of-period	(1,412)	(31)	(26)	(662)	(45)	(22)
Less: ceded MRB assets (liabilities)	(246)	-	-	(193)	-	-
Balance as of end-of-period, net of reinsurance	<u>\$ (1,166)</u>	<u>\$ (31)</u>	<u>\$ (26)</u>	<u>\$ (469)</u>	<u>\$ (45)</u>	<u>\$ (22)</u>
Weighted-average age of policyholders (years)	71	68	63	71	68	63
Net amount at risk ⁽³⁾	6,268	192	9	7,974	171	15

⁽¹⁾ Consists primarily of changes in MRB assets and liabilities related to differences between separate account fund performance and modeled indices and other changes such as actual to expected policyholder behavior.

⁽²⁾ Consists primarily of the update of fund mapping, volatility and other capital market assumptions.

⁽³⁾ Net amount at risk ("NAR") is the current guaranteed minimum benefit in excess of the current account balance as of the balance sheet date. For GLBs, the guaranteed minimum benefit is calculated based on the present value of GLB payments. Our variable annuity products may offer more than one type of guaranteed benefit rider to a policyholder. In instances where more than one guaranteed benefit feature exists in a contract, the guaranteed benefit rider that provides the highest NAR is used in the calculation.

For the year ended December 31, 2022, Variable Annuities had a favorable impact from updates to policyholder benefit utilization behavior and fund mapping and volatility assumptions. Fixed Annuities and Retirement Plan Services did not have any significant assumption updates.

See "MRBs" in Note 1 and Note 12 for details related to our fair value judgments, assumptions, inputs and valuation methodology.

9. Separate Accounts

The following table presents the fair value of separate account assets (in millions) reported on the Consolidated Balance Sheets by major investment category:

	As of March 31, 2023	As of December 31, 2022
Mutual funds and collective investment trusts	\$ 147,765	\$ 142,892
Exchange-traded funds	214	258
Fixed maturity AFS securities	173	169
Cash and invested cash	145	98
Other investments	124	119
Total	<u>\$ 148,421</u>	<u>\$ 143,536</u>

The following table reconciles separate account liabilities (in millions) to the Consolidated Balance Sheets:

	As of March 31, 2023	As of December 31, 2022
UL and Other	\$ 22,162	\$ 20,920
Variable Annuities	108,334	105,573
Retirement Plan Services	17,876	16,996
Other Operations ⁽¹⁾	49	47
Total separate account liabilities	<u>\$ 148,421</u>	<u>\$ 143,536</u>

⁽¹⁾ Represents separate account liabilities reported in Other Operations primarily attributable to the indemnity reinsurance agreements with Protective (\$43 million and \$42 million as of March 31, 2023, and December 31, 2022, respectively) that are excluded from the following tables.

The following table summarizes the balances of and changes in separate account liabilities (in millions):

	As of or For the Three Months Ended March 31, 2023			As of or For the Year Ended December 31, 2022		
	UL and Other	Variable Annuities	Retirement Plan Services	UL and Other	Variable Annuities	Retirement Plan Services
Balance as of beginning-of-year	\$ 20,920	\$ 105,573	\$ 16,996	\$ 24,785	\$ 136,665	\$ 21,068
Gross deposits	394	624	554	1,900	3,371	2,378
Withdrawals	(75)	(2,436)	(586)	(454)	(9,238)	(2,378)
Policyholder assessments	(238)	(624)	(40)	(938)	(2,603)	(164)
Change in market performance	1,193	5,054	978	(4,371)	(23,194)	(3,710)
Net transfers from (to) general account	(32)	143	(26)	(2)	572	(198)
Balance as of end-of-period	<u>\$ 22,162</u>	<u>\$ 108,334</u>	<u>\$ 17,876</u>	<u>\$ 20,920</u>	<u>\$ 105,573</u>	<u>\$ 16,996</u>
Cash surrender value	\$ 19,863	\$ 106,796	\$ 17,862	\$ 18,666	\$ 103,987	\$ 16,982

10. Policyholder Account Balances

The following table reconciles policyholder account balances (in millions) to the Consolidated Balance Sheets:

	As of March 31, 2023	As of December 31, 2022
UL and Other	\$ 37,533	\$ 37,694
Variable Annuities	23,771	22,184
Fixed Annuities	24,019	23,365
Retirement Plan Services	24,994	25,138
Other ⁽¹⁾	5,850	6,054
Total policyholder account balances	<u>\$ 116,167</u>	<u>\$ 114,435</u>

⁽¹⁾ Represents policyholder account balances reported primarily in Other Operations attributable to the indemnity reinsurance agreements with Protective (\$5.4 billion and \$5.7 billion as of March 31, 2023, and December 31, 2022, respectively) that are excluded from the following tables.

The following table summarizes the balances and changes in policyholder account balances (in millions):

	<u>As of or For the Three Months Ended March 31, 2023</u>			
	<u>UL and Other</u>	<u>Variable Annuities</u>	<u>Fixed Annuities</u>	<u>Retirement Plan Services</u>
Balance as of beginning-of-year	\$ 37,694	\$ 22,184	\$ 23,365	\$ 25,138
Gross deposits	926	1,222	1,317	701
Withdrawals	(393)	(170)	(889)	(1,113)
Policyholder assessments	(1,128)	-	(15)	(3)
Net transfers from (to) separate account	32	(114)	-	103
Interest credited	373	109	154	168
Change in fair value of embedded derivative instruments	29	540	87	-
Balance as of end-of-period	<u>\$ 37,533</u>	<u>\$ 23,771</u>	<u>\$ 24,019</u>	<u>\$ 24,994</u>
Weighted-average crediting rate	4.0%	1.9%	2.6%	2.7%
Net amount at risk ⁽¹⁾⁽²⁾	\$ 303,412	\$ 6,268	\$ 192	\$ 9
Cash surrender value	34,033	22,698	23,125	24,989

As of or For the Year Ended December 31, 2022

	UL and Other	Variable Annuities	Fixed Annuities	Retirement Plan Services
Balance as of beginning-of-year	\$ 38,200	\$ 19,148	\$ 22,552	\$ 23,579
Gross deposits	3,921	5,178	3,284	4,012
Withdrawals	(1,244)	(417)	(2,514)	(3,579)
Policyholder assessments	(4,496)	(2)	(51)	(13)
Net transfers from (to) separate account	2	(492)	-	510
Interest credited	1,494	287	532	629
Change in fair value of embedded derivative instruments	(183)	(1,518)	(438)	-
Balance as of end-of-year	<u>\$ 37,694</u>	<u>\$ 22,184</u>	<u>\$ 23,365</u>	<u>\$ 25,138</u>
Weighted-average crediting rate	3.9%	1.4%	2.4%	2.6%
Net amount at risk ⁽¹⁾⁽²⁾	\$ 304,348	\$ 7,974	\$ 171	\$ 15
Cash surrender value	34,210	21,147	22,529	25,133

⁽¹⁾ NAR is the current guaranteed minimum benefit in excess of the current account balance as of the balance sheet date. For GLBs, the guaranteed minimum benefit is calculated based on the present value of GLB payments. Our variable annuity products may offer more than one type of guaranteed benefit rider to a policyholder. In instances where more than one guaranteed benefit rider exists in a contract, the guaranteed benefit rider that provides the highest NAR is used in the calculation.

⁽²⁾ Calculation is based on total account balances and includes both policyholder account balances and separate account balances.

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The following table presents policyholder account balances (in millions) by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between the interest being credited to policyholders and the respective guaranteed contract minimums:

Range of Guaranteed Minimum Crediting Rate	As of March 31, 2023					Total
	At Guaranteed Minimum	1-50 Basis Points Above	51-100 Basis Points Above	101-150 Basis Points Above	Greater Than 150 Basis Points Above	
UL and Other						
Up to 1.00%	\$ 312	\$ -	\$ 202	\$ 26	\$ 348	\$ 888
1.01% - 2.00%	556	-	-	-	3,229	3,785
2.01% - 3.00%	7,130	158	-	-	-	7,288
3.01% - 4.00%	16,107	-	1	-	-	16,108
4.01% and above	3,767	-	-	-	-	3,767
Other ⁽¹⁾	-	-	-	-	-	5,697
Total	<u>\$ 27,872</u>	<u>\$ 158</u>	<u>\$ 203</u>	<u>\$ 26</u>	<u>\$ 3,577</u>	<u>\$ 37,533</u>
Variable Annuities						
Up to 1.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.01% - 2.00%	4	-	-	-	8	12
2.01% - 3.00%	634	-	-	-	-	634
3.01% - 4.00%	1,503	-	-	-	-	1,503
4.01% and above	10	-	-	-	-	10
Other ⁽¹⁾	-	-	-	-	-	21,612
Total	<u>\$ 2,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 23,771</u>
Fixed Annuities						
Up to 1.00%	\$ 831	\$ 447	\$ 578	\$ 448	\$ 1,773	\$ 4,077
1.01% - 2.00%	559	141	184	493	1,083	2,460
2.01% - 3.00%	1,885	6	2	-	-	1,893
3.01% - 4.00%	1,473	-	-	-	-	1,473
4.01% and above	193	-	-	-	-	193
Other ⁽¹⁾	-	-	-	-	-	13,923
Total	<u>\$ 4,941</u>	<u>\$ 594</u>	<u>\$ 764</u>	<u>\$ 941</u>	<u>\$ 2,856</u>	<u>\$ 24,019</u>
Retirement Plan Services						
Up to 1.00%	\$ 595	\$ 751	\$ 3,062	\$ 2,911	\$ 2,213	\$ 9,532
1.01% - 2.00%	977	2,629	1,196	527	-	5,329
2.01% - 3.00%	3,093	-	-	-	-	3,093
3.01% - 4.00%	5,442	-	-	-	-	5,442
4.01% and above	1,598	-	-	-	-	1,598
Total	<u>\$ 11,705</u>	<u>\$ 3,380</u>	<u>\$ 4,258</u>	<u>\$ 3,438</u>	<u>\$ 2,213</u>	<u>\$ 24,994</u>

As of December 31, 2022

Range of Guaranteed Minimum Crediting Rate	As of December 31, 2022					Total
	At Guaranteed Minimum	1-50 Basis Points Above	51-100 Basis Points Above	101-150 Basis Points Above	Greater Than 150 Basis Points Above	
UL and Other						
Up to 1.00%	\$ 318	\$ -	\$ 194	\$ 29	\$ 292	\$ 833
1.01% - 2.00%	558	-	-	-	3,282	3,840
2.01% - 3.00%	7,218	156	-	-	-	7,374
3.01% - 4.00%	16,282	-	1	-	-	16,283
4.01% and above	3,824	-	-	-	-	3,824
Other ⁽¹⁾	-	-	-	-	-	5,540
Total	<u>\$ 28,200</u>	<u>\$ 156</u>	<u>\$ 195</u>	<u>\$ 29</u>	<u>\$ 3,574</u>	<u>\$ 37,694</u>
Variable Annuities						
Up to 1.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1.01% - 2.00%	4	-	-	8	-	12
2.01% - 3.00%	658	-	-	-	-	658
3.01% - 4.00%	1,545	-	-	-	-	1,545
4.01% and above	11	-	-	-	-	11
Other ⁽¹⁾	-	-	-	-	-	19,958
Total	<u>\$ 2,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 22,184</u>
Fixed Annuities						
Up to 1.00%	\$ 891	\$ 497	\$ 589	\$ 563	\$ 1,330	\$ 3,870
1.01% - 2.00%	546	145	181	492	1,058	2,422
2.01% - 3.00%	1,996	7	2	-	-	2,005
3.01% - 4.00%	1,320	-	-	-	-	1,320
4.01% and above	193	-	-	-	-	193
Other ⁽¹⁾	-	-	-	-	-	13,555
Total	<u>\$ 4,946</u>	<u>\$ 649</u>	<u>\$ 772</u>	<u>\$ 1,055</u>	<u>\$ 2,388</u>	<u>\$ 23,365</u>
Retirement Plan Services						
Up to 1.00%	\$ 961	\$ 1,001	\$ 4,304	\$ 1,703	\$ 1,908	\$ 9,877
1.01% - 2.00%	1,774	2,197	982	462	-	5,415
2.01% - 3.00%	2,711	1	-	-	-	2,712
3.01% - 4.00%	5,622	1	-	-	-	5,623
4.01% and above	1,511	-	-	-	-	1,511
Total	<u>\$ 12,579</u>	<u>\$ 3,200</u>	<u>\$ 5,286</u>	<u>\$ 2,165</u>	<u>\$ 1,908</u>	<u>\$ 25,138</u>

⁽¹⁾ Consists of indexed account balances that include the fair value of embedded derivative instruments, payout annuity account balances, short-term dollar cost averaging annuities business and policy loans.

11. Future Contract Benefits

The following table reconciles future contract benefits (in millions) to the Consolidated Balance Sheets:

	As of March 31, 2023	As of December 31, 2022
Traditional Life ⁽¹⁾	\$ 3,681	\$ 3,509
Payout Annuities ⁽¹⁾	2,068	2,004
Group Protection ⁽²⁾	5,492	5,462
UL and Other ⁽³⁾	15,384	14,818
Other Operations ⁽⁴⁾	9,883	9,782
Other ⁽⁵⁾	3,249	3,251
Total future contract benefits	<u>\$ 39,757</u>	<u>\$ 38,826</u>

⁽¹⁾ See “LFPB” below for further information.

⁽²⁾ See “Liability for Future Claims” below for further information.

⁽³⁾ See “Additional Liabilities for Other Insurance Benefits” below for further information.

⁽⁴⁾ Represents future contract benefits reported in Other Operations primarily attributable to the indemnity reinsurance agreements with Protective (\$5.5 billion and \$5.4 billion as of March 31, 2023, and December 31, 2022, respectively) and Swiss Re (\$2.3 billion as of March 31, 2023, and December 31, 2022) that are excluded from the following tables.

⁽⁵⁾ Represents other miscellaneous reserves outside the scope of ASU 2018-12 that are excluded from the following tables.

LFPB

The following table summarizes the balances of and changes in the present values of expected net premiums and LFPB (in millions, except years):

	As of or For the Three Months Ended March 31, 2023		As of or For the Year Ended December 31, 2022	
	Traditional Life	Payout Annuities	Traditional Life	Payout Annuities
Present Value of Expected Net Premiums				
Balance as of beginning-of-year	\$ 6,063	\$ -	\$ 6,858	\$ -
Beginning balance of original discount rate	6,645	-	5,975	-
Effect of changes in cash flow assumptions	-	-	(484)	-
Effect of actual variances from expected experience	(241)	-	50	-
Adjusted balance as of beginning-of-year	6,404	-	5,541	-
Issuances	176	-	1,656	-
Interest accrual	60	-	222	-
Net premiums collected	(203)	-	(765)	-
Flooring impact of LFPB	2	-	(9)	-
Ending balance at original discount rate	6,439	-	6,645	-
Effect of cumulative changes in discount rate assumptions	(230)	-	(582)	-
Balance as of end-of-period	\$ 6,209	\$ -	\$ 6,063	\$ -
Present Value of Expected LFPB				
Balance as of beginning-of-year	\$ 9,572	\$ 2,004	\$ 11,008	\$ 2,512
Beginning balance of original discount rate ⁽¹⁾	10,357	2,267	9,447	2,246
Effect of changes in cash flow assumptions	-	-	(415)	-
Effect of actual variances from expected experience	(251)	(1)	69	3
Adjusted balance as of beginning-of-year	10,106	2,266	9,101	2,249
Issuances	177	27	1,655	122
Interest accrual	95	21	356	84
Benefit payments	(186)	(46)	(755)	(188)
Ending balance at original discount rate ⁽¹⁾	10,192	2,268	10,357	2,267
Effect of cumulative changes in discount rate assumptions	(302)	(200)	(785)	(263)
Balance as of end-of-period	\$ 9,890	\$ 2,068	\$ 9,572	\$ 2,004
Net balance as of end-of-period	\$ 3,681	\$ 2,068	\$ 3,509	\$ 2,004
Less: reinsurance recoverables	520	3	532	3
Net balance as of end-of-period, net of reinsurance	\$ 3,161	\$ 2,065	\$ 2,977	\$ 2,001
Weighted-average duration of future policyholder benefit liability (years)	10	9	10	9

⁽¹⁾ Includes DPL within Payout Annuities of \$43 million, \$38 million and \$22 million as of March 31, 2023, December 31, 2022 and December 31, 2021, respectively.

For the year ended December 31, 2022, Traditional Life had updates to the mortality and lapse assumptions resulting in lower projected premiums and benefits, and a corresponding increase in reserves. Payout Annuities did not have any significant assumption updates.

For the three months ended March 31, 2023, and for the year ended December 31, 2022, Traditional Life and Payout Annuities did not have any significantly different actual experience compared to expected.

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The following table summarizes the discounted and undiscounted expected future gross premiums and expected future benefit payments (in millions):

	As of March 31, 2023		As of December 31, 2022	
	Undiscounted	Discounted	Undiscounted	Discounted
Traditional Life				
Expected future gross premiums	\$ 14,005	\$ 9,750	\$ 13,945	\$ 9,475
Expected future benefit payments	13,758	9,890	13,640	9,572
Payout Annuities				
Expected future gross premiums	-	-	-	-
Expected future benefit payments	3,461	2,068	3,472	2,004

The following table summarizes the gross premiums and interest accretion (in millions) recognized in insurance premiums and benefits, respectively, on the Consolidated Statements of Comprehensive Income (Loss):

	For the Three	
	Months Ended March 31, 2023	For the Year Ended December 31, 2022
Traditional Life		
Gross premiums	\$ 313	\$ 1,211
Interest accretion	35	134
Payout Annuities		
Gross premiums	28	133
Interest accretion	21	84

The following table summarizes the weighted-average interest rates:

	For the Three	
	Months Ended March 31, 2023	For the Year Ended December 31, 2022
Traditional Life		
Interest accretion rate	5.1%	5.1%
Current discount rate	4.8%	5.1%
Payout Annuities		
Interest accretion rate	3.9%	3.9%
Current discount rate	4.9%	5.3%

Liability for Future Claims

The following table summarizes the balances of and changes in liability for future claims (in millions, except years):

	Group Protection	
	As of or For	As of or For
	the Three	the Year
	Months	Ended
	March 31,	December 31,
	2023	2022
Balance as of beginning-of-year	\$ 5,462	\$ 5,936
Beginning balance of original discount rate	6,059	5,674
Effect of changes in cash flow assumptions	-	15
Effect of actual variances from expected experience	(100)	(117)
Adjusted beginning-of-year balance	5,959	5,572
New incidence	437	1,777
Interest	42	141
Benefit payments	(377)	(1,431)
Ending balance at original discount rate	6,061	6,059
Effect of cumulative changes in discount rate assumptions	(569)	(597)
Balance as of end-of-period	5,492	5,462
Less: reinsurance recoverables	126	127
Balance as of end-of-period, net of reinsurance	<u>\$ 5,366</u>	<u>\$ 5,335</u>

Weighted-average duration of liability for future claims (years)

4 4

For the year ended December 31, 2022, we had an unfavorable impact from updates to the long-term disability incidence and severity assumptions, partially offset by favorable impacts from updates to the life waiver termination rate assumptions. For the three months ended March 31, 2023, and for the year ended December 31, 2022, we experienced more favorable claim terminations than assumed.

The following table summarizes the discounted and undiscounted expected future benefit payments (in millions):

	As of March 31, 2023		As of December 31, 2022	
	Undiscounted	Discounted	Undiscounted	Discounted
Group Protection				
Expected future benefit payments	\$ 7,086	\$ 6,061	\$ 7,063	\$ 6,059

The following table summarizes the gross premiums and interest accretion (in millions) recognized in insurance premiums and benefits, respectively, on the Consolidated Statements of Comprehensive Income (Loss):

	For the Three	
	Months	For the Year
	Ended	Ended
	March 31,	December 31,
	2023	2022
Group Protection		
Gross premiums	\$ 885	\$ 3,393
Interest accretion	42	141

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The following table summarizes the weighted-average interest rates:

	For the Three Months Ended March 31, 2023	For the Year Ended December 31, 2022
Group Protection		
Interest accretion rate	2.9%	2.8%
Current discount rate	4.8%	5.1%

Additional Liabilities for Other Insurance Benefits

The following table summarizes the balances of and changes in additional liabilities for other insurance benefits (in millions, except years):

	UL and Other	
	As of or For the Three Months Ended March 31, 2023	As of or For the Year Ended December 31, 2022
Balance as of beginning-of-year	\$ 14,818	\$ 12,556
Balance as of beginning-of-year, excluding shadow balance in AOCI	15,723	11,443
Effect of changes in cash flow assumptions	-	3,108
Effect of actual variances from expected experience	(9)	195
Adjusted beginning-of-year balance	15,714	14,746
Issuances	-	7
Interest accrual	186	626
Net assessments collected	336	972
Benefit payments	(183)	(628)
Balance as of end-of-period, excluding shadow balance in AOCI	16,053	15,723
Balance as of end-of-period	15,384	14,818
Less: reinsurance recoverables	862	856
Balance as of end-of-period, net of reinsurance	<u>\$ 14,522</u>	<u>\$ 13,962</u>

Weighted-average duration of additional liabilities

for other insurance benefits (years)	17	17
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For the year ended December 31, 2022, we had an unfavorable impact primarily from updates to policyholder lapse behavior assumptions related to UL products with secondary guarantees in the amount of \$1.9 billion, net of reinsurance, after-tax, and to a lesser extent mortality and morbidity assumptions. We had unfavorable actual mortality experience compared to expected due to ongoing effects of the COVID-19 pandemic.

The following table summarizes the gross assessments and interest accretion (in millions) recognized in insurance premiums and benefits, respectively, on the Consolidated Statements of Comprehensive Income (Loss):

	For the Three Months Ended March 31, 2023	For the Year Ended December 31, 2022
UL and Other		
Gross assessments	\$ 915	\$ 2,818
Interest accretion	186	626

The following table summarizes the weighted-average interest rates:

	For the Three Months Ended March 31, 2023	For the Year Ended December 31, 2022
UL and Other		
Interest accretion rate	5%	5%

12. Fair Value of Financial Instruments

The carrying values and estimated fair values of our financial instruments (in millions) were as follows:

	<u>As of March 31, 2023</u>		<u>As of December 31, 2022</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Assets				
Fixed maturity AFS securities	\$ 101,936	\$ 101,936	\$ 99,736	\$ 99,736
Trading securities	3,266	3,266	3,498	3,498
Equity securities	414	414	427	427
Mortgage loans on real estate	18,327	16,967	18,301	16,553
Derivative investments	4,005	4,005	3,594	3,594
Other investments	3,892	3,892	3,739	3,739
Cash and invested cash	3,766	3,766	3,343	3,343
MRB assets	3,445	3,445	2,807	2,807
Other assets:				
Ceded MRBs	6	6	12	12
Reinsurance-related embedded derivatives	367	367	416	416
Indexed annuity ceded embedded derivatives	305	305	525	525
Separate account assets	148,421	148,421	143,536	143,536
Liabilities				
Policyholder account balances:				
Account balances of certain investment contracts	(44,184)	(32,790)	(43,578)	(34,274)
Indexed annuity and IUL contracts embedded derivatives	(5,796)	(5,796)	(4,783)	(4,783)
MRB liabilities	(1,976)	(1,976)	(2,078)	(2,078)
Short-term debt	(500)	(498)	(500)	(496)
Long-term debt	(5,974)	(4,880)	(5,955)	(5,005)
Other liabilities:				
Ceded MRBs	(252)	(252)	(205)	(205)
Derivative liabilities	(112)	(112)	(210)	(210)
Remaining guaranteed interest and similar contracts	(532)	(532)	(574)	(574)

Valuation Methodologies and Associated Inputs for Financial Instruments Not Carried at Fair Value

The following discussion outlines the methodologies and assumptions used to determine the fair value of our financial instruments not carried at fair value on the Consolidated Balance Sheets. Considerable judgment is required to develop these assumptions used to measure fair value. Accordingly, the estimates shown are not necessarily indicative of the amounts that would be realized in a one-time, current market exchange of all of our financial instruments.

Mortgage Loans on Real Estate

The fair value of mortgage loans on real estate, excluding mortgage loans accounted for using the fair value option, is established using a discounted cash flow method based on credit rating, maturity and future income. The ratings for mortgages in good standing are based on property type, location, market conditions, occupancy, debt-service coverage, loan-to-value, quality of tenancy, borrower and payment record. The fair value for impaired mortgage loans is based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's market price or the fair value of the collateral if the loan is collateral dependent. The inputs used to

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measure the fair value of our mortgage loans on real estate, excluding mortgage loans accounted for using the fair value option, are classified as Level 2 within the fair value hierarchy.

Other Investments

The carrying value of our assets classified as other investments, excluding short-term investments, approximates fair value. Other investments includes primarily LPs and other privately held investments that are accounted for using the equity method of accounting and the carrying value is based on our proportional share of the net assets of the LPs. Other investments also includes FHLB stock carried at cost and periodically evaluated for impairment based on ultimate recovery of par value. The inputs used to measure the fair value of our LPs, other privately held investments and FHLB stock are classified as Level 3 within the fair value hierarchy. The remaining assets in other investments include cash collateral receivables and securities that are not LPs or other privately held investments. The inputs used to measure the fair value of these assets are classified as Level 2 within the fair value hierarchy.

Separate Account Assets

Separate account assets are primarily carried at fair value. A portion of our separate account assets includes LPs, which are accounted for using the equity method of accounting. The carrying value is based on our proportional share of the net assets of the LPs and approximates fair value. The inputs used to measure the fair value of the separate account asset LPs are classified as Level 3 within the fair value hierarchy.

Policyholder Account Balances

Policyholder account balances include account balances of certain investment contracts. The fair value of the account balances of certain investment contracts is based on their approximate surrender value as of the balance sheet date. The inputs used to measure the fair value of these policyholder account balances are classified as Level 3 within the fair value hierarchy.

Other Liabilities

Other liabilities include remaining guaranteed interest and similar contracts. The fair value for the remaining guaranteed interest and similar contracts is estimated using discounted cash flow calculations as of the balance sheet date. These calculations are based on interest rates currently offered on similar contracts with maturities that are consistent with those remaining for the contracts being valued. As of March 31, 2023, and December 31, 2022, the remaining guaranteed interest and similar contracts carrying value approximated fair value. The inputs used to measure the fair value of these other liabilities are classified as Level 3 within the fair value hierarchy.

Short-Term and Long-Term Debt

The fair value of short-term and long-term debt is based on quoted market prices. The inputs used to measure the fair value of our short-term and long-term debt are classified as Level 2 within the fair value hierarchy.

Fair Value Option

Mortgage loans on real estate, net of allowance for credit losses, as reported on the Consolidated Balance Sheets, includes mortgage loans on real estate for which the fair value option was elected. The fair value option allows us to elect fair value as an alternative measurement for mortgage loans not otherwise reported at fair value. We have made these elections for certain mortgage loans associated with modified coinsurance agreements to help mitigate the inconsistency in earnings that would otherwise result from the use of embedded derivatives included with these loans. Changes in fair value are reflected in realized gain (loss) on the Consolidated Statement of Comprehensive Income (Loss). Changes in fair value due to instrument-specific credit risk are estimated using changes in credit spreads and quality ratings for the period reported. Mortgage loans on real estate for which the fair value option was elected are valued using third-party pricing services. We have procedures in place to review the valuations each quarter to ensure they are reasonable, including utilizing a separate third party to reperform the valuation for a selection of mortgage loans on an annual basis. Due to lack of observable inputs, mortgage loans electing the fair value option are classified as Level 3 within the fair value hierarchy.

The fair value and aggregate contractual principal for mortgage loans on real estate where the fair value option was elected (in millions) were as follows:

	As of March 31, 2023	As of December 31, 2022
Fair value	\$ 490	\$ 487
Aggregate contractual principal	515	514

As of March 31, 2023, and December 31, 2022, no loans for which the fair value option was elected were in non-accrual status, and none were more than 90 days past due and still accruing interest.

Financial Instruments Carried at Fair Value

We did not have any assets or liabilities measured at fair value on a nonrecurring basis as of March 31, 2023, or December 31, 2022.

The following summarizes our financial instruments carried at fair value (in millions) on a recurring basis by the fair value hierarchy levels:

	As of March 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Investments:				
Fixed maturity AFS securities:				
Corporate bonds	\$ -	\$ 78,093	\$ 2,355	\$ 80,448
U.S. government bonds	360	23	-	383
State and municipal bonds	-	5,221	36	5,257
Foreign government bonds	-	309	-	309
RMBS	-	2,049	1	2,050
CMBS	-	1,671	-	1,671
ABS	-	10,358	1,100	11,458
Hybrid and redeemable preferred securities	45	256	59	360
Trading securities	-	2,808	458	3,266
Equity securities	-	277	137	414
Mortgage loans on real estate	-	-	490	490
Derivative investments ⁽¹⁾	-	7,246	480	7,726
Other investments – short-term investments	-	78	-	78
Cash and invested cash	-	3,766	-	3,766
MRB assets	-	-	3,445	3,445
Other assets:				
Ceded MRBs	-	-	6	6
Reinsurance-related embedded derivatives	-	367	-	367
Indexed annuity ceded embedded derivatives	-	-	305	305
Separate account assets	407	148,014	-	148,421
Total assets	<u>\$ 812</u>	<u>\$ 260,536</u>	<u>\$ 8,872</u>	<u>\$ 270,220</u>
Liabilities				
Policyholder account balances – indexed annuity and IUL contracts embedded derivatives	\$ -	\$ -	\$ (5,796)	\$ (5,796)
MRB liabilities	-	-	(1,976)	(1,976)
Other liabilities:				
Ceded MRBs	-	-	(252)	(252)
Derivative liabilities ⁽¹⁾	-	(3,354)	(479)	(3,833)
Total liabilities	<u>\$ -</u>	<u>\$ (3,354)</u>	<u>\$ (8,503)</u>	<u>\$ (11,857)</u>

	As of December 31, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Investments:				
Fixed maturity AFS securities:				
Corporate bonds	\$ -	\$ 76,728	\$ 2,295	\$ 79,023
U.S. government bonds	359	20	-	379
State and municipal bonds	-	5,035	35	5,070
Foreign government bonds	-	318	-	318
RMBS	-	2,008	1	2,009
CMBS	-	1,674	-	1,674
ABS	-	9,787	1,117	10,904
Hybrid and redeemable preferred securities	41	269	49	359
Trading securities	-	2,917	581	3,498
Equity securities	-	274	153	427
Mortgage loans on real estate	-	-	487	487
Derivative investments ⁽¹⁾	-	6,048	605	6,653
Other investments – short-term investments	-	75	-	75
Cash and invested cash	-	3,343	-	3,343
MRB assets	-	-	2,807	2,807
Other assets:				
Ceded MRBs	-	-	12	12
Reinsurance-related embedded derivatives	-	416	-	416
Indexed annuity ceded embedded derivatives	-	-	525	525
Separate account assets	412	143,124	-	143,536
Total assets	<u>\$ 812</u>	<u>\$ 252,036</u>	<u>\$ 8,667</u>	<u>\$ 261,515</u>
Liabilities				
Policyholder account balances – indexed annuity and IUL contracts embedded derivatives	\$ -	\$ -	\$ (4,783)	\$ (4,783)
MRB liabilities	-	-	(2,078)	(2,078)
Other liabilities:				
Ceded MRBs	-	-	(205)	(205)
Derivative liabilities ⁽¹⁾	-	(2,666)	(603)	(3,269)
Total liabilities	<u>\$ -</u>	<u>\$ (2,666)</u>	<u>\$ (7,669)</u>	<u>\$ (10,335)</u>

⁽¹⁾ Derivative investment assets and liabilities are presented within the fair value hierarchy on a gross basis by derivative type and not on a master netting basis by counterparty.

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The following summarizes changes to our financial instruments carried at fair value (in millions) and classified within Level 3 of the fair value hierarchy. The gains and losses below may include changes in fair value due in part to observable inputs that are a component of the valuation methodology. The summary schedule excludes changes to MRB assets and MRB liabilities as these balances are rolled forward in Note 8.

	For the Three Months Ended March 31, 2023					
	Beginning Fair Value	Items Included in Net Income	Gains (Losses) in OCI and Other ⁽¹⁾	Issuances, Sales, Maturities, Settlements, Calls, Net	Transfers Into or Out of Level 3, Net	Ending Fair Value
Investments: ⁽²⁾						
Fixed maturity AFS securities:						
Corporate bonds	\$ 2,295	\$ 1	\$ 13	\$ 30	\$ 16	\$ 2,355
State and municipal bonds	35	-	1	-	-	36
RMBS	1	-	-	-	-	1
ABS	1,117	-	8	168	(193)	1,100
Hybrid and redeemable preferred securities	49	-	-	(2)	12	59
Trading securities	581	4	-	(127)	-	458
Equity securities	153	(16)	-	-	-	137
Mortgage loans on real estate	487	2	3	(2)	-	490
Derivative investments	2	(1)	-	-	-	1
Other assets:						
Ceded MRBs ⁽³⁾	12	(6)	-	-	-	6
Indexed annuity ceded embedded derivatives ⁽⁴⁾	525	6	-	(226)	-	305
Policyholder account balances – indexed annuity and IUL contracts embedded derivatives ⁽⁴⁾	(4,783)	(719)	-	(294)	-	(5,796)
Other liabilities – ceded MRBs ⁽³⁾	(205)	(47)	-	-	-	(252)
Total, net	<u>\$ 269</u>	<u>\$ (776)</u>	<u>\$ 25</u>	<u>\$ (453)</u>	<u>\$ (165)</u>	<u>\$ (1,100)</u>

For the Three Months Ended March 31, 2022

	Beginning Fair Value	Items Included in Net Income	Gains (Losses) in OCI and Other ⁽¹⁾	Issuances, Sales, Maturities, Settlements, Calls, Net	Transfers Into or Out of Level 3, Net	Ending Fair Value
Investments: ⁽²⁾						
Fixed maturity AFS securities:						
Corporate bonds	\$ 5,720	\$ 1	\$ (353)	\$ 358	\$ 134	\$ 5,860
Foreign government bonds	41	-	(1)	-	-	40
RMBS	4	-	-	12	(3)	13
CMBS	-	-	-	17	-	17
ABS	870	-	(27)	187	(42)	988
Hybrid and redeemable preferred securities	93	-	5	-	-	98
Trading securities	828	(29)	-	2	(4)	797
Equity securities	95	17	-	(8)	-	104
Mortgage loans on real estate	739	(3)	(1)	(198)	-	537
Derivative investments	21	3	(6)	-	(15)	3
Other assets:						
Ceded MRBs ⁽³⁾	95	(74)	-	-	-	21
Indexed annuity ceded embedded derivatives ⁽⁴⁾	528	(53)	-	18	-	493
Policyholder account balances – indexed annuity and IUL contracts embedded derivatives ⁽⁴⁾	(6,131)	559	-	(2)	-	(5,574)
Other liabilities – ceded MRBs ⁽³⁾	(17)	(34)	-	-	-	(51)
Total, net	<u>\$ 2,886</u>	<u>\$ 387</u>	<u>\$ (383)</u>	<u>\$ 386</u>	<u>\$ 70</u>	<u>\$ 3,346</u>

⁽¹⁾ The changes in fair value of the interest rate swaps are offset by an adjustment to derivative investments (see Note 6).

⁽²⁾ Amortization and accretion of premiums and discounts are included in net investment income on the Consolidated Statements of Comprehensive Income (Loss). Gains (losses) from sales, maturities, settlements and calls and credit loss expense are included in realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

⁽³⁾ Gains (losses) from the changes in fair value are included in market risk benefit gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

⁽⁴⁾ Gains (losses) from the changes in fair value are included in realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

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The following provides the components of the items included in issuances, sales, maturities, settlements and calls, net, (in millions) as reported above:

	For the Three Months Ended March 31, 2023					
	<u>Issuances</u>	<u>Sales</u>	<u>Maturities</u>	<u>Settlements</u>	<u>Calls</u>	<u>Total</u>
Investments:						
Fixed maturity AFS securities:						
Corporate bonds	\$ 141	\$ (35)	\$ (8)	\$ (68)	\$ -	\$ 30
ABS	241	(2)	-	(71)	-	168
Hybrid and redeemable preferred securities	-	-	-	-	(2)	(2)
Trading securities	-	(53)	-	(74)	-	(127)
Mortgage loans on real estate	1	-	-	(3)	-	(2)
Other assets – indexed annuity ceded embedded derivatives	50	-	-	(276)	-	(226)
Policyholder account balances – indexed annuity and IUL contracts embedded derivatives	(300)	-	-	6	-	(294)
Total, net	<u>\$ 133</u>	<u>\$ (90)</u>	<u>\$ (8)</u>	<u>\$ (486)</u>	<u>\$ (2)</u>	<u>\$ (453)</u>

	For the Three Months Ended March 31, 2022					
	<u>Issuances</u>	<u>Sales</u>	<u>Maturities</u>	<u>Settlements</u>	<u>Calls</u>	<u>Total</u>
Investments:						
Fixed maturity AFS securities:						
Corporate bonds	\$ 427	\$ -	\$ (21)	\$ (43)	\$ (5)	\$ 358
RMBS	12	-	-	-	-	12
CMBS	17	-	-	-	-	17
ABS	250	-	-	(56)	(7)	187
Trading securities	179	(132)	-	(45)	-	2
Equity securities	-	(8)	-	-	-	(8)
Mortgage loans on real estate	3	-	-	(201)	-	(198)
Other assets – indexed annuity ceded embedded derivatives	16	-	-	2	-	18
Policyholder account balances – indexed annuity and IUL contracts embedded derivatives	(128)	-	-	126	-	(2)
Total, net	<u>\$ 776</u>	<u>\$ (140)</u>	<u>\$ (21)</u>	<u>\$ (217)</u>	<u>\$ (12)</u>	<u>\$ 386</u>

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The following summarizes changes in unrealized gains (losses) included in net income related to financial instruments carried at fair value classified within Level 3 that we still held (in millions):

	For the Three Months Ended March 31,	
	2023	2022
Trading securities ⁽¹⁾	\$ 6	\$ (30)
Equity securities ⁽¹⁾	(16)	18
Mortgage loans on real estate ⁽¹⁾	2	(3)
Derivative investments ⁽¹⁾	(2)	2
MRBs ⁽²⁾	(638)	1,351
Embedded derivatives – indexed annuity and IUL contracts ⁽¹⁾	(153)	84
Total, net	<u>\$ (801)</u>	<u>\$ 1,422</u>

⁽¹⁾ Included in realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

⁽²⁾ Included in market risk benefit gain (loss) on the Consolidated Statements of Comprehensive Income (Loss).

The following summarizes changes in unrealized gains (losses) included in OCI, net of tax, related to financial instruments carried at fair value classified within Level 3 that we still held (in millions):

	For the Three Months Ended March 31,	
	2023	2022
Fixed maturity AFS securities:		
Corporate bonds	\$ 13	\$ (356)
State and municipal bonds	1	-
Foreign government bonds	-	(2)
ABS	8	(27)
Hybrid and redeemable preferred securities	-	5
Mortgage loans on real estate	2	-
Total, net	<u>\$ 24</u>	<u>\$ (380)</u>

The following provides the components of the transfers into and out of Level 3 (in millions) as reported above:

	For the Three Months Ended March 31, 2023			For the Three Months Ended March 31, 2022		
	Transfers Into Level 3	Transfers Out of Level 3	Total	Transfers Into Level 3	Transfers Out of Level 3	Total
Investments:						
Fixed maturity AFS securities:						
Corporate bonds	\$ 59	\$ (43)	\$ 16	\$ 196	\$ (62)	\$ 134
RMBS	-	-	-	-	(3)	(3)
ABS	-	(193)	(193)	-	(42)	(42)
Hybrid and redeemable preferred securities	12	-	12	-	-	-
Trading securities	-	-	-	-	(4)	(4)
Derivative investments	-	-	-	-	(15)	(15)
Total, net	<u>\$ 71</u>	<u>\$ (236)</u>	<u>\$ (165)</u>	<u>\$ 196</u>	<u>\$ (126)</u>	<u>\$ 70</u>

Transfers into and out of Level 3 are generally the result of observable market information on financial instruments no longer being available or becoming available to our pricing vendors. For the three months ended March 31, 2023 and 2022, transfers in and out of Level 3 were attributable primarily to the financial instruments' observable market information no longer being available or becoming available.

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The following summarizes the fair value (in millions), valuation techniques and significant unobservable inputs of the Level 3 fair value measurements as of March 31, 2023:

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Assumption or Input Ranges	Weighted Average Input Range ⁽¹⁾
Assets					
Investments:					
Fixed maturity AFS and trading securities:					
Corporate bonds	\$ 228	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	(0.2)% - 4.5%	2.4%
State and municipal bonds	36	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	1.5% - 2.5%	2.5%
ABS	13	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	2.5% - 2.5%	2.5%
Hybrid and redeemable preferred securities	3	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	1.2% - 1.2%	1.2%
Equity securities	4	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	4.5% - 4.5%	4.5%
MRB assets	3,445				
Other assets – ceded MRBs	6	Discounted cash flow	Lapse ⁽³⁾	1% - 30%	⁽¹⁰⁾
			Utilization of GLB withdrawals ⁽⁴⁾	85% - 100%	94%
			Claims utilization factor ⁽⁵⁾	60% - 100%	⁽¹⁰⁾
			Premiums utilization factor ⁽⁵⁾	80% - 115%	⁽¹⁰⁾
			Non-performance risk ⁽⁶⁾	0.79% - 3.27%	2.59%
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
			Volatility ⁽⁸⁾	1% - 28%	14.82%
Other assets – indexed annuity ceded embedded derivatives	305	Discounted cash flow	Lapse ⁽³⁾	0% - 9%	⁽¹⁰⁾
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
Liabilities					
Policyholder account balances – indexed annuity contracts embedded derivatives					
	\$ (5,788)	Discounted cash flow	Lapse ⁽³⁾	0% - 9%	⁽¹⁰⁾
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
MRB liabilities	(1,976)				
Other liabilities – ceded MRBs	(252)	Discounted cash flow	Lapse ⁽³⁾	1% - 30%	⁽¹⁰⁾
			Utilization of GLB withdrawals ⁽⁴⁾	85% - 100%	94%
			Claims utilization factor ⁽⁵⁾	60% - 100%	⁽¹⁰⁾
			Premiums utilization factor ⁽⁵⁾	80% - 115%	⁽¹⁰⁾
			Non-performance risk ⁽⁶⁾	0.79% - 3.27%	2.59%
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
			Volatility ⁽⁸⁾	1% - 28%	14.82%

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The following summarizes the fair value (in millions), valuation techniques and significant unobservable inputs of the Level 3 fair value measurements as of December 31, 2022:

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Assumption or Input Ranges	Weighted Average Input Range ⁽¹⁾
Assets					
Investments:					
Fixed maturity AFS and trading securities:					
Corporate bonds	\$ 204	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	(0.2)% - 4.2%	2.1%
State and municipal bonds	35	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	1.2% - 2.4%	2.3%
ABS	15	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	1.4% - 1.4%	1.4%
Hybrid and redeemable preferred securities	3	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	1.5% - 1.5%	1.5%
Equity securities	4	Discounted cash flow	Liquidity/duration adjustment ⁽²⁾	4.5% - 4.5%	4.5%
MRB assets	2,807				
Other assets – ceded MRBs	12	Discounted cash flow	Lapse ⁽³⁾	1% - 30%	⁽¹⁰⁾
			Utilization of GLB withdrawals ⁽⁴⁾	85% - 100%	94%
			Claims utilization factor ⁽⁵⁾	60% - 100%	⁽¹⁰⁾
			Premiums utilization factor ⁽⁵⁾	80% - 115%	⁽¹⁰⁾
			Non-performance risk ⁽⁶⁾	0.35% - 2.41%	1.73%
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
			Volatility ⁽⁸⁾	1% - 28%	14.47%
Other assets – indexed annuity ceded embedded derivatives	525	Discounted cash flow	Lapse ⁽³⁾	0% - 9%	⁽¹⁰⁾
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
Liabilities					
Policyholder account balances – indexed annuity contracts embedded derivatives					
	\$ (4,845)	Discounted cash flow	Lapse ⁽³⁾	0% - 9%	⁽¹⁰⁾
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
MRB liabilities	(2,078)				
Other liabilities – ceded MRBs	(205)	Discounted cash flow	Lapse ⁽³⁾	1% - 30%	⁽¹⁰⁾
			Utilization of GLB withdrawals ⁽⁴⁾	85% - 100%	94%
			Claims utilization factor ⁽⁵⁾	60% - 100%	⁽¹⁰⁾
			Premiums utilization factor ⁽⁵⁾	80% - 115%	⁽¹⁰⁾
			Non-performance risk ⁽⁶⁾	0.35% - 2.41%	1.73%
			Mortality ⁽⁷⁾	⁽⁹⁾	⁽¹⁰⁾
			Volatility ⁽⁸⁾	1% - 28%	14.47%

⁽¹⁾ Unobservable inputs were weighted by the relative fair value of the instruments, unless otherwise noted.

⁽²⁾ The liquidity/duration adjustment input represents an estimated market participant composite of adjustments attributable to liquidity premiums, expected durations, structures and credit quality that would be applied to the market observable information of an investment.

⁽³⁾ The lapse input represents the estimated probability of a contract surrendering during a year, and thereby forgoing any future benefits. The range for indexed annuity contracts represents the lapses during the surrender charge period.

⁽⁴⁾ The utilization of GLB withdrawals input represents the estimated percentage of policyholders that utilize the GLB withdrawal riders.

⁽⁵⁾ The utilization factors are applied to the present value of claims or premiums, as appropriate, in the MRB calculation to estimate the impact of inefficient GLB withdrawal behavior, including taking less than or more than the maximum GLB withdrawal.

- (6) The non-performance risk input represents the estimated additional credit spread that market participants would apply to the market observable discount rate when pricing a contract. The non-performance risk input was weighted by the absolute value of the sensitivity of the reserve to the non-performance risk assumption.
- (7) The mortality input represents the estimated probability of when an individual belonging to a particular group, categorized according to age or some other factor such as gender, will die.
- (8) The volatility input represents overall volatilities assumed for the underlying variable annuity funds, which include a mixture of equity and fixed-income assets. Volatility assumptions vary by fund due to the benchmarking of different indices. The volatility input was weighted by the relative account value assigned to each index.
- (9) The mortality is based on a combination of company and industry experience, adjusted for improvement factors.
- (10) A weighted average input range is not a meaningful measurement for lapse, utilization factors or mortality.

From the table above, we have excluded Level 3 fair value measurements obtained from independent, third-party pricing sources. We do not develop the significant inputs used to measure the fair value of these assets and liabilities, and the information regarding the significant inputs is not readily available to us. Independent broker-quoted fair values are non-binding quotes developed by market makers or broker-dealers obtained from third-party sources recognized as market participants. The fair value of a broker-quoted asset or liability is based solely on the receipt of an updated quote from a single market maker or a broker-dealer recognized as a market participant as we do not adjust broker quotes when used as the fair value measurement for an asset or liability. Significant increases or decreases in any of the quotes received from a third-party broker-dealer may result in a significantly higher or lower fair value measurement.

Changes in any of the significant inputs presented in the table above would have resulted in a significant change in the fair value measurement of the asset or liability as follows:

- *Investments* – An increase in the liquidity/duration adjustment input would have resulted in a decrease in the fair value measurement.
- *Indexed annuity contracts embedded derivatives* – For direct embedded derivatives, an increase in the lapse or mortality inputs would have resulted in a decrease in the fair value measurement.
- *MRBs* – Assuming our market risk benefits are in a liability position: an increase in our lapse, non-performance risk or mortality inputs would have resulted in a decrease in the fair value measurement except for policies with GDB riders only, an increase in mortality would have resulted in an increase in the fair value measurement.

For each category discussed above, the unobservable inputs are not inter-related; therefore, a directional change in one input would not have affected the other inputs. As part of our ongoing valuation process, we assess the reasonableness of our valuation techniques or models and make adjustments as necessary.

13. Contingencies and Commitments

Contingencies

Reinsurance Disputes

Certain reinsurers have sought rate increases on certain yearly renewable term agreements. We are disputing the requested rate increases under these agreements. We may initiate legal proceedings, as necessary, under these agreements in order to protect our contractual rights. Additionally, reinsurers have initiated, and may in the future initiate, legal proceedings against us. While this may impact the Life Insurance segment, we believe it is unlikely the outcome of these disputes would have a material impact on the consolidated financial statements.

Regulatory and Litigation Matters

Regulatory bodies, such as state insurance departments, the SEC, Financial Industry Regulatory Authority and other regulatory bodies regularly make inquiries and conduct examinations or investigations concerning our compliance with, among other things, insurance laws, securities laws, laws governing the activities of broker-dealers, registered investment advisers and unclaimed property laws.

LNC is involved in various pending or threatened legal or regulatory proceedings, including purported class actions, arising from the conduct of business both in the ordinary course and otherwise. In some of the matters, very large and/or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding verdicts obtained in the jurisdiction for similar matters. This variability in pleadings, together with the actual experiences of LNC in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

Due to the unpredictable nature of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time is normally difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the

credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

We establish liabilities for litigation and regulatory loss contingencies when information related to the loss contingencies shows both that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. It is possible that some matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be estimated as of March 31, 2023.

For some matters, the Company is able to estimate a reasonably possible range of loss. For such matters in which a loss is probable, an accrual has been made. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. Accordingly, the estimate contained in this paragraph reflects two types of matters. For some matters included within this estimate, an accrual has been made, but there is a reasonable possibility that an exposure exists in excess of the amount accrued. In these cases, the estimate reflects the reasonably possible range of loss in excess of the accrued amount. For other matters included within this estimation, no accrual has been made because a loss, while potentially estimable, is believed to be reasonably possible but not probable. In these cases, the estimate reflects the reasonably possible loss or range of loss. As of March 31, 2023, we estimate the aggregate range of reasonably possible losses, including amounts in excess of amounts accrued for these matters as of such date, to be up to approximately \$190 million, after-tax. Any estimate is not an indication of expected loss, if any, or of the Company's maximum possible loss exposure on such matters.

For other matters, we are not currently able to estimate the reasonably possible loss or range of loss. We are often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts and the progress of settlement negotiations. On a quarterly and annual basis, we review relevant information with respect to litigation contingencies and update our accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Among other matters, we are presently engaged in litigation, including relating to cost of insurance rates ("Cost of Insurance and Other Litigation"), as described below. No accrual has been made for some of these matters. Although a loss is believed to be reasonably possible for these matters, for some of these matters, we are not able to estimate a reasonably possible amount or range of potential liability. An adverse outcome in one or more of these matters may have a material impact on the consolidated financial statements, but, based on information currently known, management does not believe those cases are likely to have such an impact.

Cost of Insurance and Other Litigation

Cost of Insurance Litigation

Glover v. Connecticut General Life Insurance Company and The Lincoln National Life Insurance Company, filed in the U.S. District Court for the District of Connecticut, No. 3:16-cv-00827, is a putative class action that was served on The Lincoln National Life Insurance Company ("LNL") on June 8, 2016. Plaintiff is the owner of a universal life insurance policy who alleges that LNL charged more for non-guaranteed cost of insurance than permitted by the policy. Plaintiff seeks to represent all universal life and variable universal life policyholders who owned policies containing non-guaranteed cost of insurance provisions that are similar to those of Plaintiff's policy and seeks damages on behalf of all such policyholders. On January 11, 2019, the court dismissed Plaintiff's complaint in its entirety. In response, Plaintiff filed a motion for leave to amend the complaint, which we have opposed.

EFG Bank AG, Cayman Branch, et al. v. The Lincoln National Life Insurance Company, pending in the U.S. District Court for the Eastern District of Pennsylvania, No. 2:17-cv-02592, is a civil action filed on February 1, 2017. Plaintiffs own universal life insurance policies originally issued by Jefferson-Pilot (now LNL). Plaintiffs allege that LNL breached the terms of policyholders' contracts when it increased non-guaranteed cost of insurance rates beginning in 2016. We are vigorously defending this matter.

In re: Lincoln National COI Litigation, pending in the U.S. District Court for the Eastern District of Pennsylvania, Case No. 2:16-cv-06605-GJP, is a consolidated litigation matter related to multiple putative class action cases that were consolidated by an order dated March 20, 2017. Plaintiffs purport to own certain universal life insurance policies originally issued by Jefferson-Pilot (now LNL). Among other things, plaintiffs allege that LNL and LNC breached the terms of policyholders' contracts by increasing non-guaranteed cost of insurance rates beginning in 2016. Plaintiffs sought to represent classes of policyowners and sought damages on their behalf. On August 9, 2022, the court denied plaintiffs' motion for class certification. The parties participated in a mediation on December 13, 2022, and subsequently reached a settlement. On January 26, 2023, the parties informed the presiding judge of a class settlement in this action, subject to final documentation and court approval. On March 24, 2023, plaintiffs filed a motion for preliminary approval of the class settlement. The provisional settlement, which is subject to both preliminary and final approval of the court, consists of \$117.75 million in pre-tax cash (in the aggregate for both this litigation and the *In re: Lincoln National 2017 COI Rate Litigation* matter discussed immediately below) and a five-year cost of insurance rate freeze, among other terms.

In re: Lincoln National 2017 COI Rate Litigation, pending in the U.S. District Court for the Eastern District of Pennsylvania, Case No. 2:17-cv-04150, is a consolidated litigation matter related to multiple putative class action cases that were consolidated by an order dated March 28, 2018. Plaintiffs purport to own certain universal life insurance policies originally issued by Jefferson-Pilot (now LNL). Among other

things, plaintiffs allege that LNL and LNC breached the terms of policyholders' contracts by increasing non-guaranteed cost of insurance rates beginning in 2017. Plaintiffs sought to represent classes of policyholders and sought damages on their behalf. On August 9, 2022, the court denied plaintiffs' motion for class certification. The parties participated in a mediation on December 13, 2022, and subsequently reached a settlement. On January 26, 2023, the parties informed the presiding judge of a class settlement in this action, subject to final documentation and court approval. On March 24, 2023, plaintiffs filed a motion for preliminary approval of the class settlement. The provisional settlement, which is subject to both preliminary and final approval of the court, consists of \$117.75 million in pre-tax cash (in the aggregate for both this litigation and the *In re: Lincoln National COI Litigation* matter discussed immediately above) and a five-year cost of insurance rate freeze, among other terms.

Iwanski v. First Penn-Pacific Life Insurance Company ("FPP"), No. 2:18-cv-01573 filed in the U.S. District Court for the Eastern District of Pennsylvania is a putative class action that was filed on April 13, 2018. Plaintiff alleges that defendant FPP breached the terms of his life insurance policy by deducting non-guaranteed cost of insurance charges in excess of what is permitted by the policies. Plaintiff seeks to represent all owners of universal life insurance policies issued by FPP containing non-guaranteed cost of insurance provisions that are similar to those of Plaintiff's policy and seeks damages on their behalf. Breach of contract is the only cause of action asserted. We are vigorously defending this matter.

TVPX ARS INC., as Securities Intermediary for Consolidated Wealth Management, LTD. v. The Lincoln National Life Insurance Company, filed in the U.S. District Court for the Eastern District of Pennsylvania, No. 2:18-cv-02989, is a putative class action that was filed on July 17, 2018. Plaintiff alleges that LNL charged more for non-guaranteed cost of insurance than permitted by the policy. Plaintiff seeks to represent all universal life and variable universal life policyholders who own policies issued by LNL or its predecessors containing non-guaranteed cost of insurance provisions that are similar to those of Plaintiff's policy and seeks damages on behalf of all such policyholders. We are vigorously defending this matter.

LSH Co. and Wells Fargo Bank, National Association, as securities intermediary for LSH Co. v. Lincoln National Corporation and The Lincoln National Life Insurance Company, pending in the U.S. District Court for the Eastern District of Pennsylvania, No. 2:18-cv-05529, is a civil action filed on December 21, 2018. Plaintiffs own universal life insurance policies originally issued by Jefferson-Pilot (now LNL). Plaintiffs allege that LNL breached the terms of policyholders' contracts when it increased non-guaranteed cost of insurance rates in 2016 and 2017. We are vigorously defending this matter.

Vida Longevity Fund, LP v. Lincoln Life & Annuity Company of New York, pending in the U.S. District Court for the Southern District of New York, No. 1:19-cv-06004, is a putative class action that was filed on June 27, 2019. Plaintiff alleges that Lincoln Life & Annuity Company of New York ("LLANY") charged more for non-guaranteed cost of insurance than was permitted by the policies. On March 31, 2022, the court issued an order granting plaintiff's motion for class certification and certified a class of all current or former owners of six universal life insurance products issued by LLANY that were assessed a cost of insurance charge any time on or after June 27, 2013. Plaintiff seeks damages on behalf of the class. We are vigorously defending this matter.

Angus v. The Lincoln National Life Insurance Company, pending in the U.S. District Court for the Eastern District of Pennsylvania, No. 2:22-cv-01878, is a putative class action filed on May 13, 2022. Plaintiff alleges that defendant LNL breached the terms of her life insurance policy by deducting non-guaranteed cost of insurance charges in excess of what is permitted by the policies. Plaintiff seeks to represent all owners of universal life insurance policies issued or insured by LNL or its predecessors containing non-guaranteed cost of insurance provisions that are similar to those of plaintiff's policy and seeks damages on their behalf. Breach of contract is the only cause of action asserted. On August 26, 2022, LNL filed a motion to dismiss. We are vigorously defending this matter.

Brighton Trustees, LLC, et al. v. The Lincoln National Life Insurance Company, pending in the U.S. District Court for the Northern District of Indiana, Fort Wayne Division, Case No. 1:23-cv-00171 ("*Brighton*"), is a civil action filed on April 20, 2023. Plaintiffs purport to own universal life insurance policies originally issued by Jefferson-Pilot (now LNL). Plaintiffs allege that LNL breached the terms of policyholders' contracts and converted property when it increased non-guaranteed cost of insurance rates beginning in 2016. We are vigorously defending this matter. As we have previously disclosed, LNL and LNC reached a provisional class settlement agreement (the "Settlement") with the plaintiffs in *In re Lincoln National COI Litigation*, pending in the U.S. District Court for the Eastern District of Pennsylvania, 2:16-cv-06605, and in *In re Lincoln National 2017 COI Rate Litigation*, pending in the U.S. District Court for the Eastern District of Pennsylvania, 2:17-cv-04150. The policies at issue in *Brighton* are "Class Policies" under the terms of the Settlement. A motion for preliminary approval of the Settlement was filed with the court on March 24, 2023, and remains pending. If the Settlement is approved by the court, the policies at issue in *Brighton* will not be "Final Settlement Class Policies" under the terms of the Settlement.

Other Litigation

Andrew Nitkewicz v. Lincoln Life & Annuity Company of New York, pending in the U.S. District Court for the Southern District of New York, No. 1:20-cv-06805, is a putative class action that was filed on August 24, 2020. Plaintiff Andrew Nitkewicz, as trustee of the Joan C. Lupe Trust, seeks to represent all current and former owners of universal life (including variable universal life) policies who own or owned policies issued by LLANY and its predecessors in interest that were in force at any time on or after June 27, 2013, and for which planned annual, semi-annual, or quarterly premiums were paid for any period beyond the end of the policy month of the insured’s death. Plaintiff alleges LLANY failed to refund unearned premium in violation of New York Insurance Law Section 3203(a)(2) in connection with the payment of death benefit claims for certain insurance policies. Plaintiff seeks compensatory damages and pre-judgment interest on behalf of the various classes and sub-class. On July 2, 2021, the court granted, with prejudice, LLANY’s November 2020 motion to dismiss this matter. Plaintiff filed a notice of appeal on July 28, 2021, and on September 26, 2022, the U.S. Court of Appeals for the Second Circuit reserved its decision and certified a question to the New York Court of Appeals. On October 20, 2022, the New York Court of Appeals accepted the question, and has set a briefing schedule.

Henry Morgan et al. v. Lincoln National Corporation d/b/a Lincoln Financial Group, et al, filed in the District Court of the 14th Judicial District of Dallas County, Texas, No. DC-23-02492, is a putative class action that was filed on February 22, 2023. Plaintiffs Henry Morgan, Susan Smith, Charles Smith, Laura Seale, Terri Cogburn, Laura Baesel, Kathleen Walton, Terry Warner, and Toni Hale (“Plaintiffs”) allege on behalf of a putative class that Lincoln National Corporation d/b/a Lincoln Financial Group, The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York (together, “Lincoln”), FMR, LLC, and Fidelity Product Services, LLC (“Fidelity”) created and marketed misleading and deceptive insurance products with attributes of investment products. The putative class comprises all individuals and entities who purchased Lincoln OptiBlend products that allocated account monies to the 1-Year Fidelity AIM Dividend Participation Account, between January 1, 2020, to December 31, 2022. Plaintiffs assert the following claims individually and on behalf of the class, (1) violations of the Texas Deceptive Trade Practices Act against Lincoln; (2) common-law fraud against Lincoln; (3) negligent misrepresentation against Lincoln and Fidelity; and (4) aiding and abetting fraud against Fidelity. Plaintiffs allege they suffered damages from “a missed investment return of approximately 5-6%” and mitigation damages. They seek actual, consequential and punitive damages, as well as pre-judgment and post-judgment interest, attorney’s fees, and litigation costs. On March 31, 2023, the Lincoln defendants filed a notice of removal removing the action from the 14th Judicial District of Dallas County, Texas, to the United States District Court for the Northern District of Texas, Dallas Division. We are vigorously defending this matter.

14. Shares and Stockholders’ Equity

Preferred Shares

Preferred stock authorized, issued and outstanding (number of shares) was as follows:

	As of March 31, 2023			As of December 31, 2022		
	Shares Authorized	Shares Issued	Shares Outstanding	Shares Authorized	Shares Issued	Shares Outstanding
9.250% Fixed Rate Reset Non-Cumulative Preferred Stock, Series C	20,000	20,000	20,000	20,000	20,000	20,000
9.000% Non-Cumulative Preferred Stock, Series D	20,000	20,000	20,000	20,000	20,000	20,000
Not designated	9,960,000	-	-	9,960,000	-	-
Total preferred shares	10,000,000	40,000	40,000	10,000,000	40,000	40,000

The per share and aggregate dividends declared for preferred stock by series (in millions except per share data) was as follows:

Series	For the Three Months Ended March 31,			
	2023		2022	
	Dividend Per Share	Aggregate Dividend	Dividend Per Share	Aggregate Dividend
Series C	\$ 635.94	\$ 13	\$ -	\$ -
Series D	618.75	12	-	-
Total	\$ 1,254.69	\$ 25	\$ -	\$ -

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Common Shares

The changes in our common stock (number of shares) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Common Stock		
Balance as of beginning-of-year	169,220,511	177,193,515
Stock compensation/issued for benefit plans	317,248	514,855
Retirement/cancellation of shares	-	(5,817,396)
Balance as of end-of-period	<u>169,537,759</u>	<u>171,890,974</u>
Common Stock as of End-of-Period		
Basic basis	169,537,759	171,890,974
Diluted basis	170,474,027	173,761,296

Our common stock is without par value.

Average Common Shares

A reconciliation of the denominator (number of shares) in the calculations of basic and diluted earnings (loss) per common share was as follows:

	For the Three Months Ended March 31,	
	2023	2022
Weighted-average shares, as used in basic calculation	169,357,846	174,153,475
Shares to cover non-vested stock	568,126	1,359,873
Average stock options outstanding during the period	26,423	2,296,869
Assumed acquisition of shares with assumed proceeds and benefits from exercising stock options (at average market price for the period)	(21,201)	(1,825,626)
Shares repurchasable from measured but unrecognized stock option expense	-	(71,253)
Average deferred compensation shares	<u>553,966</u>	<u>521,211</u>
Weighted-average shares, as used in diluted calculation ⁽¹⁾	<u>170,485,160</u>	<u>176,434,549</u>

⁽¹⁾ Due to reporting a net loss for the three months ended March 31, 2023, basic shares were used in the diluted earnings per share calculation for this period as the use of diluted shares would have resulted in a lower loss per share.

In the event the average market price of LNC common stock exceeds the issue price of stock options and the options have a dilutive effect to our earnings per share, such options will be shown in the table above.

The income used in the calculation of our diluted earnings per share is our net income (loss), reduced by preferred stock dividends. This amount is presented on our Consolidated Statements of Income (Loss).

We have participants in our deferred compensation plans who selected LNC stock as the measure for the investment return attributable to all or a portion of their deferral amounts. This obligation is settled in either cash or LNC stock pursuant to the applicable plan document. We exclude deferred units of LNC stock that are antidilutive from our diluted earnings per share calculation. The mark-to-market adjustment of these deferred units excluded from our diluted earnings per share calculation was \$3 million and \$1 million for the three months ended March 31, 2023 and 2022, respectively.

AOCI

The following summarizes the components and changes in AOCI (in millions):

	For the Three Months Ended March 31,	
	2023	2022
Unrealized Gain (Loss) on Fixed Maturity AFS Securities and Certain Other Investments		
Balance as of beginning-of-year	\$ (8,916)	\$ 9,616
Unrealized holding gains (losses) arising during the period	2,357	(10,493)
Change in foreign currency exchange rate adjustment	76	(71)
Change in future contract benefits and other policyholder account balances	(260)	921
Income tax benefit (expense)	(465)	2,057
Less:		
Reclassification adjustment for gains (losses) included in net income (loss)	(39)	(2)
Income tax benefit (expense)	8	-
Balance as of end-of-period	<u>\$ (7,177)</u>	<u>\$ 2,032</u>
Unrealized Gain (Loss) on Derivative Instruments		
Balance as of beginning-of-year	\$ 388	\$ (85)
Unrealized holding gains (losses) arising during the period	134	44
Change in foreign currency exchange rate adjustment	(67)	75
Income tax benefit (expense)	(15)	(24)
Less:		
Reclassification adjustment for gains (losses) included in net income (loss)	22	11
Income tax benefit (expense)	(5)	(2)
Balance as of end-of-period	<u>\$ 423</u>	<u>\$ 1</u>
Market Risk Benefit Non-Performance Risk Gain (Loss)		
Balance as of beginning-of-year	\$ 1,741	\$ 1,951
Adjustment arising during the period	1,306	25
Income tax benefit (expense)	(281)	(5)
Balance as of end-of-period	<u>\$ 2,766</u>	<u>\$ 1,971</u>
Policyholder Liability Discount Rate Remeasurement Gain (Loss)		
Balance as of beginning-of-year	\$ 747	\$ (1,265)
Adjustment arising during the period	(258)	1,031
Income tax benefit (expense)	56	(220)
Balance as of end-of-period	<u>\$ 545</u>	<u>\$ (454)</u>
Foreign Currency Translation Adjustment		
Balance as of beginning-of-year	\$ (34)	\$ (14)
Foreign currency translation adjustment arising during the period	3	(5)
Balance as of end-of-period	<u>\$ (31)</u>	<u>\$ (19)</u>
Funded Status of Employee Benefit Plans		
Balance as of beginning-of-year	\$ (278)	\$ (219)
Adjustment arising during the period	(2)	4
Income tax benefit (expense)	-	(1)
Balance as of end-of-period	<u>\$ (280)</u>	<u>\$ (216)</u>

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The following summarizes the reclassifications out of AOCI (in millions) and the associated line item on the Consolidated Statements of Comprehensive Income (Loss):

	For the Three Months Ended March 31,		
	<u>2023</u>	<u>2022</u>	
Unrealized Gain (Loss) on Fixed Maturity AFS Securities and Certain Other Investments			
Reclassification	\$ (39)	\$ (2)	Realized gain (loss)
Reclassification before income tax benefit (expense)	(39)	(2)	Income (loss) before taxes
Income tax benefit (expense)	8	-	Federal income tax expense (benefit)
Reclassification, net of income tax	<u>\$ (31)</u>	<u>\$ (2)</u>	Net income (loss)
Unrealized Gain (Loss) on Derivative Instruments			
Interest rate contracts	\$ -	\$ 1	Net investment income
Interest rate contracts	6	(6)	Interest and debt expense
Foreign currency contracts	14	13	Net investment income
Foreign currency contracts	<u>2</u>	<u>3</u>	Realized gain (loss)
Reclassifications before income tax benefit (expense)	22	11	Income (loss) before taxes
Income tax benefit (expense)	<u>(5)</u>	<u>(2)</u>	Federal income tax expense (benefit)
Reclassifications, net of income tax	<u>\$ 17</u>	<u>\$ 9</u>	Net income (loss)

15. Segment Information

We provide products and services and report results through our Life Insurance, Annuities, Group Protection and Retirement Plan Services segments. We also have Other Operations, which includes the financial data for operations that are not directly related to the business segments. Our reporting segments reflect the manner by which our chief operating decision makers view and manage the business. A discussion of these segments and Other Operations is found in Note 21 to the Consolidated Financial Statements in our 2022 Form 10-K/A.

Segment operating revenues and income (loss) from operations are internal measures used by our management and Board of Directors to evaluate and assess the results of our segments. Income (loss) from operations is GAAP net income excluding the after-tax effects of the following items, as applicable:

- Changes in market risk benefits (“MRBs”), including gains and losses and benefit payments (“MRB-related impacts”);
- Investment and reinsurance-related realized gain (loss):
 - Changes in the carrying value of mortgage loans on real estate attributable to current expected credit losses (“CECL”) (“changes in CECL reserve for mortgage loans on real estate”);
 - Changes in the carrying value of reinsurance-related assets attributable to CECL (“changes in CECL reserve for reinsurance-related assets”);
 - Changes in the carrying value of fixed maturity AFS securities attributable to the estimation of credit losses (“changes in the credit loss allowance for fixed maturity AFS securities”); and
 - Changes in the fair value of investments, including trading securities, equity securities, certain derivatives, and mortgage loans on real estate electing the fair value option, and of embedded derivatives within certain reinsurance arrangements, as well as sales or disposals of investments (“changes in investments and reinsurance-related embedded derivatives”);
- Changes in the fair value of the derivative instruments we hold to hedge GLB and GDB, net of fee income allocated to support the cost of hedging them (“changes in fair value of GLB and GDB hedge instruments, net of hedge allowance”);
- Changes in the fair value of the embedded derivative liabilities of our indexed annuity and indexed universal life insurance contracts and the associated index options we hold to hedge them, including collateral expense associated with hedge programs; (“indexed product net derivative results”);
- Changes in reserves resulting from benefit ratio unlocking on variable universal life insurance products with secondary guarantees (“benefit ratio unlocking”);
- Income (loss) from the initial adoption of new accounting standards, regulations and policy changes;
- Income (loss) from reserve changes, net of related amortization, on business sold through reinsurance;
- 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;
- Gains (losses) on modification or early extinguishment of debt;
- Losses from the impairment of intangible assets and gains (losses) on other non-financial assets; and
- Income (loss) from discontinued operations.

Operating revenues represent GAAP revenues excluding the pre-tax effects of the following items, as applicable:

- Investment and reinsurance-related realized gain (loss);
- Changes in fair value of GLB and GDB hedge instruments, net of hedge allowance;
- Indexed product net derivative results;
- Revenue adjustments from the initial adoption of new accounting standards; and
- Amortization of deferred gains arising from reserve changes on business sold through reinsurance.

The tables below reconcile our segment measures of performance to the GAAP measures presented in the Consolidated Statements of Comprehensive Income (Loss) (in millions):

	For the Three Months Ended March 31,	
	2023	2022
	<hr/>	<hr/>
Revenues		
Operating revenues:		
Life Insurance	\$ 1,757	\$ 1,729
Annuities	1,141	1,147
Group Protection	1,388	1,303
Retirement Plan Services	328	318
Other Operations	43	40
Investment and reinsurance-related realized gain (loss)	(196)	1
Changes in fair value of GLB and GDB hedge instruments, net of hedge allowance	(476)	72
Indexed product net derivative results	(171)	110
Total revenues	<u>\$ 3,814</u>	<u>\$ 4,720</u>

	For the Three Months Ended March 31,	
	2023	2022
	<hr/>	<hr/>
Net Income (Loss)		
Income (loss) from operations:		
Life Insurance	\$ (13)	\$ 23
Annuities	274	317
Group Protection	71	(46)
Retirement Plan Services	43	58
Other Operations	(87)	(78)
MRB-related impacts, after-tax	(506)	1,062
Investment and reinsurance-related realized gain (loss), after-tax	(154)	1
Changes in fair value of GLB and GDB hedge instruments, net of hedge allowance, after-tax	(377)	58
Indexed product net derivative results, after-tax	(135)	87
Benefit ratio unlocking, after-tax	3	-
Net income (loss)	<u>\$ (881)</u>	<u>\$ 1,482</u>

Other segment information (in millions) was as follows:

	As of March 31, 2023	As of December 31, 2022
Assets		
Life Insurance	\$ 96,168	\$ 94,536
Annuities	172,978	167,377
Group Protection	9,780	9,780
Retirement Plan Services	42,874	41,900
Other Operations	21,342	20,624
Total assets	<u>\$ 343,142</u>	<u>\$ 334,217</u>

16. Realized Gain (Loss)

Realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss) includes realized gains and losses from the sale of investments, write-downs for impairments of investments and changes in the allowance for credit losses for financial assets, changes in fair value for mortgage loans on real estate accounted for under the fair value option, changes in fair value of equity securities, certain derivative and embedded derivative gains and losses, gains and losses on the sale of subsidiaries and businesses and net gains and losses on reinsurance-related embedded derivatives and trading securities. Realized gains and losses on the sale of investments are determined using the specific identification method. Realized gain (loss) is also net of allocations of investment gains and losses to certain policyholders and certain funds withheld on reinsurance arrangements and certain modified coinsurance arrangements for which we have a contractual obligation. Details underlying realized gain (loss) (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Fixed maturity AFS securities:		
Gross gains	\$ 26	\$ 2
Gross losses	(65)	(4)
Credit loss benefit (expense) ⁽¹⁾	(17)	(1)
Realized gain (loss) on equity securities ⁽²⁾	(14)	2
Credit loss benefit (expense) on mortgage loans on real estate	(4)	18
Credit loss benefit (expense) on reinsurance-related assets	(1)	(1)
Realized gain (loss) on the mark-to-market on certain instruments ⁽³⁾⁽⁴⁾	(111)	(12)
Indexed product derivative results ⁽⁵⁾	(153)	109
Derivative results ⁽⁶⁾	(477)	73
Other realized gain (loss)	(12)	(5)
Total realized gain (loss)	<u>\$ (828)</u>	<u>\$ 181</u>

- ⁽¹⁾ Includes changes in the allowance for credit losses as well as direct write-downs to amortized cost as a result of negative credit events.
- ⁽²⁾ Includes mark-to-market adjustments on equity securities still held of \$(14) million and \$4 million for the three months ended March 31, 2023 and 2022, respectively.
- ⁽³⁾ Represents changes in the fair values of certain derivative investments (not including those associated with our variable and indexed annuity and IUL contracts net derivative results), reinsurance-related embedded derivatives, mortgage loans on real estate accounted for under the fair value option and trading securities.
- ⁽⁴⁾ Includes gains and losses from fair value changes on mortgage loans on real estate accounted for under the fair value option of \$2 million and \$(3) million for the three months ended March 31, 2023 and 2022, respectively.
- ⁽⁵⁾ Represents the change in fair value of the index options that we hold and the change in the fair value of the embedded derivative liabilities of our indexed annuity contracts, IUL contracts and index options we may purchase or sell in the future to hedge policyholder index allocations applicable to future reset periods for our indexed annuity products.
- ⁽⁶⁾ Includes the change in the fair value of the derivative instruments we own to support capital needs associated with our GLB and GDB riders and fees allocated to support the cost of purchasing the hedging instruments.

17. Federal Income Taxes

The effective tax rate is the ratio of tax expense (benefit) over pre-tax income (loss). The effective tax rate was 25% and 19% for the three months ended March 31, 2023 and 2022, respectively. The effective tax rate on pre-tax income is typically lower than the prevailing corporate federal income tax rate of 21% due to benefits from preferential tax items including the separate accounts dividends-received deduction and tax credits.

For the three months ended March 31, 2023, the effective tax rate differed from the prevailing corporate federal income tax rate due primarily to a tax benefit at 21% from pre-tax losses in addition to the effects of preferential tax items.

For the three months ended March 31, 2022, the effective tax rate differed from the prevailing corporate federal income tax rate due primarily to the effects of the preferential tax items.

18. Subsequent Event

On May 2, 2023, we entered into a reinsurance agreement with Fortitude Reinsurance Company Ltd. (“Fortitude Re”). Pursuant to the agreement, we will cede approximately \$28 billion of in-force UL with secondary guarantees (“ULSG”), *MoneyGuard*® and fixed annuity statutory reserves to Fortitude Re.

The transaction is structured as a coinsurance treaty between us and Fortitude Re for the ULSG and fixed annuities blocks, and as coinsurance with funds withheld for the *MoneyGuard* block, with counterparty protections including a comfort trust established by Fortitude Re subject to investment guidelines to meet our risk management objectives. Fortitude Re is an authorized Bermuda reinsurer with reciprocal jurisdiction reinsurer status in Indiana. Under the terms of the reinsurance agreement, we will retain account administration and recordkeeping of the policies including claims management.

This transaction is subject to customary closing conditions, including regulatory approvals, and is expected to close during the second quarter of 2023 with an effective date as of April 1, 2023. This transaction is designed to improve the capital efficiency of our Life Insurance and Annuities business segments.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

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The following Management’s Discussion and Analysis (“MD&A”) is intended to help the reader understand the financial condition as of March 31, 2023, compared with December 31, 2022, and the results of operations for the three months ended March 31, 2023, compared with the corresponding period in 2022 of Lincoln National Corporation and its consolidated subsidiaries. Unless otherwise stated or the context otherwise requires, “LNC,” “Company,” “we,” “our” or “us” refers to Lincoln National Corporation and its consolidated subsidiaries.

The MD&A is provided as a supplement to, and should be read in conjunction with, the consolidated financial statements and the accompanying notes to the consolidated financial statements (“Notes”) presented in “Part I – Item 1. Financial Statements”; our Annual Report on Form 10-K/A for the year ended December 31, 2022 (“2022 Form 10-K/A”); and other reports filed with the Securities and Exchange Commission (“SEC”). For more detailed information on the risks and uncertainties associated with the Company’s business activities, see the risks described in “Part I – Item 1A. Risk Factors” in our 2022 Form 10-K/A.

FORWARD-LOOKING STATEMENTS – CAUTIONARY LANGUAGE

Certain statements made in this report and in other written or oral statements made by us or on our 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 our businesses, prospective services or products, future performance or financial results and the outcome of contingencies, such as legal proceedings. We claim 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 and our captive reinsurance arrangements as well as restrictions on the payment of revenue sharing and 12b-1 distribution fees;
- The impact of U.S. federal tax reform legislation on our business, earnings and capital;
- The impact of regulations adopted by the SEC, the Department of Labor or other federal or state regulators or self-regulatory organizations relating to the standard of care owed by investment advisers and/or broker-dealers that could affect our distribution model;
- The impact of new and emerging privacy regulations that may lead to increased compliance costs and reputation risk;
- Increasing scrutiny and evolving expectations and regulations regarding environmental, social and governance (“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 interest rates causing policyholders to surrender life insurance and annuity 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, 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 telecommunication, information technology or other operational systems or failure to safeguard the confidentiality or privacy of sensitive data on such systems, including from cyberattacks or other breaches of our data security systems;
- The effect of acquisitions and divestitures, restructurings, product withdrawals and other unusual items;
- 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, including the Spark Initiative;
- 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, affect our businesses and increase 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, financial planners or wholesalers.

The risks and uncertainties included here are not exhaustive. Our 2022 Form 10-K/A 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, we disclaim any obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this report.

INTRODUCTION

Executive Summary

We are a holding company that operates multiple insurance and retirement businesses through subsidiary companies. We sell a wide range of wealth protection, accumulation, group protection and retirement income products and solutions through our four business segments:

- Life Insurance;
- Annuities;
- Group Protection; and
- Retirement Plan Services

We also have Other Operations, which includes the financial data for operations that are not directly related to the business segments. See “Part I – Item 1. Business” in our 2022 Form 10-K/A for a discussion of our business segments and products.

In this report, in addition to providing consolidated revenues and net income (loss), we also provide segment operating revenues and income (loss) from operations because we believe they are meaningful measures of revenues and the profitability of our operating segments. Operating revenues and income (loss) from operations are the financial performance measures we use to evaluate and assess the results of our segments. Accordingly, we define and report operating revenues and income (loss) from operations by segment in Note 15. Our management believes that operating revenues and income (loss) from operations explain the results of our ongoing businesses in a manner that allows for a better understanding of the underlying trends in our current businesses. Certain items are excluded from operating revenue and income (loss) from operations because they are unpredictable and not necessarily indicative of current operating fundamentals or future performance of the business segments, and, in many instances, decisions regarding these items do not necessarily relate to the operations of the individual segments. In addition, we believe that our definitions of operating revenues and income (loss) from operations will provide investors with a more valuable measure of our performance because it better reveals trends in our businesses.

We provide information about our segments' and Other Operations' operating revenue and expense line items, key drivers of changes and historical details underlying the line items below. For factors that could cause actual results to differ materially from those set forth, see "Forward-Looking Statements – Cautionary Language" above and "Part I – Item 1A. Risk Factors" in our 2022 Form 10-K/A.

On May 2, 2023, we entered into a reinsurance agreement with Fortitude Reinsurance Company Ltd. ("Fortitude Re") designed to improve the capital efficiency of our Life Insurance and Annuities business segments. For more information, see Note 18.

Industry trends, significant operational matters and outlook are described in "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Introduction – Executive Summary" of our 2022 Form 10-K/A.

Critical Accounting Policies and Estimates

We have identified the accounting policies below as critical to the understanding of our results of operations and our financial condition. In applying these critical accounting policies in preparing our financial statements, management must use critical assumptions, estimates and judgments concerning future results or other developments, including the likelihood, timing or amount of one or more future events. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our assumptions, estimates and judgments based upon historical experience and various other information that we believe to be reasonable under the circumstances. For a detailed discussion of other significant accounting policies, see Note 1. The following information updates the "Critical Accounting Policies and Estimates" provided in our 2022 Form 10-K/A, and therefore, should be read in conjunction with that disclosure.

DAC, VOBA, DSI and DFEL

Deferrals

Qualifying deferrable acquisition expenses are recorded as an asset on the Consolidated Balance Sheets as deferred acquisition costs ("DAC") for products we sold during a period or value of business acquired ("VOBA") for books of business we acquired during a period. DAC and VOBA when amortized increase commissions and other expenses on the Consolidated Statements of Comprehensive Income (Loss). In addition, we defer costs associated with deferred sales inducements ("DSI") and revenues associated with deferred front-end loads ("DFEL"). DSI is an asset on the Consolidated Balance Sheets, and when amortized, increases interest credited on the Consolidated Statements of Comprehensive Income (Loss). DFEL is a liability on the Consolidated Balance Sheets, and when amortized, increases fee income on the Consolidated Statements of Comprehensive Income (Loss).

We incur certain costs that can be capitalized in the acquisition of insurance contracts. Only those costs incurred that result directly from and are essential to the successful acquisition of new or renewal insurance contracts may be capitalized as deferrable acquisition costs in the period they are incurred. This determination of deferability must be made on a contract-level basis. Some examples of acquisition costs that are subject to deferral include the following:

- Employee, agent or broker commissions;
- Wholesaler production bonuses;
- Renewal commissions and bonuses to agents or brokers;
- Medical and inspection fees;
- Premium-related taxes and assessments; and
- A portion of the salaries and benefits of certain employees involved in the underwriting, contract issuance and processing, medical and inspection and sales force contract selling functions.

All other acquisition-related costs, including costs incurred by the insurer for soliciting potential customers, market research, training, administration, management of distribution and underwriting functions, unsuccessful acquisition or renewal efforts and product development, are considered non-deferrable acquisition costs and must be expensed in the period incurred.

In addition, the following indirect costs are considered non-deferrable acquisition costs and must be charged to expense in the period incurred:

- Administrative costs;
- Rent;
- Depreciation;
- Occupancy costs;
- Equipment costs (including data processing equipment dedicated to acquiring insurance contracts);
- Trail commissions; and
- Other general overhead.

Amortization

The amortization of DAC, VOBA, DSI and DFEL, associated with our long-duration insurance contracts and certain investment contracts, is based on assumptions consistent with those used in the development of the underlying contract reserves adjusted for emerging experience and expected trends. The amortization basis results in a constant level amortization pattern for the expected term of the related contracts by each reportable segment. When identifying the amortization basis we consider actuarial assumptions that are inputs to the models for establishing the expected term, including but not limited to, mortality, morbidity, lapse and surrenders. During the third quarter of each year, we conduct our comprehensive review of these actuarial assumptions and update these actuarial assumptions as needed. We may update these actuarial assumptions in other quarters as we become aware of information that warrants updating outside of our annual comprehensive review. Any updates are applied prospectively.

For a discussion of the amortization basis and periods over which we amortize our DAC, VOBA, DSI and DFEL, see “DAC, VOBA, DSI and DFEL” in Note 7.

Investments

Investment Valuation

The following summarizes investments on the Consolidated Balance Sheets carried at fair value by pricing source and fair value hierarchy level (in millions) as of March 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Priced by third-party pricing services	\$ 405	\$ 88,226	\$ 166	\$ 88,797
Priced by independent broker quotations	-	-	4,187	4,187
Priced by matrices	-	16,809	-	16,809
Priced by other methods ⁽¹⁾	-	-	284	284
Total	<u>\$ 405</u>	<u>\$ 105,035</u>	<u>\$ 4,637</u>	<u>\$ 110,077</u>
Percent of total	0%	95%	5%	100%

⁽¹⁾ Represents primarily securities for which pricing models were used to compute fair value.

For more information about the valuation of our financial instruments carried at fair value, see “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Introduction – Critical Accounting Policies and Estimates – Investments – Investment Valuation” in our 2022 Form 10-K/A and Note 12 herein.

Derivatives

Derivatives are primarily used for hedging purposes. We hedge certain portions of our exposure to interest rate risk, default risk, basis risk, equity market risk, credit risk and foreign currency exchange risk by entering into derivative transactions. We also purchase and issue financial instruments that contain embedded derivative instruments. See “Policyholder Account Balances” below for information on embedded derivatives. Assessing the effectiveness of hedging and evaluating the carrying values of the related derivatives often involve a variety of assumptions and estimates.

We carry our derivative instruments at fair value, which we determine through valuation techniques or models that use market data inputs or independent broker quotations. The fair values fluctuate from period to period due to the volatility of the valuation inputs, including but not limited to swap interest rates, interest and equity volatility and equity index levels, foreign currency forward and spot rates, credit spreads and correlations, some of which are significantly affected by economic conditions. The effect to revenue is reported in realized gain (loss) and such amount along with the associated federal income taxes is excluded from income (loss) from operations of our segments.

For more information on derivatives, see Notes 1 and 6. For more information on market exposures associated with our derivatives, including sensitivities, see “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our 2022 Form 10-K/A.

Future Contract Benefits

Future contract benefits represent liability reserves that we have established and carry based on estimates of how much we will need to pay for future benefits and claims.

Liability for Future Policy Benefits

Liability for future policy benefits (“LFPB”) represents the reserve amounts associated with non-participating traditional life insurance contracts and limited payment life-contingent annuity contracts that are calculated to meet the various policy and contract obligations as they mature. Establishing adequate reserves for our obligations to policyholders requires assumptions to be made that are intended to represent an estimation of experience for the period that policy benefits are payable. If actual experience is better than or equal to the assumptions, then reserves should be adequate to provide for future benefits and expenses. If experience is worse than the assumptions, additional reserves may be required. Significant assumptions include mortality rates, morbidity and policyholder behavior (e.g., persistency) and withdrawals. During the third quarter of each year, we conduct our comprehensive review of the cash flow assumptions and projection models used in estimating these liabilities and update these assumptions as needed (excluding the claims settlement expense assumption that is locked-in at inception) in the calculation of the net premium ratio. We may also update these assumptions in other quarters as we become aware of information that is indicative of the need for such an update. See “Annual Assumption Review” below for more information. In measuring our LFPB, we establish cohorts, which are groupings of long-duration contracts. On a quarterly basis, we retrospectively update the net premium ratio at the cohort level for actual experience. For all contract cohorts issued after January 1, 2021, interest is accrued on LFPB at the single-A interest rate on the contract cohort inception date. For contract cohorts issued prior to January 1, 2021, interest remains accruing at the original discount rate in effect on the contract cohort inception date due to the modified retrospective transition method. We also remeasure the LFPB using the single-A interest rate as of the end of each reporting period.

Liability for Future Claims

Future contract benefits include reserves for long-term life and disability claims associated with our Group Protection segment. These reserves use actuarial assumptions primarily based on claim termination rates, offsets for other insurance including social security and long-term disability incidence and severity assumptions. Such cash flow assumptions are subject to the comprehensive review process discussed above. We remeasure the liability for future claims using a single-A interest rate as of the end of each reporting period.

Universal Life Insurance Products with Secondary Guarantees

We issue UL-type contracts where we provide a secondary guarantee to the policyholder. The policy can remain in force, even if the base policy account balance is zero, as long as contractual secondary guarantee requirements have been met. These guaranteed benefits require an additional liability that is calculated based on the application of a benefit ratio (calculated as the present value of total expected benefit payments over the life of the contract from inception divided by the present value of total expected assessments over the life of the contract). These secondary guarantees are reported within future contract benefits on the Consolidated Balance Sheets. The level and direction of the change in reserves will vary over time based on the emergence of the benefit ratio and the level of assessments associated with the contracts. Cash flow assumptions incorporated in a benefit ratio in measuring these additional liabilities for other insurance benefits include mortality rates, morbidity, policyholder behavior (e.g., persistency) and withdrawals based principally on generally accepted actuarial methods and assumptions. During the third quarter of each year, we conduct our comprehensive review of the cash flow assumptions and projection models used in estimating these liabilities and update these assumptions in the calculation of the benefit ratio. We may also update these assumptions in other quarters as we become aware of information that is indicative of the need for such an update.

For additional information on future contract benefits, see Note 11.

Market Risk Benefits

Market risk benefits (“MRBs”) are contracts or contract features that provide protection to the policyholder from other-than-nominal capital market risk and expose us to other-than-nominal capital market risk upon the occurrence of a specific event or circumstance, such as death, annuitization or period withdrawal. An MRB can be in either an asset or a liability position. Our MRB assets and MRB liabilities are reported at fair value separately on the Consolidated Balance Sheet.

We issue variable and fixed annuity contracts that may include various types of GLB and GDB riders that we have accounted for as MRBs. For contracts that contain multiple riders that qualify as MRBs, the MRBs are valued on a combined basis using an integrated model. We have entered into reinsurance agreements to cede certain GLB and GDB riders where the reinsurance agreements themselves are accounted for as MRBs or contain MRBs. We therefore record ceded MRB assets and ceded MRB liabilities associated with these reinsurance agreements. We report ceded MRBs associated with these reinsurance agreements in other assets or other liabilities on the Consolidated Balance Sheets.

Net amount at risk (“NAR”) represents the amount of guaranteed living benefit or guaranteed death benefit in excess of a policyholder’s account balance at the balance sheet date. Underperforming markets increase our exposure to potential benefits with the GLB and GDB

riders. A contract with a GDB rider is “in the money” if the policyholder’s account balance falls below the guaranteed death benefit. As of March 31, 2023 and 2022, 22% and 14%, respectively, of all in-force contracts with a GDB rider were “in the money.” A contract with a GLB rider is “in the money” if the policyholder’s account balance falls below the present value of guaranteed living benefit payments, assuming no full surrenders. As of March 31, 2023 and 2022, 32% and 19%, respectively, of all in-force contracts with a GLB rider were “in the money.” However, the only way the policyholder can realize the excess of the present value of benefits over the account balance of the contract is through a series of withdrawals or income payments that do not exceed a maximum amount. If, after the series of withdrawals or income payments, the account balance is exhausted, the policyholder will continue to receive a series of annuity payments. The account balance can also fluctuate with market returns on a daily basis resulting in increases or decreases in the excess of the present value of benefits over account balance.

Many policyholders have both a guaranteed living benefit or guaranteed death benefit present on the same policy. The total NAR represents the greater of GLB NAR and GDB NAR for each policy as only one benefit can be exercised in practice. Details underlying the NAR, net of reinsurance, (in millions) were as follows:

	Annuities		Retirement Plan Services	
	As of March 31,		As of March 31,	
	2023	2022	2023	2022
GLB NAR	\$ 2,775	\$ 1,051	\$ 2	\$ 1
GDB NAR	3,791	1,488	7	3
Total NAR	6,308	2,449	9	4

Change in the fair value of MRB assets and liabilities is reported in market risk benefit gain (loss) in the Consolidated Statements of Comprehensive Income (Loss), except for the portion attributable to the change in non-performance risk, which is recognized in OCI. Change in the fair value of ceded MRB assets and liabilities, including the changes in our counterparties’ non-performance risks, is reported in market risk benefit gain (loss) in the Consolidated Statements of Comprehensive Income (Loss).

MRBs are valued based on a stochastic projection of risk-neutral scenarios that incorporate a spread reflecting our non-performance risk. Ceded MRBs are valued based on a stochastic projection of risk-neutral scenarios that incorporate a spread reflecting our counterparties’ non-performance risk. The scenario assumptions, at each valuation date, are those we view to be appropriate for a hypothetical market participant and include assumptions for capital markets, lapse, benefit utilization, mortality, risk margin and administrative expenses. These assumptions are based on a combination of historical data and actuarial judgments. The assumption for our own non-performance risk and our counterparties’ non-performance risk for MRBs and ceded MRBs, respectively, are determined at each valuation date and reflect our risk and our counterparties’ risks of not fulfilling the obligations of the underlying liability. The spread for the non-performance risk is added to the discount rates used in determining the fair value from the net cash flows. We believe these assumptions are consistent with those that would be used by a market participant; however, as the related markets develop, we will continue to reassess our assumptions. During the third quarter of each year, we conduct our comprehensive review of the assumptions used in calculating the fair value of these MRBs and update these assumptions on a prospective basis as needed. We may also update these assumptions in other quarters as we become aware of information that is indicative of the need for such an update. For information on fair value inputs, see Note 12.

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For illustrative purposes, the following presents hypothetical effects to MRBs attributable to changes to key assumptions / inputs, assuming all other factors remain constant:

<u>Assumption / Input</u>	<u>Actual Experience</u>	<u>Hypothetical Effect to MRB Liability</u>	<u>Hypothetical Effect to Net Income</u>	<u>Description of Assumption / Input</u>
Equity market return	Increase / (Decrease)	(Decrease) / Increase	Increase / (Decrease)	Equity market return input represents impact based on movements in equity markets.
Interest rate	Higher / Lower	(Decrease) / Increase	Increase / (Decrease)	Interest rate input represents impact based on movements in interest rates and impact to fixed-income assets.
Volatility	Increase / (Decrease)	Increase / (Decrease)	(Decrease) / Increase	Volatility assumption represents overall volatilities assumed for the underlying variable annuity funds, which include a mixture of equity and fixed-income assets. Volatility assumptions vary by fund due to the benchmarking of difference indices.
Mortality	Increase / (Decrease)	(Decrease) / Increase	Increase / (Decrease)	Mortality represents the estimated probability of when an individual belonging to a particular group, categorized according to age or some other factor such as gender, will die.
Mortality contracts with only GDB rider	Increase / (Decrease)	Increase / (Decrease)	(Decrease) / Increase	Mortality represents the estimated probability of when an individual belonging to a particular group, categorized according to age or some other factor such as gender, will die.
Lapse	Higher / Lower	(Decrease) / Increase	Increase / (Decrease)	Lapse assumption represents the estimated probability of a contract surrendering during a year, thereby forgoing any future benefits.
Benefit utilization	Higher / Lower	Increase / (Decrease)	(Decrease) / Increase	Benefit utilization assumption of guaranteed withdrawals represents the estimated percentage of policyholders that utilize the guaranteed withdrawal feature.

We use derivative instruments to hedge our exposure to selected risk caused by changes in equity markets and interest rates associated with GLB and GDB riders that are available in our variable annuity products and accounted for as MRBs. Effective January 1, 2023, we revised our hedge program that continues to focus on generating sufficient assets to fund future claims with a goal of maximizing distributable earnings and explicitly protecting capital. We utilize options and total return swaps on U.S.-based equity indices, and futures on U.S.-based and international equity indices, as well as interest rate futures, interest rate swaps and currency futures. For additional information on our derivatives, see Note 6.

As part of our hedge program, equity market and interest rate conditions are monitored on a daily basis. We rebalance our hedge positions based upon changes in these factors as needed. While we actively manage our hedge positions, these positions may not completely offset changes in the fair value of our GLB and GDB riders caused by movements in these factors due to, among other things, differences in timing between when a market exposure changes and corresponding changes to the hedge positions, extreme swings in the equity markets, interest rates and market-implied volatilities, realized market volatility, policyholder behavior, divergence between the performance of the underlying funds and the hedging indices, divergence between the actual and expected performance of the hedge instruments or our ability to purchase hedging instruments at prices consistent with our desired risk and return trade-off.

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The following table presents our after-tax estimates of the potential instantaneous effect to net income (loss) that could result from sudden changes that may occur in equity markets and interest rates (in millions) and excludes the net cost of operating the hedge program. The amounts represent the difference between the change in GLB and GDB riders and the change in the fair value of the underlying hedge instruments. These estimates are based upon the balance as of March 31, 2023, net of reinsurance, and the related hedge instruments in place as of that date. The effects presented in the table below are not representative of the aggregate impacts that could result if a combination of such changes to equity market returns and interest rates occurred.

Equity Market Return	In Force Sensitivities	
	-10%	+10%
Hypothetical effect to net income	\$ (650)	\$ 550

Interest Rates	-25 bps	+25 bps
	Hypothetical effect to net income	(575)

The actual effects of the results illustrated in the table above could vary significantly depending on a variety of factors, many of which are out of our control, and consideration should be given to the following:

- The analysis is only valid as of March 31, 2023, due to changing market conditions, policyholder activity, hedge positions and other factors;
- The analysis assumes instantaneous shifts in the capital market factors and no ability to rebalance hedge positions prior to the market changes;
- The analysis assumes constant exchange rates and implied dividend yields;
- Assumptions regarding shifts in the market factors, such as assuming parallel shifts in interest rates, may be overly simplistic and not indicative of actual market behavior in stress scenarios;
- It is very unlikely that one capital market sector (e.g., equity markets) will sustain such a large instantaneous movement without affecting other capital market sectors; and
- The analysis assumes that there is no tracking or basis risk between the funds and/or indices affecting the GLB and GDB riders and the instruments utilized to hedge these exposures.

For additional information on MRBs, see Note 8.

Policyholder Account Balances

Policyholder account balances include the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. This liability includes UL and VUL and investment-type annuity products where account balances are equal to deposits plus interest credited less withdrawals, surrender charges, asset-based fees and policyholder administration charges (collectively known as “policyholder assessments”), as well as amounts representing the fair value of embedded derivative instruments associated with our IUL and indexed annuity products. During the third quarter of each year, we conduct our comprehensive review of the assumptions and projection models underlying our reserves and embedded derivatives and update assumptions as needed. We may also update these assumptions in other quarters as we become aware of information that is indicative of the need for such an update.

Our indexed annuity and IUL contracts permit the holder to elect a fixed interest rate return or a return where interest credited to the contracts is linked to the performance of the S&P 500® Index or other indices. The value of the variable portion of the policyholder’s account balance varies with the performance of the underlying variable funds chosen by the policyholder. Policyholders may elect to rebalance among the various accounts within the product at renewal dates. At the end of each indexed term, which can be up to six years, we have the opportunity to re-price the indexed component by establishing different participation rates, caps, spreads or specified rates, subject to contractual guarantees. We purchase and sell index options that are highly correlated to the portfolio allocation decisions of our policyholders, such that we are economically hedged with respect to equity returns for the current reset period. The mark-to-market of the options held generally offsets the change in value of the embedded derivative within the contract, both of which are recorded as a component of realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). The Derivatives and Hedging and the Fair Value Measurements and Disclosures Topics of the FASB ASC require that we calculate fair values of index options we may purchase or sell in the future to hedge policyholder index allocations in future reset periods. These fair values represent an estimate of the cost of the options we will purchase or sell in the future, discounted back to the date of the balance sheet, using current market indicators of volatility and interest rates. Changes in the fair values of these liabilities are included as a component of realized gain (loss) on the Consolidated Statements of Comprehensive Income (Loss). For more information on indexed product net derivative results, see Note 15.

For additional information on the liability for policyholder account balances, see Note 10.

Income Taxes

Management uses certain assumptions and estimates in determining the income taxes payable or refundable for the current year, the deferred income tax liabilities and assets for items recognized differently in its financial statements from amounts shown on its income tax returns and the federal income tax expense. Determining these amounts requires analysis and interpretation of current tax laws and regulations. Management exercises considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments and estimates are re-evaluated on a continual basis as regulatory and business factors change. Legislative changes to the Internal Revenue Code of 1986, as amended, modifications or new regulations, administrative rulings, or court decisions could increase or decrease our effective tax rate.

The application of GAAP requires us to evaluate the recoverability of our deferred tax assets and establish a valuation allowance, if necessary, to reduce our deferred tax asset to an amount that is more likely than not to be realizable. Considerable judgment and the use of estimates are required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, we consider many factors, including: the nature and character of the deferred tax assets and liabilities; taxable income in prior carryback years; future reversals of existing temporary differences; the length of time carryovers can be utilized; and any tax planning strategies we would employ to avoid a tax benefit from expiring unused.

As of March 31, 2023, we had an approximate \$1.7 billion deferred tax asset related to net unrealized losses on fixed maturity AFS securities. In the assessment of the future realizability of this deferred tax asset, management considered tax planning strategy and concluded that unrealized losses were caused by factors other than credit loss, and we have the intent and ability to hold these securities to recovery and collect all of the contractual cash flows. Additionally, as of March 31, 2023, we had a \$316 million deferred tax asset related to net operating loss carryforwards that can be used to offset taxable income in future periods and reduce our income taxes payable in those future periods. The net operating loss carryforwards do not expire and can be carried forward indefinitely. Although realization is not assured, management believes it is more likely than not that the deferred tax assets, including our net operating loss deferred tax asset, will be realized. For additional information on income taxes, see Note 17.

RESULTS OF CONSOLIDATED OPERATIONS

Details underlying the consolidated results (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
	Net Income (Loss)	
Income (loss) from operations:		
Life Insurance	\$ (13)	\$ 23
Annuities	274	317
Group Protection	71	(46)
Retirement Plan Services	43	58
Other Operations	(87)	(78)
MRB-related impacts, after-tax	(506)	1,062
Investment and reinsurance-related realized gain (loss), after-tax	(154)	1
Changes in fair value of GLB and GDB hedge instruments, net of hedge allowance, after-tax	(377)	58
Indexed product net derivative results, after-tax	(135)	87
Benefit ratio unlocking, after-tax	3	-
Net income (loss)	\$ (881)	\$ 1,482

Comparison of the Three Months Ended March 31, 2023 to 2022

Net income decreased due primarily to the following:

- Losses in MRB-related impacts in 2023 compared to gains in MRB-related impacts in 2022, as interest rates decreased during 2023, compared to an increase during 2022.
- Realized loss in 2023 compared to realized gain in 2022. See “Consolidated Investments – Investment and Reinsurance-Related Realized Gain (Loss), Including GLB and GDB Hedge Instruments” for additional information.
- Unfavorable indexed product net derivative results in 2023 compared to favorable results in 2022, driven by the impact of capital markets.
- Lower fee income driven by lower average daily variable account balances.
- Lower prepayment and bond make-whole premiums and lower investment income on alternative investments.
- Higher benefits driven by the run-rate impact from the third quarter 2022 annual assumption review in our Life Insurance segment.
- Higher compensation expenses.

The decrease in net income was partially offset by growth in business in force and improved disability results in our Group Protection segment.

RESULTS OF LIFE INSURANCE

Income (Loss) from Operations

Details underlying the results for Life Insurance (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Operating Revenues		
Insurance premiums ⁽¹⁾	\$ 285	\$ 277
Fee income	776	761
Net investment income	687	688
Operating realized gain (loss)	(2)	(2)
Amortization of deferred gain on business sold through reinsurance	4	4
Other revenues	7	1
Total operating revenues	<u>1,757</u>	<u>1,729</u>
Operating Expenses		
Benefits	1,152	1,025
Interest credited	328	325
Policyholder liability remeasurement (gain) loss	(13)	62
Commissions and other expenses	313	296
Total operating expenses	<u>1,780</u>	<u>1,708</u>
Income (loss) from operations before taxes	(23)	21
Federal income tax expense (benefit)	(10)	(2)
Income (loss) from operations	<u>\$ (13)</u>	<u>\$ 23</u>

⁽¹⁾ Includes term insurance premiums, which have a corresponding partial offset in benefits for changes in reserves.

Comparison of the Three Months Ended March 31, 2023 to 2022

Income from operations for this segment decreased due primarily to the following:

- Higher benefits, net of policyholder liability remeasurement (gain) loss, driven by growth in reserves and the run-rate impact from the third quarter 2022 annual assumption review, partially offset by lower mortality claims.
- Higher commissions and other expenses due to higher compensation expenses.
- Lower net investment income, net of interest credited, driven by lower prepayment and bond make-whole premiums and lower investment income on alternative investments, partially offset by higher average general account balances.

The decrease in income from operations was partially offset by the following:

- Higher fee income due to growth in business in force.
- Higher insurance premiums due to growth in business in force.

Additional Information

We expect an ongoing reduction in income from operations in future quarters of approximately \$30 to \$35 million per quarter as a result of the second quarter 2023 reinsurance agreement. See Note 18 for more information.

For information on interest rate spreads and interest rate risk, see “Part I – Item 1A. Risk Factors – Market Conditions – Changes in interest rates and sustained low interest rates may cause interest rate spreads to decrease, impacting our profitability, and make it more challenging to meet certain statutory requirements,” “Part I – Item 1A. Risk Factors – Market Conditions – Increases in interest rates may negatively affect our profitability, capital position and the value of our investment portfolio and may also result in increased contract withdrawals” and “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk” in our 2022 Form 10-K/A. For information on the interest rate environment, see “Part II – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Introduction – Executive Summary” in our 2022 Form 10-K/A.

Insurance Premiums

Insurance premiums relate to traditional products and are a function of the rates priced into the product and insurance in force. Insurance in force, in turn, is driven by sales, persistency and mortality claims.

Fee Income

Details underlying fee income, sales, net flows, account balances and in-force face amount (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
	<u>2023</u>	<u>2022</u>
Fee Income		
Cost of insurance assessments	\$ 600	\$ 571
Expense assessments	369	374
Surrender charges	8	8
DFEL:		
Deferrals	(262)	(250)
Amortization	61	58
Total fee income	<u>\$ 776</u>	<u>\$ 761</u>

	For the Three Months Ended March 31,	
	2023	2022
	<u>2023</u>	<u>2022</u>
Sales by Product		
IUL/UL	\$ 34	\$ 26
<i>MoneyGuard</i> [®]	21	22
VUL	30	34
Term	30	43
Executive Benefits	15	30
Total sales	<u>\$ 130</u>	<u>\$ 155</u>

Net Flows		
Deposits	\$ 1,315	\$ 1,351
Withdrawals and deaths	(469)	(440)
Net flows	<u>\$ 846</u>	<u>\$ 911</u>

Policyholder Assessments	<u>\$ 1,366</u>	<u>\$ 1,338</u>
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	As of March 31,	
	<u>2023</u>	<u>2022</u>
Account Balances ⁽¹⁾		
General account	\$ 32,008	\$ 32,433
Separate account	<u>17,556</u>	<u>18,161</u>
Total account balances	<u>\$ 49,564</u>	<u>\$ 50,594</u>
In-Force Face Amount		
UL and other	\$ 364,101	\$ 361,490
Term insurance	<u>715,495</u>	<u>635,123</u>
Total in-force face amount	<u>\$ 1,079,596</u>	<u>\$ 996,613</u>

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Average General Account Balances	<u>\$ 32,072</u>	<u>\$ 32,526</u>

⁽¹⁾ Net of reinsurance ceded.

Fee income relates only to interest-sensitive products and includes cost of insurance assessments, expense assessments and surrender charges. Both cost of insurance and expense assessments can have deferrals and amortization related to DFEL. Cost of insurance and expense assessments are deducted from our policyholders' account balances. These amounts are a function of the rates priced into the product and premiums received, face amount in force and account balances.

Sales are not recorded as a component of revenues (other than for traditional products) and do not have a significant effect on current quarter income from operations but are indicators of future profitability. Generally, we have higher sales during the second half of the year with the fourth quarter being our strongest.

Sales in the table above and as discussed above were reported as follows:

- UL, IUL and VUL – first-year commissionable premiums plus 5% of excess premiums received;
- *MoneyGuard*[®] linked-benefit products – *MoneyGuard* (UL), 15% of total expected premium deposits, and *MoneyGuard Market Advantage*SM (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; and
- Term – 100% of annualized first-year premiums.

We monitor the business environment, including but not limited to the regulatory and interest rate environments, and make changes to our product offerings and in-force products as needed, and as permitted under the terms of the policies, to sustain the future profitability of our segment.

Net Investment Income and Interest Credited

Details underlying net investment income and interest credited (in millions) were as follows:

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Net Investment Income		
Fixed maturity AFS securities, mortgage loans on real estate and other, net of investment expenses	\$ 598	\$ 587
Commercial mortgage loan prepayment and bond make-whole premiums ⁽¹⁾	2	13
Alternative investments ⁽²⁾	46	54
Surplus investments ⁽³⁾	41	34
Total net investment income	<u>\$ 687</u>	<u>\$ 688</u>
Interest Credited	<u>\$ 328</u>	<u>\$ 325</u>

⁽¹⁾ See “Consolidated Investments – Commercial Mortgage Loan Prepayment and Bond Make-Whole Premiums” below for additional information.

⁽²⁾ See “Consolidated Investments – Alternative Investments” below for additional information.

⁽³⁾ Represents net investment income on the required statutory surplus for this segment and includes the effect of investment income on alternative investments for such assets that are held in the portfolios supporting statutory surplus versus the portfolios supporting product liabilities.

A portion of the investment income earned for this segment is credited to policyholder accounts. Statutory reserves will typically grow at a faster rate than account balances because of reserve requirements. Investments allocated to this segment are based upon the statutory reserve liabilities and are affected by various reserve adjustments, including financing transactions providing relief from reserve requirements. These financing transactions lead to a transfer of investments from this segment to Other Operations. We expect to earn a spread between what we earn on the underlying general account investments and what we credit to our policyholders’ accounts. Investment income partially offsets the earnings effect of the associated growth of our policy reserves. Commercial mortgage loan prepayments and bond make-whole premiums and investment income on alternative investments can vary significantly from period to period due to a number of factors, and, therefore, may contribute to investment income results that are not indicative of the underlying trends.

Benefits and Policyholder Remeasurement (Gain) Loss

Details underlying benefits and policyholder remeasurement (gain) loss (dollars in millions) were as follows:

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Benefits and Policyholder Remeasurement (Gain) Loss		
Death claims direct and assumed	\$ 1,468	\$ 1,542
Death claims ceded	(583)	(619)
Reserves released on death	<u>(172)</u>	<u>(164)</u>
Net death benefits	713	759
Change in secondary guarantee life insurance product reserves:		
Change in reserves	204	132
Change in <i>MoneyGuard</i> ® reserves:		
Change in reserves	121	110
Other benefits ⁽¹⁾	<u>101</u>	<u>86</u>
Total benefits and policyholder remeasurement (gain) loss	<u>\$ 1,139</u>	<u>\$ 1,087</u>
Death claims per \$1,000 of in-force	2.65	3.08

⁽¹⁾ Includes primarily changes in reserves and dividends on traditional and other products.

Benefits for this segment include claims incurred during the period in excess of the associated reserves for its interest-sensitive and traditional products. In addition, benefits include the change in secondary guarantee, linked-benefit and term life insurance product reserves. These reserves are affected by changes in expected future trends of assessments and benefits causing remeasurements. Generally, we experience higher mortality in the first quarter of the year due to the seasonality of claims. We expect COVID-19-related mortality to continue to follow U.S. death trends.

Commissions and Other Expenses

Details underlying commissions and other expenses (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Commissions and Other Expenses		
Commissions	\$ 148	\$ 156
General and administrative expenses	150	134
Expenses associated with reserve financing	26	25
Taxes, licenses and fees	40	43
Total expenses incurred	364	358
DAC and VOBA deferrals	(174)	(182)
Total expenses recognized before amortization	190	176
DAC and VOBA amortization	122	119
Other intangible amortization	1	1
Total commissions and other expenses	<u>\$ 313</u>	<u>\$ 296</u>
DAC and VOBA Deferrals		
As a percentage of sales	133.8%	117.4%

Commissions and other costs that result directly from and are essential to the successful acquisition of new or renewal business are deferred to the extent recoverable. For our interest-sensitive and traditional products, DAC and VOBA are amortized on a constant level basis over the expected term of the related contracts using the groupings and actuarial assumptions consistent with those used for calculating the related policyholder liability balances. For more information, see “Critical Accounting Policies and Estimates – DAC, VOBA, DSI and DFEL” above.

RESULTS OF ANNUITIES**Income (Loss) from Operations**

Details underlying the results for Annuities (in millions) were as follows:

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Operating Revenues		
Insurance premiums ⁽¹⁾	\$ 38	\$ 30
Fee income ⁽²⁾	540	628
Net investment income	421	359
Amortization of deferred gain on business sold through reinsurance	5	6
Other revenues	137	124
Total operating revenues	<u>1,141</u>	<u>1,147</u>
Operating Expenses		
Benefits ⁽¹⁾	63	52
Interest credited	278	207
Policyholder liability remeasurement (gain) loss	(1)	1
Commissions and other expenses	501	516
Total operating expenses	<u>841</u>	<u>776</u>
Income (loss) from operations before taxes	300	371
Federal income tax expense (benefit)	26	54
Income (loss) from operations	<u>\$ 274</u>	<u>\$ 317</u>

⁽¹⁾ Insurance premiums include primarily our income annuities that have a corresponding offset in benefits. Benefits include primarily changes in income annuity reserves driven by insurance premiums.

⁽²⁾ Consists primarily of revenues attributable to broker-dealer services, which are subject to market volatility and the net settlement related to certain reinsurance transactions, which has a corresponding offset in net investment income and interest credited.

Comparison of the Three Months Ended March 31, 2023 to 2022

Income from operations for this segment decreased due primarily to the following:

- Lower fee income driven by lower average daily variable account balances.
- Lower net investment income, net of interest credited, driven by lower prepayment and bond make-whole premiums and lower investment income on alternative investments within our surplus portfolio, partially offset by higher average fixed account balances and impacts to portfolio yields from the current interest rate environment.

The decrease in income from operations was partially offset by the following:

- Lower federal income tax expense due to a more favorable tax return true-up driven by the separate account dividends-received deduction.
- Lower commissions and other expenses driven by lower trail commissions resulting from lower average account balances, partially offset by higher compensation expenses.

Additional Information

We expect an ongoing reduction in income from operations in future quarters of approximately \$5 million per quarter as a result of the second quarter 2023 reinsurance agreement. See Note 18 for more information.

New deposits are an important component of net flows and key to our efforts to grow our business. Although deposits do not significantly affect current period income from operations, they can significantly impact future income from operations.

The other component of net flows relates to the retention of new business and account balances. An important measure of retention is the reduction in account balances caused by full surrenders, deaths and other contract benefits. These outflows as a percentage of average gross account balances were 9% for the three months ended March 31, 2023, and 7% for the corresponding period in 2022.

Our fixed and indexed variable annuities have discretionary fixed and indexed crediting rates that reset on an annual or periodic basis and may be subject to surrender charges. Our ability to retain these annuities will be subject to current competitive conditions at the time interest rates for these products reset. We expect to manage the effects of spreads on near-term income from operations through portfolio management and, to a lesser extent, crediting rate actions, which assumes no significant changes in net flows or other changes that may cause interest rate spreads to differ from our expectations. For information on interest rate spreads and interest rate risk, see “Part I – Item 1A. Risk Factors – Market Conditions – Changes in interest rates and sustained low interest rates may cause interest rate spreads to decrease, impacting our profitability, and make it more challenging to meet certain statutory requirements, and changes in interest rates may also result in increased contract withdrawals” and “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk” in our 2022 Form 10-K/A. For information on the interest rate environment, see “Part II – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Introduction – Executive Summary” in our 2022 Form 10-K/A.

Fee Income

Details underlying fee income (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Fee Income		
Mortality, expense and other assessments ⁽¹⁾	\$ 528	\$ 623
Surrender charges	10	4
DFEL:		
Deferrals	(5)	(6)
Amortization	7	7
Total fee income	<u>\$ 540</u>	<u>\$ 628</u>

⁽¹⁾ Presented net of GLB and GDB hedge allowance.

We charge policyholders mortality and expense assessments on variable annuity accounts to cover insurance and administrative expenses. These assessments are a function of the rates priced into the product and the average daily variable account balances. Average daily variable account balances are driven by net flows and variable fund returns. Charges on GLB riders are assessed based on a contractual rate that is applied either to the account balance or the guaranteed amount. We allocate a portion of these fees to support the cost of hedging GLB and GDB riders. For more information, see Note 15. We may collect surrender charges when our fixed and variable annuity policyholders surrender their contracts during the surrender charge period to protect us from premature withdrawals.

Net Investment Income and Interest Credited

Details underlying net investment income and interest credited (in millions) were as follows:

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Net Investment Income		
Fixed maturity AFS securities, mortgage loans on real estate and other, net of investment expenses	\$ 389	\$ 302
Commercial mortgage loan prepayment and bond make-whole premiums ⁽¹⁾	1	19
Surplus investments ⁽²⁾	30	38
Total net investment income	<u>\$ 421</u>	<u>\$ 359</u>
Interest Credited		
Amount provided to policyholders	\$ 275	\$ 204
DSI deferrals	<u>(1)</u>	<u>(1)</u>
Interest credited before DSI amortization	274	203
DSI amortization	<u>4</u>	<u>4</u>
Total interest credited	<u>\$ 278</u>	<u>\$ 207</u>

⁽¹⁾ See “Consolidated Investments – Commercial Mortgage Loan Prepayment and Bond Make-Whole Premiums” below for additional information.

⁽²⁾ Represents net investment income on the required statutory surplus for this segment and includes the effect of investment income on alternative investments for such assets that are held in the portfolios supporting statutory surplus versus the portfolios supporting product liabilities. See “Consolidated Investments – Alternative Investments” below for more information on alternative investments.

A portion of our investment income earned is credited to the policyholders of our deferred fixed annuity products, including the fixed portion of variable annuity contracts. We expect to earn a spread between what we earn on the underlying general account investments supporting the fixed annuity product line, including the fixed portion of variable annuity contracts, and what we credit to our fixed annuity policyholders’ accounts, including the fixed portion of variable annuity contracts. Changes in commercial mortgage loan prepayments and bond make-whole premiums, investment income on alternative investments and surplus investment income can vary significantly from period to period due to a number of factors and, therefore, may contribute to investment income results that are not indicative of the underlying trends.

Account Balances

Details underlying account balances (dollars in millions) were as follows:

	As of or For the Three Months Ended March 31,	
	2023	2022
Variable Annuity Account Balance Information ⁽¹⁾		
Variable annuity deposits	\$ 624	\$ 1,138
Variable annuity net flows	(1,812)	(1,419)
Variable annuity account balances	108,334	125,626
Average daily variable account balances	108,128	127,638
Average daily S&P 500 [®] Index ⁽²⁾	3,998	4,467
Fixed Annuity Account Balance Information ⁽³⁾		
Fixed annuity deposits	\$ 2,540	\$ 1,566
Fixed annuity net flows	1,481	894
Fixed annuity account balances ⁽⁴⁾	38,818	34,307
Average fixed annuity account balances ⁽⁴⁾	38,203	33,773

⁽¹⁾ Excludes the fixed portion of variable.

⁽²⁾ We generally use the S&P 500[®] Index as a benchmark for the performance of our variable account balances. The account balances of our variable annuity contracts are invested by our policyholders in a variety of investment options including, but not limited to, domestic and international equity securities and fixed income, which do not necessarily align with S&P 500 Index performance.

⁽³⁾ Includes the fixed portion of variable.

⁽⁴⁾ Net of reinsurance.

Commissions and Other Expenses

Details underlying commissions and other expenses (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Commissions and Other Expenses		
Commissions:		
Deferrable	\$ 85	\$ 103
Non-deferrable	155	166
General and administrative expenses	109	102
Expenses associated with reserve financing and LOC expenses	4	1
Taxes, licenses and fees	12	15
Total expenses incurred, excluding broker-dealer	365	387
DAC deferrals	(98)	(118)
Total pre-broker-dealer expenses incurred, excluding amortization	267	269
DAC and VOBA amortization	108	106
Broker-dealer expenses incurred	126	141
Total commissions and other	<u>\$ 501</u>	<u>\$ 516</u>

DAC Deferrals

As a percentage of sales/deposits	3.1%	4.4%
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Commissions and other costs that result directly from and are essential to the successful acquisition of new or renewal business are deferred to the extent recoverable and are amortized on a constant level basis over the expected term of the related contracts using the groupings and actuarial assumptions consistent with those used for calculating the related policyholder liability balances. Certain types of commissions, such as trail commissions that are based on account balances, are expensed as incurred rather than deferred and amortized.

Broker-dealer expenses that vary with and are related to sales are expensed as incurred and not deferred and amortized. Fluctuations in these expenses correspond with fluctuations in other revenues. For more information, see Critical Accounting Policies and Estimates – DAC, VOBA, DSI and DFEL” above.

RESULTS OF GROUP PROTECTION

Income (Loss) from Operations

Details underlying the results for Group Protection (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Operating Revenues		
Insurance premiums	\$ 1,251	\$ 1,169
Net investment income	85	85
Other revenues ⁽¹⁾	52	49
Total operating revenues	1,388	1,303
Operating Expenses		
Benefits	1,037	1,060
Interest credited	1	1
Policyholder liability remeasurement (gain) loss	(100)	(22)
Commissions and other expenses	361	322
Total operating expenses	1,299	1,361
Income (loss) from operations before taxes	89	(58)
Federal income tax expense (benefit)	18	(12)
Income (loss) from operations	\$ 71	\$ (46)

⁽¹⁾ Consists of revenue from third parties for administrative services performed, which has a corresponding partial offset in commissions and other expenses.

	For the Three Months Ended March 31,	
	2023	2022
Income (Loss) from Operations by Product Line		
Life	\$ (3)	\$ (37)
Disability	77	(9)
Dental	(3)	-
Income (loss) from operations	\$ 71	\$ (46)

Comparison of the Three Months Ended March 31, 2023 to 2022

Income from operations for this segment increased due primarily to the following:

- Higher insurance premiums due to growth in business in force and persistency.
 - Lower benefits, net of policyholder liability remeasurement (gain) loss, driven by lower incidence in our disability and life businesses.

The increase in income from operations was partially offset by higher commissions and other expenses driven by higher sales volume and higher compensation expenses.

Additional Information

For information about the effect of the loss ratio sensitivity on our income (loss) from operations, see “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Group Protection – Additional Information” in our 2022 Form 10-K/A.

For information on the effects of current interest rates on our long-term disability claim reserves, see “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk – Effect of Interest Rate Sensitivity” in our 2022 Form 10-K/A. For information on the interest rate environment, see “Part II – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Introduction – Executive Summary” in our 2022 Form 10-K/A.

Insurance Premiums

Details underlying insurance premiums (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Insurance Premiums by Product Line		
Life	\$ 480	\$ 443
Disability	725	676
Dental	46	50
Total insurance premiums	<u>\$ 1,251</u>	<u>\$ 1,169</u>
Sales by Product Line		
Life	\$ 82	\$ 53
Disability	40	47
Dental	6	5
Total sales	<u>\$ 128</u>	<u>\$ 105</u>

Our cost of insurance and policy administration charges are embedded in the premiums charged to our customers. The premiums are a function of the rates priced into the product and our business in force. Business in force, in turn, is driven by sales and persistency experience.

Sales relate to new policyholders and new programs sold to existing policyholders. We believe that the trend in sales is an important indicator of development of business in force over time. Sales in the table above are the combined annualized premiums for our products.

Net Investment Income

We use our investment income to offset the earnings effect of the associated build of our reserves, which are a function of our insurance premiums and the yields on our investments. Details underlying net investment income (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Net Investment Income		
Fixed maturity AFS securities, mortgage loans on real estate and other, net of investment expenses	\$ 67	\$ 60
Commercial mortgage loan prepayment and bond make-whole premiums ⁽¹⁾	-	2
Surplus investments ⁽²⁾	18	23
Total net investment income	<u>\$ 85</u>	<u>\$ 85</u>

⁽¹⁾ See “Consolidated Investments – Commercial Mortgage Loan Prepayment and Bond Make-Whole Premiums” below for additional information.

⁽²⁾ Represents net investment income on the required statutory surplus for this segment and includes the effect of investment income on alternative investments for such assets that are held in the portfolios supporting statutory surplus versus the portfolios supporting product liabilities. See “Consolidated Investments – Alternative Investments” below for more information on alternative investments.

Benefits, Interest Credited and Policyholder Liability Remeasurement (Gain) Loss

Details underlying benefits, interest credited (in millions) and policyholder liability remeasurement (gain) loss and loss ratios by product line were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Benefits, Interest Credited and Policyholder Liability Remeasurement (Gain) Loss by Product Line		
Life	\$ 386	\$ 404
Disability	517	600
Dental	35	35
Total benefits, interest credited and policyholder liability remeasurement (gain) loss	<u>\$ 938</u>	<u>\$ 1,039</u>

Loss Ratios by Product Line

Life	80.4%	91.1%
Disability	71.4%	88.8%
Dental	76.4%	71.1%
Total	75.0%	88.9%

Generally, we experience higher mortality in the first quarter of the year and higher disability claims in the fourth quarter of the year due to the seasonality of claims. We expect COVID-19-related mortality to continue to follow U.S. death trends. For additional information on our loss ratios, see “Additional Information” above.

Commissions and Other Expenses

Details underlying commissions and other expenses (in millions) were as follows:

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Commissions and Other Expenses		
Commissions	\$ 106	\$ 94
General and administrative expenses	212	184
Taxes, licenses and fees	<u>36</u>	<u>33</u>
Total expenses incurred	354	311
DAC deferrals	<u>(25)</u>	<u>(21)</u>
Total expenses recognized before	329	290
DAC amortization	23	24
Other intangible amortization	<u>9</u>	<u>8</u>
Total commissions and other expenses	<u>\$ 361</u>	<u>\$ 322</u>

DAC Deferrals

As a percentage of insurance premiums	2.0%	1.8%
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Commissions and other costs that result directly from and are essential to the successful acquisition of new or renewal business are deferred to the extent recoverable and are amortized on a constant level basis over the expected term of the related contracts using the groupings and actuarial assumptions consistent with those used for calculating the related policyholder liability balances. Certain broker commissions that vary with and are related to paid premiums are expensed as incurred rather than deferred and amortized. For more information, see “Critical Accounting Policies and Estimates – DAC, VOBA, DSI and DFEL” above.

RESULTS OF RETIREMENT PLAN SERVICES

Income (Loss) from Operations

Details underlying the results for Retirement Plan Services (in millions) were as follows:

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Operating Revenues		
Fee income	\$ 64	\$ 70
Net investment income	255	238
Other revenues ⁽¹⁾	<u>9</u>	<u>10</u>
Total operating revenues	<u>328</u>	<u>318</u>
Operating Expenses		
Interest credited	167	152
Commissions and other expenses	<u>110</u>	<u>99</u>
Total operating expenses	<u>277</u>	<u>251</u>
Income (loss) from operations before taxes	51	67
Federal income tax expense (benefit)	<u>8</u>	<u>9</u>
Income (loss) from operations	<u>\$ 43</u>	<u>\$ 58</u>

⁽¹⁾ Consists primarily of mutual fund account program revenues from mid to large employers.

Comparison of the Three Months Ended March 31, 2023 to 2022

Income from operations for this segment decreased due primarily to the following:

- Higher commissions and other expenses driven by higher compensation expenses.
- Lower fee income driven by lower average daily account balances.

The decrease in income from operations was partially offset by higher net investment income, net of interest credited, driven by higher average fixed account balances and impacts to portfolio yields from the current interest rate environment, partially offset by lower investment income on prepayment and bond make-whole premiums and alternative investments within our surplus portfolio.

Additional Information

Net flows in this business fluctuate based on the timing of larger plans being implemented and terminating over the course of the year. New deposits are an important component of net flows and key to our efforts to grow our business. Although deposits do not significantly affect current period income from operations, they can significantly impact future income from operations. The other component of net flows relates to the retention of the business. An important measure of retention is the reduction in account balances caused by plan sponsor terminations and participant withdrawals. These outflows as a percentage of average account balances were 12% and 11% for the three months ended March 31, 2023 and 2022, respectively.

Our net flows are negatively affected by the continued net outflows from our oldest blocks of annuities business (as presented on our Net Flows By Market table below as “*Multi-Fund*® and other”), which are among our higher margin product lines in this segment, due to the fact that they are mature blocks with low distribution and servicing costs. The proportion of these products to our total account balances was 16% and 18% as of March 31, 2023 and 2022, respectively. Due to this overall shift in business mix toward products with lower returns, new deposit production continues to be necessary to maintain earnings at current levels.

Our fixed annuity business includes products with discretionary and index-based crediting rates that are reset on either a quarterly or semi-annual basis. Our ability to retain quarterly or semi-annual reset annuities will be subject to current competitive conditions at the time interest rates for these products reset. We expect to manage the effects of spreads on near-term income from operations through portfolio management and, to a lesser extent, crediting rate actions, which assumes no significant changes in net flows into or out of our fixed accounts or other changes that may cause interest rate spreads to differ from our expectations. For information on interest rate spreads and interest rate risk, see “Part I – Item 1A. Risk Factors – Market Conditions – Changes in interest rates and sustained low interest rates may cause interest rate spreads to decrease, impacting our profitability, and make it more challenging to meet certain statutory requirements,” “Part I – Item 1A. Risk Factors – Market Conditions – Increases in interest rates may negatively affect our profitability, capital position and the value of our investment portfolio and may also result in increased contract withdrawals” and “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk” in our 2022 Form 10-K/A. For information on the interest rate environment, see “Part II – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Introduction – Executive Summary” in our 2022 Form 10-K/A.

Fee Income

Details underlying fee income (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Fee Income		
Annuity expense assessments	\$ 47	\$ 52
Mutual fund fees	17	18
Total fee income	<u>\$ 64</u>	<u>\$ 70</u>

Our fee income is primarily composed of expense assessments that we charge to cover insurance and administrative expenses, and mutual fund fees earned for services we provide to our mutual fund programs. Fee income is primarily based on average account balances, both fixed and variable, which are driven by net flows and the equity markets. Fee income is also driven by non-account balance-related items such as participant counts. We may collect surrender charges when our fixed and variable annuity policyholders surrender their contracts during the surrender charge period to protect us from premature withdrawals.

Net Investment Income and Interest Credited

Details underlying net investment income and interest credited (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Net Investment Income		
Fixed maturity AFS securities, mortgage loans on real estate and other, net of investment expenses	\$ 237	\$ 206
Commercial mortgage loan prepayment and bond make-whole premiums ⁽¹⁾	-	11
Surplus investments ⁽²⁾	18	21
Total net investment income	<u>\$ 255</u>	<u>\$ 238</u>
Interest Credited	<u>\$ 167</u>	<u>\$ 152</u>

⁽¹⁾ See “Consolidated Investments – Commercial Mortgage Loan Prepayment and Bond Make-Whole Premiums” below for additional information.

⁽²⁾ Represents net investment income on the required statutory surplus for this segment and includes the effect of investment income on alternative investments for such assets that are held in the portfolios supporting statutory surplus versus the portfolios supporting product liabilities. See “Consolidated Investments – Alternative Investments” below for more information on alternative investments.

A portion of our investment income earned is credited to the policyholders of our fixed annuity products, including the fixed portion of variable annuity contracts. We expect to earn a spread between what we earn on the underlying general account investments supporting the fixed annuity product line, including the fixed portion of variable annuity contracts, and what we credit to our fixed annuity policyholders’ accounts, including the fixed portion of variable annuity contracts. Commercial mortgage loan prepayments and bond make-whole premiums, investment income on alternative investments and surplus investment income can vary significantly from period to period due to a number of factors and, therefore, may contribute to investment income results that are not indicative of the underlying trends.

Account Balances

Details underlying account balances (dollars in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Variable Account Balance Information ⁽¹⁾		
Variable annuity deposits	\$ 535	\$ 925
Variable annuity net flows	(44)	155
Variable annuity account balances	17,754	19,705
Average daily variable annuity account balances	17,525	19,749
Average daily S&P 500® Index	3,998	4,467
Fixed Account Balance Information ⁽²⁾		
Fixed annuity deposits	\$ 701	\$ 842
Fixed annuity net flows	(412)	(2)
Fixed annuity account balances	24,994	23,958
Average fixed account balances	25,057	23,739
Mutual Fund Account Balance Information		
Mutual fund deposits	\$ 1,973	\$ 1,870
Mutual fund net flows	991	774
Mutual fund account balances ⁽³⁾	50,231	51,671

⁽¹⁾ Excludes the fixed portion of variable.

⁽²⁾ Includes the fixed portion of variable.

⁽³⁾ Mutual funds are not included in the separate accounts reported on the Consolidated Balance Sheets as we do not have any ownership interest in them.

	For the Three Months Ended March 31,	
	2023	2022
Net Flows By Market		
Small market	\$ 148	\$ (116)
Mid – large market	711	1,331
<i>Multi-Fund</i> ® and other	(324)	(288)
Total net flows	<u>\$ 535</u>	<u>\$ 927</u>

For more information on account balances, see Notes 10 and 11.

Commissions and Other Expenses

Details underlying commissions and other expenses (in millions) were as follows:

	For the Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
Commissions and Other Expenses		
Commissions:		
Deferrable	\$ 1	\$ 1
Non-deferrable	20	19
General and administrative expenses	83	73
Taxes, licenses and fees	<u>6</u>	<u>6</u>
Total expenses incurred	110	99
DAC deferrals	<u>(5)</u>	<u>(5)</u>
Total expenses recognized before amortization	105	94
DAC amortization	<u>5</u>	<u>5</u>
Total commissions and other expenses	<u>\$ 110</u>	<u>\$ 99</u>

DAC Deferrals

As a percentage of annuity sales/deposits	0.4%	0.3%
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Commissions and other costs that result directly from and are essential to the successful acquisition of new or renewal business are deferred to the extent recoverable and are amortized on a constant level basis over the expected term of the related contracts using the groupings and actuarial assumptions consistent with those used for calculating the related policyholder liability balances. Certain types of commissions, such as trail commissions that are based on account balances, are expensed as incurred rather than deferred and amortized. Distribution expenses associated with the sale of mutual fund products are expensed as incurred. For more information, see “Critical Accounting Policies and Estimates – DAC, VOBA, DSI and DFEL” above.

RESULTS OF OTHER OPERATIONS

Income (Loss) from Operations

Details underlying the results for Other Operations (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Operating Revenues		
Insurance premiums ⁽¹⁾	\$ 5	\$ 1
Net investment income	35	41
Other revenues	3	(2)
Total operating revenues	43	40
Operating Expenses		
Benefits	20	12
Interest credited	10	12
Policyholder liability remeasurement (gain) loss	-	1
Other expenses	13	12
Interest and debt expense	83	66
Spark program expense	24	31
Total operating expenses	150	134
Income (loss) from operations before taxes	(107)	(94)
Federal income tax expense (benefit)	(20)	(16)
Income (loss) from operations	\$ (87)	\$ (78)

⁽¹⁾ Includes our disability income business, which has a corresponding offset in benefits for changes in reserves.

Comparison of the Three Months Ended March 31, 2023 to 2022

Loss from operations for Other Operations increased due primarily to the following:

- Higher interest and debt expense driven by an increase in average interest rates.
- Higher benefits attributable to unfavorable experience in our run-off disability income and institutional pension businesses.
- Lower net investment income, net of interest credited, related to lower allocated investments driven by a decrease in excess capital retained by Other Operations.

The increase in loss from operations was partially offset by the following:

- Lower Spark program expense as part of our Spark Initiative.
- Higher other revenues due to the effect of market fluctuations on assets held as part of certain compensation plans, which increased during the first quarter of 2023, compared to a decrease during the first quarter of 2022.

Additional Information

We expect to continue making investments as part of our Spark Initiative. For more information, see “Introduction – Executive Summary – Significant Operational Matters – Spark Initiative” in our 2022 Form 10-K/A.

Net Investment Income and Interest Credited

We utilize an internal formula to determine the amount of capital that is allocated to our business segments. Investment income on capital in excess of the calculated amounts is reported in Other Operations. If our business segments require increases in statutory reserves, surplus or investments, the amount of excess capital that is retained by Other Operations would decrease and net investment income would be negatively affected.

Write-downs for impairments decrease the recorded value of investments owned by the business segments. These write-downs are not included in the income from operations of our business segments. When impairment occurs, assets are transferred to the business

segments' portfolios and will reduce the future net investment income for Other Operations. Statutory reserve adjustments for our business segments can also cause allocations of investments between the business segments and Other Operations.

The majority of our interest credited relates to our reinsurance operations sold to Swiss Re Life & Health America, Inc. ("Swiss Re") in 2001. A substantial amount of the business was sold through indemnity reinsurance transactions, which is still recorded in the consolidated financial statements. The interest credited corresponds to investment income earnings on the assets we continue to hold for this business. There is no effect to income or loss in Other Operations or on a consolidated basis for these amounts because interest earned on the blocks that continue to be reinsured is passed through to Swiss Re in the form of interest credited.

Benefits

Benefits are recognized when incurred for institutional pension products and disability income business.

Other Expenses

Details underlying other expenses (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
General and administrative expenses:		
Legal	\$ (5)	\$ -
Branding	13	6
Other ⁽¹⁾	7	9
Total general and administrative expenses	15	15
Taxes, licenses and fees ⁽²⁾	(1)	(2)
Other ⁽³⁾	(1)	(1)
Total other expenses	<u>\$ 13</u>	<u>\$ 12</u>

⁽¹⁾ Includes the portion of our deferred compensation plan expense attributable to participants' selection of LNC stock as the measure for their investment return, expenses that are corporate in nature including charitable contributions and other expenses not allocated to our business segments.

⁽²⁾ Includes state guaranty funds assessments to cover losses to policyholders of insolvent or rehabilitated insurance companies. Mandatory assessments may be partially recovered through a reduction in future premium taxes in some states.

⁽³⁾ Consists primarily of reimbursements to Other Operations from the Life Insurance segment for the use of proceeds from certain issuances of senior notes that were used as long-term structured solutions, net of expenses incurred by Other Operations for its access to a financing facility and issuance of LOCs.

Interest and Debt Expense

Our current level of interest expense may not be indicative of the future due to, among other things, the timing of the use of cash, the availability of funds from our inter-company cash management program and the future cost of capital. For additional information on our financing activities, see "Liquidity and Capital Resources – Holding Company Sources and Uses of Liquidity and Capital – Debt" below.

CONSOLIDATED INVESTMENTS

Details underlying our consolidated investment balances (in millions) were as follows:

			Percentage of Total Investments	
	As of March 31, 2023	As of December 31, 2022	As of March 31, 2023	As of December 31, 2022
Investments				
Fixed maturity AFS securities	\$ 101,936	\$ 99,736	75.9%	75.8%
Trading securities	3,266	3,498	2.4%	2.7%
Equity securities	414	427	0.3%	0.3%
Mortgage loans on real estate	18,327	18,301	13.7%	13.9%
Policy loans	2,383	2,359	1.8%	1.8%
Derivative investments	4,005	3,594	3.0%	2.7%
Alternative investments	3,069	3,021	2.3%	2.3%
Other investments	823	718	0.6%	0.5%
Total investments	<u>\$ 134,223</u>	<u>\$ 131,654</u>	<u>100.0%</u>	<u>100.0%</u>

Investment Objective

Investments are an integral part of our operations. We follow a balanced approach to investing for both current income and prudent risk management, with an emphasis on generating sufficient current income, net of income tax, to meet our obligations to customers, as well as other general liabilities. This balanced approach requires the evaluation of expected return and risk of each asset class utilized, while still meeting our income objectives. This approach is important to our asset-liability management because decisions can be made based upon both the economic and current investment income considerations affecting assets and liabilities. For a discussion of our risk management process, see “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our 2022 Form 10-K/A.

Investment Portfolio Composition and Diversification

Fundamental to our investment policy is diversification across asset classes. Our investment portfolio, excluding cash and invested cash, is composed of fixed maturity securities, mortgage loans on real estate, real estate (either wholly-owned or in joint ventures) and other long-term investments. We purchase investments for our segmented portfolios that have yield, duration and other characteristics that take into account the liabilities of the products being supported.

We have the ability to maintain our investment holdings throughout credit cycles because of our capital position, the long-term nature of our liabilities and the matching of our portfolios of investment assets with the liabilities of our various products.

Fixed Maturity and Equity Securities Portfolios

Fixed maturity securities consist of portfolios classified as AFS and trading. Details underlying our fixed maturity AFS securities by industry classification (in millions) are presented in the tables below. These tables agree in total with the presentation of fixed maturity AFS securities in Note 4; however, the categories below represent a more detailed breakout of the fixed maturity AFS portfolio. Therefore, the investment classifications listed below do not agree to the investment categories provided in Note 4.

	As of March 31, 2023				
	Net	Gross Unrealized		Fair	%
	Amortized Cost ⁽¹⁾	Gains	Losses	Value	Fair Value
Fixed Maturity AFS Securities					
Industry corporate bonds:					
Financial services	\$ 17,615	\$ 165	\$ 1,813	\$ 15,967	15.6%
Basic industry	4,200	62	393	3,869	3.8%
Capital goods	7,227	101	703	6,625	6.5%
Communications	4,236	95	433	3,898	3.8%
Consumer cyclical	5,890	57	578	5,369	5.3%
Consumer non-cyclical	16,930	272	2,011	15,191	14.8%
Energy	4,735	74	391	4,418	4.3%
Technology	5,724	42	573	5,193	5.1%
Transportation	3,639	36	357	3,318	3.3%
Industrial other	2,341	7	372	1,976	1.9%
Utilities	14,342	179	1,557	12,964	12.7%
Government-related entities	1,807	49	196	1,660	1.6%
Collateralized mortgage and other obligations ("CMOs"):					
Agency backed	1,441	6	141	1,306	1.3%
Non-agency backed	365	17	13	369	0.4%
Mortgage pass through securities ("MPTS"):					
Agency backed	411	1	37	375	0.4%
Commercial mortgage-backed securities ("CMBS"):					
Agency backed	9	-	-	9	0.0%
Non-agency backed	1,896	1	235	1,662	1.6%
Asset-backed securities ("ABS"):					
Collateralized loan obligations ("CLOs")	8,721	1	574	8,148	8.0%
Credit card	78	8	1	85	0.1%
Home equity	191	28	4	215	0.2%
Other	3,210	5	205	3,010	3.0%
Municipals:					
Taxable	5,295	277	404	5,168	5.1%
Tax-exempt	91	2	4	89	0.1%
Government:					
United States	399	9	25	383	0.4%
Foreign	334	19	44	309	0.3%
Hybrid and redeemable preferred securities	362	25	27	360	0.4%
Total fixed maturity AFS securities	111,489	1,538	11,091	101,936	100.0%
Trading Securities ⁽²⁾	3,546	57	337	3,266	
Equity Securities	383	90	59	414	
Total fixed maturity AFS, trading and equity securities	<u>\$ 115,418</u>	<u>\$ 1,685</u>	<u>\$ 11,487</u>	<u>\$ 105,616</u>	

	As of December 31, 2022				
	Net Amortized Cost ⁽¹⁾	Gross Unrealized		Fair Value	% Fair Value
		Gains	Losses		
Fixed Maturity AFS Securities					
Industry corporate bonds:					
Financial services	\$ 17,762	\$ 133	\$ 1,998	\$ 15,897	15.9%
Basic industry	4,352	45	478	3,919	3.9%
Capital goods	7,374	63	884	6,553	6.6%
Communications	4,239	72	519	3,792	3.8%
Consumer cyclical	6,056	40	698	5,398	5.4%
Consumer non-cyclical	17,080	184	2,395	14,869	14.9%
Energy	4,776	53	485	4,344	4.4%
Technology	5,581	27	675	4,933	4.9%
Transportation	3,666	19	421	3,264	3.3%
Industrial other	2,330	3	416	1,917	1.9%
Utilities	14,204	111	1,822	12,493	12.5%
Government-related entities	1,820	37	213	1,644	1.6%
CMOs:					
Agency backed	1,451	3	166	1,288	1.3%
Non-agency backed	364	18	14	368	0.4%
MPTS:					
Agency backed	394	1	42	353	0.4%
CMBS:					
Agency backed	15	-	-	15	0.0%
Non-agency backed	1,902	3	246	1,659	1.7%
ABS:					
CLOs	8,497	1	671	7,827	7.8%
Credit card	85	6	1	90	0.1%
Home equity	196	27	4	219	0.2%
Other	3,014	4	250	2,768	2.8%
Municipals:					
Taxable	5,319	171	506	4,984	5.0%
Tax-exempt	91	1	6	86	0.1%
Government:					
United States	405	5	31	379	0.4%
Foreign	348	17	47	318	0.3%
Hybrid and redeemable preferred securities	364	25	30	359	0.4%
Total fixed maturity AFS securities	111,685	1,069	13,018	99,736	100.0%
Trading Securities ⁽²⁾	3,833	44	379	3,498	
Equity Securities	383	104	60	427	
Total fixed maturity AFS, trading and equity securities	<u>\$ 115,901</u>	<u>\$ 1,217</u>	<u>\$ 13,457</u>	<u>\$ 103,661</u>	

⁽¹⁾ Represents amortized cost, net of the allowance for credit losses.

⁽²⁾ Certain of our trading securities support our reinsurance funds withheld and modified coinsurance agreements and the investment results are passed directly to the reinsurers. See “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Consolidated Investments – Fixed Maturity and Equity Securities Portfolios – Trading Securities” in our 2022 Form 10-K/A for further details.

Fixed Maturity AFS Securities

In accordance with the fixed maturity AFS accounting guidance, we reflect stockholders' equity as if unrealized gains and losses were actually recognized and consider all related accounting adjustments that would occur upon such a hypothetical recognition of unrealized gains and losses. Such related balance sheet effects include adjustments to future contract benefits, policyholder account balances and deferred income taxes. Adjustments to each of these balances are charged or credited to accumulated other comprehensive income (loss) ("AOCI"). For instance, deferred income tax balances are adjusted because unrealized gains or losses do not affect actual taxes currently paid.

The quality of our fixed maturity AFS securities portfolio, as measured at estimated fair value and by the percentage of fixed maturity AFS securities invested in various ratings categories, relative to the entire fixed maturity AFS security portfolio (in millions) was as follows:

NAIC Designation ⁽¹⁾	Rating Agency Equivalent Designation ⁽¹⁾	As of March 31, 2023			As of December 31, 2022		
		Net Amortized Cost	Fair Value	% of Total	Net Amortized Cost	Fair Value	% of Total
Investment Grade Securities							
1	AAA / AA / A	\$ 64,244	\$ 58,767	57.7%	\$ 63,741	\$ 56,892	57.0%
2	BBB	43,664	39,775	39.0%	44,103	39,230	39.4%
Total investment grade securities		107,908	98,542	96.7%	107,844	96,122	96.4%
Below Investment Grade Securities							
3	BB	1,900	1,777	1.7%	2,101	1,938	1.9%
4	B	1,591	1,537	1.5%	1,679	1,620	1.6%
5	CCC and lower	70	63	0.1%	59	53	0.1%
6	In or near default	20	17	0.0%	2	3	0.0%
Total below investment grade securities		3,581	3,394	3.3%	3,841	3,614	3.6%
Total fixed maturity AFS securities		<u>\$ 111,489</u>	<u>\$ 101,936</u>	<u>100.0%</u>	<u>\$ 111,685</u>	<u>\$ 99,736</u>	<u>100.0%</u>
Total securities below investment grade as a percentage of total fixed maturity AFS securities		<u>3.2%</u>	<u>3.3%</u>		<u>3.4%</u>	<u>3.6%</u>	

⁽¹⁾ Based upon the rating designations determined and provided by the National Association of Insurance Commissioners ("NAIC") or the major credit rating agencies (Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P")). For securities where the ratings assigned by the major credit rating agencies are not equivalent, the second lowest rating assigned is used. For those securities where ratings by the major credit rating agencies are not available, which does not represent a significant amount of our total fixed maturity AFS securities, we base the ratings disclosed upon internal ratings. The average credit quality was A- as of March 31, 2023.

Comparisons between the NAIC designations and rating agency designations are published by the NAIC. The NAIC assigns securities quality designations and uniform valuations, which are used by insurers when preparing their annual statements. The NAIC designations are similar to the rating agency designations of the Nationally Recognized Statistical Rating Organizations for marketable bonds. NAIC designations 1 and 2 include bonds generally considered investment grade (rated Baa3 or higher by Moody's, or rated BBB- or higher by S&P and Fitch) by such ratings organizations. However, securities designated NAIC 1 and 2 could be deemed below investment grade by the rating agencies as a result of the current risk-based capital ("RBC") rules for residential mortgage-backed securities ("RMBS") and CMBS for statutory reporting. NAIC designations 3 through 6 include bonds generally considered below investment grade (rated Ba1 or lower by Moody's, or rated BB+ or lower by S&P and Fitch).

As of March 31, 2023, and December 31, 2022, 97% of the total fixed maturity AFS securities in an unrealized loss position were investment grade. Our gross unrealized losses recognized in OCI on fixed maturity AFS securities as of March 31, 2023, decreased by \$1.9 billion since December 31, 2022. For further information on our unrealized losses on fixed maturity AFS securities, see "Composition by Industry Categories of our Unrealized Losses on Fixed Maturity AFS Securities" below.

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We regularly review our fixed maturity AFS securities for declines in fair value that we determine to be impairment-related, including those attributable to credit risk factors that may require a credit allowance. We believe the unrealized loss position as of March 31, 2023, did not require an impairment recognized in earnings as: (i) we did not intend to sell these fixed maturity AFS securities; (ii) it is not more likely than not that we will be required to sell the fixed maturity AFS securities before recovery of their amortized cost basis; and (iii) the difference in the fair value compared to the amortized cost was due to factors other than credit loss. This conclusion is consistent with our asset-liability management process. Management considered the following as part of the evaluation:

- The current economic environment and market conditions;
- Our business strategy and current business plans;
- The nature and type of security, including expected maturities and exposure to general credit, liquidity, market and interest rate risk;
- Our analysis of data from financial models and other internal and industry sources to evaluate the current effectiveness of our hedging and overall risk management strategies;
- The current and expected timing of contractual maturities of our assets and liabilities, expectations of prepayments on investments and expectations for surrenders and withdrawals of life insurance policies and annuity contracts;
- The capital risk limits approved by management; and
- Our current financial condition and liquidity demands.

We recognized \$(17) million and \$(1) million of credit loss benefit (expense) on our fixed maturity AFS securities for the three months ended March 31, 2023 and 2022, respectively. In order to determine the amount of credit loss, we calculated the recovery value by performing a discounted cash flow analysis based on the current cash flows and future cash flows we expect to recover. To determine the recoverability, we considered the facts and circumstances surrounding the underlying issuer including, but not limited to, the following:

- Historical and implied volatility of the security;
- The extent to which the fair value has been less than amortized cost;
- Adverse conditions specifically related to the security or to specific conditions in an industry or geographic area;
- Failure, if any, of the issuer of the security to make scheduled payments; and
- Recoveries or additional declines in fair value subsequent to the balance sheet date.

For information on credit loss impairment on fixed maturity AFS securities, see Notes 1, 4 and 16 herein.

As reported on the Consolidated Balance Sheets, we had \$140.4 billion of liabilities for future obligations under insurance policies and contracts, net of amounts recoverable from reinsurers, which exceeded investments and cash and invested cash, which totaled \$138.0 billion as of March 31, 2023. If it were necessary to liquidate fixed maturity AFS securities prior to maturity or call to meet cash flow needs, we would first look to those fixed maturity AFS securities that are in an unrealized gain position, which had a fair value of \$21.1 billion as of March 31, 2023, rather than selling fixed maturity AFS securities in an unrealized loss position. The amount of cash that we have on hand at any point in time takes into account our liquidity needs in the future, other sources of cash, such as the maturities of investments, interest and dividends we earn on our investments and the ongoing cash flows from new and existing business. For additional information, see “Liquidity and Capital Resources” below.

As of March 31, 2023, and December 31, 2022, the estimated fair value for all private placement securities was \$19.5 billion and \$19.0 billion, respectively, representing 15% and 14% of total investments, respectively.

Mortgage-Backed Securities (Included in Fixed Maturity AFS and Trading Securities)

See “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Consolidated Investments – Mortgage-Backed Securities” in our 2022 Form 10-K/A for a discussion of our mortgage-backed securities.

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The market value of fixed maturity AFS and trading securities backed by subprime loans was \$187 million and represented less than 1% of our total investment portfolio as of March 31, 2023. Fixed maturity AFS securities represented \$179 million, or 96%, and trading securities represented \$8 million, or 4%, of the subprime exposure as of March 31, 2023. The table below summarizes our investments in fixed maturity AFS securities backed by pools of residential mortgages (in millions) as of March 31, 2023:

Type	Agency		Prime		Alt-A		Subprime/ Option ARM ⁽¹⁾		Total	
	Net		Net		Net		Net		Net	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
RMBS	\$ 1,852	\$ 1,681	\$ 196	\$ 190	\$ 63	\$ 68	\$ 106	\$ 111	\$ 2,217	\$ 2,050
ABS home equity	1	1	18	18	16	24	156	172	191	215
Total by type ⁽²⁾⁽³⁾	<u>\$ 1,853</u>	<u>\$ 1,682</u>	<u>\$ 214</u>	<u>\$ 208</u>	<u>\$ 79</u>	<u>\$ 92</u>	<u>\$ 262</u>	<u>\$ 283</u>	<u>\$ 2,408</u>	<u>\$ 2,265</u>
Rating										
AAA	\$ 1,479	\$ 1,344	\$ 112	\$ 108	\$ -	\$ -	\$ 5	\$ 5	\$ 1,596	\$ 1,457
AA	368	332	8	8	4	4	4	4	384	348
A	6	6	1	-	-	-	8	7	15	13
BBB	-	-	31	28	4	5	6	5	41	38
BB and below	-	-	62	64	71	83	239	262	372	409
Total by rating ⁽²⁾⁽³⁾⁽⁴⁾	<u>\$ 1,853</u>	<u>\$ 1,682</u>	<u>\$ 214</u>	<u>\$ 208</u>	<u>\$ 79</u>	<u>\$ 92</u>	<u>\$ 262</u>	<u>\$ 283</u>	<u>\$ 2,408</u>	<u>\$ 2,265</u>
Origination Year										
2013 and prior	\$ 440	\$ 432	\$ 83	\$ 83	\$ 79	\$ 92	\$ 262	\$ 283	\$ 864	\$ 890
2014	50	47	-	-	-	-	-	-	50	47
2015	146	132	15	14	-	-	-	-	161	146
2016	460	398	-	-	-	-	-	-	460	398
2017	215	194	-	-	-	-	-	-	215	194
2018	179	168	-	-	-	-	-	-	179	168
2019	159	135	-	-	-	-	-	-	159	135
2020	66	55	3	3	-	-	-	-	69	58
2021	88	72	33	29	-	-	-	-	121	101
2022	50	49	69	68	-	-	-	-	119	117
2023	-	-	11	11	-	-	-	-	11	11
Total by origination year ⁽²⁾⁽³⁾	<u>\$ 1,853</u>	<u>\$ 1,682</u>	<u>\$ 214</u>	<u>\$ 208</u>	<u>\$ 79</u>	<u>\$ 92</u>	<u>\$ 262</u>	<u>\$ 283</u>	<u>\$ 2,408</u>	<u>\$ 2,265</u>

Total fixed maturity AFS securities backed by pools of residential mortgages as a percentage of total fixed maturity AFS securities 2.2% 2.2%

Total prime, Alt-A and subprime/option ARM as a percentage of total fixed maturity AFS securities 0.5% 0.6%

- ⁽¹⁾ Includes the net amortized cost and fair value of option adjustable rate mortgages (“ARM”) within RMBS, totaling \$99 million and \$104 million, respectively.
- ⁽²⁾ Does not include the amortized cost of trading securities totaling \$116 million that primarily support our reinsurance funds withheld and modified coinsurance agreements because investment results for these agreements are passed directly to the reinsurers. The \$116 million in trading securities consisted of \$106 million prime, \$1 million Alt-A and \$9 million subprime.
- ⁽³⁾ Does not include the fair value of trading securities totaling \$101 million that primarily support our reinsurance funds withheld and modified coinsurance agreements because investment results for these agreements are passed directly to the reinsurers. The \$101 million in trading securities consisted of \$92 million prime, \$1 million Alt-A and \$8 million subprime.
- ⁽⁴⁾ Based upon the rating designations determined and provided by the major credit rating agencies (Fitch, Moody’s and S&P). For securities where the ratings assigned by the major credit rating agencies are not equivalent, the second lowest rating assigned is used. For those securities where ratings by the major credit rating agencies are not available, which does not represent a significant amount of our total fixed maturity AFS securities, we base the ratings disclosed upon internal ratings.

None of these investments included any direct investments in subprime lenders or mortgages. We are not aware of material exposure to subprime loans in our alternative investment portfolio.

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The following summarizes our investments in fixed maturity AFS securities backed by pools of commercial mortgages (in millions) as of March 31, 2023:

Type	Multiple Property		Single Property		Total	
	Net		Net		Net	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
CMBS ⁽¹⁾⁽²⁾	\$ 1,827	\$ 1,606	\$ 78	\$ 65	\$ 1,905	\$ 1,671
Rating						
AAA	\$ 1,310	\$ 1,176	\$ 21	\$ 19	\$ 1,331	\$ 1,195
AA	517	430	53	42	570	472
A	-	-	4	4	4	4
Total by rating ⁽¹⁾⁽²⁾⁽³⁾	\$ 1,827	\$ 1,606	\$ 78	\$ 65	\$ 1,905	\$ 1,671
Origination Year						
2013 and prior	\$ 28	\$ 28	\$ 11	\$ 10	\$ 39	\$ 38
2014	15	14	-	-	15	14
2015	27	26	-	-	27	26
2016	111	101	4	4	115	105
2017	350	322	-	-	350	322
2018	201	188	-	-	201	188
2019	355	315	-	-	355	315
2020	258	206	5	5	263	211
2021	246	191	40	30	286	221
2022	205	185	14	12	219	197
2023	31	30	4	4	35	34
Total by origination year ⁽¹⁾⁽²⁾	\$ 1,827	\$ 1,606	\$ 78	\$ 65	\$ 1,905	\$ 1,671

Total fixed maturity AFS securities backed by pools of commercial mortgages as a percentage of total fixed maturity AFS securities 1.7% 1.6%

- ⁽¹⁾ Does not include the amortized cost of trading securities totaling \$160 million that primarily support our reinsurance funds withheld and modified coinsurance agreements because investment results for these agreements are passed directly to the reinsurers. The \$160 million in trading securities consisted of \$120 million of multiple property CMBS and \$40 million of single property CMBS.
- ⁽²⁾ Does not include the fair value of trading securities totaling \$135 million that primarily support our reinsurance funds withheld and modified coinsurance agreements because investment results for these agreements are passed directly to the reinsurers. The \$135 million in trading securities consisted of \$99 million of multiple property CMBS and \$36 million of single property CMBS.
- ⁽³⁾ Based upon the rating designations determined and provided by the major credit rating agencies (Fitch, Moody's and S&P). For securities where the ratings assigned by the major credit rating agencies are not equivalent, the second lowest rating assigned is used. For those securities where ratings by the major credit rating agencies are not available, which does not represent a significant amount of our total fixed maturity AFS securities, we base the ratings disclosed upon internal ratings.

As of March 31, 2023, the net amortized cost and fair value of our fixed maturity AFS exposure to monoline insurers was \$298 million and \$289 million, respectively.

Composition by Industry Categories of our Unrealized Losses on Fixed Maturity AFS Securities

When considering unrealized gain and loss information, it is important to recognize that the information relates to the position of securities at a particular point in time and may not be indicative of the position of our investment portfolios subsequent to the balance sheet date. Further, because the timing of the recognition of realized investment gains and losses through the selection of which securities are sold is largely at management's discretion, it is important to consider the information provided below within the context of the overall unrealized gain or loss position of our investment portfolios. These are important considerations that should be included in any evaluation of the potential effect of securities in an unrealized loss position on our future earnings.

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The composition by industry categories of all fixed maturity AFS securities in an unrealized loss position (in millions) as of March 31, 2023, was as follows:

	Net Amortized Cost	% Net Amortized Cost	Gross Unrealized Losses	% Gross Unrealized Losses	Fair Value	% Fair Value
Healthcare	\$ 5,967	6.5%	\$ 1,083	9.8%	\$ 4,884	6.0%
Electric	7,790	8.5%	1,033	9.3%	6,757	8.4%
ABS	10,955	11.9%	768	6.9%	10,187	12.6%
Banking	6,768	7.4%	702	6.3%	6,066	7.5%
Technology	5,022	5.5%	572	5.2%	4,450	5.5%
Food and beverage	4,101	4.5%	499	4.5%	3,602	4.5%
Local authorities	2,408	2.6%	411	3.7%	1,997	2.5%
Industrial – other	2,152	2.3%	378	3.4%	1,774	2.2%
Diversified manufacturing	2,658	2.9%	320	2.9%	2,338	2.9%
Brokerage asset management	1,935	2.1%	284	2.6%	1,651	2.0%
Natural gas	1,757	1.9%	269	2.4%	1,488	1.8%
Chemicals	2,165	2.4%	255	2.3%	1,910	2.4%
Pharmaceuticals	2,338	2.5%	245	2.2%	2,093	2.6%
Retail	1,876	2.0%	236	2.1%	1,640	2.0%
Non-agency CMBS	1,810	2.0%	235	2.1%	1,575	1.9%
Life insurance	1,579	1.7%	231	2.1%	1,348	1.7%
Transportation services	2,245	2.4%	226	2.0%	2,019	2.5%
Property and casualty	1,753	1.9%	220	2.0%	1,533	1.9%
Midstream	1,690	1.8%	179	1.6%	1,511	1.9%
Utility – other	1,116	1.2%	167	1.5%	949	1.2%
Aerospace and defense	1,350	1.5%	159	1.4%	1,191	1.5%
Automotive	1,481	1.6%	144	1.3%	1,337	1.7%
Consumer products	1,203	1.3%	141	1.3%	1,062	1.3%
Wirelines	1,059	1.2%	140	1.3%	919	1.1%
Government sponsored	566	0.6%	126	1.1%	440	0.5%
Railroads	884	1.0%	120	1.1%	764	0.9%
Wireless	819	0.9%	115	1.0%	704	0.9%
Integrated	875	1.0%	108	1.0%	767	0.9%
Other real estate investment trust	755	0.8%	103	0.9%	652	0.8%
Industries with unrealized losses less than \$100 million	14,850	16.1%	1,622	14.7%	13,228	16.4%
Total by industry	<u>\$ 91,927</u>	<u>100.0%</u>	<u>\$ 11,091</u>	<u>100.0%</u>	<u>\$ 80,836</u>	<u>100.0%</u>
Total by industry as a percentage of total fixed maturity AFS securities	<u>82.5%</u>		<u>100.0%</u>		<u>79.3%</u>	

As of March 31, 2023, the net amortized cost and fair value of securities subject to enhanced analysis and monitoring for potential changes in unrealized loss position was \$54 million and \$48 million, respectively.

Mortgage Loans on Real Estate

The following tables summarize key information on mortgage loans on real estate (in millions):

	As of March 31, 2023			
	Commercial	Residential	Total	%
Credit Quality Indicator				
Current	\$ 16,975	\$ 1,405	\$ 18,380	99.7%
Delinquent ⁽¹⁾	19	16	35	0.2%
Foreclosure ⁽²⁾	-	15	15	0.1%
Total mortgage loans on real estate before allowance	16,994	1,436	18,430	100.0%
Allowance for credit losses	(83)	(20)	(103)	
Total mortgage loans on real estate	<u>\$ 16,911</u>	<u>\$ 1,416</u>	<u>\$ 18,327</u>	
	As of December 31, 2022			
	Commercial	Residential	Total	%
Credit Quality Indicator				
Current	\$ 16,987	\$ 1,379	\$ 18,366	99.8%
Delinquent ⁽¹⁾	-	13	13	0.1%
Foreclosure ⁽²⁾	-	21	21	0.1%
Total mortgage loans on real estate before allowance	16,987	1,413	18,400	100.0%
Allowance for credit losses	(84)	(15)	(99)	
Total mortgage loans on real estate	<u>\$ 16,903</u>	<u>\$ 1,398</u>	<u>\$ 18,301</u>	

⁽¹⁾ As of March 31, 2023, 1 commercial mortgage loan and 38 residential mortgage loans were delinquent. As of December 31, 2022, no commercial mortgage loans and 24 residential mortgage loans were delinquent.

⁽²⁾ As of March 31, 2023, no commercial mortgage loans and 36 residential mortgage loans were in foreclosure. As of December 31, 2022, no commercial mortgage loans and 49 residential mortgage loans were in foreclosure.

As of March 31, 2023, there were 3 specifically identified impaired commercial mortgage loans on real estate with an aggregate carrying value of less than \$1 million and 47 specifically identified impaired residential mortgage loans on real estate with an aggregate carrying value of \$19 million. As of December 31, 2022, there were 2 specifically identified impaired commercial mortgage loans on real estate with an aggregate carrying value of less than \$1 million and 37 specifically identified impaired residential mortgage loans on real estate with an aggregate carrying value of \$16 million.

The total outstanding principal and interest on commercial mortgage loans on real estate that were two or more payments delinquent, excluding foreclosures, as of March 31, 2023, and December 31, 2022, was \$19 million and less than \$1 million, respectively. The total outstanding principal and interest on residential mortgage loans on real estate that were three or more payments delinquent, excluding foreclosures, as of March 31, 2023, and December 31, 2022, was \$16 million and \$13 million, respectively.

The carrying value of mortgage loans on real estate by business segment (in millions) was as follows:

	As of March 31, 2023	As of December 31, 2022
Segment		
Life Insurance	\$ 3,504	\$ 3,536
Annuities	7,088	7,008
Group Protection	1,412	1,417
Retirement Plan Services	4,239	4,253
Other Operations	2,084	2,087
Total mortgage loans on real estate	<u>\$ 18,327</u>	<u>\$ 18,301</u>

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The composition of commercial mortgage loans (in millions) by property type, geographic region and state is shown below:

	As of March 31, 2023		State	As of March 31, 2023	
	Carrying Value	%		Carrying Value	%
Property Type					
Apartment	\$ 5,417	32.1%	CA	\$ 4,676	27.7%
Industrial	4,159	24.6%	TX	1,556	9.2%
Office building	3,568	21.1%	NY	1,002	5.9%
Retail	2,575	15.2%	PA	861	5.1%
Other commercial	762	4.5%	FL	782	4.6%
Hotel/motel	227	1.3%	MD	698	4.1%
Mixed use	203	1.2%	WA	651	3.8%
Total	<u>\$ 16,911</u>	<u>100.0%</u>	AZ	626	3.7%
Geographic Region			GA	609	3.6%
Pacific	5,653	33.5%	TN	561	3.3%
South Atlantic	3,401	20.1%	OH	419	2.5%
Middle Atlantic	2,177	12.9%	VA	409	2.4%
West South Central	1,701	10.1%	NC	398	2.4%
Mountain	1,238	7.3%	WI	355	2.1%
East North Central	1,205	7.1%	OR	326	1.9%
East South Central	683	4.0%	NJ	314	1.9%
West North Central	457	2.7%	SC	304	1.8%
New England	363	2.1%	Non U.S.	33	0.2%
Non U.S.	33	0.2%	All other states	2,331	13.8%
Total	<u>\$ 16,911</u>	<u>100.0%</u>	Total	<u>\$ 16,911</u>	<u>100.0%</u>

The following table shows the principal amount (in millions) of our commercial and residential mortgage loans by year in which the principal is contractually obligated to be repaid:

Principal Repayment Year	As of March 31, 2023			
	Commercial	Residential	Total	%
2023	\$ 638	\$ 13	\$ 651	3.5%
2024	997	18	1,015	5.5%
2025	1,039	19	1,058	5.7%
2026	1,428	20	1,448	7.9%
2027	1,723	22	1,745	9.5%
2028 and thereafter	11,202	1,308	12,510	67.9%
Total	<u>\$ 17,027</u>	<u>\$ 1,400</u>	<u>\$ 18,427</u>	<u>100.0%</u>

See Note 4 for information regarding our loan-to-value and debt-service coverage ratios and our allowance for credit losses.

Alternative Investments

Investment income (loss) on alternative investments by business segment (in millions) was as follows:

	For the Three Months Ended March 31,	
	2023	2022
Life Insurance	\$ 46	\$ 54
Annuities	3	7
Group Protection	2	4
Retirement Plan Services	2	4
Other Operations	-	1
Total ⁽¹⁾	<u>\$ 53</u>	<u>\$ 70</u>

⁽¹⁾ Includes net investment income on the alternative investments supporting the required statutory surplus of our insurance businesses.

As of March 31, 2023, and December 31, 2022, alternative investments included investments in 330 and 337 different partnerships, respectively, and the portfolio represented approximately 2% of total investments. The partnerships do not represent off-balance sheet financing and generally involve several third-party partners. Some of our partnerships contain capital calls, which require us to contribute capital upon notification by the general partner. These capital calls are contemplated during the initial investment decision and are planned for well in advance of the call date. The capital calls are not material in size and are not material to our liquidity. Alternative investments are accounted for using the equity method of accounting and are included in other investments on the Consolidated Balance Sheets.

Non-Income Producing Investments

As of March 31, 2023, and December 31, 2022, the carrying amount of fixed maturity securities, mortgage loans on real estate and real estate that were non-income producing was \$66 million and \$11 million, respectively.

Net Investment Income

Details underlying net investment income (in millions) and our investment yield were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Net Investment Income		
Fixed maturity AFS securities	\$ 1,205	\$ 1,057
Trading securities	44	42
Equity securities	3	3
Mortgage loans on real estate	180	169
Policy loans	27	25
Cash and invested cash	26	-
Commercial mortgage loan prepayment and bond make-whole premiums ⁽¹⁾	3	52
Alternative investments ⁽²⁾	53	70
Consent fees	1	1
Other investments	(1)	29
Investment income	1,541	1,448
Investment expense	(75)	(37)
Net investment income	<u>\$ 1,466</u>	<u>\$ 1,411</u>

⁽¹⁾ See “Commercial Mortgage Loan Prepayment and Bond Make-Whole Premiums” below for additional information.

⁽²⁾ See “Alternative Investments” above for additional information.

	For the Three Months Ended March 31,	
	2023	2022
Interest Rate Yield		
Fixed maturity AFS securities, mortgage loans on real estate and other, net of investment expenses	4.03%	3.80%
Commercial mortgage loan prepayment and bond make-whole premiums	0.01%	0.15%
Alternative investments	0.15%	0.21%
Net investment income yield on invested assets	<u>4.19%</u>	<u>4.16%</u>

We earn investment income on our general account assets supporting fixed annuity, term life, whole life, UL, interest-sensitive whole life and the fixed portion of retirement plan and VUL products. The profitability of our fixed annuity and life insurance products is affected by our ability to achieve target spreads, or margins, between the interest income earned on the general account assets and the interest credited to the contract holder on our average fixed account values, including the fixed portion of variable. Net investment income and the interest rate yield table each include commercial mortgage loan prepayments and bond make-whole premiums, alternative investments and contingent interest and standby real estate equity commitments. These items can vary significantly from period to period due to a number of factors and, therefore, can provide results that are not indicative of the underlying trends.

Commercial Mortgage Loan Prepayment and Bond Make-Whole Premiums

Prepayment and make-whole premiums are collected when borrowers elect to call or prepay their debt prior to the stated maturity. A prepayment or make-whole premium allows investors to attain the same yield as if the borrower made all scheduled interest payments until maturity. These premiums are designed to make investors indifferent to prepayment.

Investment and Reinsurance-Related Realized Gain (Loss), Including GLB and GDB Hedge Instruments

Details underlying investment and reinsurance-related realized gain (loss), including GLB and GDB hedge instruments were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Components of Investment and Reinsurance-Related Realized Gain (Loss), Including GLB and GDB Hedge Instruments, After-Tax		
Changes in CECL reserve for mortgage loans on real estate	\$ (3)	\$ 14
Changes in CECL reserve for reinsurance-related assets	(1)	(1)
Changes in the credit loss allowance for fixed maturity AFS securities	(14)	(1)
Total credit loss adjustments	(18)	12
Changes in investment and reinsurance-related embedded derivatives	(136)	(11)
Investment and reinsurance-related realized gain (loss)	(154)	1
Changes in fair value of GLB and GDB hedge instruments, net of hedge allowance	(377)	58
Total investment and reinsurance-related realized gain (loss), including GLB and GDB hedge instruments, after-tax	<u>\$ (531)</u>	<u>\$ 59</u>

Comparison of Three Months Ended March 31, 2023 to 2022

We had realized losses compared to realized gains due primarily to the following:

- Unfavorable changes in fair value of GLB and GDB hedge instruments driven by the impact of more volatile capital markets.
- Losses related to changes in investments and reinsurance-related embedded derivatives due primarily to changes in fair value of certain derivative investments driven by the impact of equity markets, and realized losses of fixed maturity AFS securities within the banking sector.
- Increase in the CECL reserve for mortgage loans on real estate in 2023 compared to a decrease in 2022.
- Increases in the credit loss allowance for fixed maturity AFS securities.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Liquidity

Liquidity refers to our ability to generate adequate amounts of cash from our normal operations to meet cash requirements with a prudent margin of safety. Our ability to generate and maintain sufficient liquidity depends on the profitability of our businesses, general economic conditions and access to the capital markets and other sources of liquidity and capital as described below.

When considering our liquidity, it is important to distinguish between the needs of our insurance subsidiaries and the needs of the holding company, LNC. As a holding company with no operations of its own, LNC is largely dependent upon the dividend capacity of its insurance subsidiaries as well as their ability to advance or repay funds to it through inter-company borrowing arrangements, which may be affected by factors influencing the insurance subsidiaries' RBC and statutory earnings performance. Based on the sources of liquidity available to us as discussed below, we currently expect to be able to meet the holding company's ongoing cash needs.

Capital

Capital refers to our long-term financial resources to support the operations of our businesses, to fund long-term growth strategies and to support our operations during adverse conditions. Our ability to generate and maintain sufficient capital depends on the profitability of our businesses, general economic conditions and access to the capital markets and other sources of liquidity and capital as described below. Disruptions, uncertainty or volatility in the capital and credit markets may materially affect our business operations and results of operations. These poor market conditions may reduce our insurance subsidiaries' statutory surplus and RBC.

Reductions to our subsidiaries' statutory surplus and RBC may cause them to retain more capital, which may pressure their ability to pay dividends to LNC, which may lead us to take steps to preserve or raise additional capital. We believe we have adequate capital to operate our business as we replenish statutory capital back to our targeted levels. For more information, see "Subsidiaries' Capital" below.

For factors that could cause actual results to differ materially from those set forth in this section and that could affect our expectations for liquidity and capital, see "Part I – Item 1A. Risk Factors" in our 2022 Form 10-K/A and "Forward-Looking Statements – Cautionary Language" above.

Consolidated Sources and Uses of Liquidity and Capital

Our primary sources of liquidity and capital are insurance premiums and fees, investment income, maturities and sales of investments, issuance of debt or other types of securities and contract holder deposits. We also have access to alternative sources of liquidity as discussed below. Our primary uses are to pay policy claims and benefits, to fund commissions and other general operating expenses, to purchase investments, to fund policy surrenders and withdrawals, to pay dividends to our common and preferred stockholders, to repurchase our common stock and to repay debt. Our operating activities provided (used) cash of \$(774) million and \$476 million for the three months ended March 31, 2023 and 2022, respectively.

Holding Company Sources and Uses of Liquidity and Capital

The primary sources of liquidity and capital at the holding company level are dividends and interest payments from subsidiaries, augmented by holding company short-term investments, bank lines of credit and the ongoing availability of long-term public financing under an effective shelf registration statement, which allows us to issue, in unlimited amounts, securities, including debt securities, preferred stock, common stock, warrants, stock purchase contracts, stock purchase units and depository shares. These sources support the general corporate needs of the holding company, including its common and preferred stock dividends, common stock repurchases, interest and debt service, funding of callable securities, acquisitions and investment in core businesses.

Details underlying the primary sources of the holding company's liquidity (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Dividends from Subsidiaries		
LNL	\$ 105	\$ 25
Lincoln Investment Management Company	-	16
Lincoln National Reinsurance Company (Barbados) Limited	100	85
Total dividends from subsidiaries	<u>\$ 205</u>	<u>\$ 126</u>
Interest from Subsidiaries		
Interest on inter-company notes	<u>\$ 36</u>	<u>\$ 29</u>

The table above focuses on significant and recurring cash flow items and excludes the effects of certain financing activities, including the periodic issuance and retirement of debt, insurance of preferred stock, cash flows related to our inter-company cash management program and certain investing activities, including capital contributions to subsidiaries. These activities are discussed below. Taxes have been eliminated from the analysis due to a tax sharing agreement among our primary subsidiaries resulting in a modest effect on net cash flows at the holding company. Also excluded from this analysis is the modest amount of investment income on short-term investments of the holding company and employee stock exercise activity related to our stock-based incentive compensation plans. See "Part IV – Item 15(a)(2) Financial Statement Schedules – Schedule II – Condensed Financial Information of Registrant" in our 2022 Form 10-K/A for the holding company cash flow statement. For information regarding limits on the dividends that our insurance subsidiaries may pay without prior approval, see "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Holding Company Sources and Uses of Liquidity and Capital – Restrictions on Subsidiaries' Dividends" in our 2022 Form 10-K/A.

Subsidiaries' Capital

Our insurance subsidiaries must maintain certain regulatory capital levels. We utilize the RBC ratio as a primary measure of the capital adequacy of our insurance subsidiaries. The RBC ratio is an important factor in the determination of the credit and financial strength ratings of LNC and its subsidiaries, as a reduction in our insurance subsidiaries' surplus will affect their RBC ratios and dividend-paying capacity. For additional information on RBC ratios, see "Part I – Item 1. Business – Regulatory – Insurance Regulation – Risk-Based Capital" in our 2022 Form 10-K/A.

Our insurance subsidiaries' regulatory capital levels are affected by statutory accounting rules, which are subject to change by each applicable insurance regulator. Our term products and UL products containing secondary guarantees require reserves calculated pursuant to Actuarial Guideline XXXVIII ("AG38"). Our insurance subsidiaries employ strategies to reduce the strain caused by AG38 by reinsuring the business to reinsurance captives. Our captive reinsurance and reinsurance subsidiaries provide a mechanism for financing a portion of the excess reserve amounts in a more efficient manner and free up capital the insurance subsidiaries can use for any number of purposes, including paying dividends to the holding company. We use long-dated LOCs and debt financing as well as other financing strategies to finance those reserves. Included in the LOCs issued as of March 31, 2023, was \$1.8 billion of long-dated LOCs issued to support inter-company reinsurance agreements for UL products containing secondary guarantees. For information on the LOCs, see the credit facilities table in Note 12 in our 2022 Form 10-K/A. Our captive reinsurance and reinsurance subsidiaries have also issued long-term notes of \$3.9 billion to finance a portion of the excess reserves as of March 31, 2023; of this amount, \$3.1 billion involve exposure to VIEs. For information on these long-term notes issued by our captive reinsurance and reinsurance subsidiaries, see Note 3 in our 2022 Form 10-K/A. We have also used the proceeds from senior note issuances of \$875 million to execute long-term structured solutions primarily supporting reinsurance of UL products containing secondary guarantees. LOCs and related capital market solutions lower the capital effect of term products and UL products containing secondary guarantees.

Statutory reserves established for variable annuity guaranteed benefit riders are sensitive to changes in the equity markets and interest rates and are affected by the level of account values relative to the level of any guarantees, product design and reinsurance arrangements. As a result, the relationship between reserve changes and equity market performance is non-linear during any given reporting period. Our insurance subsidiaries' cede a portion of the guaranteed benefit riders to Lincoln National Reinsurance Company (Barbados) Limited ("LNBAR") through inter-company reinsurance agreements. Our variable annuity hedge program mitigates the risk to LNBAR from guaranteed benefit riders and continues to focus on generating sufficient assets to fund future claims with a goal of maximizing distributable earnings and explicitly protecting capital. Market conditions greatly influence the ultimate capital required due to its effect on the valuation of reserves and derivative instruments hedging these reserves. The capital markets environment in 2022 led to market volatility and increased hedge breakage that has impacted capital in LNBAR. In December 2022, LNC issued a \$500 million long-term note to a non-affiliated variable interest entity in exchange for a corporate bond AFS security of like principal and duration. LNC contributed the security to LNBAR to address asset value volatility based on market conditions. In the first quarter of 2023, the terms of the transaction were amended to increase the note and corresponding bond to \$1.0 billion. There are no impacts to the LNC

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Consolidated Balance Sheets based on the set-off right provided in the transaction. For more information, see Note 3 in our 2022 Form 10-K/A.

We also use long-dated LOCs or other capital market solutions to reduce the potential strain caused by temporary mismatches between movements in the statutory reserves and derivative instruments for variable annuity guaranteed benefit riders reinsured to LNBAR. Included in the LOCs issued as of March 31, 2023, was \$160 million of long-dated LOCs issued to support inter-company reinsurance agreements for variable annuity guaranteed benefit riders. For information on the LOCs, see the credit facilities table in Note 12 in our Form 10-K/A.

Changes in equity markets may also affect the capital position of our insurance subsidiaries. We may decide to reallocate available capital among our insurance subsidiaries, including our captive reinsurance subsidiaries, which would result in different RBC ratios for our insurance subsidiaries. In addition, changes in the equity markets can affect the value of our variable annuity and variable universal life insurance separate accounts. When the market value of our separate account assets increases, the statutory surplus within our insurance subsidiaries also increases. Contrarily, when the market value of our separate account assets decreases, the statutory surplus within our insurance subsidiaries may also decrease, which will affect RBC ratios, and in the case of our separate account assets becoming less than the related product liabilities, we must allocate additional capital to fund the difference.

We continue to analyze the use of our existing captive reinsurance structures, as well as additional third-party reinsurance arrangements, and our hedging strategies relative to managing the effects of equity markets and interest rates on the statutory reserves, statutory capital and the dividend capacity of our life insurance subsidiaries. On May 2, 2023, we entered into a reinsurance agreement with Fortitude Re designed to improve the capital efficiency of our Life Insurance and Annuities business segments. For more information, see Note 18.

Debt

Although our subsidiaries currently generate adequate cash flow to meet the needs of our normal operations, periodically LNC may issue debt to maintain ratings and increase liquidity, as well as to fund internal growth, acquisitions and the retirement of its debt.

Details underlying our debt activities (in millions) for the three months ended March 31, 2023, were as follows:

	<u>Beginning Balance</u>	<u>Issuance</u>	<u>Maturities, Repayments and Refinancing</u>	<u>Change in Fair Value Hedges</u>	<u>Other Changes ⁽¹⁾</u>	<u>Ending Balance</u>
Short-Term Debt						
Current maturities of long-term debt ⁽²⁾	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 500
Long-Term Debt						
Senior notes	\$ 4,497	\$ -	\$ -	\$ 21	\$ (2)	\$ 4,516
Term loans	250	-	-	-	-	250
Subordinated notes ⁽³⁾	995	-	-	-	-	995
Capital securities ⁽³⁾	213	-	-	-	-	213
Total long-term debt	<u>\$ 5,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ (2)</u>	<u>\$ 5,974</u>

⁽¹⁾ Includes the non-cash reclassification of long-term debt to current maturities of long-term debt, accretion (amortization) of discounts and premiums, amortization of debt issuance costs and amortization of adjustments from discontinued hedges, as applicable.

⁽²⁾ As of March 31, 2023, consisted of \$500 million principal amount of our 4.00% Senior Notes due September 1, 2023.

⁽³⁾ To hedge the variability in rates, we purchased interest rate swaps to lock in a fixed rate of approximately 5% over the remaining terms of the subordinated notes and capital securities.

LNC made interest payments to service debt of \$82 million and \$70 million for the three months ended March 31, 2023 and 2022, respectively.

For additional information about our short-term and long-term debt and our credit facilities, see Note 12 in our 2022 Form 10-K/A.

Preferred Stock

In November 2022, we raised approximately \$1 billion through the issuance of preferred stock, \$780 million of which was contributed to LNL in the fourth quarter of 2022 to strengthen LNL's statutory capital. We intend to use the remaining proceeds to fund part of the repayment upon maturity of our 4.00% Senior Notes due September 1, 2023. On February 8, 2023, we declared a semi-annual dividend of \$635.9375 per share on our Series C Preferred Stock, represented by the Series C Depositary Shares, and a quarterly dividend of \$618.75 per share on our Series D Preferred Stock, represented by the Series D Depositary Shares, for a total of \$25 million. The dividends were paid on March 1, 2023, to holders of record as of February 18, 2023. For additional information, see Note 14.

Capital Contributions to Subsidiaries

LNC made capital contributions to subsidiaries of \$5 million and zero for the three months ended March 31, 2023 and 2022, respectively.

Return of Capital to Common Stockholders

One of our primary goals is to provide a return to our common stockholders through share price accretion, dividends and stock repurchases. In determining dividends, the Board of Directors takes into consideration items such as current and expected earnings, capital needs, rating agency considerations and requirements for financial flexibility. The amount and timing of share repurchases depends on key capital ratios, rating agency expectations, the generation of dividends from our subsidiaries and an evaluation of the costs and benefits associated with alternative uses of capital. For additional information regarding share repurchases, see "Part II – Item 2(c)" below.

Details underlying return of capital to common stockholders (in millions) were as follows:

	For the Three Months Ended March 31,	
	2023	2022
Dividends to common stockholders	\$ 76	\$ 80
Repurchase of common stock	-	400
Total cash returned to common stockholders	<u>\$ 76</u>	<u>\$ 480</u>
Number of shares repurchased	-	5.8

Alternative Sources of Liquidity

Inter-Company Cash Management Program

In order to manage our capital more efficiently, we have an inter-company cash management program where certain subsidiaries can lend to or borrow from the holding company to meet short-term borrowing needs. The cash management program is essentially a series of demand loans between LNC and participating subsidiaries that reduces overall borrowing costs by allowing LNC and its subsidiaries to access internal resources instead of incurring third-party transaction costs. As of March 31, 2023, the holding company had a net outstanding receivable (payable) of \$193 million from (to) certain subsidiaries resulting from loans made by subsidiaries in excess of amounts placed (borrowed) by the holding company and subsidiaries in the inter-company cash management account. Any change in holding company cash management program balances is offset by the immediate and equal change in holding company cash and invested cash. Loans under the cash management program are permitted under applicable insurance laws subject to certain restrictions. For our Indiana-domiciled insurance subsidiary, the borrowing and lending limit is currently 3% of the insurance company's admitted assets as of its most recent year end. For our New York-domiciled insurance subsidiary, it may borrow from LNC less than 2% of its admitted assets as of its most recent year end but may not lend any amounts to LNC.

Facility Agreement for Senior Notes Issuance

LNC entered into a facility agreement in 2020 with a Delaware trust that gives LNC the right over a 10-year period to issue, from time to time, up to \$500 million of 2.330% senior notes to the trust in exchange for a corresponding amount of U.S. Treasury securities held by the trust. By agreeing to purchase the 2.330% senior notes in exchange for U.S. Treasury securities upon exercise of the issuance right, the trust will provide a source of liquid assets for the Company. The issuance right will be exercised automatically in full upon our failure to make certain payments to the trust, if the failure to pay is not cured within 30 days, or upon certain bankruptcy events involving LNC. We are also required to exercise the issuance right in full if our consolidated stockholders' equity (excluding AOCI) falls below a minimum threshold (which was \$2.75 billion as of March 31, 2023, and is subject to adjustment from time to time in certain cases) and upon certain other events described in the facility agreement. For additional information, see Note 12 in our 2022 Form 10-K/A.

Federal Home Loan Bank

Our primary insurance subsidiary, LNL, is a member of the Federal Home Loan Bank (“FHLB”) of Indianapolis (“FHLBI”). Membership allows LNL access to the FHLBI’s financial services, including the ability to obtain loans and to issue funding agreements as an alternative source of liquidity that are collateralized by qualifying mortgage-related assets, agency securities or U.S. Treasury securities. Borrowings under this facility are subject to the FHLBI’s discretion and require the availability of qualifying assets at LNL. As of March 31, 2023, LNL had an estimated maximum borrowing capacity of \$7.0 billion under the FHLBI facility and maximum available borrowing based on qualifying assets of \$6.6 billion. As of March 31, 2023, LNL had outstanding borrowings of \$3.0 billion under this facility reported within payables for collateral on investments on the Consolidated Balance Sheets. LLANY is a member of the Federal Home Loan Bank of New York (“FHLBNY”) with an estimated maximum borrowing capacity of \$750 million. Borrowings under this facility are subject to the FHLBNY’s discretion and require the availability of qualifying assets at LLANY. As of March 31, 2023, LLANY had no outstanding borrowings under this facility. For additional information, see “Payables for Collateral on Investments” in Note 4.

Securities Lending Programs and Repurchase Agreements

Our insurance subsidiaries, by virtue of their general account fixed-income investment holdings, can access liquidity through securities lending programs and repurchase agreements. As of March 31, 2023, our insurance subsidiaries had securities pledged under securities lending agreements with a carrying value of \$296 million. In addition, our insurance and reinsurance subsidiaries had access to \$2.25 billion through committed repurchase agreements, of which \$25 million was utilized as of March 31, 2023. The cash received in our securities lending programs and repurchase agreements is typically invested in cash and invested cash or fixed maturity AFS securities. For additional information, see “Payables for Collateral on Investments” in Note 4.

Collateral on Derivative Contracts

Our cash flows associated with collateral received from counterparties (when we are in a net collateral payable position) and posted with counterparties (when we are in a net collateral receivable position) change as the market value of the underlying derivative contract changes. The net collateral position depends on changes in interest rates and equity markets related to the amount of the exposures hedged. As of March 31, 2023, we were in a net collateral payable position of \$3.4 billion compared to \$3.1 billion as of December 31, 2022. In the event of adverse changes in fair value of our derivative instruments, we may need to post collateral with a counterparty. If we do not have sufficient high-quality securities or cash and invested cash to provide as collateral, we have committed liquidity sources through facilities that can provide up to \$1.25 billion of additional liquidity to help meet collateral needs. Access to such facilities is contingent upon interest rates having achieved certain threshold levels. In addition to these facilities, we have the facility agreement for senior notes issuance, the FHLB facilities and the repurchase agreements discussed above as well as the five-year revolving credit facility discussed in Note 12 in our 2022 Form 10-K/A to leverage that would be eligible for collateral posting. For additional information, see “Credit Risk” in Note 5.

Ratings

Financial Strength Ratings

See “Part I – Item 1. Business – Financial Strength Ratings” in our 2022 Form 10-K/A for information on our financial strength ratings.

Credit Ratings

See “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Ratings” in our 2022 Form 10-K for information on our credit ratings.

If our current financial strength ratings or credit ratings were downgraded in the future, terms in our derivative agreements may be triggered, which could negatively affect overall liquidity. For the majority of our derivative counterparties, there is a termination event with respect to LNC if its long-term senior debt ratings drop below BBB-/Baa3 (S&P/Moody’s); or with respect to LNL if its financial strength ratings drop below BBB-/Baa3 (S&P/Moody’s). Our long-term senior debt held a rating of BBB+/Baa1 (S&P/Moody’s) as of March 31, 2023. In addition, contractual selling agreements with intermediaries could be negatively affected, which could have an adverse effect on overall sales of annuities, life insurance and investment products. See “Part I – Item 1A. Risk Factors – Covenants and Ratings – A downgrade in our financial strength or credit ratings could limit our ability to market products, increase the number or value of policies being surrendered and/or hurt our relationships with creditors” in our 2022 Form 10-K/A for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We analyze and manage the risks arising from market exposures of financial instruments, as well as other risks, in an integrated asset-liability management process that considers diversification. We have exposures to several market risks including interest rate risk, equity market risk, credit risk and, to a lesser extent, foreign currency exchange risk. The MD&A included in our 2022 Form 10-K/A contains a detailed discussion of our quantitative and qualitative disclosures about market risk. Set forth below is a material update to the disclosure contained in “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our 2022 Form 10-K/A, which should be read in conjunction with that disclosure.

Market Risk Related to Certain Variable Annuity and Fixed Indexed Annuity Products

Our variable annuity and fixed indexed annuity contracts are exposed to market risks related to changes in the assumptions used in the original pricing of these products, including equity market, interest rate, and non-market actuarial assumptions. For additional information, see Note 8. We manage our exposure to market risks created by these fluctuations through a combination of product design elements and our hedge program. In addition, we utilize reinsurance to mitigate risk. For additional information, see Note 8 and “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Reinsurance” in our 2022 Form 10-K/A. Certain variable annuity GLB and GDB riders are accounted for as MRBs and recorded at fair value. For more information on the market risk sensitivities associated with MRBs, see “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates – Market Risk Benefits.”

Item 4. Controls and Procedures

Conclusions Regarding Disclosure Controls and Procedures

We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period required by this report, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were ineffective as of March 31, 2023, as a result of the material weakness disclosed in our Annual Report on Form 10-K/A for the year ended December 31, 2022, filed on March 30, 2023.

Remediation Plan for Previously Reported Material Weakness

Since identifying the material weakness related to management’s review controls over significant reinsurance transactions, management has taken the following steps towards remediating the material weakness:

- The formation of a technical review committee comprising cross-functional accounting, business, legal, and risk personnel that is in place and operating with a dedicated charter in overseeing the technical accounting and reporting implications of complex significant transactions;
- The establishment of protocols that are in place and operating, enabling the involvement of external subject matter experts providing support and insights to management from third party firms;
- Formalization of the documentation and review of key considerations and critical decision matters resulting from significant reinsurance transactions by the aforementioned technical review committee; and
- Communication across the organization to reinforce the steps taken to strengthen the control environment related to significant reinsurance transactions.

Our management has monitored the effectiveness of these and other processes, procedures and controls and these controls have functioned or are functioning now as part of the reinsurance transaction with Fortitude Re described in Note 18 and announced on May 2, 2023. The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We are on track with our plan to complete our testing procedures and complete remediation of this material weakness prior to the end of 2023.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2023, the Company implemented internal controls associated with new processes supporting the adoption of Accounting Standards Update 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts and related amendments (“ASU 2018-12”), which the Company adopted on January 1, 2023, using a modified retrospective method. For additional information, see Note 3. There were no material changes to our internal controls over financial reporting due to the adoption ASU 2018-12.

Except for the implementation of the remediation steps described above, there have not been any material changes in the Company’s internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system’s objectives will be met. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to *In re: Lincoln National COI Litigation*, previously disclosed in our Annual Report on Form 10-K/A for the year ended December 31, 2022 (“2022 Form 10-K/A”). On March 24, 2023, plaintiffs filed a motion for preliminary approval of the class settlement. The provisional settlement, which is subject to both preliminary and final approval of the court, consists of \$117.75 million in pre-tax cash (in the aggregate for both this litigation and the *In re: Lincoln National 2017 COI Rate Litigation* matter discussed immediately below) and a five-year cost of insurance rate freeze, among other terms.

Reference is made to *In re: Lincoln National 2017 COI Rate Litigation*, previously disclosed in our 2022 Form 10-K/A. On March 24, 2023, plaintiffs filed a motion for preliminary approval of the class settlement. The provisional settlement, which is subject to both preliminary and final approval of the court, consists of \$117.75 million in pre-tax cash (in the aggregate for both this litigation and the *In re: Lincoln National COI Litigation* matter discussed immediately above) and a five-year cost of insurance rate freeze, among other terms.

Brighton Trustees, LLC, et al. v. The Lincoln National Life Insurance Company, pending in the U.S. District Court for the Northern District of Indiana, Fort Wayne Division, Case No. 1:23-cv-00171 (“*Brighton*”), is a civil action filed on April 20, 2023. Plaintiffs purport to own universal life insurance policies originally issued by Jefferson-Pilot (now The Lincoln National Life Insurance Company (“LNL”). Plaintiffs allege that LNL breached the terms of policyholders’ contracts and converted property when it increased non-guaranteed cost of insurance rates beginning in 2016. We are vigorously defending this matter. As we have previously disclosed, LNL and LNC reached a provisional class settlement agreement (the “Settlement”) with the plaintiffs in *In re Lincoln National COI Litigation*, pending in the U.S. District Court for the Eastern District of Pennsylvania, 2:16-cv-06605, and in *In re Lincoln National 2017 COI Rate Litigation*, pending in the U.S. District Court for the Eastern District of Pennsylvania, 2:17-cv-04150. The policies at issue in *Brighton* are “Class Policies” under the terms of the Settlement. A motion for preliminary approval of the Settlement was filed with the court on March 24, 2023, and remains pending. If the Settlement is approved by the court, the policies at issue in *Brighton* will not be “Final Settlement Class Policies” under the terms of the Settlement.

Henry Morgan et al. v. Lincoln National Corporation d/b/a Lincoln Financial Group, et al, filed in the District Court of the 14th Judicial District of Dallas County, Texas, No. DC-23-02492, is a putative class action that was filed on February 22, 2023. Plaintiffs Henry Morgan, Susan Smith, Charles Smith, Laura Seale, Terri Cogburn, Laura Baesel, Kathleen Walton, Terry Warner, and Toni Hale (“Plaintiffs”) allege on behalf of a putative class that Lincoln National Corporation d/b/a Lincoln Financial Group, The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York (together, “Lincoln”), FMR, LLC, and Fidelity Product Services, LLC (“Fidelity”) created and marketed misleading and deceptive insurance products with attributes of investment products. The putative class comprises all individuals and entities who purchased Lincoln OptiBlend products that allocated account monies to the 1-Year Fidelity AIM Dividend Participation Account, between January 1, 2020, to December 31, 2022. Plaintiffs assert the following claims individually and on behalf of the class, (1) violations of the Texas Deceptive Trade Practices Act against Lincoln; (2) common-law fraud against Lincoln; (3) negligent misrepresentation against Lincoln and Fidelity; and (4) aiding and abetting fraud against Fidelity. Plaintiffs allege they suffered damages from “a missed investment return of approximately 5-6%” and mitigation damages. They seek actual, consequential and punitive damages, as well as pre-judgment and post-judgment interest, attorney’s fees, and litigation costs. On March 31, 2023, the Lincoln defendants filed a notice of removal removing the action from the 14th Judicial District of Dallas County, Texas, to the United States District Court for the Northern District of Texas, Dallas Division. We are vigorously defending this matter.

See Note 13 in “Part I – Item 1. Financial Statements” for further discussion regarding these matters and other contingencies.

Item 1A. Risk Factors

In addition to the factors set forth in “Part I – Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Statements – Cautionary Language,” you should carefully consider the risks described under “Part I – Item 1A. Risk Factors” in our 2022 Form 10-K/A. Such risks and uncertainties are not the only ones facing our Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition and results of operations could be materially affected. In that case, the value of our securities could decline substantially.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) The following summarizes purchases of equity securities by the Company during the quarter ended March 31, 2023 (dollars in millions, except per share data):

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
1/1/23 – 1/31/23	-	\$ -	-	\$ 714
2/1/23 – 2/28/23	-	-	-	714
3/1/23 – 3/31/23	-	-	-	714

⁽¹⁾ On November 10, 2021, our Board of Directors authorized an increase in our securities repurchase authorization, bringing the total aggregate repurchase authorization to \$1.5 billion. As of March 31, 2023, our remaining security repurchase authorization was \$714 million. The security repurchase authorization does not have an expiration date. The amount and timing of share repurchases depends on key capital ratios, rating agency expectations, the generation of free cash flow and an evaluation of the costs and benefits associated with alternative uses of capital. Our stock repurchases may be effected from time to time through open market purchases or in privately negotiated transactions and may be made pursuant to an accelerated share repurchase agreement or Rule 10b5-1 plan.

Item 6. Exhibits

The Exhibits included in this report are listed in the Exhibit Index beginning on page 129, which is incorporated herein by reference.

LINCOLN NATIONAL CORPORATION
Exhibit Index for the Report on Form 10-Q
For the Quarter Ended March 31, 2023

10.1	Lincoln National Corporation Executive Officer Cash Severance Policy, incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K (file No. 1-6028) filed with the Securities and Exchange Commission on February 21, 2023.*
10.2	Separation Agreement and General Release, dated February 10, 2023, between Lincoln National Corporation and Randal J. Freitag.*^
10.3	Form of Nonqualified Stock Option (“Option”) Agreement for Chief Executive Officer (“CEO”) (effective February 2023).*
10.4	Form of Long-Term Incentive Award Program Performance Cycle (“PSA”) Agreement for CEO (effective February 2023).*
10.5	Form of Restricted Stock Unit (“RSU”) Award Agreement for CEO (effective February 2023).*
10.6	Form of Option Agreement for Chief Information Officer, Kenneth S. Solon (“CIO”) (effective February 2023).*
10.7	Form of PSA Agreement for CIO (effective February 2023).*
10.8	Form of RSU Award Agreement for CIO (effective February 2023).*
10.9	Form of Option Agreement for Senior Management Committee (“SMC”) (executives other than CEO and CIO who joined SMC prior to 2022) (effective February 2023).*
10.10	Form of PSA Agreement for SMC (executives other than CEO and CIO who joined SMC prior to 2022) (effective February 2023).*
10.11	Form of RSU Award Agreement for SMC (executives other than CEO and CIO who joined SMC prior to 2022) (effective February 2023).*
10.12	Form of Option Agreement for SMC (executives who joined SMC in or after 2022) (effective February 2023).*
10.13	Form of PSA Agreement for SMC (executives who joined SMC in or after 2022) (effective February 2023).*
10.14	Form of RSU Award Agreement for SMC (executives who joined SMC in or after 2022) (effective February 2023).*
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* This exhibit is a management contract or compensatory plan or arrangement.

^ Schedules (or similar attachments) to this agreement have been omitted pursuant to Item 601(a) of Regulation S-K. LNC will furnish supplementally a copy of the schedules to the SEC, upon request.

SEPARATION AGREEMENT AND GENERAL RELEASE

YOU ARE ADVISED TO CONSULT AN ATTORNEY BEFORE SIGNING THIS DOCUMENT. PLEASE READ CAREFULLY. YOU ARE GIVING UP LEGAL CLAIMS THAT YOU MIGHT HAVE AGAINST YOUR EMPLOYER BY SIGNING THIS AGREEMENT.

To: Randal J. Freitag

Re: Separation Agreement and General Release

This Separation Agreement and General Release (“Agreement”) sets out the terms of your termination from employment with the Company (as defined in the next sentence). Under this Agreement, the Company (which for purposes of this Agreement is defined as Lincoln National Corporation, its affiliates and subsidiaries, and each of their directors, officers, representatives, agents, attorneys, employees, successors, and assigns and any other person acting through, by, under or in concert with any of them) will provide you with the payments and other benefits as outlined in paragraph 2.b below in exchange for your agreement to waive and release any legal claims you have against the Company and for your other promises as set forth in this Agreement and the Supplemental Release.

Terms of the Agreement

1. **Termination Date.** Your employment is being terminated other than for cause effective March 31, 2023 (“Termination Date”). You agree that effective February 17, 2023, you will resign as a director and officer (but not as an employee) of Lincoln National Corporation and all of its subsidiary companies in which you hold such a position by executing Exhibit A-1 to this Agreement. Until your Termination Date you must remain an employee in good standing (not suspended or otherwise disciplined for reported misconduct) which includes but is not limited to your completion, to the Company’s satisfaction, of any knowledge transition criteria requested by the Company.
2. **Payments and Benefits.** This Agreement terminates your employment relationship with the Company and releases any claims you might have against the Company arising from that relationship. In return for your release of claims, the Company agrees to provide you with payments and benefits to which you otherwise would not be entitled. Accordingly, you and the Company (the “parties”) agree as follows:
 - a. Whether you sign this Agreement or not, the following will apply:
 - The Company will pay you the compensation that you have earned through your Termination Date.
 - You will receive payment for any unused Paid Time Off (“PTO”) benefits that are accrued pursuant to Company policy as of your Termination Date, such payments to be calculated based upon your final base rate of pay.
 - You will receive any vested retirement benefits (defined benefit and defined contribution, qualified and non-qualified), and/or deferred compensation benefits in accordance with the terms and conditions of the applicable plan documents, program documents and/or administrative guidelines governing those benefits, as they may be amended or terminated from time to time. This Agreement does not release any claims for vested

benefits under any of the Company's retirement or deferred compensation plans or other programs that you may have, in accordance with the terms and conditions of such plans or programs.

- Your annual equity awards (such as Restricted Stock Awards, Restricted Stock Unit Awards, Stock Option Awards, Stock Appreciation Rights, LTIPs or other incentive awards or bonuses, etc.) will vest and be distributed or exercisable only in accordance with the terms of applicable plan documents, as they may be amended from time to time, together with any award agreements that you may have received thereunder. The Company acknowledges that you satisfy the definition of "Retirement" under the terms of your annual equity award agreements and, as such, you shall have five (5) years from your Termination Date to exercise your vested Stock Option Awards.
 - You will be reimbursed pursuant to the Senior Management Committee Executive Programs for any financial planning and tax preparation expenses properly incurred under the applicable program policy prior to the Termination Date but not yet reimbursed as of the Termination Date.
 - You can elect the period of continued health benefits coverage to which you are entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA").
 - In general, your benefits, including but not limited to health and welfare benefits (dental and vision), critical illness coverage, accident insurance coverage, flexible spending accounts, long term disability benefits, short term disability benefits and accrual of PTO and service time will cease as of your Termination Date. Because you are retirement-eligible, your medical coverage, if any, will continue through the end of the month in which your Termination Date occurs. If you wish to convert to an individual life insurance policy, verify your current coverage by either checking your benefits record in the Benefits Portal on One or contacting the HR Service Center (Tel. 866-922-6543, Fax: 336-691-3750, email: HRServiceCenter@lfg.com, Mon.-Fri. 9:00 a.m. - 6:00 p.m. ET). Once you have this information, contact Group Protection at 800-680-4652 for a quote. Your critical illness and/or accident insurance coverages, if any, are portable. For more information, contact Group Protection at 877-815-9256.
- a. In exchange for your release of claims and your other promises as set forth in this Agreement, including those contained in the Supplemental Release that you will execute after your Termination Date, the Company agrees to provide you:
- Seventy-Eight (78) weeks (the "Severance Period") of severance pay as defined under The Severance Plan for Officers of Lincoln National Corporation (the "Plan") paid bi-weekly, less taxes and withholdings, in full satisfaction of the Company's obligation to you under the terms of the Plan and/or any other plan or program paying severance or severance-type benefits, as they may be amended, modified or revoked from time to time (collectively, "LNC Severance Plans"). Pursuant to the terms of the Plan, because you are a key employee who is covered under the Lincoln National Executives' Severance Benefit Plan (the "Change of Control Plan"), the commencement of your severance pay will be delayed six (6) months from your Termination Date in compliance with Section 409A of the Internal Revenue Code of 1986, as amended. If prior to the last day of the Severance Period, you commence employment with or the provision of services (including, but not limited to, as an independent contractor or director) to any other entity, you agree to promptly notify the Company's EVP and Chief Human Resources Officer in writing.

- A one-time cash lump-sum payment of \$14,040, less taxes and withholdings, representing the severance stipend under The Severance Plan for Officers of Lincoln National Corporation. The severance stipend will be paid in accordance with the terms of The Severance Plan for Officers of Lincoln National Corporation. Pursuant to the terms of The Severance Plan for Officers of Lincoln National Corporation Plan, because you are a key employee who is covered under the Lincoln National Executives' Severance Benefit Plan (the "Change of Control Plan"), the payment of your severance stipend will be delayed six (6) months from your Termination Date in compliance with Section 409A of the Internal Revenue Code of 1986, as amended.
- An Annual Incentive Program ("AIP") bonus for the 2022 program year (calculated based upon your 2022 annual earnings as defined under the 2022 Lincoln National Corporation Annual Incentive Program Document) to be paid in March 2023 if you are eligible and in accordance with the applicable Incentive Compensation Plan and the terms and limitations in the applicable AIP documents. AIP is only payable following approval by the Compensation Committee of the Company's Board of Directors. If you have made a valid election under the Lincoln National Corporation Deferred Compensation & Supplemental/Excess Retirement Plan ("DC SERP") to defer a portion of your 2022 AIP, your deferral election will be honored and such portion of any AIP payout will be deferred under the DC SERP at the same time and in the same manner as for other DC SERP participants.
- A pro rata Annual Incentive Program ("AIP") bonus for the 2023 program year (calculated based upon your 2023 annual earnings as defined under the 2023 Lincoln National Corporation Annual Incentive Program Document) to be paid in March 2024 if you are eligible and in accordance with the applicable Incentive Compensation Plan and the terms and limitations in the applicable AIP documents. AIP is only payable following approval by the Compensation Committee of the Company's Board of Directors. If you have made a valid election under the DC SERP to defer a portion of your 2023 AIP, your deferral election will be honored and such portion of any AIP payout will be deferred under the DC SERP at the same time and in the same manner as for other DC SERP participants.
- Outplacement services and career transition assistance to include possible placement on boards of directors provided by a service provider selected by the Company, with an aggregate cost of up to \$30,000, which services may commence immediately after the Effective Date and must commence no later than three (3) months after your Termination Date; provided that all such services are utilized within one (1) year following your Termination Date.
- Your retention Restricted Stock Unit ("RSU") equity award, granted February 16, 2022, will vest and be distributed only in accordance with the terms of applicable plan documents, as they may be amended from time to time.
- If you have any non-competition restrictions in any equity awards (such as LTIPs, Restricted Stock Awards, Restricted Stock Unit Awards or Stock Option Awards), the Company will waive those restrictions.

The above consideration is being paid or provided to you under this Agreement in full satisfaction of all monies owing to you under any plan or program sponsored by the Company. In addition to the Company's right to cease payment of the Separation Payment as described above, if you violate any of the non-solicitation, non-recruitment, confidentiality or other restrictions in this Agreement, any remaining Separation Payment or other benefits described above will immediately and permanently cease without further recourse by you,

and the Company will have the right, as set forth in paragraph 10 of this Agreement, to require you to return payments made to you under paragraph 2.b of this Agreement.

3. Release of Claims and Representations. Subject to paragraph 12, you agree to the following:

- a. You irrevocably and unconditionally release and discharge the Company, its predecessors, subsidiaries, successors and assigns, as well as past and present officers, directors, attorneys, representatives, agents and employees, and any other person acting through, by, under or in concert with any of them, (collectively, the "Releasees"), from any and all claims, liabilities or promises outside of this Agreement, known or unknown, including but not limited to those arising out of or relating to your employment and separation from employment with the Company. You waive these claims on behalf of yourself and on behalf of your heirs, assigns and anyone making a claim through you. The claims waived and discharged include, but are not limited to:
 - claims under the Employee Retirement Income Security Act of 1974 ("ERISA") (except for any vested benefits for any vested benefits under any tax qualified benefit plan);
 - claims under the Worker Adjustment and Retraining Notification Act;
 - employment discrimination and retaliation claims, including but not limited to claims under Title VII of the Civil Rights Act of 1964, Sections 1981 through 1988 of Title 42 of the United States Code, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967 ("ADEA") and Older Workers Benefit Protection Act (as long as those claims arose up to and including the date you signed this Agreement), the Family and Medical Leave Act and the Equal Pay Act;
 - claims for any disputed wages, including but not limited to claims for any back wages or overtime;
 - claims under any other federal, state or local law, rule, regulation or ordinance;
 - claims based on any public policy, contract (including but not limited to breach of contract), tort (including but not limited to wrongful discharge, invasion of privacy, defamation, fraud, interference with contractual relations and infliction of emotional distress) or common law; and
 - any basis for recovering costs, fees or other expenses, including but not limited to attorneys' fees incurred in these matters (collectively in this Paragraph 3, the "Claims").
- b. You agree that you will not file any claim or lawsuit against the Company or Releasees for any released Claim. You represent and warrant that you have not filed any such Claim to date or, to the extent that you have filed such a Claim, you will withdraw that Claim with prejudice and agree not to pursue it further. You represent that you have not filed any complaints or Claims against the Company or Releasees with any state or federal court, that you will not do so at any time hereafter for Claims covered by this Agreement, and that if any such court assumes jurisdiction of any complaint or Claim against the Company or Releasees, you will immediately request the court to dismiss the matter and take all such additional steps necessary to facilitate such dismissal with prejudice. You also promise not to sue, or join with others in suing, the Company or Releasees on any of the released Claims. You agree to release and discharge the Company and Releasees not only from any and all Claims which you could make on your own behalf, or which you have made on your

own behalf, but also specifically waive any right to become, and you promise not to become, a member of any class in any proceeding or case in which a Claim or Claims against the Company or Releasees may arise, in whole or in part, from any event that occurred on or prior to the date you signed this Agreement, except where prohibited by law.

- c. You agree that on or immediately after the Termination Date, you will execute a supplemental release (in the form of the SUPPLEMENTAL RELEASE EXHIBIT) (the “Supplemental Release”) covering the period from the Effective Date (as defined in paragraph 13.e below) to the Termination Date and agree that all the covenants that relate to the Company’s obligations on or after the Termination Date will be contingent on your execution and non-revocation of the Supplemental Release. You agree that the consideration provided to you under paragraph 2.b of this Agreement is good and valuable consideration for your promises and covenants in this Agreement, including the Release of Claims in Paragraph 3 and the Supplemental Release.
 - d. You represent that you have disclosed to the Company any information in your possession concerning any conduct involving the Company or any Releasee that you have any reason to believe involves any false claims to the United States or is or may be unlawful or violates accounting standards, public company financial statement requirements or Company Policy in any respect.
 - e. All compensation and benefits payable under this Agreement will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.
 - f. You represent that you have: (i) received all leaves of absence and all compensation due to you as a result of the services you performed for the Company through the date you execute this Agreement, and unless specifically provided for in this Agreement, the Company does not owe you any wages, overtime pay, commissions, bonuses, sick pay, disability leave pay, family leave pay, severance pay or any other compensation, benefit, leave, payment, reimbursement or remuneration of any kind or nature; and (ii) reported to the Company any and all work-related injuries incurred by you during your employment with the Company.
 - g. You understand that the Company regards the representations made by you as material and that the Company is relying on these representations in entering into this Agreement.
 - h. Nothing herein is intended to waive or release any right that you may have to indemnification and/or payment or advancement of legal fees or expenses.
4. Confidentiality of Agreement. You agree that you will not, directly or indirectly, disclose the terms of this Agreement to anyone other than your spouse, outplacement consultant, attorney, accountant or tax advisor, except to the extent disclosure is required for accounting or tax reporting purposes or as otherwise required by law.
5. Return of Company Equipment. Promptly following the request of the Company and no later than the Termination Date, you will have reconciled all outstanding expenses and you will have returned all Company property of any kind (including all copies thereof), including but not limited to documents, data, Company information in any form, keys, forms, correspondence, computers, iPads, phones, printers, pagers, Blackberries, PDAs, computer programs, memos, discs, and the like.

6. Availability. Due to the knowledge and information you possess and have gained as a result of your employment with the Company, you hereby agree both during and after the Separation Period to make yourself available, at reasonable times, (i) to cooperate with any Company request to assist with or attend to the completion of knowledge transition criteria or any other matters reasonably related to your job duties with the Company, and (ii) to cooperate, consult, testify, and otherwise assist in any way requested by the Company with respect to current and future legal actions, including but not limited to litigation, arbitrations, mediation, administrative and/or regulatory proceedings in which the Company is a party. The Company's only expectation regarding your testimony is that you testify truthfully. Between the Termination Date and May 31, 2023, if you are required to engage in such duties related to your former job, the Company will pay you for the reasonable value of your time and reasonable expenses incurred with respect to your cooperation with any Company request. The parties agree that the reasonable value of your time will be \$430.00 per hour, based on your last base salary at the Company.
7. Confidential Information. You acknowledge that as a result of your employment with the Company, you may have developed, obtained or learned specific confidential information and/or trade secrets, which are the property of the Company. You hereby promise and agree to use your best efforts and utmost diligence to guard and protect such confidential information and/or trade secrets and that you will not disclose or permit to be disclosed to any third party by any method whatsoever any such confidential information and/or trade secret. Confidential information or trade secrets shall include, but not be limited to, any and all records, notes, memoranda, data, ideas, processes, methods, devices, programs, computer software, writings, research, personnel information, customer information, financial information, plans or any information of whatever nature in the possession or control of the Company that has not or have not been published or disclosed to the general public or which gives the Company an opportunity to obtain an advantage over competitors who do not know or have access to it. Notwithstanding anything in this Agreement to the contrary, each party to this Agreement (and each affiliate, officer, employee, director, advisor, representative or other agent of such party) is, and has been from commencement of discussions, permitted to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all related documents (including, without limitation, opinions or other tax analyses) relating to such tax treatment and tax structure. By signing this Agreement, you confirm and agree that you will not use or disclose in any way confidential information and/or trade secrets as defined above.
8. Non-Solicitation. Commencing immediately following your Termination Date and continuing for a two-year period thereafter, you agree that you will not directly or indirectly solicit or endeavor to: (i) entice away and/or hire from the Company any person who is currently employed by the Company or was within one year before the Termination Date employed by the Company or hereafter employed at any time through the Termination Date; (ii) solicit any person, business, or entity that is now or was within one year before the Termination Date a customer or client of the Company and with whom you have had contact during your employment with the Company to terminate their relationship with the Company; or (iii) solicit any person, business, or entity that is now or was within one year before the Termination Date an agent, broker, or financial advisor employed by, contractually affiliated with, or registered with the Company and with whom you have had contact while employed by the Company to terminate their relationship with the Company.
9. Non-Disparagement. You agree, subject to any obligations you may have under applicable law, that you will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of the Company or any of its affiliates, subsidiaries, agents, officers, directors or employees. Notwithstanding the forgoing, nothing in this section shall restrict you in any way from making any truthful statement to any government agency or official. In the event such a communication is made to anyone, including but not limited to the media, public interest groups and publishing companies, it will be considered a material breach of the terms of this Agreement.

10. Breach. If you breach or violate any provision in this Agreement, the Company shall have the right to cease any further payments or benefits called for under paragraph 2.b of this Agreement. Any breach by you of paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 11 or the Supplemental Release, constitutes a material breach. In the event of your material breach, you will be required to repay to the Company all but \$10,000 of the Separation Payment you received pursuant to paragraph 2.b of this Agreement and agree that \$10,000 shall be adequate consideration for the release of claims in this Agreement and the Supplemental Release, both of which shall remain in full force and effect.
11. No Re-Employment. You agree that you will not re-apply for employment with the Company. Further, you agree that the Company, in its sole and exclusive discretion, will refuse to hire or otherwise employ you, and/or terminate your employment if you become employed by the Company, without incurring any liability of any type whatsoever, based on this Agreement. You agree that any refusal or failure by the Company to employ or re-employ you shall not be unlawful retaliation or discrimination against you.
12. Government Proceedings. Nothing in this Agreement prohibits or prevents you from filing a charge with, or participating, testifying, or assisting in any investigation, hearing, or other proceeding before, the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board or any similar agency enforcing federal, state or local anti-discrimination laws or anti-retaliation laws. However, to the maximum extent permitted by law, you agree that if such an administrative claim is made, you shall not be entitled to recover any individual monetary relief or other individual remedies. In addition, nothing in this Agreement, including but not limited to the release of claims or the confidentiality clauses, prohibits you from: (i) reporting possible violations of federal, state or local law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the U.S. Securities and Exchange Commission, the U.S. Congress, or any agency Inspector General; (ii) making any other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulations; or (iii) otherwise fully participating in any federal, state or local whistleblower programs (collectively "Whistleblower Programs"), including but not limited to any such programs managed by the U.S. Securities and Exchange Commission and/or the Occupational Safety and Health Administration. Moreover, nothing in this Agreement prohibits or prevents you from participating in such Whistleblower Programs.
13. Acknowledgments. You acknowledge and agree to the following:
 - a. You understand completely your right to review all aspects of this Agreement, including the Supplemental Release, with an attorney of your choice at your own expense, and agree that you have had the opportunity to consult with an attorney of your choice at your own expense.
 - b. You have twenty-one (21) days after receiving this Agreement to review and sign this Agreement. Any modifications, material or otherwise, made to this Agreement do not restart or affect in any manner the original review period. The earliest date you can sign this Agreement is February 2, 2023.
 - c. You have seven (7) days after signing this Agreement to revoke it by delivering a notice of revocation to Craig Beazer, EVP and General Counsel. You can revoke the Agreement at any time during the initial seven (7) day period immediately following the date you sign this Agreement by providing notice as required in paragraph 14 below. You understand that if you revoke this Agreement, you will not receive or have a right to receive any of the considerations set forth in this Agreement, including but not limited to the payments and benefits described in paragraph 2.b above.
 - d. You do not waive rights or claims under ADEA that might arise after the date this Agreement is executed.

- e. This Agreement does not become effective, and none of the payments or other benefits listed in paragraph 2.b. will be paid, until the eighth day after the date you sign this Agreement (the “Effective Date”), provided you have not revoked or attempted to revoke your acceptance.
 - f. You acknowledge that in signing this document you are not relying on any representations or statements made by any employee of the Company.
 - g. The payment of any consideration and/or monies is not an admission of liability or unlawful conduct of any kind on the part of the Company, but to the contrary represents a negotiated compromise and agreement. This Agreement shall not in any way be interpreted to render you a “prevailing party” for any purpose, including but not limited to, an award of attorneys’ fees under any statute or otherwise. This Agreement may not be used as evidence in any proceeding of any kind, except a proceeding (i) in which one of the Parties alleges a breach of the terms of this Agreement, or (ii) in which one of the Parties elects to use this Agreement as a defense to any claim.
 - h. You have carefully read and fully understand all the provisions of this Agreement and that you are freely, knowingly, and voluntarily entering into this Agreement.
 - i. This Agreement is written in a manner that is clear and understandable to you.
14. Notices. All notices, other than revocation described in 13 d. above, required to be given by you to the Company under this Agreement must be sent to the following email address: PayrollDept@lfg.com. Notice provided via other medium or to any other person, regardless of title or status shall not be effective.
15. Severability. The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.
16. Binding Agreement. This Agreement is binding on the parties and on their heirs, administrators, representatives, executors, successors, and assigns.
17. Reference Requests. References will be limited to confirmation of your dates of employment, last position held and, if you authorize, your final rate of pay.
18. Choice of Law and Dispute Resolution. This Agreement is made and entered into in the Commonwealth of Pennsylvania and shall in all respects be interpreted, enforced, and governed under the internal laws (and not the conflicts of laws rules) of said Commonwealth. Any disagreement between you and the Company concerning anything covered by this Agreement or concerning other terms and conditions of your employment or the termination of your employment will be settled by final and binding arbitration pursuant to the Company’s myResolution program. The decision of the arbitrator will be final and binding on both you and the Company and may be enforced in a court of appropriate jurisdiction. If any provision of this Agreement or the application of this Agreement is construed to be overbroad, illegal, or contrary to public policy, then the arbitrator shall have the authority to narrow or amend the provision as necessary to make it enforceable and the provision shall then be enforceable in its narrowed or amended form. Moreover, should any provision of this Agreement be declared or determined to be null, void, inoperative, illegal, or invalid for any reason, the validity of the remaining parts, terms or provisions shall not be affected, and they shall retain their full force and effect. The null, void, inoperative, illegal, or invalid part, term or provision shall be deemed not to be a part of this Agreement. As used in this Agreement, the singular or plural number shall be deemed to include the other whenever the context so indicates or requires. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

19. **Entire Agreement.** This Agreement sets forth the entire agreement between the parties, and fully supersedes any and all prior negotiations, agreements or understandings between the parties pertaining to the subject matter of this Agreement (including, but not limited to, the Separation Letter, dated as of January 12, 2023, by and between the Company and you), except those prior agreements and plan documents specifically noted herein. This Agreement may not be modified or amended by the parties except by a written agreement signed by both of the parties hereto evidencing a clear intent by both parties to modify and/or amend this Agreement.
20. **Code Section 409A.** The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and guidance promulgated thereunder, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A of the Code, your right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. In no event shall you, directly or indirectly, designate the calendar year of any payment to be made under this Agreement that is considered nonqualified deferred compensation. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code, (a) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and (c) such payments shall be made on or before the last day of your taxable year following the taxable year in which the expense was incurred.
21. **No Adequate Remedy at Law.** The parties acknowledge that in the event of a breach or threatened breach of this Agreement, the Company will not have an adequate remedy at law. Accordingly, in the event of any such breach or threatened breach, the Company will be entitled to such equitable and injunctive relief in an arbitration or a court of competent jurisdiction, as may be available to restrain you and any business, firm, partnership, individual, corporation or entity participating in the breach or threatened breach from the violation of such provisions. Nothing in this Agreement may be construed as prohibiting the Company from pursuing any other remedies available at law or in equity for such breach or threatened breach, including the recovery of damages.

***YOU ARE ADVISED TO CONSULT AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.
YOU ARE GIVING UP LEGAL CLAIMS THAT YOU MIGHT HAVE AGAINST YOUR EMPLOYER BY
SIGNING THIS AGREEMENT.***

IF YOU VOLUNTARILY ENTER INTO THIS AGREEMENT, PLEASE SIGN IN THE SPACE INDICATED BELOW. PER THE TERMS OF PARAGRAPH 13.B, THIS AGREEMENT CANNOT BE SIGNED UNTIL FEBRUARY 2, 2023.

Dated: 2/3/23

Signature: /s/ Randal J. Freitag
Randal J. Freitag

ACCEPTANCE OF LINCOLN NATIONAL CORPORATION

The undersigned accepts the foregoing Agreement on behalf of Lincoln National Corporation.

Dated: 2/10/23

Signature: /s/ Jen Warne

Jen Warne
EVP and Chief Human Resources Officer
Lincoln National Corporation

LINCOLN NATIONAL CORPORATION
NONQUALIFIED STOCK OPTION AGREEMENT

For CEO

This Nonqualified Stock Option Agreement (the “Agreement”) evidences the terms of the grant by Lincoln National Corporation (“LNC”) of a Nonqualified Stock Option (the “Option”) to <First Name> <Last Name> (“Grantee”) on <Grant Date> (the “Grant Date”), and Grantee’s acceptance of the Option, in accordance with and subject to the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Shares Optioned and Option Price.**

Grantee shall have an Option to purchase <Granted Amount> shares of LNC common stock (the “Shares”) for <Grant Price> (in United States Dollars) for each Share.

2. **Vesting Dates.**

The Option shall vest as follows, provided the Grantee remains in Service (defined in Paragraph 9, below) through the specified vesting date:

- 1/3 of the Option on the first anniversary of the Grant Date;
- 1/3 of the Option on the second anniversary of the Grant Date; and
- 1/3 of the Option on the third anniversary of the Grant Date.

In addition, upon Grantee’s termination of Service for any of the following reasons, the unvested portion of the Option shall vest as indicated:

- (a) **100%** as of the date of Grantee’s death; or
- (b) **100%** as of the date of Grantee’s termination of Service on account of Total Disability (defined in Paragraph 9, below); or
- (c) **100%** as of the date of Grantee’s involuntary termination of Service other than for Cause, within two (2) years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (d) **Pro-rata** as of the date Grantee Retires (defined in Paragraph 9, below) unless Grantee’s Retirement occurs on or after the first anniversary of the Grant Date or Grantee Retires at age 62 or older, in either of which case the Option shall vest at 100%.

An Option that vests pro-rata upon the event described in Subparagraph 2(d) above shall vest according to a pro-ration formula equal to the total number of days of Service that Grantee provides during the applicable Vesting Period (defined below), divided by the number of days in the applicable Vesting Period in which the event described in Subparagraph 2(d) occurs, multiplied

by the number of Shares subject to the Option that may vest during the applicable Vesting Period (rounding up to the nearest whole Share). For purposes of pro-rating, the applicable “Vesting Period” is the one-year period between the Grant Date and first anniversary of the Grant Date during which a portion of the Option vests, or the one-year period between anniversaries of the Grant Date during which a portion of the Option vests.

Except as provided above, any portion of the Option that is unvested upon Grantee’s termination of Service shall be deemed forfeited immediately following termination.

3. **Exercise Period.**

Grantee may exercise all or part of the Option, to the extent vested, prior to the close of business at LNC headquarters on any LNC business day (in accordance with procedures established by LNC) until the first to occur of:

- (a) the tenth anniversary of the Grant Date; or
- (b) the first anniversary of the date of Grantee’s termination of Service on account of death or Total Disability; or
- (c) the fifth anniversary of Grantee’s Retirement; or
- (d) the date three (3) months after Grantee’s involuntary termination of Service other than for Cause, including the sale or disposition of the business for which Grantee provides Service; or
- (e) the date of Grantee’s termination of Service for any reason other than those described in Subparagraphs 3(b), (c), or (d), respectively.

4. **Manner of Exercise.**

To exercise an Option, Grantee must: (a) accept the terms of this award by delivering an acknowledgment (in the form specified by LNC); (b) deliver notice of the exercise (in the form specified by LNC) to the LNC stock option administrator; and (c) submit full payment of the exercise price. Payment of the exercise price may be made in any combination of cash, certified check, Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option), or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute payment to the extent of their Fair Market Value.

5. **Tax Withholding.**

As soon as practicable after the exercise date, LNC shall cause the appropriate number of Shares to be issued to Grantee. LNC shall not issue Shares until any required tax withholding payments are remitted to LNC by Grantee. In accordance with procedures established by the Compensation Committee of the LNC Board of Directors (the “Committee”), Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares

(including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option) or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Transferability.**

Unless otherwise approved by the Committee, no rights under this Agreement may be transferred except by will or the laws of descent and distribution. The rights under this Agreement may be exercised during the lifetime of Grantee only by Grantee. After Grantee's death, the Option may be exercised by the person or persons to whom the Option was transferred by will or the laws of descent and distribution.

7. **Cancellation/Rescission of Options and/or Related Exercise/Termination for Cause.**

This Option and any Shares acquired in exercise of this Option will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares acquired upon exercise of the Option during the six (6) month period prior to such termination for Cause shall be rescinded and any remaining portion of the Option shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) below, before the applicable vesting date of the Option, in addition to the remedies provided in Subparagraph 8(e) below, the Option shall be cancelled without further action by the Committee or its delegate.

(c) Grantee's failure to comply with Subparagraphs 8(a) or 8(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 8(a) or 8(b) shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded. Grantee's failure to comply with Subparagraphs 8(c) or 8(d) at any time on or after the Grant Date shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded. .

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 7(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 8(a) through 8(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon exercise of the Option, less a number of Shares having a Fair Market Value equal to the aggregate exercise price of the Option; or (B) if the Shares

acquired upon exercise of the Option have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of the Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the Option.

8. **Covenants.**

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) **Non-Competition.** From Grant Date through the six (6) month period after the applicable vesting date of this Option, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) **Non-Solicitation of Employees and Other Service Providers.** During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) **Non-Disparagement.** Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 8(a) through 8(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 8(a) through 8(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 8(a) through 8(d) above, after such termination shall not in and of itself cause rescission to the extent the Option was exercised before Grantee's termination.

If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be unenforceable

because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

9. **Definitions.**

As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s termination of Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect.

“Subsidiary” means any corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

10. **Governing Law; Forum for Disputes.** This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as

determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

11. **Incorporation of Plan Terms.**

This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

12. **Severability.**

The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the day and year first above written.

LINCOLN NATIONAL CORPORATION

By: /s/ Patrick S. Pittard

Chair of the Compensation Committee

LINCOLN NATIONAL CORPORATION
LONG-TERM INCENTIVE AWARD PROGRAM
Performance Cycle Agreement

For CEO

This Award Agreement (“Agreement”), by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and the <First Name> <Last Name> (“Grantee”), evidences the grant by LNC on <Grant Date>, of a long-term incentive performance award to Grantee, and Grantee’s acceptance of the award, in accordance with and subject to the provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. Form of Award. This performance award grant is for <Granted Amount> shares of LNC common stock (“Shares”). During the Performance Cycle, this award shall consist of LNC stock units but any actual award that ultimately vests will be delivered in Shares.

The number of Shares that will vest and be delivered, if any, may range from 0-<XXX>% of the aforementioned target number of Shares plus any accumulated dividend equivalents under Section 4, below. Shares will vest and be delivered only after certification by the Compensation Committee of the LNC Board of Directors (the “Committee”) of the achievement of company performance criteria previously established and approved by the Committee for the Performance Cycle; however in no event will Shares be delivered later than March 15th of the year following the completion of the Performance Cycle.

The Committee reserves the right to adjust the target number or amount of Shares delivered at any time to the extent permissible under the Plan.

In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of Shares that may ultimately vest under this Agreement, if any, shall be adjusted in accordance with Section 10(c) of the Plan. All Shares that may ultimately vest under this Agreement, if any, after such adjustment shall be subject to the same restrictions applicable any Shares that may have vested under this Agreement before the adjustment.

2. Full or Pro-Rata Awards upon Certain Events.

(a) Except as provided in this Paragraph 2 and in Paragraph 3, below, if Grantee has a Separation from Service (defined in Paragraph 10, below), for any reason during the performance cycle, the award shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such award or Shares issuable pursuant to an award granted hereunder.

(b) In the case of Grantee's Retirement (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a pro-rated award based on the pro-ration formula described below, unless Grantee's Retirement occurs on or after the first anniversary of the Grant Date of this award, in which case the Grantee shall receive a full, non-prorated award as if Grantee had provided Service for the entire Performance Cycle.

(c) In the case of Grantee's death or Separation from Service on account of Total Disability (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a full, non-prorated award as if Grantee had provided Service for the entire Performance Cycle.

The number of Shares deliverable upon the pro-rata vesting event described in Subparagraph 2(b) shall be calculated by multiplying this award by the product resulting from multiplying a fraction where the denominator is equal to the number of days during the performance cycle, and the numerator is equal to the number of days that the Grantee provided Service during the Performance Cycle, by a factor based on the company's attainment of performance criteria during the Performance Cycle. Thereafter, the number of Shares deliverable shall be rounded up to the nearest whole Share.

Any Shares deliverable under this Paragraph 2 shall be delivered at the same time long-term incentive awards are normally paid and/or delivered after the end of the Performance Cycle.

3. Change of Control. In connection with a Change of Control, pursuant to the definition in effect on the day immediately preceding such Change of Control, the Committee shall determine what, if any, award under this Agreement shall vest. In making such determination, the Committee shall consider the nature of such Change of Control, whether continuation of the Plan and the awards for the Performance Cycle are feasible, and whether the resulting corporate entity, if any, offers or commits to offer awards of comparable economic value; provided, however, that the Committee's determination shall be consistent with existing LNC plans, such as the Plan and the LNC Executives' Severance Benefit Plan.

Shares deliverable pursuant to this Paragraph 3 shall be delivered as of the earlier of (a) the time this award would normally be paid after the end of the original performance cycle established by the Committee, or (b) within 90 days after the Grantee's involuntary Separation from Service, other than for Cause, from LNC, its affiliates or any successor entity, provided such Separation from Service occurs within two years after such Change of Control.

Notwithstanding the foregoing, a Grantee who has a voluntary Separation from Service after a Change of Control but before delivery of Shares in settlement of this award shall forfeit this award.

4. Dividend Equivalent Units. If an award vests, Grantee shall also receive an amount equal to the dividends that would have been paid on such Shares had Grantee held such Shares from the date of grant through the date the Shares become deliverable. Such dividend equivalent amount shall be delivered in Shares based on the Fair Market Value of a Share on the date of the payment of the dividend.

5. **Tax Withholding.** LNC will require Grantee to remit an amount equal to any tax withholding required under federal, state or local law on the value of the Shares deliverable under this Agreement at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Voting Rights.** Grantee shall have no voting rights with respect to LNC stock units.

7. **Transferability.** This award may not be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by Grantee, except by will or the laws of descent and distribution.

8. **Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.**

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) below, before Shares are delivered in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be delivered pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d), below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC must notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of the award, or (B) if such Shares have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the award.

9. Covenants.

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) Non-Competition. From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of this award, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) Non-Solicitation of Employees and Other Service Providers. During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of the hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) Non-Disparagement. Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to

the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d), above, after such termination shall not in and of itself cause rescission if the Shares were delivered in settlement of this award before Grantee's termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. Definitions. As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Performance Cycle” means the three-year period that commences on the first day of the calendar year in which the grant was awarded.

“Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. Compliance with Securities Laws. Shares shall not be issued with respect to this award unless the issuance and delivery of such Shares shall comply with all relevant provisions of state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. Governing Law; Forum for Disputes. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC’s choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. Incorporation of Plan Terms. This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. Severability. The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the first date set forth above.

LINCOLN NATIONAL CORPORATION
By: /s/ Patrick S. Pittard
Chair of the Compensation Committee

LINCOLN NATIONAL CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

For CEO

This Restricted Stock Unit Award Agreement (the “Agreement”) is by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and <First Name> <Last Name> (the “Grantee”), and evidences the grant on <Grant Date> (the “Grant Date”) of Restricted Stock Units (“RSUs”) to Grantee, and Grantee’s acceptance of the RSUs, in accordance with the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Number of Shares Granted.** Grantee is awarded <Granted Amount> RSUs subject to the terms and restrictions as set forth in the Plan and in this Agreement. In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of RSUs awarded under this Agreement and/or the number of shares of LNC common stock (the “Shares”) delivered pursuant to RSUs granted under this Agreement shall be adjusted in accordance with Section 10(c) of the Plan. All RSUs after such adjustment (and/or Shares deliverable pursuant to RSUs granted under this Agreement) shall be subject to the same restrictions applicable to such RSUs (and/or Shares issuable pursuant to an RSU granted under this Agreement) before the adjustment.

2. **Vesting of Restricted Stock Units.** Subject to Paragraph 8, below, the RSUs shall vest upon the earliest to occur of the following dates (such date, the “Vesting Date”), provided Grantee remains in Service (defined in Paragraph 10, below) through such date:

- (a) **100%** as of the third anniversary of the Grant Date; or
- (b) **100%** as of the date on which the Grantee has a Separation from Service (defined in Paragraph 10, below) on account of Total Disability (defined in Paragraph 10, below); or
- (c) **100%** as of the date of the Grantee’s death; or
- (d) **100%** as of the date of the Grantee’s involuntary Separation from Service other than for Cause (defined in Paragraph 10, below), provided such Separation from Service occurs within two years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (e) **Pro-rata** as of the date on which Grantee Retires (defined in Paragraph 10, below) unless Grantee’s Retirement occurs on or after the first anniversary of the Grant Date of this award, in which case the RSUs shall vest at **100%**.

The number of RSUs vesting pro-rata upon the event described in Subparagraph 2(e) shall be calculated by taking a fraction where the denominator is equal to the number of days during the three-year period beginning on the Grant Date and ending on the third anniversary of the Grant Date (such three-year period, the “Vesting Period”), and the numerator is equal to the number of days that the Grantee provided Service during the Vesting Period, with this award multiplied by such fraction (rounding up the nearest whole RSU).

In the event that Grantee has a Separation from Service prior to the vesting of RSUs as set forth above, other than under the circumstances described in Subparagraphs 2(b) through (e), the RSUs shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such RSUs or Shares deliverable pursuant to an RSU granted hereunder.

3. **Dividend Equivalent Rights.** No cash dividends shall be payable with respect to the RSUs. Instead, for each RSU, Grantee shall have a dividend equivalent right (“DER”). The DER shall entitle the Grantee to additional RSUs on each date that dividends are paid on Shares while the RSU is outstanding. The number of RSUs to be credited on a dividend payment date based on each DER shall equal the number (or fraction thereof) obtained by dividing the aggregate dividend that would have been paid if the RSUs had been outstanding Shares by the Fair Market Value of a Share on the date of the payment of the dividend. DERs have the same restrictions as the underlying RSUs.

4. **Distribution of Shares.** Except as provided below, a Share shall be distributed to Grantee (or to Grantee’s estate) for every vested RSU (including RSUs credited based on DERs), on or within 60 days after the Vesting Date.

Once a Share has been issued with respect to an RSU pursuant to this Agreement and the Plan, the Grantee shall have no further rights with respect to the RSU.

Notwithstanding anything in this Paragraph 4 to the contrary, in the case of a Key Employee (defined below) who is eligible for Retirement at any time prior to the third anniversary of the Grant Date, a distribution upon the Key Employee’s Separation from Service shall be made on the date that is six (6) months after the date on which the Key Employee has a Separation from Service. A “Key Employee” means an employee who, as of his Separation from Service from LNC or its affiliates, is treated as a “specified employee” under Code section 409A(a)(2)(B)(i) (i.e., a key employee as defined in Code section 416(i) without regard to paragraph (5) thereof). Key Employees shall be determined in accordance with Code section 409A.

5. **Tax Withholding.** LNC will require Grantee to remit an amount equal to any tax withholding required by federal, state, or local law on the value of the RSUs at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Voting Rights.** Grantee shall have no voting rights with respect to RSUs.

7. **Transferability.** Neither the RSUs granted under this Agreement, nor any interest or right therein or part thereof, shall be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by the Grantee, except by will or the laws of descent and distribution.

8. **Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.**

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Compensation Committee of the LNC Board of Directors (the "Committee") or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d), below, before Shares are distributed in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be distributed pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d) below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of this award; or (B) if such Shares have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the RSUs.

9. **Covenants.**

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) **Non-Competition.** From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of the RSUs, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) **Non-Solicitation of Employees and Other Service Providers.** During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) **Non-Disparagement.** Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) **Non-Disclosure & Ideas Provision.** Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from

initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything herein to the contrary, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d) above, after such termination shall not in and of itself cause rescission if the Shares were distributed in settlement of the RSUs prior to Grantee's date of termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to

be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. **Definitions.** As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. **Compliance with Securities Laws.** Shares shall not be issued with respect to RSUs unless the issuance and delivery of such Shares shall comply with all relevant provisions of state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. **Governing Law; Forum for Disputes.** This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause

the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. **Incorporation of Plan Terms.** This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. **Severability.** The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the effective date set out above.

LINCOLN NATIONAL CORPORATION

By: /s/ Patrick S. Pittard
Chair of the Compensation Committee

LINCOLN NATIONAL CORPORATION
NONQUALIFIED STOCK OPTION AGREEMENT

For Senior Management Committee (other than CEO)

This Nonqualified Stock Option Agreement (the “Agreement”) evidences the terms of the grant by Lincoln National Corporation (“LNC”) of a Nonqualified Stock Option (the “Option”) to <First Name> <Last Name> (“Grantee”) on <Grant Date> (the “Grant Date”), and Grantee’s acceptance of the Option, in accordance with and subject to the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Shares Optioned and Option Price.**

Grantee shall have an Option to purchase <Granted Amount> shares of LNC common stock (the “Shares”) for <Grant Price> (in United States Dollars) for each Share.

2. **Vesting Dates.**

The Option shall vest as follows, provided the Grantee remains in Service (defined in Paragraph 9, below) through the specified vesting date:

1/3 of the Option on the first anniversary of the Grant Date; 1/3 of the Option on the second anniversary of the Grant Date; and

1/3 of the Option on the third anniversary of the Grant Date.

In addition, upon Grantee’s termination of Service for any of the following reasons, the unvested portion of the Option shall vest as indicated:

- (a) 100% as of the date of Grantee’s death; or
- (b) 100% as of the date of Grantee’s termination of Service on account of Total Disability (defined in Paragraph 9, below); or
- (c) 100% as of the date of Grantee’s involuntary termination of Service other than for Cause, within two (2) years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (d) **Pro-rata** as of the date Grantee Retires (defined in Paragraph 9, below), unless Grantee’s Retirement occurs on or after the second anniversary of the Grant Date of this award, in which case the options shall vest at **100%**.

An Option that vests pro-rata upon the event described in Subparagraph 2(d) above shall vest according to a pro-rata formula equal to the total number of days of Service that Grantee provides during the applicable Vesting Period (defined below), divided by the number of days in the

applicable Vesting Period in which the event described in Subparagraph 2(d) occurs, multiplied by the number of Shares subject to the Option that may vest during the applicable Vesting Period (rounding up to the nearest whole Share). For purposes of pro-rating, the applicable “Vesting Period” is the period between the Grant Date and the anniversary of the Grant Date during which a portion of the Option vests.

Except as provided above, any portion of the Option that is unvested upon Grantee’s termination of Service shall be deemed forfeited immediately following termination.

3. **Exercise Period.**

Grantee may exercise all or part of the Option, to the extent vested, prior to the close of business at LNC headquarters on any LNC business day (in accordance with procedures established by LNC) until the first to occur of:

- (a) the tenth anniversary of the Grant Date; or
- (b) the first anniversary of the date of Grantee’s termination of Service on account of death or Total Disability; or
- (c) the fifth anniversary of Grantee’s Retirement; or
- (d) the date three (3) months after Grantee’s involuntary termination of Service other than for Cause, including the sale or disposition of the business for which Grantee provides Service; or
- (e) the date of Grantee’s termination of Service for any reason other than those described in Subparagraphs 3(b), (c), or (d), respectively.

4. **Manner of Exercise.**

To exercise an Option, Grantee must: (a) accept the terms of this award by delivering an acknowledgment (in the form specified by LNC); (b) deliver notice of the exercise (in the form specified by LNC) to the LNC stock option administrator; and (c) submit full payment of the exercise price. Payment of the exercise price may be made in any combination of cash, certified check, Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option), or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute payment to the extent of their Fair Market Value.

5. **Tax Withholding.**

As soon as practicable after the exercise date, LNC shall cause the appropriate number of Shares to be issued to Grantee. LNC shall not issue Shares until any required tax withholding

payments are remitted to LNC by Grantee. In accordance with procedures established by the Compensation Committee of the LNC Board of Directors (the “Committee”), Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option) or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Transferability.**

Unless otherwise approved by the Committee, no rights under this Agreement may be transferred except by will or the laws of descent and distribution. The rights under this Agreement may be exercised during the lifetime of Grantee only by Grantee. After Grantee’s death, the Option may be exercised by the person or persons to whom the Option was transferred by will or the laws of descent and distribution.

7. **Cancellation/Rescission of Options and/or Related Exercise/Termination for Cause.**

This Option and any Shares acquired in exercise of this Option will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee’s Service is terminated for Cause, any Shares acquired upon exercise of the Option during the six (6) month period prior to such termination for Cause shall be rescinded and any remaining portion of the Option shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) below, before the applicable vesting date of the Option, in addition to the remedies provided in Subparagraph 8(e) below, the Option shall be cancelled without further action by the Committee or its delegate.

(c) Grantee’s failure to comply with Subparagraphs 8(a) or 8(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 8(a) or 8(b) shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded. Grantee’s failure to comply with Subparagraphs 8(c) or 8(d) at any time on or after the Grant Date shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded.

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 7(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee’s failure to comply with Subparagraphs 8(a) through 8(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon exercise of the Option, less a number of Shares having a Fair Market Value equal to the aggregate exercise price of the Option; or (B) if the Shares acquired upon exercise of the Option have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of the Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the Option.

8. **Covenants.**

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) **Non-Competition.** From Grant Date through the six (6) month period after the applicable vesting date of this Option, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) **Non-Solicitation of Employees and Other Service Providers.** During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) **Non-Disparagement.** Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including

but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 8(a) through 8(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 8(a) through 8(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 8(a) through 8(d) above, after such termination shall not in and of itself cause rescission to the extent the Option was exercised before Grantee's termination.

If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or

paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 8 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

9. **Definitions.**

As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s termination of Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect.

“Subsidiary” means any corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

10. **Governing Law; Forum for Disputes.**

This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any

jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

11. **Incorporation of Plan Terms.**

This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

12. **Severability.**

The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the day and year first above written.

LINCOLN NATIONAL CORPORATION

/s/ Ellen Cooper

Ellen Cooper
President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
LONG-TERM INCENTIVE AWARD PROGRAM
Performance Cycle Agreement

For Senior Management Committee (Other than CEO)

This Award Agreement (“Agreement”), by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and the <First Name> <Last Name> (“Grantee”), evidences the grant by LNC on <Grant Date>, of a long-term incentive performance award to Grantee, and Grantee’s acceptance of the award, in accordance with and subject to the provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. Form of Award. This performance award grant is for <Granted Amount> shares of LNC common stock (“Shares”). During the Performance Cycle, this award shall consist of LNC stock units but any actual award that ultimately vests will be delivered in Shares.

The number of Shares that will vest and be delivered, if any, may range from 0-<XXX>% of the aforementioned target number of Shares plus any accumulated dividend equivalents under Section 4, below. Shares will vest and be delivered only after certification by the Compensation Committee of the LNC Board of Directors (the “Committee”) of the achievement of company performance criteria previously established and approved by the Committee for the Performance Cycle; however in no event will Shares be delivered later than March 15th of the year following the completion of the Performance Cycle.

The Committee reserves the right to adjust the target number or amount of Shares delivered at any time to the extent permissible under the Plan.

In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of Shares that may ultimately vest under this Agreement, if any, shall be adjusted in accordance with Section 10(c) of the Plan. All Shares that may ultimately vest under this Agreement, if any, after such adjustment shall be subject to the same restrictions applicable any Shares that may have vested under this Agreement before the adjustment.

2. Full or Pro-Rata Awards upon Certain Events.

(a) Except as provided in this Paragraph 2 and in Paragraph 3, below, if Grantee has a Separation from Service (defined in Paragraph 10, below), for any reason during the performance cycle, the award shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such award or Shares issuable pursuant to an award granted hereunder.

(b) In the case of Grantee's Retirement (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a pro-rated award based on the pro-ratio formula described below, unless Grantee's Retirement occurs on or after the second anniversary of the Grant Date of this award, in which case the Grantee shall receive a full, non-prorated award as if Grantee had provided Service for the entire Performance Cycle.

(c) In the case of Grantee's death or Separation from Service on account of Total Disability (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a full, non-prorated award as if Grantee had provided Service for the entire Performance Cycle.

The number of Shares deliverable upon the pro-rata vesting event described in Subparagraph 2(b) shall be calculated by multiplying this award by the product resulting from multiplying a fraction where the denominator is equal to the number of days during the performance cycle, and the numerator is equal to the number of days that the Grantee provided Service during the Performance Cycle, by a factor based on the company's attainment of performance criteria during the Performance Cycle. Thereafter, the number of Shares deliverable shall be rounded up to the nearest whole Share.

Any Shares deliverable under this Paragraph 2 shall be delivered at the same time long-term incentive awards are normally paid and/or delivered after the end of the Performance Cycle.

3. Change of Control. In connection with a Change of Control, pursuant to the definition in effect on the day immediately preceding such Change of Control, the Committee shall determine what, if any, award under this Agreement shall vest. In making such determination, the Committee shall consider the nature of such Change of Control, whether continuation of the Plan and the awards for the Performance Cycle are feasible, and whether the resulting corporate entity, if any, offers or commits to offer awards of comparable economic value; provided, however, that the Committee's determination shall be consistent with existing LNC plans, such as the Plan and the LNC Executives' Severance Benefit Plan.

Shares deliverable pursuant to this Paragraph 3 shall be delivered as of the earlier of (a) the time this award would normally be paid after the end of the original performance cycle established by the Committee, or (b) within 90 days after the Grantee's involuntary Separation from Service, other than for Cause, from LNC, its affiliates or any successor entity, provided such Separation from Service occurs within two years after such Change of Control.

Notwithstanding the foregoing, a Grantee who has a voluntary Separation from Service after a Change of Control but before delivery of Shares in settlement of this award shall forfeit this award.

4. Dividend Equivalent Units. If an award vests, Grantee shall also receive an amount equal to the dividends that would have been paid on such Shares had Grantee held such Shares from the date of grant through the date the Shares become deliverable. Such dividend equivalent amount shall be delivered in Shares based on the Fair Market Value of a Share on the date of the payment of the dividend.

5. **Tax Withholding.** LNC will require Grantee to remit an amount equal to any tax withholding required under federal, state or local law on the value of the Shares deliverable under this Agreement at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Voting Rights.** Grantee shall have no voting rights with respect to LNC stock units.

7. **Transferability.** This award may not be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by Grantee, except by will or the laws of descent and distribution.

8. **Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.**

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) below, before Shares are delivered in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be delivered pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d), below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC must notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of the award, or (B) if such Shares have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the award.

9. Covenants.

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) Non-Competition. From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of this award, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) Non-Solicitation of Employees and Other Service Providers. During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of the hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) Non-Disparagement. Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to

the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d), above, after such termination shall not in and of itself cause rescission if the Shares were delivered in settlement of this award before Grantee's termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. Definitions. As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Performance Cycle” means the three-year period that commences on the first day of the calendar year in which the grant was awarded.

“Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. Compliance with Securities Laws. Shares shall not be issued with respect to this award unless the issuance and delivery of such Shares shall comply with all relevant provisions of state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. Governing Law; Forum for Disputes. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC’s choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. Incorporation of Plan Terms. This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. Severability. The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the first date set forth above.

LINCOLN NATIONAL CORPORATION

By: /s/ Ellen Cooper
Ellen Cooper
President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

For Senior Management Committee (Other than CEO)

This Restricted Stock Unit Award Agreement (the “Agreement”) is by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and <First Name> <Last Name> (the “Grantee”), and evidences the grant on <Grant Date> (the “Grant Date”) of Restricted Stock Units (“RSUs”) to Grantee, and Grantee’s acceptance of the RSUs, in accordance with the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Number of Shares Granted.** Grantee is awarded <Granted Amount> RSUs subject to the terms and restrictions as set forth in the Plan and in this Agreement. In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of RSUs awarded under this Agreement and/or the number of shares of LNC common stock (the “Shares”) delivered pursuant to RSUs granted under this Agreement shall be adjusted in accordance with Section 10(c) of the Plan. All RSUs after such adjustment (and/or Shares deliverable pursuant to RSUs granted under this Agreement) shall be subject to the same restrictions applicable to such RSUs (and/or Shares issuable pursuant to an RSU granted under this Agreement) before the adjustment.

2. **Vesting of Restricted Stock Units.** Subject to Paragraph 8, below, the RSUs shall vest upon the earliest to occur of the following dates (such date, the “Vesting Date”), provided Grantee remains in Service (defined in Paragraph 10, below) through such date:

- (a) **100%** as of the third anniversary of the Grant Date; or
- (b) **100%** as of the date on which the Grantee has a Separation from Service (defined in Paragraph 10, below) on account of Total Disability (defined in Paragraph 10, below); or
- (c) **100%** as of the date of the Grantee’s death; or
- (d) **100%** as of the date of the Grantee’s involuntary Separation from Service other than for Cause (defined in Paragraph 10, below), provided such Separation from Service occurs within two years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (e) **Pro-rata** as of the date on which Grantee Retires (defined in Paragraph 10, below) unless Grantee’s Retirement occurs on or after the second anniversary of the Grant Date of this award, in which case the RSUs shall vest at **100%**.

The number of RSUs vesting pro-rata upon the event described in Subparagraph 2(e) shall be calculated by taking a fraction where the denominator is equal to the number of days during the three-year period beginning on the Grant Date and ending on the third anniversary of the Grant Date (such three-year period, the “Vesting Period”), and the numerator is equal to the number of days that the Grantee provided Service during the Vesting Period, with this award multiplied by such fraction (rounding up the nearest whole RSU).

In the event that Grantee has a Separation from Service prior to the vesting of RSUs as set forth above, other than under the circumstances described in Subparagraphs 2(b) through (e), the RSUs shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such RSUs or Shares deliverable pursuant to an RSU granted hereunder.

3. **Dividend Equivalent Rights.** No cash dividends shall be payable with respect to the RSUs. Instead, for each RSU, Grantee shall have a dividend equivalent right (“DER”). The DER shall entitle the Grantee to additional RSUs on each date that dividends are paid on Shares while the RSU is outstanding. The number of RSUs to be credited on a dividend payment date based on each DER shall equal the number (or fraction thereof) obtained by dividing the aggregate dividend that would have been paid if the RSUs had been outstanding Shares by the Fair Market Value of a Share on the date of the payment of the dividend. DERs have the same restrictions as the underlying RSUs.

4. **Distribution of Shares.** Except as provided below, a Share shall be distributed to Grantee (or to Grantee’s estate) for every vested RSU (including RSUs credited based on DERs), on or within 60 days after the Vesting Date.

Once a Share has been issued with respect to an RSU pursuant to this Agreement and the Plan, the Grantee shall have no further rights with respect to the RSU.

Notwithstanding anything in this Paragraph 4 to the contrary, in the case of a Key Employee (defined below) who is eligible for Retirement at any time prior to the third anniversary of the Grant Date, a distribution upon the Key Employee’s Separation from Service shall be made on the date that is six (6) months after the date on which the Key Employee has a Separation from Service. A “Key Employee” means an employee who, as of his Separation from Service from LNC or its affiliates, is treated as a “specified employee” under Code section 409A(a)(2)(B)(i) (i.e., a key employee as defined in Code section 416(i) without regard to paragraph (5) thereof). Key Employees shall be determined in accordance with Code section 409A.

5. **Tax Withholding.** LNC will require Grantee to remit an amount equal to any tax withholding required by federal, state, or local law on the value of the RSUs at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Voting Rights.** Grantee shall have no voting rights with respect to RSUs.

7. **Transferability.** Neither the RSUs granted under this Agreement, nor any interest or right therein or part thereof, shall be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by the Grantee, except by will or the laws of descent and distribution.

8. **Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.**

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Compensation Committee of the LNC Board of Directors (the "Committee") or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) below, before Shares are distributed in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be distributed pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d) below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of this award; or (B) if such Shares have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the RSUs.

9. **Covenants.**

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) **Non-Competition.** From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of the RSUs, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) **Non-Solicitation of Employees and Other Service Providers.** During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar in any capacity with as a result of his/her Service.

(c) **Non-Disparagement.** Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) **Non-Disclosure & Ideas Provision.** Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from

initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything herein to the contrary, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d) above, after such termination shall not in and of itself cause rescission if the Shares were distributed in settlement of the RSUs prior to Grantee's date of termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to

be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. **Definitions.** As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. **Compliance with Securities Laws.** Shares shall not be issued with respect to RSUs unless the issuance and delivery of such Shares shall comply with all relevant provisions of state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. **Governing Law; Forum for Disputes.** This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. **Incorporation of Plan Terms.** This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. **Severability.** The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the effective date set out above.

LINCOLN NATIONAL CORPORATION

By: /s/ Ellen Cooper
Ellen Cooper
President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
NONQUALIFIED STOCK OPTION AGREEMENT

For Senior Management Committee (other than CEO)

This Nonqualified Stock Option Agreement (the “Agreement”) evidences the terms of the grant by Lincoln National Corporation (“LNC”) of a Nonqualified Stock Option (the “Option”) to <First Name> <Last Name> (“Grantee”) on <Grant Date> (the “Grant Date”), and Grantee’s acceptance of the Option, in accordance with and subject to the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Shares Optioned and Option Price.**

Grantee shall have an Option to purchase <Granted Amount> shares of LNC common stock (the “Shares”) for <Grant Price> (in United States Dollars) for each Share.

2. **Vesting Dates.**

The Option shall vest as follows, provided the Grantee remains in Service (defined in Paragraph 9, below) through the specified vesting date:

1/3 of the Option on the first anniversary of the Grant Date;

1/3 of the Option on the second anniversary of the Grant Date; and

1/3 of the Option on the third anniversary of the Grant Date.

In addition, upon Grantee’s termination of Service for any of the following reasons, the unvested portion of the Option shall vest as indicated:

- (a) **100%** as of the date of Grantee’s death; or
- (b) **100%** as of the date of Grantee’s termination of Service on account of Total Disability (defined in Paragraph 9, below); or
- (c) **100%** as of the date of Grantee’s involuntary termination of Service other than for Cause, within two (2) years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (d) **Pro-rata** as of the date Grantee Retires (defined in Paragraph 9, below); except that if Grantee Retires at age 62 or older, the Option shall be **100%** vested as of that date.

An Option that vests pro-rata upon the event described in Subparagraph 2(d) above shall vest according to a pro-ration formula equal to the total number of days of Service that Grantee provides during the applicable Vesting Period (defined below), divided by the number of days in

the applicable Vesting Period in which the event described in Subparagraph 2(d) occurs, multiplied by the number of Shares subject to the Option that may vest during the applicable Vesting Period (rounding up to the nearest whole Share). For purposes of pro-rating, the applicable “Vesting Period” is the one-year period between the Grant Date and first anniversary of the Grant Date during which a portion of the Option vests, or the one-year period between anniversaries of the Grant Date during which a portion of the Option vests.

Except as provided above, any portion of the Option that is unvested upon Grantee’s termination of Service shall be deemed forfeited immediately following termination.

3. **Exercise Period.**

Grantee may exercise all or part of the Option, to the extent vested, prior to the close of business at LNC headquarters on any LNC business day (in accordance with procedures established by LNC) until the first to occur of:

- (a) the tenth anniversary of the Grant Date; or
- (b) the first anniversary of the date of Grantee’s termination of Service on account of death or Total Disability; or
- (c) the fifth anniversary of Grantee’s Retirement; or
- (d) the date three (3) months after Grantee’s involuntary termination of Service other than for Cause, including the sale or disposition of the business for which Grantee provides Service; or
- (e) the date of Grantee’s termination of Service for any reason other than those described in Subparagraphs 3(b), (c), or (d), respectively.

4. **Manner of Exercise.**

To exercise an Option, Grantee must: (a) accept the terms of this award by delivering an acknowledgment (in the form specified by LNC); (b) deliver notice of the exercise (in the form specified by LNC) to the LNC stock option administrator; and (c) submit full payment of the exercise price. Payment of the exercise price may be made in any combination of cash, certified check, Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option), or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute payment to the extent of their Fair Market Value.

5. **Tax Withholding.**

As soon as practicable after the exercise date, LNC shall cause the appropriate number of Shares to be issued to Grantee. LNC shall not issue Shares until any required tax withholding payments are remitted to LNC by Grantee. In accordance with procedures established by the Compensation Committee of the LNC Board of Directors (the “Committee”), Grantee may

satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option) or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Transferability.**

Unless otherwise approved by the Committee, no rights under this Agreement may be transferred except by will or the laws of descent and distribution. The rights under this Agreement may be exercised during the lifetime of Grantee only by Grantee. After Grantee's death, the Option may be exercised by the person or persons to whom the Option was transferred by will or the laws of descent and distribution.

7. **Cancellation/Rescission of Options and/or Related Exercise/Termination for Cause.**

This Option and any Shares acquired in exercise of this Option will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares acquired upon exercise of the Option during the six (6) month period prior to such termination for Cause shall be rescinded and any remaining portion of the Option shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) below, before the applicable vesting date of the Option, in addition to the remedies provided in Subparagraph 8(e) below, the Option shall be cancelled without further action by the Committee or its delegate.

(c) Grantee's failure to comply with Subparagraphs 8(a) or 8(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 8(a) or 8(b) shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded. Grantee's failure to comply with Subparagraphs 8(c) or 8(d) at any time on or after the Grant Date shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded.

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 7(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 8(a) through 8(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon exercise of the Option, less a number of Shares having a Fair Market Value equal to the aggregate exercise price of the Option; or (B) if the Shares acquired upon exercise of the Option have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of the Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the Option.

8. **Covenants.**

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) **Non-Competition.** From Grant Date through the six (6) month period after the applicable vesting date of this Option, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) **Non-Solicitation of Employees and Other Service Providers.** During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) **Non-Disparagement.** Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including

but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 8(a) through 8(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 8(a) through 8(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 8(a) through 8(d) above, after such termination shall not in and of itself cause rescission to the extent the Option was exercised before Grantee's termination.

If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or

paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 8 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

9. **Definitions.**

As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s termination of Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect.

“Subsidiary” means any corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

10. **Governing Law; Forum for Disputes.**

This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the

Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

11. **Incorporation of Plan Terms.**

This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

12. **Severability.**

The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the day and year first above written.

LINCOLN NATIONAL CORPORATION

/s/ Ellen Cooper

Ellen Cooper

President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
LONG-TERM INCENTIVE AWARD PROGRAM
Performance Cycle Agreement

For Senior Management Committee (other than CEO)

This Award Agreement (“Agreement”), by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and the <First Name> <Last Name> (“Grantee”), evidences the grant by LNC on <Grant Date>, of a long-term incentive performance award to Grantee, and Grantee’s acceptance of the award, in accordance with and subject to the provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. Form of Award. This performance award grant is for <Granted Amount> shares of LNC common stock (“Shares”). During the Performance Cycle, this award shall consist of LNC stock units but any actual award that ultimately vests will be delivered in Shares.

The number of Shares that will vest and be delivered, if any, may range from 0-<XXX>% of the aforementioned target number of Shares plus any accumulated dividend equivalents under Section 4, below. Shares will vest and be delivered only after certification by the Compensation Committee of the LNC Board of Directors (the “Committee”) of the achievement of company performance criteria previously established and approved by the Committee for the Performance Cycle; however in no event will Shares be delivered later than March 15th of the year following the completion of the Performance Cycle.

The Committee reserves the right to adjust the target number or amount of Shares delivered at any time to the extent permissible under the Plan.

In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of Shares that may ultimately vest under this Agreement, if any, shall be adjusted in accordance with Section 10(c) of the Plan. All Shares that may ultimately vest under this Agreement, if any, after such adjustment shall be subject to the same restrictions applicable any Shares that may have vested under this Agreement before the adjustment.

2. Full or Pro-Rata Awards upon Certain Events.

(a) Except as provided in this Paragraph 2 and in Paragraph 3, below, if Grantee has a Separation from Service (defined in Paragraph 10, below), for any reason during the performance cycle, the award shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such award or Shares issuable pursuant to an award granted hereunder.

(b) In the case of Grantee's Retirement (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a pro-rated award based on the pro-ration formula described below.

(c) In the case of Grantee's death or Separation from Service on account of Total Disability (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a full, non-prorated award as if Grantee had provided Service for the entire Performance Cycle.

The number of Shares deliverable upon the pro-rata vesting event described in Subparagraph 2(b) shall be calculated by multiplying this award by the product resulting from multiplying a fraction where the denominator is equal to the number of days during the performance cycle, and the numerator is equal to the number of days that the Grantee provided Service during the Performance Cycle, by a factor based on the company's attainment of performance criteria during the Performance Cycle. Thereafter, the number of Shares deliverable shall be rounded up to the nearest whole Share.

Any Shares deliverable under this Paragraph 2 shall be delivered at the same time long-term incentive awards are normally paid and/or delivered after the end of the Performance Cycle.

3. Change of Control. In connection with a Change of Control, pursuant to the definition in effect on the day immediately preceding such Change of Control, the Committee shall determine what, if any, award under this Agreement shall vest. In making such determination, the Committee shall consider the nature of such Change of Control, whether continuation of the Plan and the awards for the Performance Cycle are feasible, and whether the resulting corporate entity, if any, offers or commits to offer awards of comparable economic value; provided, however, that the Committee's determination shall be consistent with existing LNC plans, such as the Plan and the LNC Executives' Severance Benefit Plan.

Shares deliverable pursuant to this Paragraph 3 shall be delivered as of the earlier of (a) the time this award would normally be paid after the end of the original performance cycle established by the Committee, or (b) within 90 days after the Grantee's involuntary Separation from Service, other than for Cause, from LNC, its affiliates or any successor entity, provided such Separation from Service occurs within two years after such Change of Control.

Notwithstanding the foregoing, a Grantee who has a voluntary Separation from Service after a Change of Control but before delivery of Shares in settlement of this award shall forfeit this award.

4. Dividend Equivalent Units. If an award vests, Grantee shall also receive an amount equal to the dividends that would have been paid on such Shares had Grantee held such Shares from the date of grant through the date the Shares become deliverable. Such dividend equivalent amount shall be delivered in Shares based on the Fair Market Value of a Share on the date of the payment of the dividend.

5. Tax Withholding. LNC will require Grantee to remit an amount equal to any tax withholding required under federal, state or local law on the value of the Shares deliverable under this Agreement at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any

surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. Voting Rights. Grantee shall have no voting rights with respect to LNC stock units.

7. Transferability. This award may not be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by Grantee, except by will or the laws of descent and distribution.

8. Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) below, before Shares are delivered in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be delivered pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d) below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC must notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of the award, or (B) if such Shares have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such

sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the award.

9. Covenants.

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) Non-Competition. From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of this award, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) Non-Solicitation of Employees and Other Service Providers. During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, any employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) Non-Disparagement. Grantee agrees not to defame LNC, or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business,

any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d) above, after such termination shall not in and of itself cause rescission if the Shares were delivered in settlement of this award before Grantee's termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the

geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. Definitions. As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Performance Cycle” means the three-year period that commences on the first day of the calendar year in which the grant was awarded.

“Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. Compliance with Securities Laws. Shares shall not be issued with respect to this award unless the issuance and delivery of such Shares shall comply with all relevant provisions of state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. Governing Law; Forum for Disputes. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. Incorporation of Plan Terms. This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. Severability. The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the first date set forth above.

LINCOLN NATIONAL CORPORATION

By: /s/ Ellen Cooper
Ellen Cooper
President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

For Senior Management Committee (Other than CEO)

This Restricted Stock Unit Award Agreement (the “Agreement”) is by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and <First Name> <Last Name> (the “Grantee”), and evidences the grant on <Grant Date> (the “Grant Date”) of Restricted Stock Units (“RSUs”) to Grantee, and Grantee’s acceptance of the RSUs, in accordance with the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Number of Shares Granted.** Grantee is awarded <Granted Amount> RSUs subject to the terms and restrictions as set forth in the Plan and in this Agreement. In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of RSUs awarded under this Agreement and/or the number of shares of LNC common stock (the “Shares”) delivered pursuant to RSUs granted under this Agreement shall be adjusted in accordance with Section 10(c) of the Plan. All RSUs after such adjustment (and/or Shares deliverable pursuant to RSUs granted under this Agreement) shall be subject to the same restrictions applicable to such RSUs (and/or Shares issuable pursuant to an RSU granted under this Agreement) before the adjustment.

2. **Vesting of Restricted Stock Units.** Subject to Paragraph 8, below, the RSUs shall vest upon the earliest to occur of the following dates (such date, the “Vesting Date”), provided Grantee remains in Service (defined in Paragraph 10, below) through such date:

- (a) **100%** as of the third anniversary of the Grant Date; or
- (b) **100%** as of the date on which the Grantee has a Separation from Service (defined in Paragraph 10, below) on account of Total Disability (defined in Paragraph 10, below); or
- (c) **100%** as of the date of the Grantee’s death; or
- (d) **100%** as of the date of the Grantee’s involuntary Separation from Service other than for Cause (defined in Paragraph 10, below), provided such Separation from Service occurs within two years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (e) **Pro-rata** as of the date on which Grantee Retires (defined in Paragraph 10, below).

The number of RSUs vesting pro-rata upon the event described in Subparagraph 2(e) shall be calculated by taking a fraction where the denominator is equal to the number of days during the

three-year period beginning on the Grant Date and ending on the third anniversary of the Grant Date (such three-year period, the “Vesting Period”), and the numerator is equal to the number of days that the Grantee provided Service during the Vesting Period, with this award multiplied by such fraction (rounding up the nearest whole RSU).

In the event that Grantee has a Separation from Service prior to the vesting of RSUs as set forth above, other than under the circumstances described in Subparagraphs 2(b) through (e), the RSUs shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such RSUs or Shares deliverable pursuant to an RSU granted hereunder.

3. **Dividend Equivalent Rights.** No cash dividends shall be payable with respect to the RSUs. Instead, for each RSU, Grantee shall have a dividend equivalent right (“DER”). The DER shall entitle the Grantee to additional RSUs on each date that dividends are paid on Shares while the RSU is outstanding. The number of RSUs to be credited on a dividend payment date based on each DER shall equal the number (or fraction thereof) obtained by dividing the aggregate dividend that would have been paid if the RSUs had been outstanding Shares by the Fair Market Value of a Share on the date of the payment of the dividend. DERs have the same restrictions as the underlying RSUs.

4. **Distribution of Shares.** Except as provided below, a Share shall be distributed to Grantee (or to Grantee’s estate) for every vested RSU (including RSUs credited based on DERs), on or within 60 days after the Vesting Date.

Once a Share has been issued with respect to an RSU pursuant to this Agreement and the Plan, the Grantee shall have no further rights with respect to the RSU.

Notwithstanding anything in this Paragraph 4 to the contrary, in the case of a Key Employee (defined below) who is eligible for Retirement at any time prior to the third anniversary of the Grant Date, a distribution upon the Key Employee’s Separation from Service shall be made on the date that is six (6) months after the date on which the Key Employee has a Separation from Service. A “Key Employee” means an employee who, as of his Separation from Service from LNC or its affiliates, is treated as a “specified employee” under Code section 409A(a)(2)(B)(i) (i.e., a key employee as defined in Code section 416(i) without regard to paragraph (5) thereof). Key Employees shall be determined in accordance with Code section 409A.

5. **Tax Withholding.** LNC will require Grantee to remit an amount equal to any tax withholding required by federal, state, or local law on the value of the RSUs at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Voting Rights.** Grantee shall have no voting rights with respect to RSUs.

7. **Transferability.** Neither the RSUs granted under this Agreement, nor any interest or right therein or part thereof, shall be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by the Grantee, except by will or the laws of descent and distribution.

8. **Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.**

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Compensation Committee of the LNC Board of Directors (the "Committee") or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) below, before Shares are distributed in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be distributed pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d) below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of this award; or (B) if such Shares have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the RSUs.

9. **Covenants.**

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) **Non-Competition.** From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of the RSUs, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) **Non-Solicitation of Employees and Other Service Providers.** During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar in any capacity with as a result of his/her Service.

(c) **Non-Disparagement.** Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) **Non-Disclosure & Ideas Provision.** Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from

initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything herein to the contrary, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d) above, after such termination shall not in and of itself cause rescission if the Shares were distributed in settlement of the RSUs prior to Grantee's date of termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to

be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. **Definitions.** As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary either (i) at age 55 or older with at least five (5) years of Service or (ii) at any age with at least seven (7) years of Service as a member of LNC’s Senior Management Committee.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. **Compliance with Securities Laws.** Shares shall not be issued with respect to RSUs unless the issuance and delivery of such Shares shall comply with all relevant provisions of state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. **Governing Law; Forum for Disputes.** This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. **Incorporation of Plan Terms.** This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. **Severability.** The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the effective date set out above.

LINCOLN NATIONAL CORPORATION

By: /s/ Ellen Cooper
Ellen Cooper
President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
NONQUALIFIED STOCK OPTION AGREEMENT

For Senior Management Committee (other than CEO)

This Nonqualified Stock Option Agreement (the “Agreement”) evidences the terms of the grant by Lincoln National Corporation (“LNC”) of a Nonqualified Stock Option (the “Option”) to <First Name> <Last Name> (“Grantee”) on <Grant Date> (the “Grant Date”), and Grantee’s acceptance of the Option, in accordance with and subject to the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Shares Optioned and Option Price.**

Grantee shall have an Option to purchase <Granted Amount> shares of LNC common stock (the “Shares”) for <Grant Price> (in United States Dollars) for each Share.

2. **Vesting Dates.**

The Option shall vest as follows, provided the Grantee remains in Service (defined in Paragraph 9, below) through the specified vesting date:

- 1/3 of the Option on the first anniversary of the Grant Date;
- 1/3 of the Option on the second anniversary of the Grant Date; and
- 1/3 of the Option on the third anniversary of the Grant Date.

In addition, upon Grantee’s termination of Service for any of the following reasons, the unvested portion of the Option shall vest as indicated:

- (a) **100%** as of the date of Grantee’s death; or
- (b) **100%** as of the date of Grantee’s termination of Service on account of Total Disability (defined in Paragraph 9, below); or
- (c) **100%** as of the date of Grantee’s involuntary termination of Service other than for Cause, within two (2) years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (d) **Pro-rata** as of the date Grantee Retires (defined in Paragraph 9, below); except that if Grantee Retires at age 62 or older, the Option shall be **100%** vested as of that date.

An Option that vests pro-rata upon the event described in Subparagraph 2(d) above shall vest according to a pro-ration formula equal to the total number of days of Service that Grantee provides during the applicable Vesting Period (defined below), divided by the number of days in

the applicable Vesting Period in which the event described in Subparagraph 2(d) occurs, multiplied by the number of Shares subject to the Option that may vest during the applicable Vesting Period (rounding up to the nearest whole Share). For purposes of pro-rating, the applicable “Vesting Period” is the one-year period between the Grant Date and first anniversary of the Grant Date during which a portion of the Option vests, or the one-year period between anniversaries of the Grant Date during which a portion of the Option vests.

Except as provided above, any portion of the Option that is unvested upon Grantee’s termination of Service shall be deemed forfeited immediately following termination.

3. **Exercise Period.**

Grantee may exercise all or part of the Option, to the extent vested, prior to the close of business at LNC headquarters on any LNC business day (in accordance with procedures established by LNC) until the first to occur of:

- (a) the tenth anniversary of the Grant Date; or
- (b) the first anniversary of the date of Grantee’s termination of Service on account of death or Total Disability; or
- (c) the fifth anniversary of Grantee’s Retirement; or
- (d) the date three (3) months after Grantee’s involuntary termination of Service other than for Cause, including the sale or disposition of the business for which Grantee provides Service; or
- (e) the date of Grantee’s termination of Service for any reason other than those described in Subparagraphs 3(b), (c), or (d), respectively.

4. **Manner of Exercise.**

To exercise an Option, Grantee must: (a) accept the terms of this award by delivering an acknowledgment (in the form specified by LNC); (b) deliver notice of the exercise (in the form specified by LNC) to the LNC stock option administrator; and (c) submit full payment of the exercise price. Payment of the exercise price may be made in any combination of cash, certified check, Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option), or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute payment to the extent of their Fair Market Value.

5. **Tax Withholding.**

As soon as practicable after the exercise date, LNC shall cause the appropriate number of Shares to be issued to Grantee. LNC shall not issue Shares until any required tax withholding payments are remitted to LNC by Grantee. In accordance with procedures established by the Compensation Committee of the LNC Board of Directors (the “Committee”), Grantee may

satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued on exercise of the Option) or, to the extent LNC has adopted a broker assisted cashless exercise program, through a broker assisted cashless exercise. Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Transferability.**

Unless otherwise approved by the Committee, no rights under this Agreement may be transferred except by will or the laws of descent and distribution. The rights under this Agreement may be exercised during the lifetime of Grantee only by Grantee. After Grantee's death, the Option may be exercised by the person or persons to whom the Option was transferred by will or the laws of descent and distribution.

7. **Cancellation/Rescission of Options and/or Related Exercise/Termination for Cause.**

This Option and any Shares acquired in exercise of this Option will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares acquired upon exercise of the Option during the six (6) month period prior to such termination for Cause shall be rescinded and any remaining portion of the Option shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) below, before the applicable vesting date of the Option, in addition to the remedies provided in Subparagraph 8(e) below, the Option shall be cancelled without further action by the Committee or its delegate.

(c) Grantee's failure to comply with Subparagraphs 8(a) or 8(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 8(a) or 8(b) shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded. Grantee's failure to comply with Subparagraphs 8(c) or 8(d) at any time on or after the Grant Date shall cause such Option and/or any Shares acquired upon exercise of the Option to be rescinded.

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 7(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 8(a) through 8(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon exercise of the Option, less a number of Shares

having a Fair Market Value equal to the aggregate exercise price of the Option; or (B) if the Shares acquired upon exercise of the Option have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of the Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the Option.

8. **Covenants.**

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) **Non-Competition.** From Grant Date through the six (6) month period after the applicable vesting date of this Option, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) **Non-Solicitation of Employees and Other Service Providers.** During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) **Non-Disparagement.** Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 8(a) through 8(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 8(a) through 8(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 8(a) through 8(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 8(a) through 8(d) above, after such termination shall not in and of itself cause rescission to the extent the Option was exercised before Grantee's termination.

If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 8 shall be determined by a court to be unenforceable

because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 8 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

9. **Definitions.**

As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s termination of Service, other than for Cause, from LNC or any Subsidiary at age 55 or older with at least five (5) years of Service.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect.

“Subsidiary” means any corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

10. **Governing Law; Forum for Disputes.**

This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives

any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

11. **Incorporation of Plan Terms.**

This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

12. **Severability.**

The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the day and year first above written.

LINCOLN NATIONAL CORPORATION

/s/ Ellen Cooper _____

Ellen Cooper
President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
LONG-TERM INCENTIVE AWARD PROGRAM
Performance Cycle Agreement

For Senior Management Committee (other than CEO)

This Award Agreement (“Agreement”), by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and the <First Name> <Last Name> (“Grantee”), evidences the grant by LNC on <Grant Date>, of a long-term incentive performance award to Grantee, and Grantee’s acceptance of the award, in accordance with and subject to the provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. Form of Award. This performance award grant is for <Granted Amount> shares of LNC common stock (“Shares”). During the Performance Cycle, this award shall consist of LNC stock units but any actual award that ultimately vests will be delivered in Shares.

The number of Shares that will vest and be delivered, if any, may range from 0-<XXX>% of the aforementioned target number of Shares plus any accumulated dividend equivalents under Section 4, below. Shares will vest and be delivered only after certification by the Compensation Committee of the LNC Board of Directors (the “Committee”) of the achievement of company performance criteria previously established and approved by the Committee for the Performance Cycle; however in no event will Shares be delivered later than March 15th of the year following the completion of the Performance Cycle.

The Committee reserves the right to adjust the target number or amount of Shares delivered at any time to the extent permissible under the Plan.

In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of Shares that may ultimately vest under this Agreement, if any, shall be adjusted in accordance with Section 10(c) of the Plan. All Shares that may ultimately vest under this Agreement, if any, after such adjustment shall be subject to the same restrictions applicable any Shares that may have vested under this Agreement before the adjustment.

2. Full or Pro-Rata Awards upon Certain Events.

(a) Except as provided in this Paragraph 2 and in Paragraph 3, below, if Grantee has a Separation from Service (defined in Paragraph 10, below), for any reason during the performance cycle, the award shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such award or Shares issuable pursuant to an award granted hereunder.

(b) In the case of Grantee's Retirement (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a pro-rated award based on the pro-ration formula described below.

(c) In the case of Grantee's death or Separation from Service on account of Total Disability (defined in Paragraph 10, below), Grantee (or Grantee's estate, if applicable) shall receive a full, non-prorated award as if Grantee had provided Service for the entire Performance Cycle.

The number of Shares deliverable upon the pro-rata vesting event described in Subparagraph 2(b) shall be calculated by multiplying this award by the product resulting from multiplying a fraction where the denominator is equal to the number of days during the performance cycle, and the numerator is equal to the number of days that the Grantee provided Service during the Performance Cycle, by a factor based on the company's attainment of performance criteria during the Performance Cycle. Thereafter, the number of Shares deliverable shall be rounded up to the nearest whole Share.

Any Shares deliverable under this Paragraph 2 shall be delivered at the same time long-term incentive awards are normally paid and/or delivered after the end of the Performance Cycle.

3. Change of Control. In connection with a Change of Control, pursuant to the definition in effect on the day immediately preceding such Change of Control, the Committee shall determine what, if any, award under this Agreement shall vest. In making such determination, the Committee shall consider the nature of such Change of Control, whether continuation of the Plan and the awards for the Performance Cycle are feasible, and whether the resulting corporate entity, if any, offers or commits to offer awards of comparable economic value; provided, however, that the Committee's determination shall be consistent with existing LNC plans, such as the Plan and the LNC Executives' Severance Benefit Plan.

Shares deliverable pursuant to this Paragraph 3 shall be delivered as of the earlier of (a) the time this award would normally be paid after the end of the original performance cycle established by the Committee, or (b) within 90 days after the Grantee's involuntary Separation from Service, other than for Cause, from LNC, its affiliates or any successor entity, provided such Separation from Service occurs within two years after such Change of Control.

Notwithstanding the foregoing, a Grantee who has a voluntary Separation from Service after a Change of Control but before delivery of Shares in settlement of this award shall forfeit this award.

4. Dividend Equivalent Units. If an award vests, Grantee shall also receive an amount equal to the dividends that would have been paid on such Shares had Grantee held such Shares from the date of grant through the date the Shares become deliverable. Such dividend equivalent amount shall be delivered in Shares based on the Fair Market Value of a Share on the date of the payment of the dividend.

5. Tax Withholding. LNC will require Grantee to remit an amount equal to any tax withholding required under federal, state or local law on the value of the Shares deliverable under this Agreement at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any

surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. Voting Rights. Grantee shall have no voting rights with respect to LNC stock units.

7. Transferability. This award may not be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by Grantee, except by will or the laws of descent and distribution.

8. Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Committee or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) below, before Shares are delivered in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be delivered pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d) below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC must notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of the award, or (B) if such Shares

have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the award.

9. Covenants.

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) Non-Competition. From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of this award, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) Non-Solicitation of Employees and Other Service Providers. During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, any employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar with in any capacity as a result of his/her Service.

(c) Non-Disparagement. Grantee agrees not to defame LNC, or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d)Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e)Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything to the contrary herein, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d) above, after such termination shall not in and of itself cause rescission if the Shares were delivered in settlement of this award before Grantee's termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable

because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. Definitions. As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Performance Cycle” means the three-year period that commences on the first day of the calendar year in which the grant was awarded.

“Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary at age 55 or older with at least five (5) years of Service.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. Compliance with Securities Laws. Shares shall not be issued with respect to this award unless the issuance and delivery of such Shares shall comply with all relevant provisions of

state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. Governing Law; Forum for Disputes. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC's choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. Incorporation of Plan Terms. This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. Severability. The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the first date set forth above.

LINCOLN NATIONAL CORPORATION

By: /s/ Ellen Cooper

Ellen Cooper

President and Chief Executive Officer

LINCOLN NATIONAL CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

For Senior Management Committee (other than CEO)

This Restricted Stock Unit Award Agreement (the “Agreement”) is by and between Lincoln National Corporation (“LNC”) on behalf of itself and its affiliates, and <First Name> <Last Name> (the “Grantee”), and evidences the grant on <Grant Date> (the “Grant Date”) of Restricted Stock Units (“RSUs”) to Grantee, and Grantee’s acceptance of the RSUs, in accordance with the terms and provisions of the Lincoln National Corporation 2020 Incentive Compensation Plan effective June 11, 2020 (the “Plan”) and this Agreement. LNC and Grantee agree as follows:

1. **Number of Shares Granted.** Grantee is awarded <Granted Amount> RSUs subject to the terms and restrictions as set forth in the Plan and in this Agreement. In the event an adjustment pursuant to Section 10(c) of the Plan is required, the number of RSUs awarded under this Agreement and/or the number of shares of LNC common stock (the “Shares”) delivered pursuant to RSUs granted under this Agreement shall be adjusted in accordance with Section 10(c) of the Plan. All RSUs after such adjustment (and/or Shares deliverable pursuant to RSUs granted under this Agreement) shall be subject to the same restrictions applicable to such RSUs (and/or Shares issuable pursuant to an RSU granted under this Agreement) before the adjustment.

2. **Vesting of Restricted Stock Units.** Subject to Paragraph 8, below, the RSUs shall vest upon the earliest to occur of the following dates (such date, the “Vesting Date”), provided Grantee remains in Service (defined in Paragraph 10, below) through such date:

- (a) **100%** as of the third anniversary of the Grant Date; or
- (b) **100%** as of the date on which the Grantee has a Separation from Service (defined in Paragraph 10, below) on account of Total Disability (defined in Paragraph 10, below); or
- (c) **100%** as of the date of the Grantee’s death; or
- (d) **100%** as of the date of the Grantee’s involuntary Separation from Service other than for Cause (defined in Paragraph 10, below), provided such Separation from Service occurs within two years after a Change of Control pursuant to the definition in effect on the day immediately preceding such Change of Control; or
- (e) **Pro-rata** as of the date on which Grantee Retires (defined in Paragraph 10, below).

The number of RSUs vesting pro-rata upon the event described in Subparagraph 2(e) shall be calculated by taking a fraction where the denominator is equal to the number of days during the three-year period beginning on the Grant Date and ending on the third anniversary of the Grant

Date (such three-year period, the “Vesting Period”), and the numerator is equal to the number of days that the Grantee provided Service during the Vesting Period, with this award multiplied by such fraction (rounding up the nearest whole RSU).

In the event that Grantee has a Separation from Service prior to the vesting of RSUs as set forth above, other than under the circumstances described in Subparagraphs 2(b) through (e), the RSUs shall be forfeited and automatically transferred back to LNC. Upon forfeiture, Grantee shall have no further rights in such RSUs or Shares deliverable pursuant to an RSU granted hereunder.

3. **Dividend Equivalent Rights.** No cash dividends shall be payable with respect to the RSUs. Instead, for each RSU, Grantee shall have a dividend equivalent right (“DER”). The DER shall entitle the Grantee to additional RSUs on each date that dividends are paid on Shares while the RSU is outstanding. The number of RSUs to be credited on a dividend payment date based on each DER shall equal the number (or fraction thereof) obtained by dividing the aggregate dividend that would have been paid if the RSUs had been outstanding Shares by the Fair Market Value of a Share on the date of the payment of the dividend. DERs have the same restrictions as the underlying RSUs.

4. **Distribution of Shares.** Except as provided below, a Share shall be distributed to Grantee (or to Grantee’s estate) for every vested RSU (including RSUs credited based on DERs), on or within 60 days after the Vesting Date.

Once a Share has been issued with respect to an RSU pursuant to this Agreement and the Plan, the Grantee shall have no further rights with respect to the RSU.

Notwithstanding anything in this Paragraph 4 to the contrary, in the case of a Key Employee (defined below) who is eligible for Retirement at any time prior to the third anniversary of the Grant Date, a distribution upon the Key Employee’s Separation from Service shall be made on the date that is six (6) months after the date on which the Key Employee has a Separation from Service. A “Key Employee” means an employee who, as of his Separation from Service from LNC or its affiliates, is treated as a “specified employee” under Code section 409A(a)(2)(B)(i) (i.e., a key employee as defined in Code section 416(i) without regard to paragraph (5) thereof). Key Employees shall be determined in accordance with Code section 409A.

5. **Tax Withholding.** LNC will require Grantee to remit an amount equal to any tax withholding required by federal, state, or local law on the value of the RSUs at such time as LNC is required to withhold such amounts. In accordance with procedures established by the Committee, Grantee may satisfy any required tax withholding payments in any combination of cash, certified check, or Shares (including the surrender of Shares held by the Grantee or those that would otherwise be issued in settlement of this award). Any surrendered or withheld Shares will constitute satisfaction of any required tax withholding to the extent of their Fair Market Value.

6. **Voting Rights.** Grantee shall have no voting rights with respect to RSUs.

7. **Transferability.** Neither the RSUs granted under this Agreement, nor any interest or right therein or part thereof, shall be transferred, sold, pledged, hypothecated, margined or otherwise encumbered by the Grantee, except by will or the laws of descent and distribution.

8. Cancellation/Rescission of Award after Vesting or Distribution/Termination for Cause.

This award and any Shares distributed in settlement of this award will be subject to potential forfeiture, recoupment or other action in accordance with the terms of this Agreement and any applicable claw back or recoupment policies implemented by the Company, as it may be amended or restated from time to time, or in accordance with any rules or regulations adopted by the Securities and Exchange Commission and the New York Stock Exchange pursuant to Section 10D of the Securities Exchange Act of 1934 or other applicable law.

(a) If Grantee's Service is terminated for Cause, any Shares distributed in settlement of this award during the six (6) month period prior to such termination for Cause shall be rescinded and any such Shares not yet delivered in settlement of this award shall be cancelled without further action by the Compensation Committee of the LNC Board of Directors (the "Committee") or its delegate.

(b) If Grantee fails to comply with the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) below, before Shares are distributed in settlement of this award, in addition to the remedies provided in Subparagraph 9(e) below, this award shall be cancelled without further action by the Committee or its delegate.

(c) If requested by LNC, at the time Shares are to be distributed pursuant to this Agreement, Grantee shall certify in a form acceptable to LNC that Grantee is in compliance with the terms and conditions described in Subparagraphs 9(a) through 9(d) below. Grantee's failure to comply with Subparagraphs 9(a) or 9(b) at any time from the Grant Date through the applicable time periods specified in Subparagraphs 9(a) or 9(b) shall cause such Shares to be rescinded. Grantee's failure to comply with Subparagraphs 9(c) or 9(d) at any time on or after the Grant Date shall cause such Shares to be rescinded.

(d) (1) LNC shall notify Grantee in writing of any such rescission: (A) in the case of Subparagraph 8(a), not later than 90 days after such termination for Cause; and (B) not later than 180 days after LNC obtains knowledge of Grantee's failure to comply with Subparagraphs 9(a) through 9(d) below.

(2) Within ten (10) days after receiving a rescission notice from LNC: (A) Grantee must surrender to LNC the Shares acquired upon settlement of this award; or (B) if such Shares have been sold or transferred, (i) Grantee must make a payment to LNC of the proceeds from such sale or transfer, or (ii) if there are no proceeds from such transfer, Grantee must make a payment to LNC equal to the Fair Market Value of such Shares on the date of such transfer.

In all cases, Grantee shall pay to LNC the gross amount of any gain realized or payment received (not net of any withholding or other taxes paid by Grantee) as a result of the RSUs.

9. Covenants.

Grantee recognizes and acknowledges that during the term of employment, Grantee has had, and will continue to have, access to confidential and proprietary business information and trade secrets belonging to LNC and LNC's customers, including, but not limited to, customer information, customer lists, pricing, products, information relating to sales, sales leads, sales performance, sales volume, LNC business and financial strategy, LNC quarterly business reviews, and LNC data, all of which are of substantial value to LNC. Grantee therefore agrees that the restrictive covenants below are reasonable and necessary to protect LNC's trade secrets and confidential information.

(a) Non-Competition. From the Grant Date through the six (6) month period after the date Shares are distributed in settlement of the RSUs, Grantee may not become employed by, work on behalf of, consult with, or otherwise render services that are the same or similar to the services rendered by Grantee to the business unit(s) for which Grantee provided Service or otherwise had responsibilities for within six (6) months prior to his/her Separation from Service to any other business, firm, person, partnership, corporation or other organization that competes with or provides, or is planning to provide, the same or similar products and/or services. Grantee understands and agrees that due to the nature of LNC's nationwide business and the nationwide scope of Grantee's employment, this restriction is nationwide in scope.

(b) Non-Solicitation of Employees and Other Service Providers. During Grantee's employment with LNC, and for a period of twelve (12) months following the date of Grantee's Separation from Service, for any reason, Grantee shall not directly or indirectly hire, manage, solicit, or recruit, or aid in the hiring, soliciting, or recruiting of any persons who are at the time of hire, or were at any time within the six (6) months prior to hire, employees, agents, representatives, or consultants of LNC whom Grantee had hired, managed, supervised, or otherwise became familiar in any capacity with as a result of his/her Service.

(c) Non-Disparagement. Grantee agrees not to defame LNC or any of its affiliates, products, employees, officers, directors or services, or make or solicit any comments, statement or the like to the media or others that may be considered to be derogatory or harmful to the good name or business reputation of LNC or its affiliates, except that Grantee may testify truthfully in any legal proceeding where his testimony is compelled by subpoena under oath. This provision also applies to any comments or statements which Grantee may make on the internet, including but not limited to comments, statements and/or videos placed in email, and/or on YouTube, Instagram, Facebook, Twitter or any other social media site.

(d) Non-Disclosure & Ideas Provision. Grantee shall not, without prior written authorization from LNC, disclose to anyone outside LNC, or use in other than LNC's business, any trade secrets or confidential and/or proprietary information received from or on behalf of, developed for, or otherwise relating to the business of, LNC. Any confidentiality or non-disclosure obligations in this Agreement does not prohibit or restrict Grantee (or Grantee's attorney) from initiating communications directly with, or responding to any inquiry from, or providing testimony before, the SEC, FINRA, any other self-regulatory organization, or any other state, local, or federal regulatory, investigative, or enforcement entity, agency, or authority. For purposes of this Agreement, a confidential disclosure to government officials or attorneys solely for purposes of

reporting or investigating a suspected violation of the law (or disclosures made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal) is immune from civil and criminal liabilities under federal and state trade secret laws. Furthermore, Grantee agrees to disclose and assign to LNC all rights and interest in any invention or idea that Grantee developed or helped develop for actual or related business, research, or development work during the period of Grantee's Service.

(e) Consent to Injunction; Attorneys' Fees and Costs. Grantee acknowledges that any violation of the non-competition, non-solicitation, non-disparagement, or non-disclosure provisions described in Subparagraphs 9(a) through 9(d) would entail irreparable injury to the business and goodwill of LNC and would jeopardize the competitive position in the marketplace held by LNC. Therefore, Grantee also acknowledges that, in the event of any violation of Subparagraphs 9(a) through 9(d) by Grantee, the cancellation/rescission of the award alone will be inadequate to compensate LNC, and LNC will be entitled, as a matter of right and without the obligation to post a bond or other security, to an injunction issued by any court of competent jurisdiction and other equitable relief to prevent any actual, intended or likely violation of this Agreement. If LNC brings legal action for injunctive relief, LNC shall have the benefit of the full periods of the post-employment covenants set forth above. The injunction shall run from the date injunctive relief is granted but reduced by the time period after the separation of employment that Grantee was not in violation of the applicable covenant(s). In the event LNC elects to seek any remedy by court action, rendered necessary as the result of any violation or threatened violation of the Agreement by Grantee, and LNC prevails in such action, Grantee shall be responsible to pay all costs and attorneys' fees incurred by LNC in taking such action.

Notwithstanding anything herein to the contrary, LNC may, in its discretion, waive Grantee's compliance with Subparagraphs 9(a) through 9(d) in whole or part in any individual case. Moreover, if Grantee's Service is terminated by LNC other than for Cause, a failure by Grantee to comply with the provisions of Subparagraph 9(a) through 9(d) above, after such termination shall not in and of itself cause rescission if the Shares were distributed in settlement of the RSUs prior to Grantee's date of termination.

If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be invalid or unenforceable for any reason, the term, provision or paragraph shall be construed so as to be enforceable to the maximum extent compatible with the applicable laws in effect at the time; and such determination of invalidity shall not affect the remaining terms, provisions or paragraphs of this Agreement, which shall continue to be given full force and effect. If any term, provision or paragraph of this Paragraph 9 shall be determined by a court to be unenforceable because of the scope or duration thereof, the parties hereby expressly agree that the court making such determination shall have the power to reduce the scope or duration and/or restrict the geographical area of such term, provision or paragraph and/or to delete such specific words or phrases which the court shall deem necessary to permit enforcement of such term, provision or paragraph in restricted form. If any term, provision or paragraph of this Paragraph 9 is found to be in conflict with any state or local law or regulation, the applicable state or local law will control to the extent that such state or local law applies to the Grantee.

10. **Definitions.** As used in this Agreement:

“Cause” means (a) a conviction of a crime that is job related or that may otherwise cause harm to the reputation of LNC or any Subsidiary; (b) any act or omission detrimental to the conduct of business of LNC or any Subsidiary; (c) inability to obtain or retain proper licenses; (d) theft, dishonesty, fraud or misrepresentation; (e) failure to cooperate or be truthful in connection with an investigation related to LNC or any Subsidiary; (f) violation of any rule or regulation of any regulatory agency or self-regulatory agency; (g) violation of any policy or rule of LNC or any Subsidiary; or (h) unsatisfactory performance that does not meet expectations after coaching or counseling. Cause shall be determined in the sole discretion of the Committee.

“Retires” or “Retirement” means Grantee’s Separation from Service, other than for Cause, from LNC or any Subsidiary at age 55 or older with at least five (5) years of Service.

“Service” means Grantee’s continuous service as a common law employee of, or as a planner with a full-time agent’s contract with, LNC or any Subsidiary. Service as a common law employee is the period of time Grantee is on the payroll of LNC or a Subsidiary but prior to the time the Grantee has had a Separation from Service. Service as a planner is the period of time Grantee’s full-time agent’s contract is in effect but prior to the time the Grantee has had a Separation from Service.

“Separation from Service” has the meaning given such term in Code section 409A and the regulations issued thereunder.

“Subsidiary” means a corporation in which LNC has ownership of at least twenty-five percent.

“Total Disability” means (as determined by the Committee) a disability that results in Grantee being unable to engage in any occupation or employment for wage or profit for which Grantee is, or becomes, reasonably qualified by training, education or experience. In addition, the disability must have lasted six (6) months and be expected to continue for at least six (6) more months or be expected to continue unto death.

11. **Compliance with Securities Laws.** Shares shall not be issued with respect to RSUs unless the issuance and delivery of such Shares shall comply with all relevant provisions of state and federal laws, rules and regulations, and, in the discretion of LNC, shall be further subject to the approval of counsel for LNC with respect to that compliance.

12. **Governing Law; Forum for Disputes.** This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law provision or rule (whether of the chosen state or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. Venue for any dispute relating to the Agreement shall be in the state or federal court, as applicable, having jurisdiction over claims arising in Delaware County, Pennsylvania, or such other venue as determined by LNC to best enforce its rights under this Agreement. To the extent legally possible, Grantee expressly waives any objections to LNC’s choice of venue and waives any arguments based on the inconvenience of the selected venue.

13. **Incorporation of Plan Terms.** This award is subject to the terms and conditions of the Plan. Such terms and conditions of the Plan are incorporated into and made a part of this Agreement by reference. In the event of any conflicts between the provisions of this Agreement and the terms of the Plan, the terms of the Plan will control. Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Plan unless the context clearly requires an alternative meaning.

14. **Severability.** The provisions of this Agreement are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, LNC, by its duly authorized officer has signed this Agreement as of the effective date set out above.

LINCOLN NATIONAL CORPORATION

By: /s/ Ellen Cooper

Ellen Cooper

President and Chief Executive Officer

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, Ellen G. Cooper, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lincoln National Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2023

/s/ Ellen G. Cooper

Name: Ellen G. Cooper

Title: President and Chief Executive Officer

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, Christopher Neczypor, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lincoln National Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 10, 2023

/s/ Christopher Neczypor

Name: Christopher Neczypor

Title: Executive Vice President and Chief Financial Officer

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lincoln National Corporation (the “Company”), hereby certifies that the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 10, 2023

/s/ Ellen G. Cooper

Name: Ellen G. Cooper

Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required under Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Lincoln National Corporation (the “Company”), hereby certifies that the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 10, 2023

/s/ Christopher Neczypor
Name: Christopher Neczypor
Title: Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required under Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.