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LINCOLN NATIONAL CORP
Form 8-K
November 01, 2002

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report: September 30, 2002

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Indiana 1-6028 35-1140070
(State of Incorporation) (Commission File Number) (I.R.S. Employer Identification No.)

1500 Market Street, Suite 3900, Centre Square West Tower, Philadelphia, PA 19102
(Address of principal executive offices)

Registrant's telephone number 219-448-1400

Item 5

Statistical Report for the quarter ended September 30, 2002

Financial Highlights
Unaudited [Amounts in Million
except Per Share]

	For the Quarter Ended September 30				For the Ni
	2002 Amount	2001 Amount	Change	% Change	2002 Amount
Income from Operations					
Lincoln Retirement*	22.8	72.4	(49.6)	(68.5%)	151.0
Life Insurance	63.4	70.1	(6.7)	(9.6%)	208.1
Investment Management	4.0	3.5	0.5	14.3%	18.6
Lincoln UK	0.0	10.1	(10.1)	(100.0%)	21.1
Corporate & Other**	(17.2)	(12.9)	(4.3)		(36.5)
Total Income from Operations	73.0	143.2	(70.2)	(49.0%)	362.3
Realized gains (losses) on investments	(23.6)	(23.7)	0.1		(143.9)

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Gains (losses) on derivatives	0.2	(0.4)	0.6		0.5
Reserve increase on business sold through reinsurance	(176.4)	0.0	(176.4)		(190.8)
Restructuring charges	1.3	0.0	1.3		0.3
	-----	-----	-----	-----	-----
Income before Accounting Changes	(125.5)	119.1	(244.6)		28.4
Cumulative effect of accounting changes***	0.0	0.0	0.0		0.0
	-----	-----	-----	-----	-----
Net Income	(125.5)	119.1	(244.6)	(205.4%)	28.4
	=====	=====	=====	=====	=====
Earnings per share (diluted)					
Income from Operations	\$0.40	\$0.74	(\$0.34)	(45.9%)	\$1.93
Realized gain (losses) on investments	(\$0.13)	(\$0.13)	\$0.00		(\$0.77)
Gains (losses) on derivatives	\$0.00	\$0.00	\$0.00		\$0.00
Reserve increase on business sold through reinsurance	(\$0.96)	\$0.00	(\$0.96)		(\$1.01)
Restructuring charges	\$0.01	\$0.00	\$0.01		\$0.00
	-----	-----	-----	-----	-----
Income before Accounting Changes	(\$0.68)	\$0.61	(\$1.29)		\$0.15
Cumulative effect of accounting changes***	\$0.00	\$0.00	\$0.00		\$0.00
	-----	-----	-----	-----	-----
Net Income	(\$0.68)	\$0.61	(\$1.29)	(211.5%)	\$0.15
	=====	=====	=====	=====	=====
Inc. from Oper.- before Goodwill Amort.					
Lincoln Retirement*	22.8	72.7	(49.9)	(68.7%)	151.0
Life Insurance	63.4	76.0	(12.5)	(16.5%)	208.1
Investment Management	4.0	7.5	(3.5)	(46.4%)	18.6
Lincoln UK	(0.0)	10.3	(10.3)	(100.2%)	21.1
Corporate & Other**	(17.2)	(12.4)	(4.8)		(36.5)
	-----	-----	-----	-----	-----
Total	73.0	154.1	(81.1)	(52.6%)	362.3
	=====	=====	=====	=====	=====
Earnings per share (diluted)					
Inc. from Oper.- before Goodwill Amort.	\$0.40	\$0.79	(\$0.39)	(49.4%)	\$1.92
	-----	-----	-----	-----	-----
Net Income - before Goodwill Amort.					
Lincoln Retirement*	(6.0)	58.9	(64.9)	(110.2%)	51.8
Life Insurance	47.1	70.6	(23.5)	(33.3%)	148.7
Investment Management	3.1	7.0	(3.8)	(55.0%)	16.3
Lincoln UK	0.8	14.2	(13.3)	(94.1%)	21.5
Corporate & Other**	(170.5)	(20.7)	(149.7)		(209.9)
	-----	-----	-----	-----	-----
Total	(125.5)	130.0	(255.4)	(196.5%)	28.4
	=====	=====	=====	=====	=====
Earnings per share (diluted)					
Net Income - before Goodwill Amort.	(\$0.68)	\$0.67	(\$1.35)	(201.5%)	\$0.15
	-----	-----	-----	-----	-----
Operating Revenue					
Lincoln Retirement*	485.6	499.5	(13.9)	(2.8%)	1487.9
Life Insurance	466.8	468.9	(2.1)	(0.5%)	1396.7
Investment Management	96.0	105.5	(9.4)	(9.0%)	304.2
Lincoln UK	68.1	70.7	(2.7)	(3.8%)	190.3
Corporate & Other**	62.7	502.3	(439.7)	(87.5%)	255.9

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Total Operating Revenue	1179.1	1646.9	(467.8)	(28.4%)	3634.9
Total Revenue					
Lincoln Retirement*	440.7	478.2	(37.6)	(7.9%)	1336.3
Life Insurance	441.6	460.6	(19.0)	(4.1%)	1305.4
Investment Management	94.3	104.7	(10.4)	(9.9%)	300.2
Lincoln UK	69.3	76.3	(6.9)	(9.1%)	190.9
Corporate & Other**	95.1	489.5	(394.4)	(80.6%)	279.6
Total Revenue	1141.0	1609.3	(468.3)	(29.1%)	3412.4

Operational Data by Segment:
(Billions except where noted)

Lincoln Retirement*					
Gross Deposits	1.694	1.580	0.114	7.2%	5.048
Net Cash Flows	0.069	0.261	(0.192)	73.6%	0.380
Account Values (Gross)	45.505	47.824	(2.319)	(4.8%)	45.505
Account Values (Net of Reinsurance)	43.592	46.558	(2.966)	(6.4%)	43.592
Life Insurance Segment					
First Year Premium- Retail (in millions)	173.986	132.368	41.618	31.4%	469.164
First Year Premium- COLI (in millions)	7.831	5.069	2.761	54.5%	61.335
First Year Premium- Total (in millions)	181.816	137.437	44.379	32.3%	530.499
In-force Account Values	248.030	227.751	20.278	8.9%	248.030
Investment Management Segment					
Retail Deposits	1.465	0.843	0.622	73.8%	4.023
Retail Net Cash Flows	0.048	(0.120)	0.168	140.0%	0.305
Institutional In-flows	1.162	0.883	0.279	31.6%	3.870
Institutional Net Cash Flows	0.349	(0.155)	0.504	(325.2%)	1.534
Total Net Cash Flows	0.397	(0.275)	0.672	(244.4%)	1.839
Assets Under Management- Retail and Inst'l	43.357	44.957	(1.600)	(3.6%)	43.357
Assets Under Management - Insurance Assets	40.416	37.337	3.079	8.2%	40.416
Assets Under Management - Total Segment	83.773	82.294	1.479	1.8%	83.773
Consolidated					
Consolidated Domestic Retail Deposits	3.139	2.566	0.574	22.4%	9.389
Consolidated Domestic Retail Account Balances	71.658	74.682	(3.024)	(4.0%)	71.658
Total Retail Net Cash Flows	0.290	0.299	(0.009)	3.0%	1.357
Total Net Cash Flows	0.639	0.144	0.495	343.9%	2.891
Total Assets Under Management	113.538	117.462	(3.924)	(3.3%)	113.538

* Effective March 7, 2002, the Annuities segment became known as Lincoln Retirement.

** Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, for the former Reinsurance segment was moved into "Other Operations." In addition, ongoing a gain on indemnity reinsurance is shown in "Other Operations."

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*** The cumulative effect of accounting changes relates to the adjustments recorded upon adoption of EITF 99-20 in the 2nd qtr. 2001.

	Financial Highlights					
	Unaudited [Amounts in Millions, except Per Share]					
	For the Quarter Ended September 30				For the Nine Months	
	2002	2001			2002	2001
	Amount	Amount	Change	% Change	Amount	Amount
	-----	-----	-----	-----	-----	-----
Consolidated Operational Data:						
(Millions)						
Balance Sheet Assets - End of Period	90436.2	90206.0	230.2	0.3%	90436.2	90206.0
Shareholders' Equity						
Beg of Period (Securities at Market)	5307.9	5055.9	252.0		5263.5	4954.1
End of Period (Securities at Market)	5389.0	5368.6	20.4		5389.0	5368.6
End of Period (Securities at Cost)	4544.2	5100.4	(556.2)		4544.2	5100.4
Average Equity (Securities at Cost)	4891.6	5085.0	(193.4)		5018.5	4986.3
Return on Equity						
Inc from Operations/Average Equity	6.0%	11.3%	(5.3%)		9.6%	13.1%
Net Income/Average Equity	(10.3%)	9.4%	(19.6%)		0.8%	11.3%
Return on Capital						
Inc from Operations/Average Capital	5.5%	9.7%	(4.2%)		8.2%	11.0%
Common Stock Outstanding						
Average for the Period - Diluted	183.9	194.8	(10.9)	(5.6%)	188.2	193.5
End of Period - Assuming Conv of Pref.	177.5	189.8	(12.3)	(6.5%)	177.5	189.8
End of Period - Diluted	178.8	193.3	(14.5)	(7.5%)	178.8	193.3
Book Value (Securities at Market)	\$30.37	\$28.29	2.08	7.4%	\$30.37	\$28.29
Book Value (Securities at Cost)	\$25.61	\$26.87	(1.26)	(4.7%)	\$25.61	\$26.87
Cash Returned to Shareholders						
Share Repurchase - dollar amount	247.8	182.7	65.1		474.5	369.5
Dividends Declared to Shareholders	58.8	57.7	1.1		178.4	171.9
Total Cash Returned to Shareholders	-----	-----	-----	-----	-----	-----
	306.6	240.4	66.2		652.9	541.4
	=====	=====	=====	=====	=====	=====
Share Repurchase - number of						

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shares	7.203	4.084	3.119		12.088	8.384
Dividend Declared on Common Stock - per share	\$0.320	\$0.305	\$0.015	4.9%	\$0.960	\$0.915

	For the Quarter Ended September 30		For the Nine Months Ended Sep	
Comprehensive Income (millions)	2002 Amount	2001 Amount	2002 Amount	2001 Amount
	-----	-----	-----	-----
Net Income	(125.5)	119.1	28.4	421.0
Foreign Currency Translation	13.4	22.2	43.4	(15.0)
Net Unrealized Gains (Losses) on Securities	491.9	(114.2)	621.8	235.9
Gains (Losses) on Derivatives	4.6	(6.5)	5.8	2.9
Cumulative Effect of Accounting Change	0.0	0.0	0.0	17.6
Minimum Pension Liability Adjustment	2.6	0.0	0.7	0.0
	-----	-----	-----	-----
Comprehensive Income	387.0	20.6	700.1	662.4
	=====	=====	=====	=====

Financial Highlights
Unaudited [Amounts in Millions]

	For the Quarter Ended September 30				For the Nine Months	
	2002 Amount	2001 Amount	Change	% Change	2002 Amount	2001 Amount
	-----	-----	-----	-----	-----	-----
Consolidated Condensed Statements of Income						
Revenue:						
Insurance Premiums and Fees	417.5	821.6	(404.1)	(49.2%)	1,298.9	2,568.5
Investment Advisory Fees	42.9	47.2	(4.4)	(9.2%)	138.7	146.3
Net Investment Income	647.0	686.2	(39.2)	(5.7%)	1,946.2	2,033.0
Realized Gains (Losses) on Investments	(37.1)	(37.1)	0.1		(222.0)	(75.5)
Gains (Losses) on Derivatives	0.3	(0.6)	0.9		0.8	(0.4)
Other	70.3	91.9	(21.5)	(23.4%)	249.8	235.1
	-----	-----	-----	-----	-----	-----
Total Revenue	1,141.0	1,609.3	(468.3)	(29.1%)	3,412.4	4,907.0
Benefits and Expenses:						
Benefits	671.6	903.1	(231.5)	(25.6%)	1,901.1	2,664.8
Underwriting, Acquisition, Insurance and Other Expenses	695.7	556.5	139.2	25.0%	1,570.4	1,667.8
	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	1,367.3	1,459.6	(92.3)	(6.3%)	3,471.6	4,332.7
	-----	-----	-----	-----	-----	-----
Net Income before Federal Taxes	(226.3)	149.6	(376.0)		(59.2)	574.4
Federal Income Taxes	(100.9)	30.6	(131.5)		(87.6)	137.9
	-----	-----	-----	-----	-----	-----

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Income before Accounting Changes	(125.5)	119.1	(244.6)	28.4	436.5
Cumulative Effect of Accounting Changes	-	-	-	-	(15.6)
Net Income	(125.5)	119.1	(244.5)	(205.4%)	421.0
Income before Tax and Cumulative Effect of Accounting Changes By Segment					
Lincoln Retirement	(33.5)	61.6	(95.1)	12.6	259.5
Life Insurance	67.2	99.9	(32.7)	211.5	289.9
Investment Management	3.2	5.5	(2.3)	18.8	13.6
Lincoln UK	1.0	15.1	(14.1)	21.1	55.9
Corporate and Other	(264.3)	(32.6)	(231.8)	(323.2)	(44.5)
Income before Tax and Cumulative Effect of Accounting Changes	(226.3)	149.6	(375.9)	(59.2)	574.4
Pre-Tax Realized Gains (Losses) by Segment*					
Lincoln Retirement	(44.9)	(21.3)	(23.6)	(151.6)	(33.6)
Life Insurance	(25.2)	(8.2)	(17.0)	(91.4)	(26.3)
Investment Management	(1.8)	(0.8)	(1.0)	(4.0)	(2.6)
Lincoln UK	1.2	5.5	(4.3)	0.7	8.1
Corporate and Other	33.8	(12.8)	46.7	25.1	(21.4)
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(36.8)	(37.6)	0.8	(221.2)	(75.8)
After-Tax Realized Gains (Losses) by Segment*					
Lincoln Retirement	(28.8)	(13.8)	(15.0)	(98.1)	(21.9)
Life Insurance	(16.4)	(5.3)	(11.1)	(59.4)	(17.1)
Investment Management	(1.2)	(0.5)	(0.7)	(2.6)	(1.7)
Lincoln UK	0.9	3.9	(3.0)	0.5	5.7
Corporate and Other	22.1	(8.4)	30.5	16.2	(13.8)
After-Tax Realized Gains (Losses) on Investments and Derivatives	(23.4)	(24.1)	0.7	(143.4)	(48.8)

* Includes both realized gains (losses) on investments and gains (losses) on derivatives.

Financial Highlights
Unaudited [Amounts in Millions]

As of

September 2002 Amount	December 2001 Amount	Change
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Consolidated Condensed Balance
Sheets

Assets:

Investments:

Securities Available for Sale:

Fixed Maturities	32,036.8	28,345.7	3,691.2
Equities	397.4	470.5	(73.0)
Mortgage Loans on Real Estate	4,285.2	4,535.5	(250.3)
Real Estate	286.4	267.9	18.6
Policy Loans	1,899.0	1,939.7	(40.7)
Other Long-Term Investments	457.7	553.8	(96.2)
	-----	-----	-----
Total Investments	39,362.6	36,113.1	3,249.5
Other Assets:			
Assets Held in Separate Accounts	34,069.0	44,833.4	(10,764.4)
Other Assets	17,004.6	17,054.8	(50.2)
	-----	-----	-----
Total Assets	90,436.2	98,001.3	(7,565.1)
	=====	=====	=====

Liabilities and Shareholders'

Equity

Liabilities:

Insurance and Investment Contract

Liabilities	43,618.1	40,857.2	2,760.9
Liabilities Related to Separate			
Accounts	34,069.0	44,833.4	(10,764.4)
Other Liabilities	7,360.1	7,047.2	312.8
	-----	-----	-----
Total Liabilities	85,047.1	92,737.8	(7,690.7)
Shareholders' Equity:			
Net Unrealized Gains(Losses) on			
Securities			
and Derivatives	844.9	217.2	627.7
Other Shareholders' Equity	4,544.2	5,046.3	(502.1)
	-----	-----	-----
Total Shareholders' Equity	5,389.0	5,263.5	125.5
	-----	-----	-----
Total Liabilities and			
Shareholders' Equity	90,436.2	98,001.3	(7,565.1)
	=====	=====	=====

As of

	September 2002 Amount	December 2001 Amount	Change
	-----	-----	-----
Roll Forward of Deferred			
Acquisition Costs			
Balance at beginning-of-year	2,885.3	3,070.5	(185.2)
Deferral	459.5	714.1	(254.6)
Amortization	(249.4)	(370.4)	121.0
	-----	-----	-----
Operating	210.0	343.7	(133.6)
Adjustment related to realized			
(gains) losses			
on securities available-for-sale	97.3	112.9	(15.6)
Adjustment related to unrealized			

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(gains) losses			
on securities available-for-sale	(304.3)	(187.2)	(117.1)
Foreign currency translation adjustment	43.2	(16.0)	59.3
Disposition of business		(425.9)	425.9
Other	(62.9)	(12.6)	(50.3)
	-----	-----	-----
Balance at end-of-year	2,868.7	2,885.3	(16.7)
	=====	=====	=====
Roll Forward of Present Value of In-Force			
Balance at beginning-of-year	1,362.5	1,483.3	(120.8)
Amortization	(93.5)	(113.1)	19.6
Foreign currency translation adjustment	18.0	(7.0)	25.0
Other	(0.1)	(0.7)	0.6
	-----	-----	-----
Balance at end-of-year	1,286.9	1,362.5	(75.6)
	=====	=====	=====

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Eleven-Year Summary
Unaudited [Millions of Dollars
except Per Share Data]

For the Year Ended December 31	2001	2000	1999	1998	1997	1996
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Retirement	1968.3	2133.7	2115.8	2068.1	2023.0	1805.0
Life Insurance	1840.6	1819.0	1760.4	1378.5	544.8	549.2
Investment Management	433.7	490.3	495.5	491.9	459.1	410.5
Lincoln UK	293.3	438.2	446.6	439.7	427.3	393.2
Corporate & Other	1844.7	1970.4	1985.4	1708.9	1444.3	1575.6
	-----	-----	-----	-----	-----	-----
Total Revenue	6380.6	6851.5	6803.7	6087.1	4898.5	4733.6
	=====	=====	=====	=====	=====	=====
Income from Operations*						
Lincoln Retirement	320.3	362.0	299.4	262.4	223.0	174.6
Life Insurance	279.0	259.9	212.0	149.2	39.9	41.2
Investment Management	14.6	44.1	61.0	43.9	18.1	18.6
Lincoln UK	60.2	61.0	(13.9)	70.9	(108.3)	66.0
Corporate & Other	14.8	(8.0)	(83.1)	4.0	(223.3)	(1.7)
	-----	-----	-----	-----	-----	-----
Total Income from Cont Oper	689.0	719.1	475.5	530.4	(50.6)	298.8
Discontinued Operations					110.1	135.3
	-----	-----	-----	-----	-----	-----
Income from Operations	689.0	719.1	475.5	530.4	59.4	434.1
	=====	=====	=====	=====	=====	=====
Net Income						
Lincoln Retirement	269.2	358.6	291.5	273.8	263.3	204.3
Life Insurance	233.1	249.3	211.5	127.5	39.1	51.8
Investment Management	11.8	37.0	51.6	44.4	25.1	25.0
Lincoln UK	68.9	(13.2)	(18.2)	71.7	(106.8)	66.0
Corporate & Other	7.2	(10.2)	(76.1)	(7.6)	(198.4)	9.3
	-----	-----	-----	-----	-----	-----
Total Net Inc from Cont Oper	590.2	621.4	460.4	509.8	22.2	356.4

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Discontinued Operations					911.8	157.2
Total Net Income	590.2	621.4	460.4	509.8	934.0	513.6
OTHER DATA						
Assets	98001.3	99844.1	103095.7	93836.3	77174.7	71713.4
Shareholders' Equity:						
Securities and Derivatives at Market	5263.5	4954.1	4263.9	5387.9	4982.9	4470.0
Securities and Derivatives at Cost	5046.3	4942.0	4729.6	4835.6	4546.9	4057.1
Average Equity (Sec & Deriv at Cost)	5022.6	4831.9	4818.7	4685.6	4214.1	3866.0
Common Shares Outstanding:						
(millions)						
End of Period - Diluted	191.1	195.2	197.0	203.4	204.7	209.5
Average for the Period - Diluted	193.3	194.9	200.4	203.3	208.0	210.7
Per Share Data (Diluted)						
Income (Loss) from Continuing Operations	\$3.56	\$3.69	\$2.37	\$2.61	(\$0.24)	\$1.42
Income from Operations*	\$3.56	\$3.69	\$2.37	\$2.61	\$0.29	\$2.06
Net Income from Continuing Operations	\$3.05	\$3.19	\$2.30	\$2.51	\$0.11	\$1.69
Net Income	\$3.05	\$3.19	\$2.30	\$2.51	\$4.49	\$2.44
Shareholders' Equity:						
Shareholders' Equity (Sec & Deriv at Market)	\$28.10	\$25.92	\$21.76	\$26.59	\$24.63	\$21.50
Shareholders' Equity (Sec & Deriv at Cost)	\$26.94	\$25.85	\$24.14	\$23.86	\$22.48	\$19.51
Dividends Declared (Common Stock)	\$1.235	\$1.175	\$1.115	\$1.055	\$0.995	\$0.935
Return on Equity (see page 30)						
Net Income/Average Equity	11.8%	12.9%	9.6%	10.9%	22.2%	13.3%
Inc from Operations/Average Equity	13.7%	14.9%	9.9%	11.3%	1.4%	11.2%
Market Value of Common Stock						
High for the Year	\$52.750	\$56.375	\$57.500	\$49.438	\$39.063	\$28.500
Low for the Year	\$38.000	\$22.625	\$36.000	\$33.500	\$24.500	\$20.375
Close for the Year	\$48.570	\$47.313	\$40.000	\$40.907	\$39.063	\$26.250
						Ten-year Compound annual growth
For the Year Ended December 31	1995	1994	1993	1992	1991	
Revenue						
Lincoln Retirement	1877.1	1506.2	1603.8	1336.2	1216.7	4.9%
Life Insurance	514.9	466.2	477.5	444.4	417.3	16.0%
Investment Management	290.5					
Lincoln UK	351.5	216.0	174.9	180.6	169.6	5.6%
Corporate & Other	1552.5	1744.1	2680.9	2780.9	3721.0	
Total Revenue	4586.5	3932.5	4937.1	4742.1	5524.6	1.5%

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Income from Operations*						
Lincoln Retirement	175.2	142.4	127.1	89.4	58.3	18.6%
Life Insurance	35.4	34.2	37.8	46.8	31.5	24.4%
Investment Management	20.6					
Lincoln UK	45.9	17.2	11.9	9.2	14.3	15.5%
Corporate & Other	(136.2)	24.8	20.8	6.5	4.2	
	-----	-----	-----	-----	-----	-----
Total Income from Cont Oper	140.8	218.6	197.6	151.9	108.3	20.3%
Discontinued Operations	165.6	171.1	145.9	88.7	69.4	
	-----	-----	-----	-----	-----	-----
Income from Operations	306.5	389.7	343.5	240.6	177.7	14.5%
	=====	=====	=====	=====	=====	=====
Net Income						
Lincoln Retirement	248.8	142.4	127.1	89.4	58.3	16.5%
Life Insurance	40.6	34.2	37.8	46.8	31.5	22.2%
Investment Management	27.4					
Lincoln UK	45.7	18.5	12.6	9.2	14.3	
Corporate & Other	(61.1)	(29.6)	(101.1)	125.1	28.4	
	-----	-----	-----	-----	-----	-----
Total Net Inc from Cont Oper	301.4	165.5	76.4	270.5	132.5	16.1%
Discontinued Operations	180.8	184.4	242.5	88.7	69.4	
	-----	-----	-----	-----	-----	-----
Total Net Income	482.2	349.9	318.9	359.2	201.9	11.3%
	-----	-----	-----	-----	-----	-----
OTHER DATA						
Assets	63257.7	48864.8	47825.1	39042.2	33660.3	11.3%
Shareholders' Equity:						
Securities and Derivatives at Market	4378.1	3042.1	4072.3	2826.8	2655.8	7.1%
Securities and Derivatives at Cost	3679.9	3353.1	3157.6	2664.1	2445.8	7.5%
Average Equity (Sec & Deriv at Cost)	3550.5	3288.6	3009.0	2575.0	2335.3	8.0%
Common Shares Outstanding:						
(millions)						
End of Period - Diluted	210.3	208.3	208.3	187.7	185.4	
Average for the Period - Diluted	209.5	208.7	206.1	186.8	189.2	
Per Share Data (Diluted)						
Income (Loss) from Continuing Operations	\$0.67	\$1.05	\$0.96	\$0.81	\$0.57	20.1%
Income from Operations*	\$1.46	\$1.87	\$1.67	\$1.29	\$0.94	14.3%
Net Income from Continuing Operations	\$1.44	\$0.79	\$0.37	\$1.45	\$0.70	15.9%
Net Income	\$2.30	\$1.68	\$1.55	\$1.92	\$1.07	11.1%
Shareholders' Equity:						
Shareholders' Equity (Sec & Deriv at Market)	\$20.95	\$14.67	\$19.69	\$15.13	\$14.35	7.0%
Shareholders' Equity (Sec & Deriv at Cost)	\$17.61	\$16.17	\$15.27	\$14.26	\$13.21	7.4%
Dividends Declared (Common Stock)	\$0.875	\$0.830	\$0.775	\$0.738	\$0.693	5.9%
Return on Equity (see page 30)						
Net Income/Average Equity	13.6%	10.6%	10.6%	13.9%	8.6%	
Inc from Operations/Average Equity	8.6%	11.8%	11.4%	9.3%	7.6%	
Market Value of Common Stock						

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High for the Year	\$26.875	\$22.188	\$24.125	\$19.032	\$13.813	
Low for the Year	\$17.313	\$17.313	\$17.344	\$12.625	\$9.500	
Close for the Year	\$26.875	\$17.500	\$21.750	\$18.500	\$13.688	13.5%

* "Income from Operations" is defined as "Net income less realized gain (loss) on investments, de instruments and associated items, gain (loss) on sale of subsidiaries, restructuring charges, a effect of accounting changes, all net of taxes." Income from operations also excludes the reco gains and losses related to changes in certain reserves and the related changes to the deferred amortization under indemnity reinsurance resulting from developments after the sale in the rein business sold through indemnity reinsurance.

Quarterly Summary
Unaudited [Millions of Dollars
except Per Share Data]

For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	
Revenue						
Lincoln Retirement	538.0	548.7	530.5	532.1	522.3	5
Life Insurance	473.1	441.7	444.2	453.2	479.9	4
Investment Management	126.6	125.8	120.7	123.8	120.0	1
Lincoln UK	103.8	112.8	108.2	112.8	104.3	
Corporate & Other	566.4	440.2	489.0	494.1	547.0	5
Total Revenue	1807.9	1669.2	1692.7	1716.1	1773.5	16
Income from Operations*						
Lincoln Retirement	73.7	88.5	84.1	102.9	86.4	
Life Insurance	57.0	60.4	62.4	66.5	70.6	
Investment Management	16.5	12.4	13.1	9.9	8.7	
Lincoln UK	(67.1)	15.7	19.3	10.6	15.5	
Corporate & Other	(43.5)	(6.5)	(5.9)	0.9	3.5	
Income from Operations	36.6	170.6	173.0	190.7	184.7	1
Net Income						
Lincoln Retirement	69.9	91.2	84.4	93.8	89.2	
Life Insurance	59.7	58.1	58.4	67.4	65.4	
Investment Management	19.8	12.3	8.4	9.7	6.6	
Lincoln UK	(72.6)	15.5	19.1	(29.9)	(17.9)	
Corporate & Other	(42.2)	(6.8)	(6.8)	(2.3)	5.7	
Total Net Income	34.6	170.2	163.6	138.6	148.9	1
OTHER DATA						
Assets	103095.7	106340.0	103847.6	103243.1	99844.1	941
Shareholders' Equity						
Beg of Period (Sec & Deriv at Market)	4817.4	4263.9	4340.4	4223.7	4538.6	49

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End of Period (Sec & Deriv at Market)	4263.9	4340.4	4223.7	4538.6	4954.1	50
End of Period (Sec & Deriv at Cost)	4729.6	4751.6	4780.3	4876.3	4942.0	48
Average Equity (Sec & Deriv at Cost)	4774.2	4791.5	4753.0	4867.2	4915.7	49
Common Shares Outstanding						
Average for the Period - Diluted	197.1	195.8	194.0	195.6	195.6	1
End of Period - Diluted	197.0	195.1	193.7	196.2	195.2	1
Per Share Data (Diluted)						
Income from Operations*	\$0.19	\$0.87	\$0.89	\$0.98	\$0.94	\$
Net Income	\$0.18	\$0.87	\$0.84	\$0.71	\$0.76	\$
Shareholders' Equity						
Shareholders' Equity (Sec & Deriv at Market)	\$21.76	\$22.45	\$22.10	\$23.67	\$25.92	\$2
Shareholders' Equity (Sec & Deriv at Cost)	\$24.14	\$24.58	\$25.01	\$25.43	\$25.85	\$2
Dividends Declared (Com Stk)	\$0.290	\$0.290	\$0.290	\$0.290	\$0.305	\$0
Return on Equity (see page 30)						
Net Income/Average Equity	2.9%	14.2%	13.8%	11.4%	12.1%	1
Inc from Operations/Average Equity	3.1%	14.2%	14.6%	15.7%	15.0%	1
Market Value of Common Stock						
Highest Price	\$48.313	\$41.375	\$40.063	\$56.375	\$50.938	\$48
Lowest Price	\$36.500	\$22.625	\$29.000	\$35.625	\$40.875	\$38
Closing Price	\$40.000	\$33.500	\$36.125	\$48.125	\$47.313	\$42
	Jun	Sep	Dec	Mar	Jun	
For the Quarter Ended	2001	2001	2001	2002	2002	
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Retirement	512.1	478.2	467.5	453.0	442.6	4
Life Insurance	455.7	460.6	464.7	423.9	439.8	4
Investment Management	110.3	104.7	106.5	103.5	102.4	
Lincoln UK	68.9	76.3	63.2	53.6	68.0	
Corporate & Other	452.0	489.5	371.7	92.3	92.2	
Total Revenue	1599.0	1609.3	1473.6	1126.4	1145.0	11
	=====	=====	=====	=====	=====	=====
Income from Operations*						
Lincoln Retirement	90.8	72.4	74.8	80.4	47.8	
Life Insurance	67.1	70.1	73.2	71.1	73.5	
Investment Management	3.7	3.5	5.1	8.0	6.6	
Lincoln UK	16.2	10.1	19.5	14.4	6.7	
Corporate & Other	(9.7)	(12.9)	26.5	(12.0)	(7.3)	(
Income from Operations	168.1	143.2	199.1	162.0	127.2	
	=====	=====	=====	=====	=====	=====
Net Income						
Lincoln Retirement	79.9	58.6	54.2	47.6	10.2	
Life Insurance	53.5	64.7	51.9	44.2	57.4	
Investment Management	2.9	2.9	4.0	7.0	6.2	

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Lincoln UK	17.6	14.0	22.5	10.8	9.8	(1
Corporate & Other	(12.2)	(21.2)	36.7	(15.2)	(24.2)	(1
	-----	-----	-----	-----	-----	-----
Total Net Income	141.7	119.1	169.2	94.5	59.4	(1
	=====	=====	=====	=====	=====	=====

OTHER DATA

Assets	96431.2	90206.0	98001.3	97846.4	95069.2	904
Shareholders' Equity						
Beg of Period (Sec & Deriv at Market)	5096.4	5055.9	5368.6	5263.5	5131.1	53
End of Period (Sec & Deriv at Market)	5055.9	5368.6	5263.5	5131.1	5307.9	53
End of Period (Sec & Deriv at Cost)	4952.8	5100.4	5046.3	5076.6	4959.5	45
Average Equity (Sec & Deriv at Cost)	4920.2	5085.0	5131.4	5083.3	5080.7	48
Common Shares Outstanding						
Average for the Period - Diluted	192.0	194.8	192.8	191.7	189.7	1
End of Period - Diluted	192.9	193.3	191.1	191.7	186.9	1
Per Share Data (Diluted)						
Income from Operations*	\$0.88	\$0.74	\$1.03	\$0.84	\$0.67	\$
Net Income	\$0.74	\$0.61	\$0.88	\$0.49	\$0.31	(\$
Shareholders' Equity						
Shareholders' Equity (Sec & Deriv at Market)	\$26.87	\$28.29	\$28.10	\$27.30	\$28.77	\$3
Shareholders' Equity (Sec & Deriv at Cost)	\$26.32	\$26.87	\$26.94	\$27.02	\$26.88	\$2
Dividends Declared (Com Stk)	\$0.305	\$0.305	\$0.320	\$0.320	\$0.320	\$0
Return on Equity (see page 30)						
Net Income/Average Equity	11.5%	9.4%	13.2%	7.4%	4.7%	(1
Inc from Operations/Average Equity	13.7%	11.3%	15.5%	12.7%	10.0%	
Market Value of Common Stock						
Highest Price	\$52.300	\$52.750	\$49.450	\$53.650	\$52.540	\$42
Lowest Price	\$41.280	\$41.000	\$40.000	\$47.200	\$40.750	\$29
Closing Price	\$51.750	\$46.630	\$48.570	\$50.730	\$42.000	\$30

* "Income from Operations" is defined as "Net income less realized gain (loss) on investments, derivative instruments and associated items, gain (loss) on sale of subsidiaries, restructuring charges, and cumulative effect of accounting changes, all net of taxes." Income from operation also excludes the recognition of gains and losses related to changes in certain reserves and the related changes to the deferred gain amortization under indemnity reinsurance resulting from developments after the sale in the reinsurance business sold through indemnity reinsurance.

Reconciliation of Business Segments to Consolidated Financial Statements
Unaudited [Millions of Dollars]

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For the Quarter Ended September 30	Lincoln Retirement		Life Insurance		Investment Management
	Sep 2002	Sep 2001	Sep 2002	Sep 2001	Sep 2002
Operating Revenue					
Life and annuity premiums	13.4	13.2	48.6	46.4	
Surrender charges	8.7	6.5	13.4	15.6	
Mortality assessments			126.3	124.7	
Expense assessments	109.3	132.0	49.2	46.0	
Health premiums			0.0	0.0	
Investment advisory fees					63.7
Other revenue and fees	(4.0)	1.2	5.1	3.0	19.9
Net investment income	358.1	346.6	224.1	233.2	12.4
Earnings in Unconsolidated Affiliates					
Operating Revenue	485.6	499.5	466.8	468.9	96.0
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	107.8	66.3	105.2	102.3	
Div accum & div to policyholders			17.2	16.5	
Interest credited to policy bal.	224.2	217.2	152.6	143.5	
Health policy benefits			0.0	0.0	
Total insurance benefits	332.0	283.5	275.1	262.3	
Underwriting, acquisition, insurance and other expenses*:					
Commissions	83.0	81.1	31.8	32.5	
Other volume related expenses	19.6	12.7	45.8	41.4	
Operating and administrative expenses	51.4	55.3	40.0	41.6	86.6
Taxes, licenses and fees	3.0	2.2	13.2	12.0	2.9
Par policyholder interests					
Foreign exchange					
Subtotal	157.0	151.3	130.7	127.5	89.5
Deferral of acquisition costs	(66.1)	(58.7)	(78.7)	(85.3)	
DAC amortization	47.2	35.6	23.9	29.7	
DAC deferral net of amortization	(18.9)	(23.0)	(54.8)	(55.5)	
PVIF amortization	4.1	4.5	23.3	20.5	
Other intangibles amortization					2.0
Total underwriting, acquisition, insurance and other expenses	142.2	132.8	99.3	92.5	91.5
Goodwill amortization		0.3		5.9	
Interest					
Operating Benefits and Expenses	474.2	416.6	374.4	360.8	91.5
Income from Operations Before Tax	11.4	82.9	92.4	108.1	4.6
Federal income taxes	(11.4)	10.4	29.0	38.1	0.6
Income from Operations	22.8	72.4	63.4	70.1	4.0
Restructuring charges					0.3
Realized gains (losses) on					

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investments	(28.0)	(13.5)	(16.9)	(5.3)	(1.2)
Gains (losses) on derivatives	(0.8)	(0.3)	0.6	(0.0)	
Reserve increase on business sold through reinsurance					
Gain on sale of subsidiaries					
Income before Accounting Changes	(6.0)	58.6	47.1	64.7	3.1
Cumulative effect of accounting changes					
Net Income	(6.0)	58.6	47.1	64.7	3.1
Inc. from Oper.-before Goodwill Amort.					
	22.8	72.7	63.4	76.0	4.0
Net Income-before Goodwill Amort.	(6.0)	58.9	47.1	70.6	3.1

* Does not include restructuring charges which is consistent with the definition of "Income from

PAGE

Reconciliation of Business Segments to Consolidated Income Statement
Unaudited [Millions of Dollars]

For the Quarter Ended September 30	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Sep 2002	Sep 2001	Sep 2002	Sep 2001	Sep 2002	Jun 2001
Operating Revenue						
Life and annuity premiums	(2.1)	265.9			71.6	336.0
Surrender charges		0.6	0.7	0.5	22.8	23.0
Mortality assessments	(0.9)	0.0			134.1	133.0
Expense assessments	0.9	(0.0)	9.8	10.9	198.6	224.0
Health premiums	(10.2)	103.3			(9.6)	103.0
Investment advisory fees			(20.8)	(20.8)	42.9	47.0
Other revenue and fees	89.7	92.9	(41.1)	(29.5)	71.7	91.0
Net investment income	38.4	80.8	(1.6)	(2.7)	647.0	686.0
Earnings in Unconsolidated Affiliates		0.4				0.0
Operating Revenue	115.7	543.9	(53.1)	(41.6)	1179.1	1646.0
Operating Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	(2.4)	235.6			229.7	422.0
Div accum & div to policyholders	0.0	1.5			17.2	18.0
Interest credited to policy bal.	32.6	8.7	7.9	9.3	417.4	378.0
Health policy benefits	2.6	81.6			7.3	83.0
Total insurance benefits	32.8	327.4	7.9	9.3	671.6	903.0
Underwriting, acquisition,						

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insurance and other expenses*:						
Commissions	2.4	86.8	5.8	5.0	124.6	207.
Other volume related expenses	18.0	16.1	(19.4)	(17.1)	63.9	53.
Operating and administrative expenses	59.2	94.7	(43.9)	(35.3)	212.8	264.
Taxes, licenses and fees	6.0	11.5			25.1	30.
Par policyholder interests						
Foreign exchange	0.4	(2.5)			0.4	(2.)
	-----	-----	-----	-----	-----	-----
Subtotal	86.0	206.6	(57.5)	(47.5)	426.8	553.
Deferral of acquisition costs		(30.2)	(9.9)	(8.0)	(155.5)	(183.)
DAC amortization		26.6	8.0	7.4	90.5	109.
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	0.1	(3.7)	(1.9)	(0.6)	(64.9)	(74.)
PVIF amortization					40.2	34.
Other intangibles amortization		0.4			2.0	2.
	-----	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	86.1	203.3	(59.4)	(48.1)	404.1	516.
Goodwill amortization		0.5		(0.0)		10.
Interest	25.3	32.3	(1.6)	(2.7)	23.7	29.
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	144.2	563.5	(53.1)	(41.6)	1099.4	1459.
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	(28.5)	(19.7)		0.0	79.7	187.
	-----	-----	-----	-----	-----	-----
Federal income taxes	(11.2)	(6.8)			6.7	44.
	-----	-----	-----	-----	-----	-----
Income from Operations	(17.2)	(12.9)		0.0	73.0	143.
	-----	-----	-----	-----	-----	-----
Restructuring charges	1.1	0.0			1.3	0.
Realized gains (losses) on investments	21.6	(8.3)		0.0	(23.6)	(23.)
Gains (losses) on derivatives	0.4	(0.0)			0.2	(0.)
Reserve increase on business sold through reinsurance	(176.4)				(176.4)	
Gain on sale of subsidiaries						
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(170.6)	(21.2)		0.0	(125.5)	119.
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Net Income	(170.6)	(21.2)		0.0	(125.5)	119.
	=====	=====	=====	=====	=====	=====
Inc. from Oper.-before Goodwill Amort.						
	-----	-----	-----	-----	-----	-----
	(17.2)	(12.4)		(0.0)	73.0	154.
	-----	-----	-----	-----	-----	-----
Net Income-before Goodwill Amort.	(170.6)	(20.7)		0.0	(125.5)	130.
	-----	-----	-----	-----	-----	-----

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

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Unaudited [Millions of Dollars]

For the Nine Months Ended September 30	Lincoln Retirement		Life Insurance		Investment Management
	Sep 2002	Sep 2001	Sep 2002	Sep 2001	Sep 2002
ASSETS					
Operating Revenue					
Life and annuity premiums	38.7	64.8	147.2	147.9	
Surrender charges	23.8	24.0	38.6	46.3	
Mortality assessments			374.2	373.8	
Expense assessments	364.1	411.5	143.2	138.6	
Health premiums			0.1	0.1	
Investment advisory fees					201.4
Other revenue and fees	0.6	6.7	17.5	11.9	64.9
Net investment income	1060.7	1027.3	675.8	683.6	37.9
Earnings in Unconsolidated Affiliates					
Operating Revenue	1487.9	1534.4	1396.7	1402.2	304.2
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	235.8	208.6	312.9	305.7	
Div accum & div to policyholders			53.2	53.1	
Interest credited to policy bal.	672.1	636.3	447.8	423.0	
Health policy benefits			0.0	0.0	
Total insurance benefits	907.8	845.0	813.9	781.8	
Underwriting, acquisition, insurance and other expenses*:					
Commissions	248.0	239.6	101.2	96.9	
Other volume related expenses	46.5	36.7	132.0	119.5	
Operating and administrative expenses	156.6	159.2	114.1	122.7	261.1
Taxes, licenses and fees	11.9	9.2	41.7	36.8	14.5
Par policyholder interests					
Foreign exchange					
Subtotal	463.0	444.6	389.1	375.9	275.6
Deferral of acquisition costs	(188.6)	(169.0)	(235.2)	(218.6)	
DAC amortization	128.0	104.6	69.6	64.8	
DAC deferral net of amortization	(60.6)	(64.4)	(165.6)	(153.7)	
PVIF amortization	11.8	13.2	56.5	61.1	
Other intangibles amortization					6.2
Total underwriting, acquisition, insurance and other expenses	414.2	393.4	279.9	283.3	281.8
Goodwill amortization		0.9		17.8	
Interest			0.0		
Operating Benefits and Expenses	1322.1	1239.3	1093.9	1082.9	281.8
Income from Operations Before Tax	165.8	295.1	302.8	319.3	22.3
Federal income taxes	14.8	49.6	94.7	113.5	3.7
Income from Operations	151.0	245.5	208.1	205.8	18.6
Restructuring charges	(1.0)	(1.3)		(2.0)	0.3

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Realized gains (losses) on investments	(97.4)	(21.6)	(60.2)	(17.2)	(2.6)
Gains (losses) on derivatives	(0.8)	(0.3)	0.9	0.1	
Reserve increase on business sold through reinsurance					
Gain on sale of subsidiaries					
Income before Accounting Changes	51.8	222.4	148.7	186.7	16.3
Cumulative effect of accounting changes		(7.3)		(5.5)	
Net Income	51.8	215.1	148.7	181.2	16.3
Inc. from Oper.-before Goodwill Amort.	151.0	246.4	208.1	223.6	18.6
Net Income-before Goodwill Amort.	51.8	216.0	148.7	198.9	16.3

* Does not include restructuring charges which is consistent with the definition of "Income from

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Reconciliation of Business Segments to Consolidated Income Statement
Unaudited [Millions of Dollars]

For the Nine Months Ended September 30	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Sep 2002	Sep 2001	Sep 2002	Sep 2001	Sep 2002	
Operating Revenue						
Life and annuity premiums	(5.5)	847.8			214.9	1
Surrender charges		1.8	1.8	1.7	64.3	
Mortality assessments	(2.7)	0.1			395.0	
Expense assessments	2.7	(0.0)	31.1	36.0	623.5	
Health premiums	(0.9)	302.4			1.2	
Investment advisory fees			(62.7)	(67.0)	138.7	
Other revenue and fees	282.0	250.9	(115.5)	(112.3)	251.8	
Net investment income	130.9	241.1	(4.7)	(9.3)	1946.2	2
Earnings in Unconsolidated Affiliates	(0.6)	1.3			(0.6)	
Operating Revenue	405.9	1645.4	(150.0)	(150.9)	3634.9	4
Operating Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	(0.9)	646.6			597.3	1
Div accum & div to policyholders	0.0	4.0			53.2	
Interest credited to policy bal.	62.1	26.6	24.0	29.5	1206.0	1
Health policy benefits	33.0	268.7			44.6	

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Total insurance benefits	94.2	946.0	24.0	29.5	1901.1	2
Underwriting, acquisition, insurance and other expenses*:						
Commissions	44.0	280.1	19.4	17.0	417.4	
Other volume related expenses	58.9	47.5	(53.3)	(48.0)	184.1	
Operating and administrative expenses	167.5	275.3	(128.5)	(136.1)	625.4	
Taxes, licenses and fees	20.0	35.4			88.0	
Par policyholder interests						
Foreign exchange	1.0	(2.5)			1.0	
	-----	-----	-----	-----	-----	-----
Subtotal	291.3	635.9	(162.4)	(167.1)	1315.9	1
Deferral of acquisition costs	(1.4)	(101.8)	(31.5)	(26.9)	(459.5)	(
DAC amortization	0.2	78.9	24.6	22.8	249.4	
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	(1.1)	(22.9)	(6.9)	(4.0)	(210.0)	(
PVIF amortization					93.5	
Other intangibles amortization		1.1			6.2	
	-----	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	290.2	614.0	(169.3)	(171.1)	1205.6	1
Goodwill amortization		1.4		(0.0)		
Interest	77.8	105.4	(4.7)	(9.3)	73.1	
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	462.2	1666.7	(150.0)	(151.0)	3179.8	4
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	(56.3)	(21.3)		0.0	455.1	
Federal income taxes	(19.8)	(9.6)			92.8	
	-----	-----	-----	-----	-----	-----
Income from Operations	(36.5)	(11.7)		0.0	362.3	
	-----	-----	-----	-----	-----	-----
Restructuring charges	1.1	(1.2)			0.3	
Realized gains (losses) on investments	15.9	(14.6)		0.8	(143.9)	
Gains (losses) on derivatives	0.4	(0.0)			0.5	
Reserve increase on business sold through reinsurance	(190.8)				(190.8)	
Gain on sale of subsidiaries						
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(210.0)	(27.6)		0.8	28.4	
Cumulative effect of accounting changes		(2.7)				
	-----	-----	-----	-----	-----	-----
Net Income	(210.0)	(30.3)		0.8	28.4	
	=====	=====	=====	=====	=====	=====
Inc. from Oper.-before Goodwill						
	-----	-----	-----	-----	-----	-----
	(36.5)	(10.4)		(0.0)	362.3	
	-----	-----	-----	-----	-----	-----
Net Income-before Goodwill Amort.	(210.0)	(28.9)		0.8	28.4	
	-----	-----	-----	-----	-----	-----

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

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Statement of Consolidated Income
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	2001	
Operating Revenue						
Life and annuity premiums	756.2	985.6	1183.0	1403.3	1363.4	10
Surrender charges	45.4	91.5	110.2	114.7	101.5	
Mortality assessments	186.4	380.1	496.4	496.5	533.3	4
Expense assessments	600.3	803.0	930.9	1050.2	909.2	6
Health premiums	572.6	635.1	698.5	409.8	340.6	3
Investment advisory fees	204.9	227.1	223.8	213.1	197.2	1
Other revenue and fees	157.3	261.0	344.5	445.4	351.8	2
Net investment income	2250.8	2681.4	2807.5	2747.1	2679.6	20
Earnings in Unconsolidated Affiliates	2.1	3.3	5.8	(0.4)	5.7	
Operating Revenue	4775.9	6068.0	6800.7	6879.8	6482.2	49
Operating Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	1090.2	1237.7	1546.6	1546.4	1517.9	12
Div accum & div to policyholders	29.7	78.0	88.4	87.6	83.7	
Interest credited to policy bal.	1238.7	1446.2	1510.4	1474.2	1506.0	11
Health policy benefits	833.1	566.9	659.7	449.0	302.1	2
Total insurance benefits	3191.7	3328.9	3805.0	3557.2	3409.7	26
Underwriting, acquisition, insurance and other expenses*:						
Commissions	575.3	740.1	961.0	919.1	860.3	6
Other volume related expenses	72.8	150.7	197.1	253.8	184.8	1
Operating and administrative expenses	830.8	995.7	1165.3	1157.0	1050.9	7
Taxes, licenses and fees	70.1	75.9	84.0	113.0	128.3	
Par policyholder interests	(7.5)	(4.3)	3.3	1.1		
Foreign exchange	(3.5)	(1.5)	1.9	(2.9)	(1.4)	
Subtotal	1538.0	1956.6	2412.6	2441.2	2223.0	16
Deferral of acquisition costs					(714.1)	(5
DAC amortization					370.4	3
DAC deferral net of amortization	1.8	(208.2)	(314.6)	(423.1)	(343.7)	(2
PVIF amortization		77.1	102.5	132.6	113.1	
Other intangibles amortization	17.6	18.8	18.0	17.7	12.1	
Total underwriting, acquisition, insurance and other expenses	1557.3	1844.3	2218.5	2168.4	2004.5	15
Goodwill amortization	15.6	44.5	49.2	45.1	43.4	
Interest	92.5	117.1	133.7	139.5	121.0	
Operating Benefits and Expenses	4857.2	5334.6	6206.4	5910.3	5578.6	43

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Income from Operations Before Tax	(81.3)	733.4	594.4	969.6	903.6	6
Federal income taxes	(30.6)	203.0	118.9	250.5	214.7	1
	-----	-----	-----	-----	-----	-----
Income from Continuing Operations	(50.6)	530.4	475.5	719.1	689.0	4
	-----	-----	-----	-----	-----	-----
Discontinued Operations	911.8					
Restructuring charges		(34.3)	(18.9)	(80.2)	(24.7)	
Realized gains (losses) on investments	72.9	13.7	3.8	(17.5)	(68.7)	(
Gains (losses) on derivatives					(4.9)	
Reserve increase on business sold through reinsurance						
Gain on sale of subsidiaries					15.0	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	934.0	509.8	460.4	621.4	605.8	4
Cumulative Effect of Accounting Changes					(15.6)	(
	-----	-----	-----	-----	-----	-----
Net Income	934.0	509.8	460.4	621.4	590.2	4
	-----	-----	-----	-----	-----	-----

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-year					3070.5	30
Deferral					714.1	5
Amortization					(370.4)	(3
	-----	-----	-----	-----	-----	-----
Operating					343.7	2
Adjustment related to realized (gains) losses on securities available-for-sale					112.9	
Adjustment related to unrealized (gains) losses on securities available-for-sale					(187.2)	(2
Foreign currency translation adjustment					(16.0)	
Disposition of business					(425.9)	
Other					(12.6)	
	-----	-----	-----	-----	-----	-----
Balance at end-of-year	=====	=====	=====	=====	2885.3	30
	=====	=====	=====	=====	=====	=====
Roll Forward of Present Value of In-Force						
Balance at beginning-of-year					1,483.3	1,4
Amortization					(113.1)	(
Foreign currency translation adjustment					(7.0)	
Other					(0.7)	
	-----	-----	-----	-----	-----	-----
Balance at end-of-year	=====	=====	=====	=====	1362.5	13
	=====	=====	=====	=====	=====	=====

* Does not include restructuring charges which is consistent with the definition of "Income from (see page 5).

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Statement of Consolidated Income
Unaudited [Millions of Dollars]

For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Operating Revenue					
Life and annuity premiums	361.1	331.2	337.1	339.0	396.1
Surrender charges	29.2	28.7	29.8	25.9	30.3
Mortality assessments	118.7	118.5	122.5	125.9	129.6
Expense assessments	238.3	261.1	258.6	273.4	257.1
Health premiums	233.6	58.4	144.0	117.9	89.4
Investment advisory fees	54.1	54.0	52.2	53.3	53.6
Other revenue and fees	71.2	106.1	88.7	106.0	144.6
Net investment income	700.1	711.1	673.8	690.0	672.1
Earnings in Unconsolidated Affiliates	1.8	1.0	(3.6)	1.6	0.6
Operating Revenue	1808.2	1670.2	1703.0	1733.1	1773.5
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	572.5	356.1	370.1	390.2	430.0
Div accum & div to policyholders	23.3	21.7	20.2	18.2	27.4
Interest credited to policy bal.	388.5	373.9	366.8	362.0	371.5
Health policy benefits	157.8	114.3	119.9	123.0	91.8
Total insurance benefits	1142.0	866.0	877.0	893.5	920.7
Underwriting, acquisition, insurance and other expenses*:					
Commissions	289.3	194.2	251.9	238.5	234.6
Other volume related expenses	17.2	50.5	54.2	62.9	86.2
Operating and administrative expenses	351.4	299.6	268.8	270.3	318.4
Taxes, licenses and fees	10.6	32.8	21.6	26.3	32.4
Par policyholder interests	4.2	(1.5)	1.6	1.4	(0.5)
Foreign exchange	1.8	(0.2)	(1.0)	(0.5)	(1.1)
Subtotal	674.5	575.3	597.1	598.8	670.0
Deferral of acquisition costs DAC amortization					
DAC deferral net of amortization	(87.0)	(86.2)	(95.0)	(107.0)	(134.8)
PVIF amortization	38.4	31.9	31.0	36.2	33.5
Other intangibles amortization	4.7	4.7	4.3	4.3	4.3
Total underwriting, acquisition, insurance and other expenses	630.5	525.7	537.5	532.4	572.9

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Goodwill amortization	14.6	10.2	12.0	12.0	10.9
Interest	34.7	36.3	35.4	34.4	33.4
Operating Benefits and Expenses	1821.8	1438.2	1461.9	1472.2	1537.9
Income from Operations before Tax/Min Int.	(13.6)	232.0	241.1	260.8	235.6
Federal income taxes	(50.2)	61.6	67.9	70.1	50.9
Inc from Operations before Min Int	36.6	170.6	173.0	190.7	184.7
Minority Interest		(0.2)	0.2	(0.0)	0.0
Income from Operations	36.6	170.6	173.0	190.7	184.7
Restructuring charges	(3.6)		(2.7)	(40.5)	(37.0)
Realized gains (losses) on investments	1.6	(0.4)	(6.7)	(11.6)	1.2
Gains (losses) on derivatives					
Reserve increase on business sold through reinsurance					
Gain on sale of subsidiaries					
Income before Accounting Changes	34.6	170.2	163.6	138.6	148.9
Cumulative Effect of Accounting Changes					
Net Income	34.6	170.2	163.6	138.6	148.9

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period					3
Deferral					(
Amortization					
Operating					
Adjustment related to realized (gains) losses on securities available-for-sale					
Adjustment related to unrealized (gains) losses on securities available-for-sale					(
Foreign currency translation adjustment					
Disposition of business					
Other					
Balance at end-of-year					2

Roll Forward of Present Value of In-Force

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Balance at beginning-of-period
 Amortization
 Foreign currency translation
 adjustment
 Other

Balance at end-of-year

For the Quarter Ended	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Operating Revenue					
Life and annuity premiums	353.9	336.8	270.7	74.7	68.7
Surrender charges	22.8	23.2	27.7	20.2	21.3
Mortality assessments	133.7	133.3	132.6	130.4	130.5
Expense assessments	227.5	224.4	212.4	210.5	214.4
Health premiums	95.7	103.9	36.1	2.4	8.3
Investment advisory fees	49.6	47.2	50.9	48.0	47.8
Other revenue and fees	60.3	91.5	118.0	95.5	84.7
Net investment income	673.1	686.2	646.6	648.1	651.0
Earnings in Unconsolidated Affiliates	0.0	0.4	4.3		(0.6)
Operating Revenue	1616.5	1646.9	1499.3	1229.8	1226.0
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	373.6	422.6	302.8	176.1	191.5
Div accum & div to policyholders	20.2	18.0	26.6	17.8	18.2
Interest credited to policy bal.	369.7	378.7	390.6	406.2	382.5
Health policy benefits	91.5	83.8	25.0	3.3	33.9
Total insurance benefits	855.0	903.1	744.9	603.4	626.1
Underwriting, acquisition, insurance and other expenses*:					
Commissions	217.6	207.9	217.9	144.2	148.6
Other volume related expenses	58.9	53.1	29.1	54.7	65.5
Operating and administrative expenses	242.6	264.0	297.3	208.5	204.1
Taxes, licenses and fees	30.8	30.6	30.4	38.3	24.6
Par policyholder interests	0.0				
Foreign exchange	2.0	(2.5)	1.1	0.0	0.6
Subtotal	551.9	553.1	575.9	445.7	443.4
Deferral of acquisition costs	(175.1)	(183.4)	(194.5)	(147.9)	(156.1)
DAC amortization	88.3	109.2	66.7	70.9	88.1
DAC deferral net of amortization	(86.7)	(74.1)	(127.9)	(77.0)	(68.0)
PVIF amortization	23.6	34.4	21.8	21.3	31.9
Other intangibles amortization	2.6	2.6	2.5	2.2	2.0
Total underwriting, acquisition, insurance and other expenses	491.4	516.0	472.3	392.2	409.3
Goodwill amortization	10.9	10.9	10.7		
Interest	32.0	29.6	25.0	24.8	24.6

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Operating Benefits and Expenses	1389.3	1459.6	1252.9	1020.4	1060.1	1
Income from Operations before Tax/Min Int.	227.2	187.3	246.5	209.4	166.0	
Federal income taxes	59.1	44.1	47.4	47.4	38.7	
Inc from Operations before Min Int	168.1	143.2	199.1	162.0	127.2	
Minority Interest	(0.0)	(0.0)	(0.0)			
Income from Operations	168.1	143.2	199.1	162.0	127.2	
Restructuring charges	(3.9)	0.0	(20.2)		(1.0)	
Realized gains (losses) on investments	(11.5)	(23.8)	(20.0)	(67.6)	(52.7)	
Gains (losses) on derivatives	0.2	(0.4)	(4.6)	0.1	0.3	
Reserve increase on business sold through reinsurance					(14.4)	
Gain on sale of subsidiaries			15.0			
Income before Accounting Changes	153.0	119.1	169.2	94.5	59.4	
Cumulative Effect of Accounting Changes	(11.3)		(0.0)			
Net Income	141.7	119.1	169.2	94.5	59.4	

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-period	2963.4	3129.1	3087.2	2885.3	3114.9	3
Deferral	175.1	183.4	194.5	147.9	156.1	
Amortization	(88.3)	(109.2)	(66.7)	(70.9)	(88.1)	
Operating Adjustment related to realized (gains) losses on securities available-for-sale	86.8	74.2	127.9	77.0	68.0	
Adjustment related to unrealized (gains) losses on securities available-for-sale	17.8	23.9	49.5	41.9	32.5	
Foreign currency translation adjustment	55.8	(157.0)	68.1	114.9	(152.1)	
Disposition of business	(0.2)	23.8	(7.2)	(12.2)	41.7	
Other	5.5	(6.7)	(14.3)	8.0	(48.3)	
Balance at end-of-year	3129.1	3087.2	2885.3	3114.9	3056.6	2

Roll Forward of Present Value of In-Force						
Balance at beginning-of-period	1436.0	1412.3	1387.4	1362.5	1,336.1	1

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Amortization	(23.6)	(34.4)	(21.8)	(21.3)	(31.9)
Foreign currency translation adjustment	(0.1)	10.3	(3.2)	(5.1)	17.4
Other		(0.7)			(0.1)
	-----	-----	-----	-----	-----
Balance at end-of-year	1412.3	1387.4	1362.5	1336.1	1321.4
	=====	=====	=====	=====	=====

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

Reconciliation of Business Segments to Consolidated Balance Sheets
Unaudited [Millions of Dollars]

	Lincoln Retirement		Life Insurance		Investment Management
	Sep 2002	Dec 2001	Sep 2002	Dec 2001	Sep 2002
ASSETS					
Investments					
Corporate bonds	12619.1	10956.5	7683.1	7088.2	473.9
U.S. government bonds	13.6	13.2	82.5	78.2	0.1
Foreign government bonds	215.0	145.8	121.0	114.6	1.0
Asset/Mortgage backed securities	2964.8	1945.8	883.7	779.1	47.3
State and municipal bonds	51.8	24.3	29.9	17.4	
Preferred stocks-redeemable	53.7	62.7	12.1	13.0	8.9
Common stocks	18.1		7.2	7.6	
Preferred stocks-equity	34.0	38.5		5.6	2.7
Mortgage loans	2224.1	2378.1	1622.7	1701.6	86.3
Real estate	(0.0)				
Policy loans	467.3	491.4	1423.6	1439.7	
Other long-term investments	23.3	11.7	21.8	20.9	
Total Investments	18684.8	16068.0	11887.7	11265.9	620.1
Allocated investments	3664.1	3481.0	1273.3	1154.7	96.9
Notes receivable from LNC	431.3	333.3	181.2	27.6	43.1
Invest in unconsol affiliates					
Cash and invested cash	(65.7)	(24.7)	(14.3)	(36.4)	64.1
Property and equipment	1.1		7.8	8.5	46.0
Premium and fees receivable	1.7	0.0	27.1	8.2	32.4
Accrued investment income	251.8	245.0	191.4	187.6	9.3
Assets held in separate accounts	25354.3	34324.6	1195.9	1491.0	
Federal income tax recoverable					
Amount recoverable from reinsurers	1131.6	1211.6	882.8	859.5	
Deferred acquisition costs	843.9	912.8	1362.2	1265.6	
Other intangible assets					43.8
Present value of in-force	142.7	154.5	907.4	964.0	

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Goodwill	63.9	43.9	855.1	855.1	300.7
Other	174.4	138.1	374.2	358.4	191.7
	-----	-----	-----	-----	-----
Total Assets	50680.0	56888.2	19131.7	18409.7	1448.3
	=====	=====	=====	=====	=====

	Corporate and Other Operations		Consolidating Adjustments	
	Sep 2002	Dec 2001	Sep 2002	Dec 2001
	-----	-----	-----	-----
ASSETS				
Investments				
Corporate bonds	4114.0	4123.9		
U.S. government bonds	399.1	318.9		
Foreign government bonds	417.3	586.2		
Asset/Mortgage backed securities	947.9	757.3		
State and municipal bonds	16.1	3.0		
Preferred stocks-redeemable	2.2	1.4		
Common stocks	88.5	100.5		
Preferred stocks-equity	123.6	104.5		
Mortgage loans	351.9	363.0		
Real estate	286.2	267.7		
Policy loans				
Other long-term investments	412.6	521.3	(0.0)	(0.0)
	-----	-----	-----	-----
Total Investments	7159.3	7147.8	(0.0)	(0.0)
	-----	-----	-----	-----
Allocated investments	(509.6)	50.0	(4524.6)	(4788.2)
Notes receivable from LNC	(655.1)	(443.7)	(0.6)	(0.1)
Invest in unconsol affiliates		8.1		
Cash and invested cash	1383.6	3130.5		(210.5)
Property and equipment	178.9	173.2		
Premium and fees receivable	516.1	365.6		(12.2)
Accrued investment income	90.9	101.0		
Assets held in separate accounts			2694.0	3410.5
Federal income tax recoverable			292.9	15.1
Amount recoverable from reinsurers	5247.8	4150.6	(167.8)	(191.4)
Deferred acquisition costs	2.2	33.9	88.5	85.6
Other intangible assets				
Present value of in-force				
Goodwill	(0.0)	(0.0)		
Other	850.6	865.5	(459.2)	(437.4)
	-----	-----	-----	-----
Total Assets	14264.7	15582.5	(2076.8)	(2128.6)
	=====	=====	=====	=====

Reconciliation of Business Segments to Consolidated Balance Sheet

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Unaudited [Millions of Dollars]

LIABILITIES and SHAREHOLDERS' EQUITY	Lincoln Retirement		Life Insurance		Investment Management
	Sep 2002	Dec 2001	Sep 2002	Dec 2001	Sep 2002
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	2696.0	2622.7	13507.5	12955.8	
Health reserves			0.4	0.3	
Unpaid claims - life and health	41.5	31.3	95.0	92.9	
Unearned premiums			0.0	0.0	
Premium deposit funds	19388.7	17838.9	18.1	13.9	
Participating policyholders' funds			90.5	100.2	
Other policyholders' funds			588.3	555.2	
Liab related to separate accounts	25354.3	34324.6	1195.9	1491.0	
Total Insurance and Inv Contract Liabilities	47480.5	54817.5	15495.7	15209.5	
Federal income taxes	196.1	(5.7)	123.5	(13.5)	42.9
Short-term debt				10.0	
Long-term debt					
Minority Interest in pref. securities of sub.					
Notes payable to LNC					
Other liabilities	233.2	168.4	440.2	436.3	837.3
Deferred gain on indemnity reinsurance					
Total Liabilities	47909.8	54980.3	16059.3	15642.2	880.1
Net unrealized gains (losses) on securities	356.6	79.9	202.8	13.6	7.8
Gains (losses) on derivatives	11.1	0.3	17.0	4.5	
Other shareholders' equity	2402.5	1824.9	2852.6	2738.5	560.3
S/Hs' equity-minimum pension liability adjustment					
Cumulative effect of accounting change		2.8		10.9	
Shareholders' Equity	2770.2	1907.9	3072.4	2767.5	568.1
Total Liabilities and S/Hs' Equity	50680.0	56888.2	19131.7	18409.7	1448.3

Corporate and Other Operations

Consolidating Adjustments

LIABILITIES and SHAREHOLDERS'

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EQUITY

	Sep 2002	Dec 2001	Sep 2002	Dec 2001
	-----	-----	-----	-----
Liabilities				
Insurance and Inv Contract				
Liabilities:				
Life and annuity reserves	1731.8	1122.8	(94.8)	(122.4)
Health reserves	2399.9	2491.5		
Unpaid claims - life and health	927.6	920.9		
Unearned premiums	185.7	66.9		
Premium deposit funds	30.3	105.5	586.9	597.5
Participating policyholders' funds				
Other policyholders' funds	7.4	7.4		
Liab related to separate accounts			2694.0	3410.5
	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	5282.7	4715.0	3186.1	3885.6
Federal income taxes	(651.4)	(26.7)	292.6	14.8
Short-term debt	120.0	550.7		(210.5)
Long-term debt	1118.1	861.8		
Minority Interest in pref. securities of sub.	390.6	474.7		
Notes payable to LNC	363.4	335.0	(363.4)	(344.3)
Other liabilities	3611.8	3239.4	(667.8)	(686.3)
Deferred gain on indemnity reinsurance	1069.5	1144.5		
	-----	-----	-----	-----
Total Liabilities	11304.8	11294.3	2447.5	2659.3
	-----	-----	-----	-----
Net unrealized gains (losses) on securities	204.0	77.2	6.4	8.2
Gains (losses) on derivatives	(0.8)	(0.8)		
Other shareholders' equity	2756.7	4207.9	(4530.7)	(4796.0)
S/Hs' equity-minimum pension liability adjustment				
Cumulative effect of accounting change		3.9		
	-----	-----	-----	-----
Shareholders' Equity	2959.9	4288.2	(4524.3)	(4787.9)
	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	14264.7	15582.5	(2076.8)	(2128.6)
	=====	=====	=====	=====

Five Year Comparative Balance Sheet
Unaudited [Millions of Dollars except Common Share Data]

ASSETS

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	1997 -----	1998 -----	1999 -----
Investments			
Corporate bonds	16633.3	22505.2	21119.5
U.S. government bonds	662.4	1134.6	538.3
Foreign government bonds	1804.4	1321.2	1447.5
Mortgage backed securities	4529.3	5080.5	4404.0
State and municipal bonds	241.4	16.7	14.7
Preferred stocks-redeemable	195.5	174.6	164.7
Common stocks	572.3	463.1	514.5
Preferred stocks-equity	88.2	79.8	89.5
Mortgage loans	3288.1	4393.1	4735.4
Real estate	576.0	488.7	256.2
Policy loans	763.1	1840.0	1892.4
Other long-term investments	464.8	432.0	401.8
	-----	-----	-----
Total Investments	29818.8	37929.5	35578.4
	-----	-----	-----
Invest in unconsol affiliates	21.0	18.8	25.8
Cash and invested cash	3794.7	2433.4	1895.9
Property and equipment	189.8	174.8	203.8
Premiums and fees receivable	197.5	246.2	259.6
Accrued investment income	423.0	528.5	533.2
Assets held in separate accounts	37138.8	43408.9	53654.2
Federal income taxes recoverable		204.1	345.0
Amounts recoverable from reinsurers	2350.8	3127.1	3954.3
Deferred acquisition costs	1623.8	1964.4	2800.3
Other intangible assets	124.7	95.1	92.3
Present value of in-force	489.2	1753.3	1654.2
Goodwill	457.7	1484.3	1423.0
Other	544.8	468.0	675.7
	-----	-----	-----
Total Assets	77174.7	93836.3	103095.7
	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY			
Liabilities			
Insurance and Inv Contract Liabilities:			
Life and annuity reserves	8228.7	16434.2	17071.4
Health reserves	2300.4	2600.1	2507.8
Unpaid claims-life and health	682.0	1043.4	1269.8
Unearned premiums	55.3	62.3	75.8
Premium deposit funds	19803.0	20171.9	19624.1
Participating policyholders' funds	79.8	142.7	132.0
Other policyholders' funds	180.6	438.4	472.6
Liab related to separate accounts	37138.8	43408.9	53654.2
	-----	-----	-----
Total Ins and Inv Contr Liabilities	68468.5	84301.9	94807.7
Federal income taxes	487.8		
Short-term debt	297.2	314.6	460.2
Long-term debt	511.0	712.2	712.0

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Minority Interest - pref sec of a sub	315.0	745.0	745.0
Other liabilities	2112.2	2374.6	2107.0
Deferred gain on indemnity reinsurance			
Total Liabilities	72191.8	88448.3	98831.9
S/Hs' equity-unrealized gains (losses)-cont op.	436.0	552.4	(465.7)
S/Hs' equity-foreign currency	46.2	50.0	30.0
S/Hs' equity-minimum pension liability adjustment			
S/Hs' equity-other	4500.7	4785.5	4699.6
Cumulative effect of accounting change			
Total Shareholders' Equity	4982.9	5387.9	4263.9
Total Liabilities and Shareholders' Equity	77174.7	93836.3	103095.7
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$22.48	\$23.86	\$24.14
Common shares outstanding	202.3	202.6	196.0

Quarterly Balance Sheet
Unaudited [Millions of Dollars except Common Share Data]

	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	
ASSETS						
Investments						
Corporate bonds	21119.5	21188.0	20719.1	21064.7	21249.7	21
U.S. government bonds	538.3	572.4	566.2	575.5	542.9	
Foreign government bonds	1447.5	1416.4	1377.4	1277.7	1321.1	1
Mortgage backed securities	4404.0	4393.4	4242.4	4172.5	4160.4	4
State and municipal bonds	14.7	14.7	14.1	14.3	14.6	
Preferred stocks - redeemable	164.7	159.7	159.2	159.5	161.2	
Common stocks	514.5	496.4	467.8	479.9	436.6	
Preferred stocks-equity	89.5	91.3	92.2	90.3	113.1	
Mortgage loans	4735.4	4833.9	4783.8	4767.3	4663.0	4
Real estate	256.2	283.4	282.1	297.6	282.0	
Policy loans	1892.4	1896.3	1914.7	1935.6	1960.9	1
Other long-term investments	401.8	428.8	438.2	470.5	463.3	
Total Investments	35578.4	35774.6	35057.2	35305.4	35368.6	35

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Invest in unconsol affiliates	25.8		(0.9)	5.8	6.4	
Cash and invested cash	1895.9	1510.1	1619.3	1435.9	1927.4	2
Property and equipment	203.8	207.7	205.5	213.8	228.2	
Premiums and fees receivable	259.6	190.2	247.8	240.8	296.7	
Accrued investment income	533.2	575.0	544.0	569.2	546.4	
Assets held in separate accounts	53654.2	56907.6	54924.2	54410.9	50579.9	44
Federal income taxes recoverable	345.0	300.4	246.1	267.3	207.5	
Amount recoverable from						
reinsurers	3954.3	3851.0	3775.3	3774.7	3747.7	3
Deferred acquisition costs	2800.3	2870.4	2968.0	3048.0	3070.5	2
Other intangible assets	92.3	86.7	82.3	78.1	73.7	
Present value of in-force	1654.2	1618.8	1564.3	1520.3	1483.3	1
Goodwill	1423.0	1349.6	1335.4	1296.6	1286.0	1
Other	675.7	1097.8	1279.1	1076.4	1021.6	1
	-----	-----	-----	-----	-----	-----
Total Assets	103095.7	106340.0	103847.6	103243.1	99844.1	94
	=====	=====	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY						
Liabilities						
Insurance and Inv Contract						
Liabilities:						
Life and annuity reserves	17071.4	17172.1	17247.3	17500.0	17841.2	17
Health reserves	2507.8	2547.4	2494.2	2520.2	2523.8	2
Unpaid claims-life and health	1269.8	1177.3	1204.1	1202.8	1316.6	1
Unearned premiums	75.8	57.1	52.8	51.8	46.5	
Premium deposit funds	19624.1	18899.3	18407.2	18072.1	17715.5	17
Participating policyholders' funds	132.0	130.7	130.4	135.4	139.4	
Other policyholders' funds	472.6	478.9	490.6	500.7	522.2	
Liab related to separate account	53654.2	56907.6	54924.2	54410.9	50579.9	44
	-----	-----	-----	-----	-----	-----
Total Ins and Inv Contr						
Liabilities	94807.7	97370.5	94950.8	94394.0	90685.1	84
Federal income taxes						
Short-term debt	460.2	474.2	355.7	330.3	312.9	
Long-term debt	712.0	712.0	712.1	712.2	712.2	
Minority Interest - pref sec of sub	745.0	745.0	745.0	745.0	745.0	
Notes payable to LNC						
Other liabilities	2107.0	2697.9	2860.3	2522.9	2434.7	2
Deferred gain on indemnity reinsurance						
	-----	-----	-----	-----	-----	-----
Total Liabilities	98831.9	101999.6	99623.9	98704.5	94890.0	89
	-----	-----	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses)- inv.	(465.7)	(411.2)	(556.6)	(337.7)	12.0	
S/Hs' equity- gains (losses)-derivatives						
S/Hs' equity-foreign currency	30.0	22.8	21.8	19.9	21.9	
S/Hs' equity-minimum pension liability adj						
S/Hs' equity-other	4699.6	4728.8	4758.5	4856.4	4920.1	4
Cumulative effect of accounting change						

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	-----	-----	-----	-----	-----	-----
Total Shareholders' Equity	4263.9	4340.4	4223.7	4538.6	4954.1	5
	-----	-----	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	103095.7	106340.0	103847.6	103243.1	99844.1	94
	=====	=====	=====	=====	=====	=====
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$24.14	\$24.58	\$25.01	\$25.43	\$25.85	\$
Common shares outstanding	196.0	193.3	191.1	191.8	191.2	
	Jun	Sep	Dec	Mar	Jun	
	2001	2001	2001	2002	2002	
	-----	-----	-----	-----	-----	-----
ASSETS						
Investments						
Corporate bonds	22116.6	23424.3	23105.1	23470.4	23993.6	25
U.S. government bonds	510.0	467.7	410.5	429.1	441.6	
Foreign government bonds	1236.3	1160.3	1174.7	1180.1	1120.1	1
Mortgage backed securities	3844.6	3765.6	3524.7	3613.9	4031.0	4
State and municipal bonds	14.1	14.4	44.7	62.6	58.8	
Preferred stocks - redeemable	152.2	99.3	85.9	84.6	79.6	
Common stocks	373.3	311.2	319.3	284.4	267.7	
Preferred stocks-equity	160.8	166.5	151.2	154.2	151.8	
Mortgage loans	4652.8	4663.1	4535.5	4448.2	4395.4	4
Real estate	306.9	288.8	267.9	258.2	258.7	
Policy loans	1947.4	1943.4	1939.7	1918.0	1906.1	1
Other long-term investments	480.9	483.4	553.8	459.6	456.0	
	-----	-----	-----	-----	-----	-----
Total Investments	35796.0	36788.0	36113.1	36363.1	37160.1	39
	-----	-----	-----	-----	-----	-----
Invest in unconsol affiliates	6.1	6.5	8.1	8.1	7.5	
Cash and invested cash	1501.9	1996.3	3095.5	1699.5	2265.4	1
Property and equipment	251.4	261.0	257.5	266.4	253.5	
Premiums and fees receivable	303.7	264.5	400.1	376.3	461.4	
Accrued investment income	573.2	615.1	563.5	577.1	556.3	
Assets held in separate accounts	47140.2	39479.8	44833.4	44916.7	40579.6	34
Federal income taxes recoverable	177.5	35.3	15.1	551.3	438.4	
Amount recoverable from reinsurers	3662.0	3818.3	6030.4	6096.3	6509.9	7
Deferred acquisition costs	3129.1	3087.2	2885.3	3114.9	3056.6	2
Other intangible assets	66.7	64.1	50.1	47.9	45.8	
Present value of in-force	1412.3	1387.4	1362.5	1336.1	1321.4	1
Goodwill	1263.6	1253.2	1211.8	1211.5	1212.4	1
Other	1147.7	1149.4	1174.9	1280.9	1200.6	1
	-----	-----	-----	-----	-----	-----
Total Assets	96431.2	90206.0	98001.3	97846.4	95069.2	90
	-----	-----	-----	-----	-----	-----
LIABILITIES and SHAREHOLDERS' EQUITY						
Liabilities						
Insurance and Inv Contract Liabilities:						
Life and annuity reserves	17865.3	17990.8	17917.0	18014.6	18611.2	19

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Health reserves	2533.9	2573.2	2537.9	2492.4	2176.1	2
Unpaid claims-life and health	1136.5	1206.6	1087.5	1153.6	1086.1	1
Unearned premiums	19.0	8.1	66.9	66.5	154.3	
Premium deposit funds	17715.9	18509.7	18585.0	18669.6	19157.8	20
Participating policyholders' funds	135.2	118.3	100.2	98.6	91.9	
Other policyholders' funds	541.4	554.3	562.7	571.9	584.7	
Liab related to separate accounts	47140.2	39479.8	44833.4	44916.7	40579.6	34
	-----	-----	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	87087.2	80440.8	85690.6	85983.9	82441.8	77
Federal income taxes						
Short-term debt	351.3	539.0	350.2	510.2	211.0	
Long-term debt	712.4	712.4	861.8	861.8	1112.3	1
Minority Interest - pref sec of a sub	745.0	305.0	474.7	376.2	380.0	
Notes payable to LNC				(0.0)	0.0	
Other liabilities	2479.4	2840.2	4216.1	3864.6	4501.1	4
Deferred gain on indemnity reinsurance			1144.5	1118.6	1115.2	1
	-----	-----	-----	-----	-----	-----
Total Liabilities	91375.3	84837.4	92737.8	92715.3	89761.4	85
	-----	-----	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses)- inv.	76.2	247.9	195.7	31.8	325.7	
S/Hs' equity- gains (losses)-derivatives	9.4	2.9	3.9	22.6	22.7	
S/Hs' equity-foreign currency	(15.3)	6.9	(8.1)	(20.9)	21.9	
S/Hs' equity-minimum pension liability adj			(36.0)	(35.2)	(37.8)	
S/Hs' equity-other	4968.2	5093.4	5090.4	5132.7	4975.4	4
Cumulative effect of accounting change	17.6	17.6	17.6			
	-----	-----	-----	-----	-----	-----
Total Shareholders' Equity	5055.9	5368.6	5263.5	5131.1	5307.9	5
	-----	-----	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	96431.2	90206.0	98001.3	97846.4	95069.2	90
	=====	=====	=====	=====	=====	=====
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$26.32	\$26.87	\$26.94	\$27.02	\$26.88	\$
Common shares outstanding	188.2	189.8	187.3	187.9	184.5	

Lincoln Retirement
Income Statements & Operational Data
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	20
	-----	-----	-----	-----	-----

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Operating Revenue					
Premiums	84.2	53.9	65.2	64.3	77.1
Surrender charges	29.8	33.5	37.9	41.8	31.1
Expense assessments	367.2	459.9	536.2	628.4	537.1
Other revenue and fees	1.2	1.7	14.5	11.0	16.1
Net investment income	1477.1	1501.6	1474.2	1393.5	1370.1
	-----	-----	-----	-----	-----
Operating Revenue	1959.5	2050.6	2128.0	2138.9	2033.1
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	292.6	271.6	259.1	254.7	263.1
Interest credited to policy bal.	974.4	955.2	925.2	866.1	863.1
	-----	-----	-----	-----	-----
Total benefits	1267.0	1226.8	1184.3	1120.8	1127.1
Underwriting, acquisition, insurance and other expenses*:					
Commissions	226.5	236.7	341.4	326.8	336.1
Other volume related expenses	34.1	33.1	42.8	52.0	49.1
Operating and administrative expenses	157.9	194.0	208.6	200.6	225.1
Taxes, licenses and fees	16.9	13.8	0.3	9.3	13.1
Par policyholder interests	(3.2)	-	-	-	-
	-----	-----	-----	-----	-----
Subtotal	432.1	477.6	593.2	588.8	625.1
Deferral of acquisition costs	-	-	-	-	(240.1)
DAC amortization	-	-	-	-	125.1
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(17.2)	9.7	(47.7)	(37.5)	(115.1)
PVIF amortization	-	11.4	15.3	24.2	14.1
Other intangibles amortization	-	-	-	-	-
Total underwriting, acquisition, insurance and other expenses	415.0	498.8	560.8	575.5	524.1
Goodwill amortization	-	2.2	2.0	(0.6)	1.1
Interest	-	-	-	-	-
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	1682.0	1727.8	1747.1	1695.7	1653.1
	-----	-----	-----	-----	-----
Income from Operations Before Tax	277.5	322.8	380.9	443.2	379.1
Federal income taxes	54.5	60.4	81.4	81.2	59.1
	-----	-----	-----	-----	-----
Income from Operations	223.0	262.4	299.4	362.0	320.1
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	40.3	11.4	(7.9)	(3.4)	(42.1)
Gains (losses) on derivatives	-	-	-	-	(0.1)
Restructuring charges	-	-	-	-	(1.1)
	-----	-----	-----	-----	-----
Income before Accounting Changes	263.3	273.8	291.5	358.6	276.1
Cumulative effect of accounting changes	-	-	-	-	(7.1)
	-----	-----	-----	-----	-----
Net Income	263.3	273.8	291.5	358.6	269.1
	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	223.0	264.6	301.5	361.4	321.1
Net Income -before Goodwill					

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Amort.	263.3	276.0	293.6	358.0	270
Effective tax rate	19.6%	18.7%	21.4%	18.3%	15.
Operating Revenue	1959.5	2050.6	2128.0	2138.9	2033
Realized gains (losses) on investments	63.5	17.5	(12.1)	(5.2)	(64
Gains (losses) on derivatives					(0
	-----	-----	-----	-----	-----
Total Revenue	2023.0	2068.1	2115.8	2133.7	1968
	=====	=====	=====	=====	=====
Average capital	1373.0	1592.6	1562.0	1601.8	1828
Return on average capital	16.2%	16.5%	19.2%	22.6%	17.

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period					812
Deferral					240
Amortization					(125

Operating Adjustment related to realized (gains) losses on securities available-for-sale					115
Adjustment related to unrealized (gains) losses on securities available-for-sale					68
Other**					(90
					6

Balance at end-of-period					912
					=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-period					169
Amortization					(14
Other					-----
Balance at end-of-period					154
					=====

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

** Includes the transfer of the Legacy Life block of business to the Life Insurance segment in the first quarter of 2002.

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	Dec 1999	Mar 2000	Jun 2000	Sep 2000
	-----	-----	-----	-----
Operating Revenue				
Premiums	21.0	13.3	16.8	18.0
Surrender charges	9.8	11.1	11.2	10.4
Expense assessments	140.5	155.1	155.7	163.4
Other revenue and fees	6.4	2.2	0.6	4.6
Net investment income	366.0	362.9	345.8	349.8
	-----	-----	-----	-----
Operating Revenue	543.7	544.6	530.1	546.2
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	77.2	61.6	65.7	68.4
Interest credited to policy bal.	234.1	228.2	219.4	205.4
	-----	-----	-----	-----
Total benefits	311.3	289.8	285.1	273.7
Underwriting, acquisition, insurance and other expenses*:				
Commissions	86.5	83.1	75.4	83.8
Other volume related expenses	15.1	14.5	14.1	11.3
Operating and administrative expenses	53.8	44.4	46.0	55.5
Taxes, licenses and fees	(7.9)	2.8	1.5	4.6
Par policyholder interests	-	-	-	-
	-----	-----	-----	-----
Subtotal	147.5	144.8	136.9	155.2
Deferral of acquisition costs	-	-	-	-
DAC amortization	-	-	-	-
	-----	-----	-----	-----
DAC deferral net of amortization	(23.3)	(6.2)	(1.6)	(11.3)
PVIF amortization	10.5	6.0	4.5	4.1
Other intangibles amortization	-	-	-	-
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	134.7	144.5	139.8	147.9
Goodwill amortization	0.5	(1.5)	0.3	0.3
Interest	-	-	-	-
	-----	-----	-----	-----
Operating Benefits and Expenses	446.5	432.8	425.2	421.9
	-----	-----	-----	-----
Income from Operations Before Tax	97.2	111.8	104.8	124.2
Federal income taxes	23.5	23.3	20.7	21.3
	-----	-----	-----	-----
Income from Operations	73.7	88.5	84.1	102.9
	-----	-----	-----	-----
Realized gains (losses) on investments	(3.7)	2.7	0.3	(9.1)
Gains (losses) on derivatives				
Restructuring charges				
	-----	-----	-----	-----
Income before Accounting Changes	69.9	91.2	84.4	93.8
Cumulative effect of accounting changes				
	-----	-----	-----	-----

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Net Income	69.9	91.2	84.4	93.8
	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	74.2	87.0	84.4	103.2
Net Income -before Goodwill Amort.	70.4	89.7	84.7	94.1
Effective tax rate	24.2%	20.8%	19.7%	17.1%
Operating Revenue	543.7	544.6	530.1	546.2
Realized gains (losses) on investments	(5.8)	4.2	0.4	(14.1)
Gains (losses) on derivatives	-----	-----	-----	-----
Total Revenue	538.0	548.7	530.5	532.1
	=====	=====	=====	=====
Average capital	1559.0	1438.4	1647.7	1635.2
Return on average capital	18.9%	24.6%	20.4%	25.2%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter
Deferral
Amortization

Operating
Adjustment related to realized (gains) losses on securities available-for-sale
Adjustment related to unrealized (gains) losses on securities available-for-sale
Other**

Balance at end-of-quarter

Roll Forward of Present Value of In-Force

Balance at beginning-of-quarter
Amortization
Other

Balance at end-of-quarter

	Jun 2001	Sep 2001	Dec 2001	Mar 2002
	-----	-----	-----	-----
Operating Revenue				
Premiums	32.5	13.2	12.7	12.2
Surrender charges	8.5	6.5	7.2	7.9
Expense assessments	138.0	132.0	126.2	127.7

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Other revenue and fees	3.9	1.2	10.0	5.8
Net investment income	339.3	346.6	342.6	349.9
	-----	-----	-----	-----
Operating Revenue	522.1	499.5	498.7	503.5
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	72.6	66.3	55.3	55.4
Interest credited to policy bal.	209.7	217.2	227.5	226.1
	-----	-----	-----	-----
Total benefits	282.3	283.5	282.8	281.5
Underwriting, acquisition, insurance and other expenses*:				
Commissions	85.8	81.1	96.7	82.4
Other volume related expenses	12.8	12.7	13.1	10.0
Operating and administrative expenses	52.4	55.3	66.4	53.0
Taxes, licenses and fees	2.7	2.2	4.5	4.7
Par policyholder interests	-	-	-	-
	-----	-----	-----	-----
Subtotal	153.7	151.3	180.7	150.2
Deferral of acquisition costs	(60.2)	(58.7)	(71.9)	(61.7)
DAC amortization	28.3	35.6	20.8	32.7
	-----	-----	-----	-----
DAC deferral net of amortization	(31.9)	(23.0)	(51.0)	(29.1)
PVIF amortization	4.1	4.5	1.4	3.8
Other intangibles amortization	-	-	-	-
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	126.0	132.8	131.1	124.9
Goodwill amortization	0.3	0.3	0.3	-
Interest	-	-	-	-
	-----	-----	-----	-----
Operating Benefits and Expenses	408.6	416.6	414.2	406.4
	-----	-----	-----	-----
Income from Operations Before Tax	113.6	82.9	84.5	97.1
Federal income taxes	22.8	10.4	9.7	16.7
	-----	-----	-----	-----
Income from Operations	90.8	72.4	74.8	80.4
	-----	-----	-----	-----
Realized gains (losses) on investments	(6.7)	(13.5)	(20.7)	(32.8)
Gains (losses) on derivatives	(0.1)	(0.3)	0.1	0.0
Restructuring charges	(0.6)	0.0	0.0	0.0
	-----	-----	-----	-----
Income before Accounting Changes	83.6	58.6	54.2	47.6
Cumulative effect of accounting changes	(3.7)	0.0	0.0	0.0
	-----	-----	-----	-----
Net Income	79.9	58.6	54.2	47.6
	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	91.1	72.7	75.1	80.4
Net Income -before Goodwill Amort.	80.2	58.9	54.5	47.6

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Effective tax rate	20.1%	12.6%	11.5%	17.2%
Operating Revenue	522.1	499.5	498.7	503.5
Realized gains (losses) on investments	(10.3)	(20.8)	(31.3)	(50.5)
Gains (losses) on derivatives	0.2	(0.5)	0.2	0.0
	-----	-----	-----	-----
Total Revenue	512.1	478.2	467.5	453.0
	=====	=====	=====	=====
Average capital	1787.1	1902.9	1824.9	2041.6
Return on average capital	20.3%	15.2%	16.4%	15.8%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter	762.6	831.3	781.2	912.8
Deferral	60.2	58.7	71.9	61.7
Amortization	(28.3)	(35.6)	(20.8)	(32.7)
	-----	-----	-----	-----
Operating	31.9	23.0	51.0	29.1
Adjustment related to realized (gains) losses on securities available-for-sale	4.9	16.4	34.1	25.7
Adjustment related to unrealized (gains) losses on securities available-for-sale	31.9	(89.7)	46.5	78.2
Other**	(0.0)	0.3	(0.0)	(14.8)
	-----	-----	-----	-----
Balance at end-of-quarter	831.3	781.2	912.8	1,031.0
	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-quarter	164.6	160.4	155.9	154.5
Amortization	(4.2)	(4.5)	(1.4)	(3.8)
Other				
	-----	-----	-----	-----
Balance at end-of-quarter	160.4	155.9	154.5	150.7
	=====	=====	=====	=====

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

** Includes the transfer of the Legacy Life block of business to the Life Insurance segment in the first quarter of 2002.

Lincoln Retirement
Annuity Account Value Roll Forward
Unaudited [Billions of Dollars]

1997 1998 1999 2000 2001

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Fixed Annuities- Bal Beg-of-Year	17.634	17.214	18.111	18.210	16.6
Gross Deposits	1.632	1.452	2.563	2.074	3.3
Withdrawals (incl charges) & deaths	(2.220)	(2.468)	(2.521)	(3.283)	(2.4
Net cash flows	(0.588)	(1.016)	0.042	(1.209)	0.8
Transfer from (to) var annuities	(1.336)	(0.356)	(0.783)	(1.329)	(0.4
Interest credited	0.978	0.994	0.840	0.944	0.9
Acq of new business/companies	0.527	1.274			
Fixed Annuities-Gross	17.214	18.111	18.210	16.615	18.0
Reinsurance Ceded	(1.757)	(1.606)	(1.419)	(1.221)	(1.5
Fixed Annuities-Bal End -of-Year	15.458	16.505	16.791	15.394	16.4
Fixed Annuities Incremental Deposits*	1.412	1.265	2.310	1.918	3.2
Variable Annuities-Bal Beg-of-Year	20.383	27.346	33.358	41.493	39.4
Gross Deposits	2.695	2.791	2.553	3.165	3.0
Withdrawals (incl charges) & deaths	(2.038)	(3.019)	(3.760)	(4.830)	(3.8
Net cash flows	0.657	(0.228)	(1.207)	(1.665)	(0.7
Transfer from (to) fixed annuities	1.335	0.389	0.787	1.320	0.4
Invest inc & change in mkt value	4.971	5.414	8.555	(1.721)	(4.4
Acq(sale) of new business/companies		0.437			
Var Annuities-Bal End-of-Year	27.346	33.358	41.493	39.427	34.6
Variable Annuities Incremental Deposits*	2.585	2.641	2.409	2.667	2.6
Total Annuities - Bal Beg-of-Year	38.017	44.561	51.469	59.704	56.0
Gross Deposits	4.327	4.244	5.116	5.239	6.4
Withdrawals (incl charges) & deaths	(4.258)	(5.487)	(6.281)	(8.113)	(6.3
Net cash flows	0.069	(1.244)	(1.165)	(2.874)	0.1
Transfers	(0.001)	0.033	0.004	(0.009)	0.0
Interest credited & change in mkt value	5.949	6.408	9.395	(0.777)	(3.5
Acq of new business/companies	0.527	1.711			
Total Gross Annuities-Bal End-of-Year	44.561	51.469	59.704	56.043	52.6
Reinsurance Ceded	(1.757)	(1.606)	(1.419)	(1.221)	(1.5
Total Annuities (Net of Ceded) - Bal End-of-Year	42.804	49.863	58.284	54.821	51.1

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Total Annuities Incremental Deposits*	3.997	3.906	4.719	4.585	5.8
Var Ann Under Agree - Included above		0.649	0.719	0.941	1.0
Fixed Annuities - excluding fixed portion of variable contracts					
Deposits			0.709	0.459	1.7
Withdrawals			(1.367)	(2.271)	(1.6)
Net Flows			(0.658)	(1.812)	0.1
Gross Fixed Account Values					
Reinsurance Ceded					
Net Fixed Account Values					
Variable Annuities - including fixed portion of variable contracts					
Deposits			4.407	4.780	4.6
Withdrawals			(4.915)	(5.842)	(4.7)
Net Flows			(0.508)	(1.062)	(0.0)
Variable Account Values					
Fixed Portion of Variable Contracts					
Deposits			1.853	1.615	1.6
Withdrawals			(1.154)	(1.012)	(0.8)
Net Flows			0.699	0.603	0.7
Fixed Portion of Variable Account Values					

Average Daily Variable Account Values			35.932	41.776	35.5
Annuity Product Spread Information**					
Net Investment Income			7.22%	7.38%	7.3
Interest Credited			5.13%	5.24%	5.3
Spread			----- 2.09%	----- 2.14%	----- 2.0

* Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Retirement products.

** For the annuity products spread, the yield on earning assets is calculated as net investment income on fixed product investment portfolios divided by average earning assets. The average crediting rate is calculated using interest credited on annuity products less bonus credits and excess DCA interest, divided by average fixed account values net of co-insured account values. Fixed account values reinsured under modified co-insurance agreements are included in account values for this calculation since assets (and therefore margin) are retained under these agreements.

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Lincoln Retirement
Annuity Account Value Roll Forward
Unaudited [Billions of Dollars]

	Dec 1999	Mar 2000	Jun 2000	Sep 2000
	-----	-----	-----	-----
Fixed Annuities-Bal Beg-of-Quarter	18.406	18.210	17.615	17.200
Gross Deposits	0.741	0.589	0.490	0.513
Withdrawals (incl charges) & deaths	(0.782)	(0.875)	(0.796)	(0.802)
Net cash flows	(0.040)	(0.287)	(0.307)	(0.288)
Transfer from (to) var annuities	(0.300)	(0.550)	(0.346)	(0.217)
Interest credited	0.144	0.241	0.238	0.235
Acq of new business/companies	-----	-----	-----	-----
Fixed Annuities-Gross	18.210	17.615	17.200	16.930
Reinsurance Ceded	(1.419)	(1.371)	(1.316)	(1.270)
Fixed Annuities-Bal End-of-Quarter	16.791	16.244	15.884	15.660
Fixed Annuities Incremental Deposits*	0.582	0.560	0.447	0.464
Variable Annuities-Bal Beg-of-Quarter	35.613	41.493	44.640	43.097
Gross Deposits	0.634	0.797	0.793	0.729
Withdrawals (incl charges) & deaths	(1.084)	(1.210)	(1.168)	(1.253)
Net cash flows	(0.450)	(0.413)	(0.375)	(0.524)
Transfer from (to) fixed annuities	0.303	0.549	0.343	0.216
Invest inc & change in mkt value	6.027	3.011	(1.511)	(0.046)
Acq(sale) of new business/companies	-----	-----	-----	-----
Var Annuities-Bal End-of-Quarter	41.493	44.640	43.097	42.743
Variable Annuities Incremental Deposits	0.592	0.732	0.699	0.586
Total Annuities -Bal Beg-of-Quarter	54.020	59.704	62.255	60.297

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Gross Deposits	1.375	1.386	1.283	1.242
Withdrawals (incl charges) & deaths	(1.865)	(2.085)	(1.964)	(2.055)
Net cash flows	(0.490)	(0.700)	(0.682)	(0.812)
Transfers	0.003	(0.001)	(0.003)	(0.001)
Interest credited & change in mkt value	6.171	3.252	(1.273)	0.189
Acq of new business/companies	-----	-----	-----	-----
Total Gross Annuities-Bal End-of-Quarter	59.704	62.255	60.297	59.673
Reinsurance Ceded	(1.419)	(1.371)	(1.316)	(1.270)
Total Annuities (Net of Ceded) - Bal End-of-Qtr	58.284	60.884	58.981	58.403
Total Annuities Incremental Deposits*	1.174	1.292	1.145	1.050
Var Ann Under Agree - Included above	0.719	0.866	0.868	0.962

Fixed Annuities - excluding fixed portion of variable contracts				
Deposits	0.275	0.134	0.126	0.114
Withdrawals	(0.428)	(0.612)	(0.557)	(0.532)
Net Flows	(0.152)	(0.479)	(0.431)	(0.417)
Gross Fixed Account Values				
Reinsurance Ceded				
Net Fixed Account Values				
Variable Annuities - including fixed portion of variable contracts				
Deposits	1.100	1.252	1.157	1.128
Withdrawals	(1.438)	(1.473)	(1.408)	(1.523)
Net Flows	(0.338)	(0.221)	(0.251)	(0.395)
Variable Account Values				
Fixed Portion of Variable Contracts				
Deposits	0.466	0.455	0.364	0.399
Withdrawals	(0.354)	(0.263)	(0.240)	(0.270)
Net Flows	0.112	0.192	0.124	0.129
Fixed Portion of Variable Account Values				
Average Daily Variable Account Values	37.845	42.185	42.182	43.055

Annuity Product Spread Information**				
Net Investment Income	7.26%	7.35%	7.41%	7.40%

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	5.15%	5.33%	5.37%	5.12%
	-----	-----	-----	-----
Interest Credited	5.15%	5.33%	5.37%	5.12%
Spread	2.11%	2.02%	2.04%	2.28%
	Jun	Sep	Dec	Mar
	2001	2001	2001	2002
	-----	-----	-----	-----
Fixed Annuities-Bal				
Beg-of-Quarter	16.599	16.697	17.317	18.004
Gross Deposits	0.668	0.896	1.218	0.906
Withdrawals (incl charges) & deaths	(0.574)	(0.525)	(0.562)	(0.730)
Net cash flows	0.094	0.372	0.656	0.176
Transfer from (to) var annuities	(0.222)	0.021	(0.213)	(0.232)
Interest credited	0.226	0.228	0.244	0.230
Acq of new business/companies	-----	-----	-----	-----
Fixed Annuities-Gross	16.697	17.317	18.004	18.178
Reinsurance Ceded	(1.146)	(1.266)	(1.514)	(1.645)
Fixed Annuities-Bal				
End-of-Quarter	15.551	16.051	16.491	16.533
Fixed Annuities Incremental Deposits*	0.611	0.873	1.193	0.881
Variable Annuities-Bal				
Beg-of-Quarter	34.733	36.961	30.506	34.638
Gross Deposits	0.703	0.684	0.793	0.808
Withdrawals (incl charges) & deaths	(0.993)	(0.795)	(0.818)	(0.896)
Net cash flows	(0.290)	(0.111)	(0.025)	(0.088)
Transfer from (to) fixed annuities	0.227	(0.023)	0.213	0.234
Invest inc & change in mkt value	2.291	(6.321)	3.944	0.366
Acq(sale) of new business/companies	-----	-----	-----	-----
Var Annuities-Bal End-of-Quarter	36.961	30.506	34.638	35.150
Variable Annuities Incremental Deposits	0.612	0.604	0.725	0.725
Total Annuities -Bal				
Beg-of-Quarter	51.332	53.658	47.824	52.643
Gross Deposits	1.371	1.580	2.011	1.714
Withdrawals (incl charges) & deaths	(1.567)	(1.320)	(1.380)	(1.626)
Net cash flows	(0.196)	0.261	0.631	0.088
Transfers	0.005	(0.002)		0.002
Interest credited & change in mkt				

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value	2.517	(6.093)	4.188	0.596
Acq of new business/companies				
Total Gross Annuities-Bal				
End-of-Quarter	53.658	47.824	52.643	53.329
Reinsurance Ceded	(1.146)	(1.266)	(1.514)	(1.645)
Total Annuities (Net of Ceded) - Bal End-of-Qtr	52.512	46.558	51.129	51.684
Total Annuities Incremental Deposits*	1.223	1.477	1.918	1.606
Var Ann Under Agree - Included above	0.975	0.907	1.077	1.207

Fixed Annuities - excluding fixed portion of variable contracts				
Deposits	0.329	0.489	0.734	0.505
Withdrawals	(0.356)	(0.340)	(0.352)	(0.463)
Net Flows	(0.027)	0.149	0.382	0.042
Gross Fixed Account Values				9.761
Reinsurance Ceded				(1.645)
Net Fixed Account Values				8.116
Variable Annuities - including fixed portion of variable contracts				
Deposits	1.042	1.091	1.277	1.209
Withdrawals	(1.211)	(0.979)	(1.028)	(1.163)
Net Flows	(0.169)	0.112	0.249	0.046
Variable Account Values				43.568
Fixed Portion of Variable Contracts				
Deposits	0.339	0.407	0.484	0.401
Withdrawals	(0.218)	(0.184)	(0.210)	(0.267)
Net Flows	0.121	0.223	0.274	0.134
Fixed Portion of Variable Account Values				8.417
Average Daily Variable Account Values	36.499	34.399	33.216	34.341

Annuity Product Spread Information**

Net Investment Income	7.45%	7.33%	7.26%	7.15%
Interest Credited	5.29%	5.34%	5.28%	5.14%
Spread	2.16%	1.99%	1.98%	2.01%

* Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Retirement

** For the annuity products spread, the yield on earning assets is calculated as net investment i

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product investment portfolios divided by average earning assets. The average crediting rate is interest credited on annuity products less bonus credits and excess DCA interest, divided by account values net of co-insured account values. Fixed account values reinsured under modified agreements are included in account values for this calculation since assets (and therefore margins) under these agreements.

Life Insurance Segment
Income Statements
Unaudited [Millions of Dollars]

	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	64.8	185.9	235.8	227.3	212.4
Surrender charges	9.8	52.1	66.3	66.4	66.1
Mortality assessments	161.2	350.1	444.6	465.2	499.4
Expense assessments	28.6	146.2	165.8	191.8	191.4
Other revenue and fees	9.0	2.6	9.8	14.2	17.9
Net investment income	268.2	642.6	840.1	871.5	910.2
	-----	-----	-----	-----	-----
Operating Revenue	541.5	1379.5	1762.6	1836.4	1897.5
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	143.6	371.2	430.5	411.5	418.5
Div accum & div to policyholders	20.4	70.7	81.5	80.8	78.5
Interest credited to policy bal.	153.0	393.1	493.8	525.4	569.9
	-----	-----	-----	-----	-----
Total benefits	317.0	835.1	1,005.8	1,017.8	1,067.0
Underwriting, acquisition, insurance and other expenses*:					
Commissions	41.8	107.5	163.4	152.8	142.1
Other volume related expenses	42.0	122.7	185.6	200.9	176.4
Operating and administrative expenses	77.1	144.9	171.2	164.4	161.0
Taxes, licenses and fees	16.6	29.7	51.8	48.5	49.2
Par policyholder interests	(9.3)	(4.3)	3.3	1.1	-
	-----	-----	-----	-----	-----
Subtotal	168.2	400.6	575.2	567.6	528.7
Deferral of acquisition costs	-	-	-	-	(324.8)
DAC amortization	-	-	-	-	95.0
	-----	-----	-----	-----	-----
DAC deferral net of amortization	3.9	(159.3)	(235.0)	(286.5)	(229.8)
PVIF amortization	-	51.9	58.8	103.7	75.9
Other intangibles amortization	-	-	-	-	-
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	172.1	293.1	399.1	384.8	374.7
Goodwill amortization	0.1	19.7	23.4	23.7	23.7
Interest	-	-	-	-	0.0
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	489.3	1147.8	1428.2	1426.3	1465.4

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Income from Operations Before Tax	52.3	231.6	334.3	410.1	432.1
Federal income taxes	12.4	82.4	122.3	150.1	153.0
Income from Operations	39.9	149.2	212.0	259.9	279.0
Realized gains (losses) on investments	(0.8)	(1.7)	(0.5)	(10.7)	(38.5)
Gains (losses) on derivatives					1.6
Restructuring charges	0.0	(20.0)	0.0	0.0	(3.5)
Income before Accounting Changes	39.1	127.5	211.5	249.3	238.6
Cumulative effect of accounting changes					(5.5)
Net Income	39.1	127.5	211.5	249.3	233.1
Inc from Oper -before Goodwill Amort.	40.0	168.9	235.4	283.6	302.7
Net Income -before Goodwill Amort.	39.2	147.1	234.9	273.0	256.7
Effective tax rate	23.7%	35.6%	36.6%	36.6%	35.4%
Operating Revenue	541.5	1,379.5	1,762.6	1836.4	1897.5
Realized gains (losses) on investments	3.2	(1.0)	(2.2)	(17.4)	(57.6)
Gains (losses) on derivatives					0.7
Total Revenue	544.8	1378.5	1760.4	1819.0	1840.6
Average capital	384.9	1948.0	2712.3	2640.2	2731.5
Return on average capital	10.4%	7.7%	7.8%	9.8%	10.2%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period					1,079.3
Deferral					324.8
Amortization					(95.0)
Operating Adjustment related to realized (gains) losses on securities available-for-sale					229.8
Adjustment related to unrealized (gains) losses on securities available-for-sale					43.0
Other**					(89.0)
Balance at end-of-period					1,265.6
Roll Forward of Present Value of In-Force					

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Balance at beginning-of-period	1,040.5
Amortization	(75.9)
Other	(0.7)

Balance at end-of-period	964.0
	=====

* Does not include restructuring charges which is consistent with the definition of "Income from

** Includes the transfer of the Legacy Life block of business from the Lincoln Retirement segment 2002.

PAGE 2

Life Insurance Segment
Income Statements
Unaudited [Millions of Dollars]

For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Ma 2000
	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	71.1	53.0	56.3	50.9	67.1	50.0
Surrender charges	18.0	16.2	16.5	13.8	19.9	17.0
Mortality assessments	113.9	112.2	114.5	116.3	122.1	124.0
Expense assessments	48.0	45.3	44.1	46.9	55.5	47.0
Other revenue and fees	3.9	3.2	3.6	3.8	3.7	5.0
Net investment income	214.8	215.6	215.5	220.6	219.7	223.0
	-----	-----	-----	-----	-----	-----
Operating Revenue	469.6	445.5	450.5	452.4	488.0	467.0
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	112.8	98.4	96.3	95.8	121.0	99.0
Div accum & div to policyholders	21.0	20.4	18.7	16.4	25.3	17.0
Interest credited to policy bal.	122.3	126.3	128.7	134.0	136.5	138.0
	-----	-----	-----	-----	-----	-----
Total benefits	256.1	245.0	243.8	246.2	282.9	255.0
Underwriting, acquisition, insurance and other expenses*:						
Commissions	58.7	32.2	34.2	39.8	46.6	33.0
Other volume related expenses	67.0	43.5	44.8	48.6	64.0	34.0
Operating and administrative expenses	46.3	40.4	40.8	39.4	43.8	40.0
Taxes, licenses and fees	17.2	13.4	9.8	11.4	13.9	12.0
Par policyholder interests	4.2	(1.5)	1.6	1.4	(0.5)	(0.0)
	-----	-----	-----	-----	-----	-----
Subtotal	193.3	128.0	131.1	140.7	167.9	121.0
Deferral of acquisition costs	-	-	-	-	-	(64.0)
DAC amortization	-	-	-	-	-	19.0
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	(92.1)	(53.2)	(53.6)	(76.8)	(103.0)	(45.0)
PVIF amortization	16.5	24.6	23.4	31.0	24.7	22.0

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Other intangibles amortization	-	-	-	-	-	-
Total underwriting, acquisition, insurance and other expenses	117.8	99.4	100.9	94.9	89.6	98.0
Goodwill amortization	6.0	5.9	5.9	5.9	5.9	5.9
Interest	-	-	-	-	-	-
Operating Benefits and Expenses	379.9	350.3	350.6	347.0	378.4	360.0
Income from Operations Before Tax	89.8	95.2	99.9	105.4	109.6	107.0
Federal income taxes	32.8	34.8	37.4	38.9	39.0	38.0
Income from Operations	57.0	60.4	62.4	66.5	70.6	68.0
Realized gains (losses) on investments	2.8	(2.4)	(4.0)	1.0	(5.2)	(5.0)
Gains (losses) on derivatives						(0.0)
Restructuring charges						
Income before Accounting Changes	59.7	58.1	58.4	67.4	65.4	63.0
Cumulative effect of accounting changes						(0.0)
Net Income	59.7	58.1	58.4	67.4	65.4	62.0
Inc from Oper -before Goodwill Amort.	63.0	66.3	68.4	72.4	76.5	74.0
Net Income -before Goodwill Amort.	65.8	64.0	64.4	73.4	71.3	68.0
Effective tax rate	36.5%	36.5%	37.5%	36.9%	35.6%	36.1%
Operating Revenue	469.6	445.5	450.5	452.4	488.0	467.0
Realized gains (losses) on investments	3.4	(3.8)	(6.3)	0.8	(8.1)	(8.0)
Gains (losses) on derivatives						(0.0)
Total Revenue	473.1	441.7	444.2	453.2	479.9	459.0
Average capital	2686.0	2655.3	2615.0	2650.5	2640.0	2729.0
Return on average capital	8.5%	9.1%	9.6%	10.0%	10.7%	10.1%

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter						1079.0
Deferral						64.0
Amortization						(19.0)
Operating Adjustment related to realized (gains) losses on securities available-for-sale						45.0
Adjustment related to unrealized						7.0

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(gains) losses						
on securities available-for-sale						(68.
Other**						0.
Balance at end-of-quarter	-----	-----	-----	-----	-----	-----
	=====	=====	=====	=====	=====	=====
1064.						
Roll Forward of Present Value of In-Force						
Balance at beginning-of-quarter						1040.
Amortization						(22.
Other						
Balance at end-of-quarter	-----	-----	-----	-----	-----	-----
	=====	=====	=====	=====	=====	=====
1017.						
For the Quarter Ended						
	Jun	Sep	Dec	Mar	Jun	Se
	2001	2001	2001	2002	2002	200
	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	50.7	46.4	64.4	51.1	47.6	48.
Surrender charges	13.5	15.6	19.9	11.7	13.5	13.
Mortality assessments	124.8	124.7	125.5	123.9	123.9	126.
Expense assessments	45.3	46.0	52.8	46.9	47.2	49.
Other revenue and fees	3.8	3.0	6.0	5.7	6.7	5.
Net investment income	227.4	233.2	226.6	226.0	225.7	224.
Operating Revenue	-----	-----	-----	-----	-----	-----
	465.5	468.9	495.2	465.3	464.6	466.
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	103.5	102.3	112.9	104.1	103.6	105.
Div accum & div to policyholders	19.0	16.5	25.4	17.8	18.2	17.
Interest credited to policy bal.	141.2	143.5	146.9	146.3	148.9	152.
Total benefits	-----	-----	-----	-----	-----	-----
	263.8	262.3	285.1	268.1	270.8	275.
Underwriting, acquisition, insurance and other expenses*:						
Commissions	31.1	32.5	45.1	34.6	34.8	31.
Other volume related expenses	43.3	41.4	56.9	42.7	43.6	45.
Operating and administrative expenses	40.7	41.6	38.3	37.1	37.1	40.
Taxes, licenses and fees	12.3	12.0	12.5	13.2	15.3	13.
Par policyholder interests	0.0	-	-	-	-	-
Subtotal	-----	-----	-----	-----	-----	-----
	127.3	127.5	152.8	127.5	130.8	130.
Deferral of acquisition costs	(68.8)	(85.3)	(106.3)	(74.3)	(82.2)	(78.
DAC amortization	15.8	29.7	30.2	22.1	23.6	23.
DAC deferral net of amortization	-----	-----	-----	-----	-----	-----
	(53.0)	(55.5)	(76.1)	(52.3)	(58.6)	(54.
PVIF amortization	17.7	20.5	14.7	16.9	16.3	23.
Other intangibles amortization	-	-	-	-	-	-
Total underwriting, acquisition, insurance and other expenses	-----	-----	-----	-----	-----	-----
	92.0	92.5	91.4	92.1	88.5	99.
Goodwill amortization	5.9	5.9	5.9	-	-	-
Interest	-	-	0.0	0.0	0.0	-

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Operating Benefits and Expenses	361.7	360.8	382.5	360.2	359.3	374.0
Income from Operations Before Tax	103.8	108.1	112.7	105.1	105.3	92.0
Federal income taxes	36.7	38.1	39.5	34.0	31.8	29.0
Income from Operations	67.1	70.1	73.2	71.1	73.5	63.0
Realized gains (losses) on investments	(6.4)	(5.3)	(21.3)	(26.9)	(16.4)	(16.0)
Gains (losses) on derivatives	0.1	(0.0)	1.5	0.0	0.3	0.0
Restructuring charges	(2.0)		(1.5)			
Income before Accounting Changes	58.8	64.7	51.9	44.2	57.4	47.0
Cumulative effect of accounting changes	(5.3)	0.0	(0.0)	0.0	0.0	0.0
Net Income	53.5	64.7	51.9	44.2	57.4	47.0
Inc from Oper -before Goodwill Amort.	73.0	76.0	79.1	71.1	73.5	63.0
Net Income -before Goodwill Amort.	59.5	70.6	57.8	44.2	57.4	47.0
Effective tax rate	35.3%	35.2%	35.0%	32.3%	30.2%	31.3%
Operating Revenue	465.5	468.9	495.2	465.3	464.6	466.0
Realized gains (losses) on investments	(10.0)	(8.2)	(31.1)	(41.4)	(25.4)	(25.0)
Gains (losses) on derivatives	0.2	(0.1)	0.6	0.0	0.6	0.0
Total Revenue	455.7	460.6	464.7	423.9	439.8	441.0
Average capital	2715.7	2736.3	2744.4	2801.9	2865.8	2852.0
Return on average capital	9.9%	10.2%	10.7%	10.2%	10.3%	8.9%

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter	1064.1	1151.1	1156.0	1265.6	1385.3	1404.0
Deferral	68.8	85.3	106.3	74.3	82.2	78.0
Amortization	(15.8)	(29.7)	(30.2)	(22.1)	(23.6)	(23.0)
Operating Adjustment related to realized (gains) losses on securities available-for-sale	53.0	55.5	76.1	52.3	58.6	54.0
Adjustment related to unrealized (gains) losses on securities available-for-sale	13.3	7.2	14.7	15.8	11.2	11.0
Other**	20.7	(59.6)	18.5	34.0	(51.9)	(109.0)
Balance at end-of-quarter	1151.1	1156.0	1265.6	1385.3	1404.9	1362.0

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Roll Forward of Present Value of
In-Force

Balance at beginning-of-quarter	1017.6	999.9	978.7	964.0	947.1	930.7
Amortization	(17.7)	(20.5)	(14.7)	(16.9)	(16.3)	(23.0)
Other		(0.7)			(0.1)	
	-----	-----	-----	-----	-----	-----
Balance at end-of-quarter	999.9	978.7	964.0	947.1	930.7	907.7
	=====	=====	=====	=====	=====	=====

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

** Includes the transfer of the Legacy Life block of business from the Lincoln Retirement segment in the first quarter of 2002.

Life Insurance Segment
Operational Data
Unaudited [Millions of Dollars]

	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
First Year Premiums by Product (Millions)					
Universal Life	114.0	233.0	342.9	289.3	292.7
Variable Universal Life	52.9	101.3	142.2	218.7	228.6
Whole Life	5.4	20.0	23.9	22.4	26.3
Term	33.0	48.0	45.9	41.9	30.8
	-----	-----	-----	-----	-----
Total Retail	205.3	402.3	555.0	572.3	578.4
Corporate Owned Life Insurance (COLI)	0.0	4.0	14.7	87.0	47.3
	-----	-----	-----	-----	-----
Total	205.3	406.3	569.7	659.3	625.6
	-----	-----	-----	-----	-----
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	71.0	35.0	188.3	200.6	196.1
Lincoln Financial Distributors	134.3	356.3	367.9	444.7	413.0
Other*	0.0	15.0	13.5	14.0	16.6
	-----	-----	-----	-----	-----
Total by Distribution	205.3	406.3	569.7	659.3	625.6
	=====	=====	=====	=====	=====
Life Insurance In-Force (Billions)					
Universal Life & Other	32.827	105.837	109.288	115.872	121.168
Term Insurance	30.337	67.076	85.701	100.130	113.226
	-----	-----	-----	-----	-----
Total Life Segment In-Force	63.164	172.914	194.988	216.002	234.394

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For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
First Year Premiums by Product (Millions)					
Universal Life	113.2	72.3	63.7	72.4	80.9
Variable Universal Life	55.6	44.0	44.5	55.1	75.1
Whole Life	8.0	3.9	4.5	6.0	8.0
Term	11.0	13.1	12.1	9.1	7.6
Total Retail	187.8	133.3	124.8	142.6	171.6
Corporate Owned Life Insurance (COLI)	4.0	12.7	19.5	5.8	49.0
Total	191.9	146.0	144.3	148.4	220.7
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	72.8	46.1	37.0	51.3	66.2
Lincoln Financial Distributors	115.0	96.8	104.4	92.9	150.6
Other*	4.1	3.0	2.9	4.2	3.9
Total by Distribution	191.9	146.0	144.3	148.4	220.7
Insurance In-Force (Billions)					
Universal Life & Other	109.288	108.817	110.448	112.884	115.872
Term Insurance	85.701	92.857	97.039	98.424	100.130
Total Segment In-Force	194.988	201.674	207.487	211.308	216.002
For the Quarter Ended					
	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002
First Year Premiums by Product (Millions)					
Universal Life	67.4	97.5	86.4	98.9	132.9
Variable Universal Life	50.1	70.2	39.0	42.4	26.1
Whole Life	6.7	10.4	5.2	6.4	7.7
Term	8.1	9.1	8.7	8.1	7.3
Total Retail	132.4	187.2	139.4	155.8	174.0
Corporate Owned Life Insurance (COLI)	5.1	14.2	6.9	46.6	7.8
Total	137.4	201.3	146.3	202.4	181.8
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	41.8	68.0	41.5	48.3	46.9
Lincoln Financial Distributors	90.4	129.5	100.9	151.6	132.7
Other*	5.2	3.8	3.8	2.6	2.2
Total by Distribution	137.4	201.3	146.3	202.4	181.8

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Insurance In-Force (Billions)					
Universal Life & Other	119.029	121.168	122.316	123.674	124.085
Term Insurance	108.723	113.226	117.752	121.076	123.945
	-----	-----	-----	-----	-----
Total Segment In-Force	227.751	234.394	240.068	244.750	248.030

* Other consists of distribution arrangements with third-party intermediaries.

Life Insurance Segment
Life Insurance Account Value Roll Forward
Unaudited [Billions of Dollars]

	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
Universal Life-Bal Beg-of-Year	2.530	2.558	6.259	6.650	6.976
Deposits	0.278	0.675	1.017	0.955	1.043
Withdrawals & deaths	(0.399)	(0.701)	(0.452)	(0.426)	(0.319)
	-----	-----	-----	-----	-----
Net cash flows	(0.121)	(0.026)	0.564	0.528	0.724
Policyholder assessments			(0.544)	(0.584)	(0.598)
Interest credited	0.149	0.350	0.370	0.382	0.405
Acq of new business/transfers between segments	0.000	3.378	0.000	0.000	0.000
	-----	-----	-----	-----	-----
Universal Life-Bal End of Year (1)	2.558	6.259	6.650	6.976	7.508
	-----	-----	-----	-----	-----
Variable Universal Life-Bal Beg-of-Year	0.339	0.480	1.200	1.605	1.808
Deposits	0.106	0.193	0.326	0.607	0.584
Withdrawals & deaths	(0.040)	(0.100)	(0.099)	(0.132)	(0.251)
	-----	-----	-----	-----	-----
Net cash flows	0.065	0.093	0.228	0.475	0.332
Policyholder assessments		0.000	(0.084)	(0.141)	(0.170)
Invest inc & chg in mkt value	0.076	0.105	0.370	(0.130)	(0.225)
Acq of new business/transfers between segments	0.000	0.522	(0.110)	0.000	0.000
	-----	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Year	0.480	1.200	1.605	1.808	1.746
	-----	-----	-----	-----	-----
Interest Sensitive Whole Life - Bal Beg-of-Year			1.784	1.963	2.062
Deposits		0.340	0.355	0.322	0.307
Withdrawals & deaths		(0.294)	(0.162)	(0.168)	(0.200)
	-----	-----	-----	-----	-----
Net cash flows		0.046	0.193	0.154	0.107
Policyholder assessments			(0.168)	(0.168)	(0.164)

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Interest credited		0.096	0.109	0.113	0.118
Acq of new business/transfers between segments		1.642	0.045		
Int Sensitive Whole Life-Bal End -of -Year		1.784	1.963	2.062	2.123

Total Segment- Life Insurance Account Values					
Bal Beg-of-Year	2.869	3.038	9.243	10.217	10.847
Deposits	0.384	1.207	1.698	1.884	1.934
Withdrawals & deaths	(0.439)	(1.095)	(0.713)	(0.727)	(0.771)
Net cash flows	(0.056)	0.113	0.985	1.158	1.163
Policyholder assessments			(0.795)	(0.893)	(0.931)
Invest inc & change in market value	0.225	0.551	0.849	0.364	0.299
Acq of new business/transfers between segments		5.542	(0.065)		
Total Segment -Bal End-of-Year	3.038	9.243	10.217	10.847	11.377
	=====	=====	=====	=====	=====

(1) Includes fixed investment option of VUL products.

Life Insurance Segment
Life Insurance Account Value Roll Forward
Unaudited [Billions of Dollars]

For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----	-----
Universal Life-Bal Beg-of-Quarter	6.519	6.650	6.729	6.782	6.878
Deposits	0.306	0.252	0.212	0.227	0.265
Withdrawals & deaths	(0.124)	(0.121)	(0.111)	(0.080)	(0.114)
Net cash flows	0.182	0.131	0.101	0.146	0.151
Policyholder assessments	(0.145)	(0.145)	(0.143)	(0.146)	(0.150)
Interest credited	0.093	0.093	0.095	0.096	0.097
Acq of new business/transfers between segments				0.000	
Universal Life-Bal End-of-Quarter (1)	6.650	6.729	6.782	6.878	6.976
Variable Universal Life-Bal Beg of Quarter	1.285	1.605	1.771	1.764	1.812

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Deposits	0.107	0.112	0.128	0.123	0.245
Withdrawals & deaths	(0.025)	(0.019)	(0.028)	(0.037)	(0.048)
	-----	-----	-----	-----	-----
Net cash flows	0.082	0.093	0.100	0.085	0.197
Policyholder assessments	(0.024)	(0.032)	(0.033)	(0.036)	(0.041)
Invest inc & chg in mkt value	0.262	0.105	(0.074)	(0.001)	(0.160)
Acq of new business/transfers between segments				0.000	
	-----	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Quarter	1.605	1.771	1.764	1.812	1.808
	-----	-----	-----	-----	-----
Interest Sensitive Whole Life - Bal Beg-of-Quarter	1.922	1.963	1.970	1.993	2.026
Deposits	0.113	0.060	0.071	0.079	0.113
Withdrawals & deaths	(0.050)	(0.042)	(0.037)	(0.033)	(0.056)
	-----	-----	-----	-----	-----
Net cash flows	0.062	0.018	0.034	0.045	0.057
Policyholder assessments	(0.048)	(0.039)	(0.040)	(0.040)	(0.050)
Interest credited	0.026	0.028	0.028	0.027	0.029
Acq of new business/transfers between segments					
	-----	-----	-----	-----	-----
Int Sensitive Whole Life-Bal End-of-Quarter	1.963	1.970	1.993	2.026	2.062
	-----	-----	-----	-----	-----

Total Segment- Life Insurance Account Values Bal Beg-of-Quarter	9.726	10.217	10.470	10.538	10.716
Deposits	0.526	0.424	0.411	0.428	0.622
Withdrawals & deaths	(0.199)	(0.182)	(0.176)	(0.151)	(0.218)
	-----	-----	-----	-----	-----
Net cash flows	0.327	0.242	0.235	0.277	0.404
Policyholder assessments	(0.216)	(0.215)	(0.216)	(0.221)	(0.241)
Invest inc & change in market value	0.381	0.227	0.048	0.123	(0.033)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----
Total Segment -Bal End-of-Quarter	10.217	10.470	10.538	10.716	10.847
	=====	=====	=====	=====	=====

For the Quarter Ended	Jun	Sep	Dec	Mar	Jun
	2001	2001	2001	2002	2002
	-----	-----	-----	-----	-----
Universal Life-Bal Beg-of-Quarter	7.063	7.216	7.315	7.508	7.622
Deposits	0.270	0.233	0.314	0.248	0.364
Withdrawals & deaths	(0.071)	(0.085)	(0.073)	(0.098)	(0.096)
	-----	-----	-----	-----	-----
Net cash flows	0.199	0.147	0.241	0.150	0.268
Policyholder assessments	(0.147)	(0.150)	(0.153)	(0.158)	(0.158)
Interest credited	0.100	0.102	0.105	0.104	0.106
Acq of new business/transfers					

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between segments	0.000			0.018	
Universal Life-Bal End-of-Quarter (1)	7.216	7.315	7.508	7.622	7.838
Variable Universal Life-Bal Beg of Quarter	1.633	1.766	1.527	1.746	1.919
Deposits	0.138	0.124	0.186	0.129	0.147
Withdrawals & deaths	(0.060)	(0.055)	(0.088)	(0.055)	(0.057)
Net cash flows	0.078	0.069	0.098	0.074	0.090
Policyholder assessments	(0.041)	(0.042)	(0.045)	(0.047)	(0.046)
Invest inc & chg in mkt value	0.096	(0.266)	0.166	0.013	(0.186)
Acq of new business/transfers between segments	0.000	0.000		0.132	
Variable Universal Life -Bal End-of-Quarter	1.766	1.527	1.746	1.919	1.776
Interest Sensitive Whole Life - Bal Beg-of-Quarter	2.068	2.084	2.096	2.123	2.126
Deposits	0.069	0.077	0.105	0.063	0.066
Withdrawals & deaths	(0.043)	(0.054)	(0.061)	(0.051)	(0.039)
Net cash flows	0.027	0.022	0.044	0.012	0.026
Policyholder assessments	(0.040)	(0.041)	(0.047)	(0.042)	(0.039)
Interest credited	0.030	0.030	0.030	0.033	0.032
Acq of new business/transfers between segments					
Int Sensitive Whole Life-Bal End-of-Quarter	2.084	2.096	2.123	2.126	2.145

Total Segment- Life Insurance Account Values Bal Beg-of-Quarter	10.764	11.066	10.939	11.377	11.667
Deposits	0.477	0.434	0.605	0.440	0.577
Withdrawals & deaths	(0.173)	(0.195)	(0.222)	(0.204)	(0.192)
Net cash flows	0.304	0.239	0.383	0.236	0.385
Policyholder assessments	(0.228)	(0.232)	(0.246)	(0.246)	(0.244)
Invest inc & change in market value	0.226	(0.134)	0.301	0.151	(0.049)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.150	0.000
Total Segment -Bal End-of-Quarter	11.066	10.939	11.377	11.667	11.759
	=====	=====	=====	=====	=====

(1) Includes fixed investment option of VUL products.

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Investment Management
Income Statements
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	2001
Operating Revenue					
Investment advisory fees -					
External	229.9	249.0	248.6	231.6	197.2
Investment advisory fees -					
Insurance Assets	68.5	82.5	83.6	88.9	87.5
Other revenue and fees	76.3	92.5	106.6	115.9	99.2
Net investment income	72.8	67.0	56.9	57.7	53.6
Operating Revenue	447.5	491.0	495.6	494.2	437.4
Operating Benefits and Expenses					
Underwriting, acquisition,					
insurance and other expenses*:					
Operating and administrative					
expenses	366.2	366.9	350.2	375.4	364.8
Taxes, licenses and fees	12.4	15.9	16.4	17.1	22.2
Subtotal	378.5	382.7	366.6	392.5	387.0
Other intangibles amortization	17.6	18.8	17.7	16.3	10.8
Total underwriting, acquisition,					
insurance and other expenses	396.1	401.5	384.3	408.7	397.8
Goodwill amortization	15.5	16.3	16.2	16.2	16.2
Interest	0.1	0.4	0.0	0.0	0.0
Operating Benefits and Expenses	411.8	418.2	400.5	425.0	414.1
Income from Operations Before Tax	35.8	72.8	95.1	69.2	23.4
Federal income taxes	17.7	28.9	34.1	25.1	8.7
Income from Operations	18.1	43.9	61.0	44.1	14.6
Realized gains (losses) on					
investments	7.0	0.5	(0.1)	(2.5)	(2.4)
Gains (losses) on derivatives					0.0
Restructuring charges	0.0	0.0	(9.2)	(4.6)	(0.4)
Income before Accounting Changes	25.1	44.4	51.6	37.0	11.9
Cumulative effect of accounting					(0.1)
changes					
Net Income	25.1	44.4	51.6	37.0	11.8
Income from Operations-					
before Goodwill Amortization	33.6	60.3	77.2	60.3	30.9
before Goodwill & Intang. Amort	45.2	72.6	88.7	70.9	37.9

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Net Income -before Goodwill					
Amortization	40.6	60.8	67.9	53.2	28.0
Net Income -before Goodwill & Intang. Amort.	52.2	73.1	79.4	63.8	35.0
Operating Revenue	447.5	491.0	495.6	494.2	437.4
Realized gains (losses) on investments	11.6	0.9	(0.1)	(3.9)	(3.7)
Gains (losses) on derivatives	-----	-----	-----	-----	-----
Total Revenue	459.1	491.9	495.5	490.3	433.7
	=====	=====	=====	=====	=====
Average Capital (Securities at Cost)	653.3	642.3	593.9	575.2	543.7
Return on Capital	2.8%	6.8%	10.3%	7.7%	2.7%

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

Investment Management
Income Statements
Unaudited [Millions of Dollars]

For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----	-----
Operating Revenue					
Investment advisory fees - External	60.3	60.0	57.9	56.9	56.7
Investment advisory fees - Insurance Assets	22.1	21.0	22.3	22.5	23.1
Other revenue and fees	29.8	31.9	31.0	26.4	26.6
Net investment income	13.9	13.0	12.6	18.3	13.8
	-----	-----	-----	-----	-----
Operating Revenue	26.1	126.0	123.8	124.1	120.2
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Underwriting, acquisition, insurance and other expenses*:					
Operating and administrative expenses	88.4	92.7	90.5	96.3	95.9
Taxes, licenses and fees	3.6	5.5	4.8	3.6	3.2
	-----	-----	-----	-----	-----
Subtotal	92.0	98.2	95.3	99.9	99.1
Other intangibles amortization	4.4	4.4	4.0	4.0	4.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	96.3	102.5	99.3	103.9	103.0
Goodwill amortization	4.1	4.1	4.1	4.1	4.1
Interest	0.0	0.0	0.0	0.0	(0.0)

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Operating Benefits & Expenses	100.4	106.6	103.3	107.9	107.1
Income from Operations Before Tax	25.7	19.4	20.5	16.2	13.1
Federal income taxes	9.1	7.0	7.4	6.3	4.4
Income from Operations	16.5	12.4	13.1	9.9	8.7
Realized gains (losses) on investments	0.4	(0.1)	(2.0)	(0.2)	(0.2)
Gains (losses) on derivatives					
Restructuring charges	2.9	0.0	(2.7)	0.0	(1.9)
Income before Accounting Changes	19.8	12.3	8.4	9.7	6.6
Cumulative effect of accounting changes					
Net Income	19.8	12.3	8.4	9.7	6.6
Inc from Oper -before					
Goodwill Amortization	20.6	16.5	17.1	14.0	12.7
Inc from Oper -before					
Goodwill & Intang. Amort	23.3	19.4	19.7	16.6	15.2
Net Income -before					
Goodwill Amortization	23.9	16.4	12.4	13.7	10.6
Net Income -before					
Goodwill & Intang. Amort	26.6	19.2	15.0	16.3	13.1
Operating Revenue	126.1	126.0	123.8	124.1	120.2
Realized gains (losses) on investments	0.6	(0.2)	(3.1)	(0.4)	(0.3)
Gains (losses) on derivatives					
Total Revenue	126.6	125.8	120.7	123.8	120.0
Average Capital (Securities at Cost)	84.2	581.5	593.0	567.7	558.5
Return on Capital	11.3%	8.6%	8.8%	7.0%	6.2%
For the Quarter Ended	Jun	Sep	Dec	Mar	Jun
	2001	2001	2001	2002	2002
Operating Revenue					
Investment advisory fees - External	51.1	46.2	49.3	48.0	47.8
Investment advisory fees - Insurance Assets	21.6	21.8	22.0	21.2	20.7
Other revenue and fees	25.7	23.9	23.4	23.0	22.0
Net investment income	13.0	13.6	12.8	12.8	12.7
Operating Revenue	111.4	105.5	107.6	105.1	103.1
Operating Benefits and Expenses					

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Underwriting, acquisition, insurance and other expenses*: Operating and administrative expenses	94.1	88.0	88.4	86.9	87.6
Taxes, licenses and fees	5.3	4.8	5.7	6.3	5.3
	-----	-----	-----	-----	-----
Subtotal	99.4	92.8	94.1	93.2	92.9
Other intangibles amortization	2.3	2.3	2.3	2.2	2.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	101.6	95.1	96.4	95.4	95.0
Goodwill amortization	4.1	4.1	4.1	0.0	0.0
Interest	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Operating Benefits & Expenses	105.7	99.2	100.4	95.4	95.0
	-----	-----	-----	-----	-----
Income from Operations Before Tax	5.7	6.3	7.1	9.7	8.1
Federal income taxes	2.0	2.9	2.1	1.7	1.5
	-----	-----	-----	-----	-----
Income from Operations	3.7	3.5	5.1	8.0	6.6
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(0.7)	(0.5)	(0.7)	(1.0)	(0.4)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	0.0	(0.4)	0.0	0.0
	-----	-----	-----	-----	-----
Income before Accounting Changes	3.0	2.9	4.0	7.0	6.2
Cumulative effect of accounting changes	(0.1)	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Net Income	2.9	2.9	4.0	7.0	6.2
	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amortization	7.7	7.5	9.1	8.0	6.6
Inc from Oper -before Goodwill & Intang. Amort	9.2	9.0	10.6	9.4	7.9
Net Income -before Goodwill Amortization	6.9	7.0	8.1	7.0	6.2
Net Income -before Goodwill & Intang. Amort	8.4	8.5	9.5	8.4	7.5
Operating Revenue	111.4	105.5	107.6	105.1	103.1
Realized gains (losses) on investments	(1.1)	(0.8)	(1.1)	(1.5)	(0.7)
Gains (losses) on derivatives					
	-----	-----	-----	-----	-----
Total Revenue	110.3	104.7	106.5	103.5	102.4
	=====	=====	=====	=====	=====
Average Capital (Securities at Cost)	542.8	543.1	540.6	546.1	568.6
Return on Capital	2.7%	2.5%	3.8%	5.8%	4.6%

* Does not include restructuring charges which is consistent with the definition of "Income from (see page 5).

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Investment Management
Assets Under Management Roll
Forward
Unaudited [Billions of Dollars]

	1997	1998	1999	2000	2001	
	-----	-----	-----	-----	-----	-----
Retail Fixed - Bal Beg-of-Year	5.853	8.125	8.217	7.423	6.608	6
Fund Sales	0.961	1.165	0.991	0.770	0.876	0
Redemptions	(1.271)	(1.235)	(1.424)	(1.401)	(1.050)	(0)
Net Money Market	(0.069)	(0.140)	(0.110)	(0.207)	(0.047)	(0)
Transfers	(0.220)	0.132	0.177	(0.168)	0.403	0
Net Cash Flows(1)	(0.599)	(0.078)	(0.366)	(1.006)	0.183	0
Market	0.324	0.170	(0.428)	0.097	0.329	0
Acquisitions/addition of Assets under Administration(1)	2.547			0.094		
Balance End-of-Year	8.125	8.217	7.423	6.608	7.120	7
Retail Equity - Bal Beg-of-Year	13.152	17.754	22.080	23.384	21.523	21
Fund Sales	2.953	3.581	3.271	4.116	2.816	2
Redemptions	(1.926)	(2.460)	(4.971)	(4.431)	(2.839)	(2)
Net Money Market	0.000	(0.002)	(0.001)	0.001	0.000	(0)
Transfers	0.209	0.730	(0.143)	(0.178)	(0.538)	(0)
Net Cash Flows(1)	1.236	1.849	(1.844)	(0.493)	(0.561)	(0)
Market	3.323	2.476	3.148	(1.710)	(2.974)	(5)
Acquisitions/addition of Assets under Administration(1)	0.043			0.342		
Balance at End-of-Year	17.754	22.080	23.384	21.523	17.987	15
Total Retail - Bal Beg-of-Year	19.005	25.879	30.297	30.807	28.130	28
Retail Sales-Annuities	2.163	2.238	1.561	1.782	1.702	1
Retail Sales-Mutual Funds	1.218	1.913	2.153	2.578	1.522	1
Retail Sales-Managed Acct. & Other	0.533	0.596	0.550	0.525	0.468	0
Total Retail Sales	3.914	4.747	4.264	4.886	3.692	2
Redemptions	(3.197)	(3.695)	(6.395)	(5.833)	(3.889)	(3)
Net Money Market	(0.068)	(0.141)	(0.111)	(0.206)	(0.047)	(0)
Transfers	(0.011)	0.862	0.034	(0.346)	(0.135)	(0)
Net Cash Flows(1)	0.637	1.773	(2.208)	(1.499)	(0.379)	(0)
Market	3.647	2.647	2.720	(1.613)	(2.645)	(4)
Acquisitions/addition of Assets under Administration(1)	2.590			0.435		
Balance at End-of-Year	25.879	30.297	30.807	28.130	25.107	23

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Institutional Fixed - Bal						
Beg-of-Year	3.580	5.708	6.955	6.936	6.111	6
Inflows	2.509	2.169	2.000	0.771	0.643	0
Withdrawals/Terminations	(0.787)	(1.242)	(1.699)	(1.973)	(1.228)	(1
Transfers	0.013	(0.074)	(0.001)	(0.005)	0.017	0
	-----	-----	-----	-----	-----	-----
Net Cash Flows	1.735	0.853	0.300	(1.207)	(0.568)	(0
Market	0.343	0.394	(0.319)	0.382	(0.053)	(0
Acquisitions	0.051					
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	5.708	6.955	6.936	6.111	5.490	5
	-----	-----	-----	-----	-----	-----
Institutional Equity - Bal						
Beg-of-Year	22.886	24.871	24.235	23.631	19.112	19
Inflows	2.465	3.840	5.248	2.730	3.182	2
Withdrawals/Terminations	(6.447)	(7.441)	(7.801)	(7.209)	(2.878)	(2
Transfers	(0.068)	0.047	0.011	(0.008)	0.036	0
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(4.049)	(3.555)	(2.542)	(4.487)	0.340	0
Market	6.035	2.919	1.938	(0.032)	(1.638)	(3
Acquisitions						
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	24.871	24.235	23.631	19.112	17.814	16
	-----	-----	-----	-----	-----	-----
Total Institutional - Bal						
Beg-of-Year	26.465	30.579	31.191	30.568	25.223	25
Inflows	4.975	6.009	7.248	3.501	3.825	3
Withdrawals/Terminations	(7.234)	(8.683)	(9.500)	(9.182)	(4.106)	(3
Transfers	(0.055)	(0.027)	0.010	(0.014)	0.053	0
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(2.314)	(2.702)	(2.242)	(5.694)	(0.228)	(0
Market	6.377	3.313	1.619	0.350	(1.691)	(3
Acquisitions	0.051					
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	30.579	31.191	30.568	25.223	23.304	21
	-----	-----	-----	-----	-----	-----
Total Retail/Institutional - At						
End-of-Year	56.458	61.488	61.375	53.354	48.411	44
	-----	-----	-----	-----	-----	-----
Insurance Assets - At End-of-Year	35.684	39.432	35.934	35.686	38.119	37
	-----	-----	-----	-----	-----	-----
Total Assets Under Management						
	-----	-----	-----	-----	-----	-----
At End-of-Year	92.142	100.920	97.309	89.040	86.530	82
	=====	=====	=====	=====	=====	=====

(1) Retail assets under management have been restated to include assets under administration for which the segment receives asset based revenues beginning in January of 2000. Net Cash Flows Assets Under Administration are:

0.018 0.081 0

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	Assets Under Management Roll Forward					
	Unaudited [Billions of Dollars]					
	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	
Retail Fixed - Bal-Beg-of-Qtr	7.680	7.424	7.057	6.764	6.631	6
Fund Sales	0.181	0.168	0.166	0.223	0.212	0
Redemptions	(0.403)	(0.456)	(0.339)	(0.328)	(0.277)	(0)
Net Money Market	(0.030)	(0.067)	(0.058)	(0.031)	(0.051)	0
Transfers	0.154	(0.102)	(0.046)	(0.031)	0.010	0
Net Cash Flows(1)	(0.098)	(0.457)	(0.277)	(0.167)	(0.106)	0
Market	(0.158)	(0.003)	(0.017)	0.035	0.081	0
Acquisitions/addition of Assets under Admin.(1)	0.000	0.094	0.000	0.000	0.000	0
Balance at End-of-Qtr	7.424	7.057	6.764	6.631	6.606	6
Retail Equity - Bal-Beg-of-Qtr	20.873	23.383	24.478	23.496	24.047	21
Fund Sales	0.894	1.234	0.884	0.927	1.071	0
Redemptions	(1.120)	(1.565)	(0.989)	(1.040)	(0.837)	(0)
Net Money Market	0.000	0.000	0.000	0.001	0.000	0
Transfers	(0.086)	(0.091)	0.018	(0.036)	(0.069)	(0)
Net Cash Flows(1)	(0.312)	(0.423)	(0.087)	(0.148)	0.165	(0)
Market	2.822	1.176	(0.895)	0.699	(2.689)	(3)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.342	0.000	0.000	0.000	0
Balance at End-of-Qtr	23.383	24.478	23.496	24.047	21.523	18
Total Retail - Bal-Beg-of-Qtr	28.553	30.807	31.535	30.260	30.679	28
Retail Sales-Annuities	0.409	0.379	0.358	0.456	0.589	0
Retail Sales-Mutual Funds	0.587	0.876	0.586	0.554	0.562	0
Retail Sales-Managed Acct. & Other	0.079	0.148	0.106	0.140	0.131	0
Total Retail Sales	1.075	1.403	1.050	1.150	1.283	1
Redemptions	(1.523)	(2.021)	(1.329)	(1.368)	(1.114)	(1)
Net Money Market	(0.030)	(0.067)	(0.058)	(0.030)	(0.051)	0
Transfers	0.068	(0.193)	(0.027)	(0.067)	(0.059)	(0)
Net Cash Flows(1)	(0.410)	(0.879)	(0.364)	(0.315)	0.059	(0)
Market	2.664	1.173	(0.911)	0.734	(2.608)	(3)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.435	0.000	0.000	0.000	0
Balance at End-of-Qtr	30.807	31.535	30.260	30.679	28.130	25
Institutional Fixed - Bal-Beg-of-Qtr	7.218	6.937	6.873	6.485	6.276	6
Inflows	0.420	0.180	0.148	0.308	0.135	0

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Withdrawals/Terminations	(0.781)	(0.353)	(0.520)	(0.532)	(0.568)	(0.568)
Transfers	0.001	(0.005)	(0.001)	0.000	0.001	0.001
Net Cash Flows	(0.360)	(0.178)	(0.373)	(0.224)	(0.433)	(0.433)
Market	0.079	0.114	(0.015)	0.015	0.269	0.269
Balance at End-of-Qtr	6.937	6.873	6.485	6.276	6.112	5.943
Institutional Equity - Bal-Beg-of-Qtr	23.098	23.631	20.304	20.241	19.044	19.044
Inflows	0.934	0.904	0.669	0.407	0.750	0.750
Withdrawals/Terminations	(2.043)	(3.333)	(1.354)	(1.154)	(1.368)	(1.368)
Transfers	(0.010)	(0.004)	0.002	(0.013)	0.007	0.007
Net Cash Flows	(1.119)	(2.433)	(0.683)	(0.760)	(0.611)	(0.611)
Market	1.652	(0.894)	0.620	(0.438)	0.680	0.680
Balance at End-of-Qtr	23.631	20.304	20.241	19.044	19.113	17.422
Total Institutional - Bal-Beg-of-Qtr	30.316	30.568	27.177	26.726	25.320	25.320
Inflows	1.354	1.084	0.817	0.715	0.885	0.885
Withdrawals/Terminations	(2.824)	(3.686)	(1.874)	(1.686)	(1.936)	(1.936)
Transfers	(0.009)	(0.009)	0.001	(0.012)	0.008	0.008
Net Cash Flows	(1.479)	(2.611)	(1.056)	(0.983)	(1.043)	(1.043)
Market	1.731	(0.780)	0.605	(0.423)	0.949	0.949
Balance at End-of-Qtr	30.568	27.177	26.726	25.320	25.225	23.676
Total Retail/Inst - At End-of-Qtr	61.375	58.712	56.986	55.998	53.355	48.919
Insurance Assets-End-of-Qtr	35.934	35.541	34.891	34.981	35.686	36.000
Total Assets Under Management At End-of-Qtr	97.309	94.253	91.877	90.979	89.041	84.939
		0.006	0.000	0.011	0.001	0.000
	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002	
Retail Fixed - Bal-Beg-of-Qtr	6.750	6.767	7.205	7.120	7.087	7.087
Fund Sales	0.204	0.206	0.218	0.292	0.272	0.272
Redemptions	(0.286)	(0.262)	(0.242)	(0.291)	(0.306)	(0.306)
Net Money Market	(0.030)	0.005	(0.031)	(0.003)	(0.002)	(0.002)
Transfers	(0.003)	0.388	(0.027)	(0.040)	0.021	0.021
Net Cash Flows(1)	(0.115)	0.337	(0.083)	(0.042)	(0.015)	(0.015)
Market	0.131	0.101	(0.002)	0.009	0.096	0.096
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
Balance at End-of-Qtr	6.767	7.205	7.120	7.087	7.168	7.168

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Retail Equity - Bal-Beg-of-Qtr	18.254	19.754	15.871	17.988	18.254	16.610
Fund Sales	0.681	0.638	0.580	0.910	1.084	1.084
Redemptions	(0.667)	(0.654)	(0.607)	(0.791)	(0.881)	(0.881)
Net Money Market	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	(0.046)	(0.441)	0.019	0.014	(0.022)	(0.022)
Net Cash Flows(1)	(0.032)	(0.456)	(0.008)	0.133	0.182	0.182
Market	1.532	(3.427)	2.125	0.134	(1.826)	(1.826)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
Balance at End-of-Qtr	19.754	15.871	17.988	18.254	16.610	13.772
Total Retail - Bal-Beg-of-Qtr	25.004	26.521	23.076	25.108	25.342	23.778
Retail Sales-Annuities	0.403	0.434	0.324	0.590	0.601	0.601
Retail Sales-Mutual Funds	0.354	0.335	0.348	0.452	0.562	0.562
Retail Sales-Managed Acct. & Other	0.127	0.074	0.126	0.160	0.194	0.194
Total Retail Sales	0.884	0.843	0.798	1.202	1.356	1.356
Redemptions	(0.952)	(0.915)	(0.850)	(1.082)	(1.186)	(1.186)
Net Money Market	(0.030)	0.005	(0.031)	(0.003)	(0.002)	(0.002)
Transfers	(0.049)	(0.053)	(0.008)	(0.027)	(0.001)	(0.001)
Net Cash Flows(1)	(0.148)	(0.120)	(0.091)	0.091	0.167	0.167
Market	1.663	(3.326)	2.123	0.143	(1.730)	(1.730)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
Balance at End-of-Qtr	26.521	23.076	25.108	25.342	23.778	21.948
Institutional Fixed - Bal-Beg-of-Qtr	5.891	5.810	5.640	5.490	6.018	6.844
Inflows	0.233	0.020	0.080	0.804	0.663	0.663
Withdrawals/Terminations	(0.112)	(0.493)	(0.191)	(0.239)	(0.161)	(0.161)
Transfers	0.010	0.001	0.002	(0.001)	0.000	0.000
Net Cash Flows	0.131	(0.472)	(0.109)	0.564	0.503	0.503
Market	(0.212)	0.302	(0.041)	(0.036)	0.323	0.323
Balance at End-of-Qtr	5.810	5.640	5.490	6.018	6.844	7.167
Institutional Equity - Bal-Beg-of-Qtr	17.312	18.406	16.241	17.814	18.641	18.116
Inflows	0.823	0.863	0.615	0.672	0.569	0.569
Withdrawals/Terminations	(0.501)	(0.555)	(0.624)	(0.512)	(0.635)	(0.635)
Transfers	(0.008)	0.009	0.016	0.006	0.018	0.018
Net Cash Flows	0.314	0.317	0.007	0.166	(0.047)	(0.047)
Market	0.780	(2.482)	1.566	0.661	(0.477)	(0.477)
Balance at End-of-Qtr	18.406	16.241	17.814	18.641	18.116	14.616
Total Institutional - Bal-Beg-of-Qtr	23.203	24.216	21.881	23.304	24.659	24.984

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Inflows	1.056	0.883	0.695	1.476	1.232	1.000
Withdrawals/Terminations	(0.613)	(1.048)	(0.815)	(0.751)	(0.796)	(0.613)
Transfers	0.002	0.010	0.018	0.005	0.019	0.002
Net Cash Flows	0.445	(0.155)	(0.102)	0.730	0.455	0.389
Market	0.568	(2.180)	1.525	0.625	(0.154)	(3.216)
Balance at End-of-Qtr	24.216	21.881	23.304	24.659	24.960	22.943
Total Retail/Inst - At End-of-Qtr	50.736	44.957	48.412	50.001	48.738	43.786
Insurance Assets-End-of-Qtr	36.018	37.337	38.119	37.171	38.476	40.000
Total Assets Under Management At End-of-Qtr	86.754	82.294	86.531	87.172	87.214	83.791

(1) Retail assets under management have been restated to include assets under administration for which the segment receives asset based revenues beginning in January of 2000. Net Cash Flows Assets Under Administration are:

Assets Under Administration are:	0.013	0.007	0.034	0.090	0.061	0.013
----------------------------------	-------	-------	-------	-------	-------	-------

Lincoln UK
Income Statements
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	2001
Operating Revenue					
Premiums	145.4	156.6	145.1	148.4	46.1
Mortality assessments	25.2	29.3	27.1	31.4	33.9
Expense assessments	166.1	153.6	182.3	178.1	134.8
Other revenue and fees	3.3	11.2	13.8	6.9	1.3
Net investment income	85.1	87.9	75.3	70.3	64.8
Operating Revenue	425.2	438.6	443.6	435.0	280.9
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	339.6	151.0	306.2	178.5	83.4
Underwriting, acquisition, insurance and other expenses*:					
Commissions	58.4	52.6	54.5	37.7	10.8
Operating and administrative expenses	159.5	125.8	153.0	140.5	80.0
Subtotal	217.9	178.5	207.4	178.2	90.8
Deferral of acquisition costs	-	-	-	-	(4.2)
DAC amortization	-	-	-	-	38.5
DAC deferral net of amortization	(33.4)	(16.0)	(12.4)	(2.8)	34.3
PVIF amortization	-	13.2	28.4	4.7	22.5
Other intangibles amortization	-	-	-	-	-
Total underwriting, acquisition,					

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insurance and other expenses	184.5	175.6	223.5	180.0	147.6	1
Goodwill amortization	-	6.3	7.0	4.0	0.6	
Interest	-	-	-	-	-	
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	524.1	332.9	536.7	362.6	231.7	1
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	(99.0)	105.8	(93.1)	72.4	49.2	
	-----	-----	-----	-----	-----	-----
Federal income taxes	9.3	34.8	(79.2)	11.3	(11.1)	
	-----	-----	-----	-----	-----	-----
Income from Operations	(108.3)	70.9	(13.9)	61.0	60.2	
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	1.5	0.8	2.1	2.3	8.7	
Restructuring charges	0.0	0.0	(6.5)	(76.5)	0.0	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(106.8)	71.7	(18.2)	(13.2)	68.9	
Cumulative effect of accounting changes					0.0	
	-----	-----	-----	-----	-----	-----
Net Income	(106.8)	71.7	(18.2)	(13.2)	68.9	
	=====	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	(108.3)	77.2	(6.9)	65.1	60.9	
Net Income -before Goodwill Amort.	(106.8)	78.0	(11.3)	(9.2)	69.6	
Effective tax rate	(9.4%)	32.9%	85.1%	15.7%	(22.5%)	1
Operating revenue	425.2	438.6	443.6	435.0	280.9	2
Realized gains (losses) on investments	2.1	1.1	3.0	3.2	12.4	
Gains(losses) on derivatives	0.0	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Total Revenue	427.3	439.7	446.6	438.2	293.3	2
	=====	=====	=====	=====	=====	=====
Average capital	618.1	517.7	551.2	488.2	559.7	5
Return on average capital	(17.5%)	13.7%	(2.5%)	12.5%	10.8%	

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year					635.0	6
Deferral					4.2	
Amortization					(38.5)	(
					-----	-----
Operating Foreign currency translation adjustment					(34.3)	(
Other					(16.0)	
					2.7	
					-----	-----
Balance at end-of-year					587.3	5
					=====	=====
Roll Forward of Present Value of In-Force						
Balance at beginning-of-year					273.6	2
Amortization					(22.5)	(
Foreign currency translation adjustment					(7.0)	

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Other

Balance at end-of-year

244.0
=====

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

Lincoln UK
Income Statements
Unaudited [Millions of Dollars]

For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	38.7	39.0	36.3	32.5	40.5
Mortality assessments	5.0	6.3	8.0	9.6	7.5
Expense assessments	37.2	46.5	44.3	52.6	34.6
Other revenue and fees	3.8	2.4	1.3	2.0	1.3
Net investment income	17.7	18.9	18.5	16.1	16.7
	-----	-----	-----	-----	-----
Operating Revenue	102.4	113.2	108.4	112.8	100.6
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	211.8	35.0	37.4	51.9	54.2
Underwriting, acquisition, insurance and other expenses*:					
Commissions	14.8	13.8	11.1	9.3	3.5
Operating and administrative expenses	34.1	44.9	36.9	39.4	19.3
	-----	-----	-----	-----	-----
Subtotal	48.9	58.8	48.0	48.7	22.7
Deferral of acquisition costs	-	-	-	-	-
DAC amortization	-	-	-	-	-
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(8.8)	(3.7)	(7.6)	(4.6)	13.1
PVIF amortization	11.3	1.3	3.1	1.2	(0.9)
Other intangibles amortization	-	-	-	-	-
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	51.4	56.4	43.5	45.2	34.9
Goodwill amortization	3.3	1.3	1.3	1.2	0.2
Interest	-	-	-	-	-
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	266.6	92.8	82.2	98.3	89.3
	-----	-----	-----	-----	-----
Income from Operations Before Tax	(164.2)	20.4	26.2	14.5	11.3
Federal income taxes	(97.1)	4.7	6.9	3.9	(4.2)
	-----	-----	-----	-----	-----
Income from Operations	(67.1)	15.7	19.3	10.6	15.5

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Realized gains (losses) on investments	1.0	(0.2)	(0.1)	(0.0)	2.6
Restructuring charges	(6.5)	0.0	0.0	(40.5)	(36.1)
Income before Accounting Changes	(72.6)	15.5	19.1	(29.9)	(17.9)
Cumulative effect of accounting changes					
Net Income	(72.6)	15.5	19.1	(29.9)	(17.9)
Inc from Oper -before Goodwill Amort.	(63.8)	17.1	20.5	11.8	15.7
Net Income -before Goodwill Amort.	(69.3)	16.8	20.4	(28.7)	(17.8)
Effective tax rate	59.1%	22.9%	26.4%	27.2%	(37.1%)
Operating revenue	102.4	113.2	108.4	112.8	100.6
Realized gains (losses) on investments	1.4	(0.4)	(0.2)	(0.0)	3.8
Total Revenue	103.8	112.8	108.2	112.8	104.3
Average capital	585.0	516.4	500.8	486.5	448.9
Return on average capital	(45.9%)	12.2%	15.4%	8.7%	13.8%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year
Deferral
Amortization

Operating
Foreign currency translation
adjustment
Other

Balance at end-of-year

Roll Forward of Present Value of In-Force

Balance at beginning-of-year
Amortization
Foreign currency translation adjustment
Other

Balance at end-of-year

For the Quarter Ended

Jun 2001 Sep 2001 Dec 2001 Mar 2002 Jun 2002

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Operating Revenue					
Premiums	9.6	11.8	11.9	12.1	12.1
Mortality assessments	8.9	8.5	7.1	6.5	8.3
Expense assessments	31.4	35.5	24.1	25.3	27.8
Other revenue and fees	0.1	0.0	0.6	0.3	0.0
Net investment income	16.9	14.8	15.2	14.7	15.3
Operating Revenue	66.9	70.7	58.9	58.8	63.4
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	17.9	20.7	20.8	18.3	19.0
Underwriting, acquisition, insurance and other expenses*:					
Commissions	3.3	2.6	1.9	1.3	1.9
Operating and administrative expenses	17.6	19.7	24.1	16.6	18.3
Subtotal	20.9	22.3	25.9	17.9	20.2
Deferral of acquisition costs	(1.1)	(1.3)	(0.9)	(0.9)	(1.0)
DAC amortization	8.0	9.9	6.0	7.2	8.4
DAC deferral net of amortization	6.9	8.7	5.0	6.2	7.4
PVIF amortization	1.8	9.4	5.6	0.7	11.7
Other intangibles amortization	-	-	-	-	-
Total underwriting, acquisition, insurance and other expenses	29.7	40.3	36.5	24.9	39.3
Goodwill amortization	0.2	0.2	0.2	-	-
Interest	-	-	-	-	-
Operating Benefits and Expenses	47.7	61.1	57.5	43.2	58.4
Income from Operations Before Tax	19.1	9.6	1.4	15.6	5.1
Federal income taxes	2.9	(0.5)	(18.1)	1.1	(1.6)
Income from Operations	16.2	10.1	19.5	14.4	6.7
Realized gains (losses) on investments	1.4	3.9	3.0	(3.6)	3.2
Restructuring charges	0.0	0.0	0.0	0.0	0.0
Income before Accounting Changes	17.6	14.0	22.5	10.8	9.8
Cumulative effect of accounting changes					
Net Income	17.6	14.0	22.5	10.8	9.8
Inc from Oper -before Goodwill Amort.	16.4	10.3	19.7	14.4	6.7
Net Income -before Goodwill Amort.	17.8	14.2	22.7	10.8	9.8
Effective tax rate	15.3%	(5.7%)	(1337.4%)	7.3%	(31.3%)

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Operating revenue	66.9	70.7	58.9	58.8	63.4
Realized gains (losses) on investments	2.0	5.5	4.3	(5.1)	4.5
Total Revenue	68.9	76.3	63.2	53.6	68.0
Average capital	553.2	575.4	561.3	510.0	485.3
Return on average capital	11.7%	7.0%	13.9%	11.3%	5.5%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year	585.1	583.4	589.7	587.3	569.4
Deferral	1.1	1.3	0.9	0.9	1.0
Amortization	(8.0)	(9.9)	(6.0)	(7.2)	(8.4)
Operating	(6.9)	(8.7)	(5.0)	(6.2)	(7.5)
Foreign currency translation adjustment	(0.2)	23.8	(7.2)	(12.2)	41.7
Other	5.4	(8.8)	9.9	0.5	(12.6)
Balance at end-of-year	583.4	589.7	587.3	569.4	591.0

Roll Forward of Present Value of In-Force

Balance at beginning-of-year	253.8	251.9	252.8	244.0	238.3
Amortization	(1.8)	(9.4)	(5.6)	(0.7)	(11.7)
Foreign currency translation adjustment	(0.1)	10.3	(3.2)	(5.1)	17.4
Other					
Balance at end-of-year	251.9	252.8	244.0	238.3	243.9

* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

Lincoln UK
Operational Data
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	2001
Unit Linked Assets - Beg-of-Year (Billions)	5.074	5.643	6.265	7.220	6.441
Deposits	0.569	0.473	0.537	0.554	0.481
Withdrawals (incl. chgs) & Deaths	(0.503)	(0.547)	(0.566)	(0.644)	(0.529)

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Net Cash Flows	0.066	(0.074)	(0.029)	(0.090)	(0.048)
Inv Inc & Chg in Mkt Val	0.682	0.662	1.154	(0.154)	(0.617)
Acq of new business/companies	0.000	0.000	0.000	0.000	0.000
Foreign currency adjustment	(0.179)	0.035	(0.170)	(0.536)	(0.169)
	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Year	5.643	6.265	7.220	6.441	5.607
	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	25.026	25.002	25.698	24.290	20.878
Exchange Rate - Dollars to Pounds					
For-the-Period	1.644	1.658	1.617	1.518	1.441
End-of-Period	1.651	1.660	1.615	1.493	1.456
For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----	-----
Unit Linked Assets					
Balance-Beg-of-Quarter (Billions)	6.568	7.220	7.031	6.726	6.499
Deposits	0.156	0.159	0.134	0.145	0.116
Withdrawals (incl. chgs) & Deaths	(0.158)	(0.170)	(0.162)	(0.159)	(0.153)
	-----	-----	-----	-----	-----
Net Cash Flows	(0.002)	(0.011)	(0.028)	(0.014)	(0.037)
Inv Inc & Chg in Mkt Val	0.784	(0.077)	0.047	(0.025)	(0.100)
Acq of new business/companies					
Foreign currency adjustment	(0.130)	(0.101)	(0.324)	(0.189)	0.078
	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	7.220	7.031	6.726	6.499	6.441
	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	25.698	26.514	25.225	24.535	24.290
Exchange Rate - Dollars to Pounds					
For-the-Quarter	1.625	1.599	1.536	1.482	1.454
End-of-Quarter	1.615	1.591	1.517	1.475	1.493
For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002
	-----	-----	-----	-----	-----
Unit Linked Assets					
Balance-Beg-of-Quarter (Billions)	5.768	5.218	5.607	5.618	5.520
Deposits	0.128	0.111	0.114	0.115	0.119
Withdrawals (incl. chgs) & Deaths	(0.136)	(0.115)	(0.127)	(0.137)	(0.126)
	-----	-----	-----	-----	-----
Net Cash Flows	(0.009)	(0.004)	(0.013)	(0.022)	(0.006)
Inv Inc & Chg in Mkt Val	(0.768)	0.457	0.141	(0.479)	(0.812)
Acq of new business/companies					
Foreign currency adjustment	0.226	(0.063)	(0.117)	0.403	0.123
	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	5.218	5.607	5.618	5.520	4.825

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	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	21.299	20.878	20.010	20.401	19.815
Exchange Rate - Dollars to Pounds					
For-the-Quarter	1.442	1.448	1.423	1.464	1.555
End-of-Quarter	1.474	1.456	1.426	1.532	1.569

Other Operations
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Financial Advisors	125.3	286.4	317.0	377.5	360.7	241.5
Lincoln Financial Distributors	20.5	33.5	107.5	119.9	113.4	71.5
Total Distribution	145.8	319.9	424.4	497.4	474.0	313.0
Reinsurance	1362.3	1581.2	1824.1	1770.6	1699.4	1431.5
Amortization of deferred gain on indemnity reinsurance*					20.4	
Other [Including Consolidating Adjustments]	(105.9)	(192.7)	(277.5)	(292.6)	(360.4)	(261.5)
Operating Revenue	1402.2	1708.3	1971.0	1975.4	1833.4	1491.5
Realized gains (losses) on investments	42.1	0.5	14.4	(5.0)	8.2	(21.5)
Gains (losses) on derivatives					(9.7)	(1.5)
Gain on sale of reinsurance subsidiaries					12.8	
Total Revenue	1444.3	1708.9	1985.4	1970.4	1844.7	1477.5
Income (Loss)						
Lincoln Financial Advisors	(5.3)	(23.7)	(20.8)	(11.7)	(15.9)	(21.5)
Lincoln Financial Distributors	(11.2)	(8.2)	(14.0)	(18.5)	(30.7)	(21.5)
Total Distribution	(16.5)	(31.9)	(34.8)	(30.2)	(46.6)	(43.0)
Reinsurance	(150.1)	104.9	40.1	122.5	128.8	91.5
Amortization of deferred gain on indemnity reinsurance*					12.9	
LNC Financing	(31.6)	(51.5)	(83.5)	(84.9)	(77.9)	(61.5)
Other Corporate	(25.1)	(17.5)	(5.0)	(15.4)	(2.4)	(11.5)
Inc (Loss) from Operations	(223.3)	4.0	(83.1)	(8.0)	14.8	(11.5)

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Realized gains (losses) on investments	24.9	2.7	10.2	(3.2)	5.9	(1
Gains (losses) on derivatives					(6.3)	(
Gain on sale of reinsurance subsidiaries					15.0	
Reserve increase on business sold through reinsurance						
Restructuring charges	0.0	(14.3)	(3.2)	1.0	(19.5)	(
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(198.4)	(7.6)	(76.1)	(10.2)	9.9	(2
Cumulative effect of accounting changes					(2.7)	(
	-----	-----	-----	-----	-----	-----
Total Net Income (Loss)	(198.4)	(7.6)	(76.1)	(10.2)	7.2	(2
	=====	=====	=====	=====	=====	=====

	Dec	Mar	Jun	Sep	Dec	
For the Quarter Ended	1999	2000	2000	2000	2000	2
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Financial Advisors	104.0	86.4	90.0	91.3	109.8	8
Lincoln Financial Distributors	34.2	29.3	28.1	27.5	35.0	2
	-----	-----	-----	-----	-----	-----
Total Distribution	138.2	115.8	118.1	118.8	144.8	10
Reinsurance	575.1	392.7	458.9	457.9	461.0	51
Amortization of deferred gain on indemnity reinsurance*						
Other [Including Consolidating Adjustments]	(147.0)	(67.6)	(86.7)	(79.2)	(59.2)	(8
	-----	-----	-----	-----	-----	-----
Operating Revenue	566.4	440.9	490.3	497.5	546.6	54
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	0.0	(0.8)	(1.3)	(3.4)	0.4	(1
Gains (losses) on derivatives						
Gain on sale of reinsurance subsidiaries						
	-----	-----	-----	-----	-----	-----
Total Revenue	566.4	440.2	489.0	494.1	547.0	53
	=====	=====	=====	=====	=====	=====

Income (Loss)

Lincoln Financial Advisors	2.7	(7.4)	(2.9)	(3.1)	1.6	(
Lincoln Financial Distributors	(3.7)	(3.3)	(5.2)	(5.0)	(5.1)	(
	-----	-----	-----	-----	-----	-----
Total Distribution	(1.0)	(10.7)	(8.1)	(8.0)	(3.4)	(1
Reinsurance	(19.5)	31.9	25.8	28.2	36.6	4
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0	0.0	0.0	
LNC Financing	(21.6)	(21.9)	(22.2)	(20.9)	(19.8)	(2
Other Corporate	(1.4)	(5.7)	(1.5)	1.6	(9.8)	(
	-----	-----	-----	-----	-----	-----
Inc (Loss) from Oper	(43.5)	(6.5)	(5.9)	0.9	3.5	1
	-----	-----	-----	-----	-----	-----

Realized gains (losses) on

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Gains (losses) on derivatives	(0.1)	(0.0)	(6.3)	0.1	(0.1)	
Gain on sale of reinsurance subsidiaries	0.0	0.0	15.0	0.0	0.0	
Reserve increase on business sold through reinsurance					(14.4)	(17)
Restructuring charges	(1.2)	0.0	(18.3)	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(10.0)	(21.2)	36.7	(15.2)	(24.2)	(17)
Cumulative effect of accounting changes	(2.2)	0.0	(0.0)	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Total Net Income (Loss)	(12.2)	(21.2)	36.7	(15.2)	(24.2)	(17)
	=====	=====	=====	=====	=====	=====

* The amortization of deferred gain on sale of reinsurance business represents the amortization of deferred gain recognized on the business sold through indemnity reinsurance to Swiss Re.

Consolidated Domestic Retail
Deposits/Account Balances
Unaudited [Billions of Dollars]

	1997	1998	1999	2000	2001	
	-----	-----	-----	-----	-----	-----
Deposits - For the Year						
Lincoln Retirement - Fixed Annuities	1.632	1.452	2.563	2.074	3.342	2
Lincoln Retirement - Variable Annuities	2.695	2.791	2.553	3.165	3.067	2
Lincoln Retirement - Life Insurance	0.000	0.000	0.017	0.014	0.012	0
Life Insurance Segment - Life Insurance	0.384	1.207	1.698	1.884	1.934	1
Inv Mgmt - Annuities	2.163	2.238	1.561	1.782	1.702	1
Inv Mgmt - Mutual Funds(1)	1.218	1.913	2.153	2.578	1.522	1
Inv Mgmt - Wrap Fee & Other	0.533	0.596	0.550	0.525	0.468	0
Consolidating Adjustments	(0.966)	(1.041)	(0.499)	(0.406)	(1.039)	(0)
	-----	-----	-----	-----	-----	-----
Gross Deposits	7.658	9.157	10.597	11.617	11.008	7
Account Balances - End of Year						
Lincoln Retirement - Fixed Annuities	15.458	16.505	16.791	15.394	16.491	
Lincoln Retirement - Variable Annuities	27.346	33.358	41.493	39.427	34.638	
Lincoln Retirement - Life Insurance			0.155	0.160	0.149	
Life Insurance Segment - Life Insurance	3.038	9.243	10.217	10.847	11.377	
Inv Mgmt - Annuities	10.991	14.257	15.557	13.527	11.835	
Inv Mgmt - Mutual Funds(1)	12.484	13.528	13.632	13.261	11.552	
Inv Mgmt - Wrap Fee & Other	2.403	2.512	1.618	1.342	1.719	
Consolidating Adjustments	(6.806)	(8.891)	(9.175)	(7.753)	(6.717)	
	-----	-----	-----	-----	-----	-----

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Account Balances	64.914	80.512	90.288	86.205	81.044	
	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	2
	-----	-----	-----	-----	-----	-----
Deposits - For the Quarter						
Lincoln Retirement - Fixed Annuities	0.741	0.589	0.490	0.513	0.482	0.
Lincoln Retirement - Variable Annuities	0.634	0.797	0.793	0.729	0.846	0.
Lincoln Retirement - Life Insurance	0.005	0.003	0.003	0.004	0.004	0.
Life Insurance Segment - Life Insurance	0.526	0.424	0.411	0.428	0.622	0.
Inv Mgmt - Annuities	0.409	0.379	0.358	0.456	0.589	0.
Inv Mgmt - Mutual Funds(1)	0.587	0.876	0.586	0.554	0.562	0.
Inv Mgmt - Managed Acct. & Other	0.079	0.148	0.106	0.140	0.131	0.
Consolidating Adjustments	(0.118)	(0.099)	(0.062)	(0.100)	(0.145)	(0.
Gross Deposits	2.864	3.116	2.685	2.724	3.091	2.
Account Balances - End of Quarter						
Lincoln Retirement - Fixed Annuities	16.791	16.244	15.884	15.660	15.394	15.
Lincoln Retirement - Variable Annuities	41.493	44.640	43.097	42.743	39.427	34.
Lincoln Retirement - Life Insurance	0.155	0.169	0.165	0.166	0.160	0.
Life Insurance Segment - Life Insurance	10.217	10.470	10.538	10.716	10.847	10.
Inv Mgmt - Annuities	15.557	15.557	14.888	14.853	13.527	11.
Inv Mgmt - Mutual Funds(1)	13.632	14.671	14.069	14.571	13.261	11.
Inv Mgmt - Managed Acct. & Other	1.618	1.309	1.304	1.256	1.342	1.
Consolidating Adjustments	(9.175)	(8.768)	(8.419)	(8.644)	(7.753)	(6.
Account Balances	90.288	94.292	91.526	91.322	86.205	79.
	-----	-----	-----	-----	-----	-----
	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002	2
	-----	-----	-----	-----	-----	-----
Deposits - For the Quarter						
Lincoln Retirement - Fixed Annuities	0.668	0.896	1.218	0.906	0.853	1.
Lincoln Retirement - Variable Annuities	0.703	0.684	0.793	0.808	0.787	0.
Lincoln Retirement - Life Insurance	0.004	0.003	0.002			
Life Insurance Segment - Life Insurance	0.477	0.434	0.605	0.440	0.577	0.
Inv Mgmt - Annuities	0.403	0.434	0.324	0.590	0.601	0.
Inv Mgmt - Mutual Funds(1)	0.354	0.335	0.348	0.452	0.562	0.
Inv Mgmt - Managed Acct. & Other	0.127	0.074	0.126	0.160	0.194	0.
Consolidating Adjustments	(0.202)	(0.295)	(0.279)	(0.309)	(0.371)	(0.

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Gross Deposits	2.534	2.566	3.137	3.047	3.203	3.
Account Balances - End of Quarter						
Lincoln Retirement - Fixed Annuities	15.551	16.051	16.491	16.533	16.909	17.
Lincoln Retirement - Variable Annuities	36.961	30.506	34.638	35.150	31.206	25.
Lincoln Retirement - Life Insurance	0.157	0.134	0.149			
Life Insurance Segment - Life Insurance	11.066	10.939	11.377	11.667	11.759	11.
Inv Mgmt - Annuities	12.532	10.714	11.835	11.920	10.896	9.
Inv Mgmt - Mutual Funds(1)	12.215	10.726	11.552	11.597	11.033	10.
Inv Mgmt - Managed Acct. & Other	1.774	1.635	1.719	1.821	1.847	1.
Consolidating Adjustments	(7.007)	(6.023)	(6.717)	(6.684)	(6.007)	(4.
Account Balances	83.250	74.682	81.044	82.005	77.644	71.

Total Domestic Net Flows
Unaudited [Billions of Dollars]

For the Year	1998	1999	2000	2001	YTD Sep 2001	
Lincoln Retirement	(1.244)	(1.165)	(2.874)	0.105	(0.526)	0
Life Insurance Segment	0.113	0.985	1.158	1.163	0.780	0
Investment Management Segment- Retail(1)	1.772	(2.209)	(1.499)	(0.379)	(0.287)	0
Consolidating Adjustments	(0.158)	1.276	1.406	(0.150)	(0.097)	0
Total Retail Net Flows	0.483	(1.114)	(1.810)	0.739	(0.129)	1
Investment Management Segment- Institutional	(2.702)	(2.240)	(5.694)	(0.228)	(0.128)	1
Total Net Flows	(2.219)	(3.354)	(7.504)	0.511	(0.257)	2

For the Quarter	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	
Lincoln Retirement	(0.490)	(0.700)	(0.682)	(0.812)	(0.681)	(0
Life Insurance Segment	0.327	0.242	0.235	0.277	0.404	0
Investment Management Segment- Retail(1)	(0.410)	(0.879)	(0.364)	(0.315)	0.059	(0
Consolidating Adjustments	0.463	0.717	0.342	0.194	0.152	0
Total Retail Net Flows	(0.111)	(0.620)	(0.470)	(0.657)	(0.065)	(0
Investment Management Segment- Instit.	(1.479)	(2.611)	(1.056)	(0.983)	(1.043)	(0

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Total Net Flows	(1.590)	(3.231)	(1.526)	(1.640)	(1.109)	(0)
	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002	
Lincoln Retirement	(0.196)	0.261	0.631	0.088	0.223	0
Life Insurance Segment	0.304	0.239	0.383	0.236	0.385	0
Investment Management Segment- Retail(1)	(0.148)	(0.120)	(0.091)	0.091	0.167	0
Consolidating Adjustments	(0.034)	(0.081)	(0.053)	(0.037)	(0.086)	(0)
Total Retail Net Flows	(0.074)	0.299	0.871	0.378	0.688	0
Investment Management Segment- Instit.	0.445	(0.155)	(0.102)	0.730	0.455	0
Total Net Flows	0.371	0.144	0.769	1.108	1.143	0

NOTE: Excludes amounts reported as Assets Under Management - Insurance Assets

(1) Retail assets under management have been restated to include assets under administration beginning in January of 2000. See details on pages 28 and 29.

PAG

Consolidated Investment Data -
Assets Managed
Unaudited [Billions of Dollars]

December 31	1997	1998	1999	2000	
Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	24.066	30.233	27.689	27.450	28
Equity securities	0.660	0.543	0.604	0.550	0
Other investments	5.092	7.154	7.286	7.369	7
Total LNC Investments(1)	29.819	37.929	35.578	35.369	36
Separate accounts	37.139	43.409	53.654	50.580	44
Cash and Invested Cash	3.795	2.433	1.896	1.927	3
Discontinued Operations					
Total LNC	70.752	83.772	91.128	87.876	84
Non-affiliate assets managed	48.331	50.061	49.314	43.397	42
Total Assets Managed	119.083	133.833	140.443	131.273	126

Assets Managed by Advisor

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Investment Management segment(1) (See page 22 for additional detail)	56.457	61.488	61.374	53.354	48
DLIA-Corp (Assets managed internally-see page 22)	35.684	39.432	35.934	35.686	38
Lincoln (UK)	6.775	7.573	8.589	7.873	6
Policy Loans (within business units)	0.763	1.840	1.892	1.961	1
Non-LNC Affiliates	19.404	23.500	32.654	32.399	30
	-----	-----	-----	-----	-----
Total Assets Managed	119.083	133.833	140.443	131.273	126
	=====	=====	=====	=====	=====

End of Quarter	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----	-----

Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	27.689	27.745	27.078	27.264	27.450	27
Equity securities	0.604	0.588	0.560	0.570	0.550	0
Other investments	7.286	7.442	7.419	7.471	7.369	7
	-----	-----	-----	-----	-----	-----
Total LNC Investments(1)	35.578	35.775	35.057	35.305	35.369	35
Separate accounts	53.654	56.908	54.924	54.411	50.580	44
Cash and invested cash	1.896	1.510	1.619	1.436	1.927	2
	-----	-----	-----	-----	-----	-----
Total LNC	91.128	94.192	91.601	91.152	87.876	82
	-----	-----	-----	-----	-----	-----
Non-affiliate assets managed	49.314	47.150	45.945	45.119	43.397	41
	-----	-----	-----	-----	-----	-----
Total Assets Managed	140.443	141.342	137.546	136.271	131.273	124
	=====	=====	=====	=====	=====	=====

Assets Managed by Advisor						
Investment Management segment(1) (See page 23 for additional detail)						
DLIA-Corp (Assets managed internally-see page 23)	35.934	35.541	34.891	34.981	35.686	36
Lincoln (UK)	8.589	8.423	8.058	7.838	7.873	7
Policy Loans (within business units)	1.892	1.896	1.915	1.936	1.961	1
Non-LNC Affiliates	32.653	36.770	35.696	35.518	32.397	30
	-----	-----	-----	-----	-----	-----
Total Assets Managed	140.443	141.342	137.546	136.271	131.273	124
	=====	=====	=====	=====	=====	=====

End of Quarter	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
	-----	-----	-----	-----	-----

Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	27.874	28.932	28.346	28.841	29.725	32
Equity securities	0.534	0.478	0.470	0.439	0.419	0

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Other investments	7.388	7.379	7.297	7.084	7.016	6
Total LNC Investments (1)	35.796	36.788	36.113	36.363	37.160	39
Separate accounts	47.140	39.480	44.833	44.917	40.580	34
Cash and invested cash	1.502	1.996	3.095	1.700	2.265	1
Total LNC	84.438	78.264	84.042	82.979	80.005	75
Non-affiliate assets managed	44.069	39.198	42.199	43.708	43.031	38
Total Assets Managed	128.507	117.462	126.241	126.687	123.036	113
Assets Managed by Advisor						
Investment Management segment (1) (See page 23 for additional detail)	50.736	44.957	48.412	50.001	48.738	43
DLIA-Corp (Assets managed internally-see page 23)	36.018	37.337	38.119	37.171	38.476	40
Lincoln (UK)	7.027	6.474	6.847	6.772	6.753	6
Policy Loans (within business units)	1.947	1.943	1.940	1.918	1.906	1
Non-LNC Affiliates	32.778	26.751	30.923	30.825	27.163	21
Total Assets Managed	128.507	117.462	126.241	126.687	123.036	113

(1) Retail assets under management have been restated to include assets under administration beginning in January of 2000. See details on pages 28 and 29.

Consolidated Investment Data
Unaudited [Millions of Dollars
except as noted]

For the Year Ended December 31

Net Investment Income

Fixed Maturity Securities
Equity Securities
Mortgage loans on real estate
Real estate
Policy loans
Invested cash
Other investments

Investment revenue
Investment expense

Net Investment Income

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Gross-up of Tax Exempt Income

Adjusted Net Invest Income

Mean Invested Assets (Cost Basis)

Ratio of Adjusted Net Invest Inc
Over Mean Invested Assets

Investment Gains

Realized Gains (Losses) on
Investments
Gains(Losses) on Derivatives

Incr (Decr) in Unreal Gains on
Sec
Avail-for-Sale (after DAC/Tax)
Incr (Decr) on Derivatives*
Incr (Decr) in Foreign Exchange
Incr (Decr) in minimum pension
liability

Securities Available-for-Sale
[Billions of Dollars at End of
Year]

Fixed Maturity Sec (Market)
Fixed Maturity Sec (Adjusted
Cost)

Equity Securities (Market)
Equity Securities (Adjusted Cost)

% of Fixed Maturity Securities
(Based on Market)
Treasuries and AAA
AA or better
BB or less

	1998	1999	2000	2001	YTD Sep 2001
For the Year Ended December 31	-----	-----	-----	-----	-----
Net Investment Income					
Fixed Maturity Securities	2065.8	2232.9	2148.7	2121.0	1590.9
Equity Securities	22.8	20.1	19.5	17.6	12.5
Mortgage loans on real estate	383.6	369.2	373.8	374.5	282.2
Real estate	86.8	64.1	51.8	49.5	38.6
Policy loans	99.5	116.5	125.0	125.3	93.8
Invested cash	156.8	110.3	87.2	68.4	57.1
Other investments	88.4	51.8	66.8	69.5	66.1
	-----	-----	-----	-----	-----
Investment revenue	2903.7	2964.8	2872.8	2825.8	2140.9
Investment expense	222.3	157.3	125.7	146.2	108.0
	-----	-----	-----	-----	-----
Net Investment Income	2681.4	2807.5	2747.1	2679.6	2033.0

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Gross-up of Tax Exempt Income	11.6	8.1	7.8	7.2	5.0	
Adjusted Net Invest Income	2693.0	2815.6	2754.9	2686.8	2038.0	1
Mean Invested Assets (Cost Basis)	36573.8	39027.5	37471.3	37616.9	37339.4	38
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.36%	7.21%	7.35%	7.14%	7.28%	
Investment Gains						
Realized Gains (Losses) on Investments	13.7	3.8	(17.5)	(68.7)	(48.6)	(
Gains(Losses) on Derivatives	0.0	0.0	0.0	(4.9)	(0.2)	
Incr (Decr) in Unreal Gains on Sec						
Avail-for-Sale (after DAC/Tax)	116.4	(1018.1)	477.7	183.7	236.0	
Incr (Decr) on Derivatives*				21.4	20.2	
Incr (Decr) in Foreign Exchange	3.8	(19.9)	(8.1)	(30.0)	(15.0)	
Incr (Decr) in minimum pension liability				(36.0)	0.0	
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	30.233	27.689	27.450	28.346	28.932	3
Fixed Maturity Sec (Adjusted Cost)	28.640	28.357	27.373	27.956	28.253	3
Equity Securities (Market)	0.543	0.604	0.550	0.470	0.478	
Equity Securities (Adjusted Cost)	0.437	0.482	0.458	0.444	0.453	
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	25.6%	22.8%	22.1%	17.2%	17.9%	
AA or better	32.6%	29.8%	29.2%	23.6%	24.3%	
BB or less	7.0%	8.0%	6.7%	8.3%	7.2%	

For the Quarter Ended	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000	

Net Investment Income						
Fixed Maturity Securities	548.0	541.3	544.4	525.3	537.7	
Equity Securities	6.9	3.7	5.7	3.6	6.5	
Mortgage loans on real estate	94.5	92.0	95.1	94.4	92.3	
Real estate	12.5	11.2	12.5	11.8	16.3	
Policy loans	29.9	30.7	30.9	30.5	32.9	
Invested cash	22.0	27.2	15.1	26.5	18.4	
Other investments	20.9	35.1	2.0	26.9	2.9	
Investment revenue	734.9	741.1	705.7	719.1	706.9	
Investment expense	34.8	30.0	31.8	29.0	34.8	

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Net Investment Income	700.1	711.1	673.8	690.0	672.1	
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	2.6	1.5	2.3	1.4	2.6	
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	702.7	712.6	676.1	691.5	674.7	
	=====	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	38438.6	38237.4	37306.1	37250.8	37090.8	37
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.31%	7.45%	7.25%	7.43%	7.28%	
Investment Gains						
Realized Gains (Losses) on Investments	1.6	(0.4)	(6.7)	(11.6)	1.2	
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	0.0	
Incr (Decr) in Unreal Gains on Sec						
Avail-for-Sale (after DAC/Tax)	(361.9)	54.5	(145.4)	218.8	349.8	
Incr (Decr) on Derivatives*			.2	1.2	0.0	
Incr (Decr) in Foreign Exchange	(10.2)	(7.3)	(0.9)	(2.0)	2.0	
Incr (Decr) in minimum pension liability			(36.0)	0.7	(2.6)	
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	27.689	27.745	27.078	27.264	27.450	2
Fixed Maturity Sec (Adjusted Cost)	28.357	28.295	27.788	27.727	27.373	2
Equity Securities (Market)	0.604	0.588	0.560	0.570	0.550	
Equity Securities (Adjusted Cost)	0.482	0.475	0.446	0.450	0.458	
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	22.8%	22.7%	22.3%	22.3%	22.1%	
AA or better	29.8%	29.5%	29.3%	29.4%	29.2%	
BB or less	8.0%	7.4%	7.4%	6.8%	6.7%	
	Jun	Sep	Dec	Mar	Jun	
For the Quarter Ended	2001	2001	2001	2002	2002	
	-----	-----	-----	-----	-----	-----
Net Investment Income						
Fixed Maturity Securities	527.0	536.9	530.1	522.5	523.8	
Equity Securities	7.8	3.7	5.1	3.4	4.3	
Mortgage loans on real estate	92.4	94.2	92.4	89.5	90.2	
Real estate	13.1	12.7	10.9	12.3	11.9	
Policy loans	31.4	31.0	31.6	30.2	31.1	
Invested cash	19.8	14.8	11.3	12.4	9.1	
Other investments	18.2	28.2	3.5	7.8	9.8	
	-----	-----	-----	-----	-----	-----
Investment revenue	709.7	721.4	684.8	678.0	680.2	
Investment expense	36.6	35.2	38.2	29.9	29.2	
	-----	-----	-----	-----	-----	-----

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Net Investment Income	673.1	686.2	646.6	648.1	651.0
Gross-up of Tax Exempt Income	3.0	1.5	2.1	1.5	2.0
Adjusted Net Invest Income	676.1	687.7	648.7	649.7	653.0
Mean Invested Assets (Cost Basis)	37094.5	37685.8	38449.3	38169.9	38235.5
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.29%	7.30%	6.75%	6.81%	6.83%
Investment Gains					
Realized Gains (Losses) on Investments	(11.5)	(23.8)	(20.0)	(67.6)	(52.7)
Gains (Losses) on Derivatives	0.2	(0.4)	(4.6)	0.1	0.3
Incr (Decr) in Unreal Gains on Sec					
Avail-for-Sale (after DAC/Tax)	(114.2)	171.8	(52.2)	(163.9)	293.8
Incr (Decr) on Derivatives*	3.7	(6.7)	1.2	1.2	0.0
Incr (Decr) in Foreign Exchange	(19.5)	22.2	(14.9)	(12.8)	42.8
Incr (Decr) in minimum pension liability			(36.0)	0.7	(2.6)
Securities Available-for-Sale [Billions of Dollars at End of Year]					
Fixed Maturity Sec (Market)	27.874	28.932	28.346	28.841	29.725
Fixed Maturity Sec (Adjusted Cost)	27.681	28.253	27.956	28.831	29.133
Equity Securities (Market)	0.534	0.478	0.470	0.439	0.419
Equity Securities (Adjusted Cost)	0.477	0.453	0.444	0.398	0.374
% of Fixed Maturity Securities (Based on Market)					
Treasuries and AAA	19.3%	17.9%	17.2%	17.8%	18.2%
AA or better	26.0%	24.3%	23.6%	24.7%	25.0%
BB or less	7.8%	7.2%	8.3%	7.5%	6.4%

* 2001 includes the cumulative effect of accounting change related to the adjustment recorded upon adoption of FAS #133.

Common Stock / Debt Information
Unaudited [Dollars per Share,
except Percentages]

For the Year Ended December 31	1991	1992	1993	1994
Common Stock [1]				
Highest Price	13.813	19.032	24.125	22.188

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Lowest Price	9.500	12.625	17.344	17.313	1
Closing Price	13.688	18.500	21.750	17.500	2
Dividend Payout Ratio [2]	63.5%	38.9%	52.6%	51.0%	
Yield [3]	5.3%	4.1%	3.8%	4.9%	
Preferred Stock Dividend (Millions)	13.033	17.246	17.212	17.119	
Debt: (End of Period)					
Senior Debt Ratings					
A.M. Best					
Fitch		AA	AA-	AA-	
Moody's		A2	A2	A1	
Standard and Poors		A+	A+	A+	
Claims Paying Ratings:					
Lincoln Life - A.M. Best		A+	A+	A+	
Lincoln Life - Fitch		AAA	AAA	AAA	
Lincoln Life - Moody's		A1	A1	Aa3	
Lincoln Life - Standard & Poors		AA-	AA-	AA-	
First Penn - A.M. Best*		A	A+	A+	
First Penn - Fitch					
First Penn - Moody's					
First Penn - Standard & Poors*		AA-	AA-	AA-	
LLA of New York - A.M. Best*					
LLA of New York - Fitch*					
LLA of New York - Moody's					
LLA of New York - Standard & Poors*					
Ratios					
Debt to Total Capitalization [4]		25.7%	21.1%	19.9%	
Debt to Equity [4]		34.7%	26.7%	24.9%	

For the Year Ended December 31	1996	1997	1998	1999	2000	
	-----	-----	-----	-----	-----	-----
Common Stock [1]						
Highest Price	28.500	39.063	49.438	57.500	56.375	5
Lowest Price	20.375	24.500	33.500	36.000	22.625	3
Closing Price	26.250	39.063	40.907	40.000	47.313	4
Dividend Payout Ratio [2]	38.2%	22.8%	43.9%	50.5%	38.3%	
Yield [3]	3.7%	2.7%	2.7%	2.9%	2.6%	
Preferred Stock Dividend (Millions)	0.112	0.106	0.100	0.089	0.078	
Debt: (End of Period)						
Senior Debt Ratings						
A.M. Best						a
Fitch	AA-	AA-	A+	A+	A+	
Moody's	A2	A2	A2	A2	A3	

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Standard and Poors	A	A	A-	A-	A-
Claims Paying Ratings:					
Lincoln Life - A.M. Best	A+	A+	A	A	A
Lincoln Life - Fitch	AA+	AA+	AA+	AA+	AA
Lincoln Life - Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-	AA-	AA-
First Penn - A.M. Best*	A+	A+	A	A	A
First Penn - Fitch		AA+	AA+	AA+	AA
First Penn - Moody's		A1	A1	A1	A1
First Penn - Standard & Poors*	AA-	AA-	AA-	AA-	AA-
LLA of New York - A.M. Best*	A+	A+	A	A	A
LLA of New York - Fitch*		AA+	AA+	AA+	AA
LLA of New York - Moody's	A1	A1	A1	A1	A1
LLA of New York - Standard & Poors*	AA-	AA-	AA-	AA-	AA-
Ratios					
Debt to Total Capitalization [4]	18.8%	17.0%	21.2%	23.2%	20.8%
Debt to Equity [4]	23.1%	20.5%	26.9%	30.3%	26.3%
	Dec	Mar	Jun	Sep	Dec
For the Quarter Ended	1999	2000	2000	2000	2000
Common Stock:					
Highest Price	48.313	41.375	40.063	56.375	50.938
Lowest Price	36.500	22.625	29.000	35.625	40.875
Closing Price	40.000	33.500	36.125	48.125	47.313
Yield [3]	2.9%	3.5%	3.2%	2.4%	2.6%
Preferred Stock Dividend (Millions)	0.014	0.022	0.022	0.021	0.013
Debt: (End of Period)					
Senior Debt Ratings					
A.M. Best				a	a
Fitch	A+	A+	A+	A+	A+
Moody's	A2	A2	A2	A2	A3
Standard and Poors	A-	A-	A-	A-	A-
Claims Paying Ratings:					
Lincoln Life - A.M. Best	A	A	A	A	A
Lincoln Life - Fitch	AA+	AA+	AA+	AA+	AA
Lincoln Life - Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-	AA-	AA-
First Penn - A.M. Best*	A	A	A	A	A
First Penn - Fitch	AA+	AA+	AA+	AA+	AA
First Penn - Moody's	A1	A1	A1	A1	A1
First Penn - Standard & Poors*	AA-	AA-	AA-	AA-	AA-
LLA of New York - A.M. Best*	A	A	A	A	A
LLA of New York - Fitch*	AA+	AA+	AA+	AA+	AA
LLA of New York - Moody's	A1	A1	A1	A1	A1
LLA of New York - Standard & Poors*	AA-	AA-	AA-	AA-	AA-
Ratios					

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Debt to Total Capitalization [4]	23.2%	23.3%	21.8%	21.2%	20.8%
Debt to Equity [4]	30.3%	30.4%	28.0%	27.0%	26.3%

	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
For the Quarter Ended	-----	-----	-----	-----	-----

Common Stock:					
Highest Price	52.300	52.750	49.450	53.650	52.540
Lowest Price	41.280	41.000	40.000	47.200	40.750

Closing Price	51.750	46.630	48.570	50.730	42.000

Yield [3]	2.4%	2.6%	2.6%	2.5%	3.0%
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Preferred Stock Dividend (Millions)	0.018	0.017	0.017	0.016	0.015
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Debt: (End of Period)

Senior Debt Ratings

A.M. Best	a	a	a	a	a
Fitch	A+	A+	A+	A+	A+
Moody's	A3	A3	A3	A3	A3
Standard and Poors	A-	A-	A-	A-	A-

Claims Paying Ratings:

Lincoln Life - A.M. Best	A	A	A	A	A+
Lincoln Life - Fitch	AA	AA	AA	AA	AA
Lincoln Life - Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-	AA-	AA-
First Penn - A.M. Best*	A	A	A	A	A+
First Penn - Fitch	AA	AA	AA	AA	AA
First Penn - Moody's	A1	A1	A1	A1	A1
First Penn - Standard & Poors*	AA-	AA-	AA-	AA-	AA-
LLA of New York - A.M. Best*	A	A	A	A	A+
LLA of New York - Fitch*	AA	AA	AA	AA	AA
LLA of New York - Moody's	A1	A1	A1	A1	A1
LLA of New York - Standard & Poors*	AA-	AA-	AA-	AA-	AA-

Ratios

Debt to Total Capitalization [4]	21.2%	21.1%	21.4%	22.7%	22.6%
Debt to Equity [4]	27.0%	26.7%	27.2%	29.4%	29.2%

* Rating based on affiliation with Lincoln Life

[1] Stock prices shown above include 2-for-1 splits in June 1993, and June 1999

[2] Indicated dividend divided by net income

[3] Indicated dividend divided by the closing price

[4] Equity used in calculation assumes securities at cost. Minority interest-preferred securities subsidiary companies (hybrid securities) are considered 50% debt and 50% equity.

Return on Equity/Return on Capital: In order to accommodate the various perspectives, LNC presents two separate Return on Equity numbers on pages 2, 5 and 6 of this Statistical Report. "Net Income Divided by Average Shareholders' Equity" tends to fluctuate from period to period due to the realization of gains and losses on investments or sale of subsidiaries. "Income from Operations

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Divided by Average Shareholders' Equity" is less volatile but leaves out an important element earnings for a company that has a long-term goal of enhancing shareholder value by realizing investment gains.

Return on capital measures the effectiveness of LNC's use of its total capital, which is made equity, debt and hybrid securities. Return on capital is calculated by dividing income from operations (after adding back after-tax interest expense) by average capital. The difference return on capital and return on equity presents the effect of leveraging on LNC's consolidated results.