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LINCOLN NATIONAL CORP
Form 8-K
February 14, 2003

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: December 31, 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 9

The following financial information is included in this 8-K filing under item 9:

1. Statistical Report for the quarter ended December 31, 2002.
2. Detail of gross realized gains and losses on investments for 2002, gross unrealized gains and losses on securities available-for-sale as of December 31, 2002 and fair value of fixed maturity securities available-for-sale by quality rating in accordance with NAIC regulations.

Financial Highlights
Unaudited [Amounts in Millions,
except Per Share]

For the Quarter Ended December 31

	2002 Amount -----	2001 Amount -----	Change -----
Income from Operations			
Lincoln Retirement*	36.5	74.8	(38.3)
Life Insurance	63.8	73.2	(9.5)

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Investment Management	10.3	5.1	5.2
Lincoln UK	15.9	19.5	(3.6)
Corporate & Other**	(14.3)	26.5	(40.8)
	-----	-----	-----
Total Income from Operations	112.2	199.1	(86.9)
Realized gains (losses) on investments	(33.3)	(20.0)	(13.3)
Gains (losses) on derivatives	0.2	(4.6)	4.9
Reserve increase on business sold through reinsurance	(8.2)	--	(8.2)
Gain on sale of subsidiaries	(9.4)	15.0	(24.4)
Restructuring charges	1.7	(20.2)	21.9
Income before Accounting Changes	63.2	169.2	(106.0)
Cumulative effect of accounting changes***	--	(0.0)	0.0
	-----	-----	-----
Net Income	63.2	169.2	(106.0)
	=====	=====	=====
Earnings per share (diluted)			
Income from Operations	\$0.63	\$1.03	(\$0.41)
Realized gain (losses) on investments	(\$0.18)	(\$0.11)	(\$0.07)
Gains (losses) on derivatives	\$0.00	(\$0.02)	\$0.02
Reserve increase on business sold through reinsurance	(\$0.05)	\$0.00	(\$0.05)
Gain on sale of subsidiaries	(\$0.05)	\$0.08	(\$0.13)
Restructuring charges	\$0.01	(\$0.10)	\$0.11
	-----	-----	-----
Income before Accounting Changes	\$0.35	\$0.88	(\$0.53)
Cumulative effect of accounting changes***	\$0.00	\$0.00	\$0.00
	-----	-----	-----
Net Income	\$0.35	\$0.88	(\$0.52)
	=====	=====	=====
Inc. from Oper.- before Goodwill Amort.			
Lincoln Retirement*	36.5	75.1	(38.6)
Life Insurance	63.8	79.1	(15.4)
Investment Management	10.3	9.1	1.2
Lincoln UK	15.9	19.7	(3.7)
Corporate & Other**	(14.3)	26.8	(41.1)
	-----	-----	-----
Total	112.2	209.8	(97.6)
	=====	=====	=====
Earnings per share (diluted)			
Inc. from Oper.- before Goodwill Amort.	\$0.63	\$1.09	(\$0.46)
	-----	-----	-----
Net Income-- before Goodwill Amort.			
Lincoln Retirement*	6.0	54.5	(48.4)
Life Insurance	60.2	57.8	2.4
Investment Management	9.3	8.1	1.3
Lincoln UK	18.5	22.7	(4.2)
Corporate & Other**	(31.0)	37.0	(67.9)
	-----	-----	-----
Total	63.2	180.0	(116.8)
	=====	=====	=====
Earnings per share (diluted)			

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Net Income-- before Goodwill Amort.	\$0.35	\$0.93	(\$0.58)
	-----	-----	-----
Operating Revenue			
Lincoln Retirement*	497.6	498.7	(1.1)
Life Insurance	485.0	495.2	(10.2)
Investment Management	100.5	107.6	(7.0)
Lincoln UK	50.6	49.1	1.5
Corporate & Other**	112.9	339.0	(226.1)
	-----	-----	-----
Total Operating Revenue	1,246.7	1,489.6	(242.9)
	=====	=====	=====
Total Revenue			
Lincoln Retirement*	451.4	467.5	(16.1)
Life Insurance	479.6	464.7	15.0
Investment Management	99.1	106.5	(7.4)
Lincoln UK	51.8	53.4	(1.6)
Corporate & Other**	106.7	371.7	(265.0)
	-----	-----	-----
Total Revenue	1,188.6	1,463.8	(275.2)
	=====	=====	=====

Operational Data by Segment:
(Billions except where noted)

Lincoln Retirement*			
Gross Deposits	1.368	2.011	(0.643)
Net Cash Flows	0.074	0.631	(0.557)
Account Values (Gross)	47.525	52.642	(5.118)
Account Values (Net of Reinsurance)	45.522	51.129	(5.606)
Life Insurance Segment			
First Year Premium- Retail (in millions)	223.164	187.184	35.980
First Year Premium- COLI (in millions)	26.774	14.155	12.620
First Year Premium- Total (in millions)	249.938	201.338	48.600
In-force	253.896	234.394	19.502
Account Values	12.086	11.377	0.709
Investment Management Segment			
Retail Deposits	1.673	0.798	0.875
Retail Net Cash Flows	0.502	(0.091)	0.593
Institutional In-flows	1.323	0.696	0.628
Institutional Net Cash Flows	0.572	(0.103)	0.674
Total Net Cash Flows	1.074	(0.194)	1.267
Assets Under Management- Retail and Inst'l	46.495	48.411	(1.916)
Assets Under Management-- Insurance Assets	41.104	38.119	2.985
Assets Under Management-- Total Segment	87.599	86.530	1.068
Consolidated			
Consolidated Domestic Retail Deposits	3.396	3.137	0.259
Consolidated Domestic Retail Account Balances	75.057	81.044	(5.987)
Total Retail Net Cash Flows	1.060	0.869	0.191
Total Net Cash Flows	1.632	0.767	0.865

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Total Assets Under Management	119.127	126.241	(7.114)
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For the Year Ended December 31

	2002 Amount -----	2001 Amount -----	Change -----
Income from Operations			
Lincoln Retirement*	187.5	320.3	(132.8)
Life Insurance	271.9	279.0	(7.2)
Investment Management	28.9	14.6	14.3
Lincoln UK	37.0	60.2	(23.3)
Corporate & Other**	(50.8)	14.8	(65.6)
	-----	-----	-----
Total Income from Operations	474.4	689.0	(214.6)
Realized gains (losses) on investments	(177.2)	(68.7)	(108.5)
Gains (losses) on derivatives	0.8	(4.9)	5.6
Reserve increase on business sold through reinsurance	(199.1)	--	(199.1)
Gain on sale of subsidiaries	(9.4)	15.0	(24.4)
Restructuring charges	2.0	(24.7)	26.7
Income before Accounting Changes	91.6	605.8	(514.3)
Cumulative effect of accounting changes***	--	(15.6)	15.6
	-----	-----	-----
Net Income	91.6	590.2	(498.6)
	=====	=====	=====
Earnings per share (diluted)			
Income from Operations	\$2.56	\$3.56	(\$1.01)
Realized gain (losses) on investments	(\$0.95)	(\$0.35)	(\$0.60)
Gains (losses) on derivatives	\$0.00	(\$0.03)	\$0.03
Reserve increase on business sold through reinsurance	(\$1.07)	\$0.00	(\$1.07)
Gain on sale of subsidiaries	(\$0.05)	\$0.08	(\$0.13)
Restructuring charges	\$0.01	(\$0.13)	\$0.14
	-----	-----	-----
Income before Accounting Changes	\$0.49	\$3.13	(\$2.64)
Cumulative effect of accounting changes***	\$0.00	(\$0.08)	\$0.08
	-----	-----	-----
Net Income	\$0.49	\$3.05	(\$2.56)
	=====	=====	=====
Inc. from Oper.- before Goodwill Amort.			
Lincoln Retirement*	187.5	321.5	(134.0)
Life Insurance	271.9	302.7	(30.9)
Investment Management	28.9	30.9	(1.9)
Lincoln UK	37.0	60.9	(23.9)
Corporate & Other**	(50.8)	16.4	(67.2)
	-----	-----	-----
Total	474.4	732.4	(258.0)
	=====	=====	=====

Earnings per share (diluted)

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Inc. from Oper.- before Goodwill Amort.	\$2.56	\$3.79	(\$1.23)
Net Income-- before Goodwill Amort.			
Lincoln Retirement*	57.8	270.5	(212.6)
Life Insurance	209.0	256.7	(47.8)
Investment Management	25.6	28.0	(2.3)
Lincoln UK	40.0	69.6	(29.6)
Corporate & Other**	(240.9)	8.8	(249.8)
Total	91.6	633.6	(542.0)
Earnings per share (diluted) Net Income-- before Goodwill Amort.	\$0.49	\$3.28	(\$2.79)
Operating Revenue			
Lincoln Retirement*	1,985.5	2,033.1	(47.5)
Life Insurance	1,881.7	1,897.5	(15.8)
Investment Management	404.7	437.4	(32.7)
Lincoln UK	275.4	278.2	(2.9)
Corporate & Other**	368.8	1,833.4	(1,464.6)
Total Operating Revenue	4,916.1	6,479.6	(1,563.5)
Total Revenue			
Lincoln Retirement*	1,787.7	1,968.3	(180.6)
Life Insurance	1,785.0	1,840.6	(55.6)
Investment Management	399.3	433.7	(34.5)
Lincoln UK	277.2	290.7	(13.4)
Corporate & Other**	386.3	1,844.7	(1,458.5)
Total Revenue	4,635.5	6,378.0	(1,742.5)

Operational Data by Segment:
(Billions except where noted)

Lincoln Retirement*			
Gross Deposits	6.415	6.409	0.006
Net Cash Flows	0.453	0.105	0.348
Account Values (Gross)	47.525	52.642	(5.118)
Account Values (Net of Reinsurance)	45.522	51.129	(5.606)
Life Insurance Segment			
First Year Premium- Retail (in millions)	692.328	578.387	113.941
First Year Premium- COLI (in millions)	88.109	47.255	40.854
First Year Premium- Total (in millions)	780.437	625.642	154.795
In-force Account Values	253.896	234.394	19.502
Investment Management Segment			
Retail Deposits	5.695	3.693	2.002
Retail Net Cash Flows	0.806	(0.375)	1.181
Institutional In-flows	5.194	3.826	1.368
Institutional Net Cash Flows	2.106	(0.231)	2.337

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Total Net Cash Flows	2.912	(0.606)	3.518
Assets Under Management- Retail and Inst'l	46.495	48.411	(1.916)
Assets Under Management-- Insurance Assets	41.104	38.119	2.985
Assets Under Management-- Total Segment	87.599	86.530	1.068
Consolidated Consolidated Domestic Retail Deposits	12.783	11.009	1.775
Consolidated Domestic Retail Account Balances	75.057	81.044	(5.987)
Total Retail Net Cash Flows	2.587	0.742	1.845
Total Net Cash Flows	4.693	0.514	4.179
Total Assets Under Management	119.127	126.241	(7.114)

* 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, all historical financial data for the former Reinsurance segment was moved into "Other Operations." In addition, ongoing amortization of the deferred gain on indemnity reinsurance is shown in "Other Operations."

*** The cumulative effect of accounting changes relates to the adjustments recorded upon adoption of FAS #133 in the 1st qtr. 2001 and EITF 99-20 in the 2nd qtr. 2001.

Financial Highlights
Unaudited [Amounts in Millions,
except Per Share]

For the Quarter Ended December 31

	2002 Amount	2001 Amount	Change
	-----	-----	-----
Consolidated Operational Data: (Millions)			
Balance Sheet Assets - End of Period	93135.3	98001.3	(4866.0)
Shareholders' Equity			
Beg of Period (Securities at Market)	5389.0	5368.6	20.4
End of Period (Securities at Market)	5355.0	5263.5	91.5
End of Period (Securities at Cost)	4514.6	5046.3	(531.6)
Average Equity (Securities at Cost)	4584.9	5131.4	(546.6)

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Return on Equity			
Inc from Operations/Average Equity	9.8%	15.5%	(5.7%)
Net Income/Average Equity	5.5%	13.2%	(7.7%)
Return on Capital			
Inc from Operations/Average Capital	7.7%	12.9%	(5.2%)
Common Stock Outstanding			
Average for the Period - Diluted	178.9	192.8	(14.0)
End of Period - Assuming Conv of Pref.	177.6	187.3	(9.7)
End of Period - Diluted	179.0	191.1	(12.1)
Book Value (Including accumulated other comprehensive income)	30.15	28.10	2.05
Book Value (Excluding accumulated other comprehensive income)	25.97	27.13	(1.17)
Cash Returned to Shareholders			
Share Repurchase - dollar amount	0.0	134.3	(134.3)
Dividends Declared to Shareholders	58.9	59.9	(1.0)
	-----	-----	-----
Total Cash Returned to Shareholders	58.9	194.2	(135.3)
	=====	=====	=====
Share Repurchase - number of shares	0.000	2.894	(2.900)
Dividend Declared on Common Stock - per share	\$0.335	\$0.320	\$0.015

For the Quarter Ended December 31

Comprehensive Income (millions)	2002 Amount	2001 Amount
	-----	-----
Net Income	63.2	169.2
Foreign Currency Translation	15.4	(14.9)
Net Unrealized Gains (Losses) on Securities	(5.6)	(52.2)
Gains (Losses) on Derivatives	1.0	1.2
Cumulative Effect of Accounting Change	0.0	(0.0)
Minimum Pension Liability Adjustment	(62.6)	(36.0)
	-----	-----
Comprehensive Income	11.5	67.3
	=====	=====

For the Year Ended December 31

2002 Amount	2001 Amount	Change
-----	-----	-----

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Consolidated Operational Data:
(Millions)

Balance Sheet Assets - End of Period	93135.3	98001.3	(4866.0)
Shareholders' Equity			
Beg of Period (Securities at Market)	5263.5	4954.1	309.4
End of Period (Securities at Market)	5355.0	5263.5	91.5
End of Period (Securities at Cost)	4514.6	5046.3	(531.6)
Average Equity (Securities at Cost)	4910.1	5022.6	(112.5)
Return on Equity			
Inc from Operations/Average Equity	9.7%	13.7%	(4.1%)
Net Income/Average Equity	1.9%	11.8%	(9.9%)
Return on Capital			
Inc from Operations/Average Capital	8.0%	11.5%	(3.5%)
Common Stock Outstanding			
Average for the Period - Diluted	185.6	193.3	(7.7)
End of Period - Assuming Conv of Pref.	177.6	187.3	(9.7)
End of Period - Diluted	179.0	191.1	(12.1)
Book Value (Including accumulated other comprehensive income)	30.15	28.10	2.05
Book Value (Excluding accumulated other comprehensive income)	25.97	27.13	(1.17)
Cash Returned to Shareholders			
Share Repurchase - dollar amount	474.5	503.7	(29.2)
Dividends Declared to Shareholders	234.3	231.8	2.5
	-----	-----	-----
Total Cash Returned to Shareholders	708.8	735.5	(26.7)
	=====	=====	=====
Share Repurchase - number of shares	12.088	11.278	0.810
Dividend Declared on Common Stock - per share	\$1.295	\$1.235	\$0.060

For the Year Ended December 31

Comprehensive Income (millions)	2002 Amount	2001 Amount
	-----	-----
Net Income	91.6	590.2
Foreign Currency Translation	58.8	(30.0)
Net Unrealized Gains (Losses) on		

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Securities	616.3	183.6
Gains (Losses) on Derivatives	24.4	3.9
Cumulative Effect of Accounting Change	(17.6)	17.6
Minimum Pension Liability Adjustment	(61.9)	(36.0)
	-----	-----
Comprehensive Income	711.7	729.4
	=====	=====

Financial Highlights
Unaudited [Amounts in Millions]

For the Quarter Ended December 31

	2002 Amount	2001 Amount	Change
	-----	-----	-----
Consolidated Condensed Statements of Income			
Revenue:			
Insurance Premiums and Fees	451.4	679.5	(228.1)
Investment Advisory Fees	44.7	50.9	(6.2)
Net Investment Income	662.2	646.6	15.6
Realized Gains (Losses) on Investments	(50.7)	(29.7)	(21.0)
Gains (Losses) on Derivatives	0.6	(8.9)	9.5
Gains (Losses) on sale of subsidiaries	(8.3)	12.8	(21.1)
Other	88.7	112.6	(23.9)
	-----	-----	-----
Total Revenue	1,188.6	1,463.8	(275.2)
Benefits and Expenses:			
Benefits	653.0	744.9	(92.0)
Underwriting, Acquisition, Insurance and Other Expenses	474.8	529.2	(54.4)
	-----	-----	-----
Total Benefits and Expenses	1,127.8	1,274.1	(146.3)
	-----	-----	-----
Net Income			
before Federal Taxes	60.8	189.7	(128.9)
Federal Income Taxes	(2.4)	20.5	(22.8)
	-----	-----	-----
Income before Accounting Changes	63.2	169.2	(106.0)
Cumulative Effect of Accounting Changes	--	(0.0)	0.0
	-----	-----	-----
Net Income	63.2	169.2	(106.0)
	=====	=====	=====
Income before Tax and Cumulative Effect of Accounting Changes By Segment			
Lincoln Retirement	(11.8)	53.3	(65.2)
Life Insurance	87.2	79.9	7.3

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Investment Management	12.6	5.5	7.1
Lincoln UK	15.8	5.7	10.1
Corporate and Other	(42.9)	45.3	(88.2)
	-----	-----	-----
Income before Tax and Cumulative Effect of Accounting Changes	60.8	189.7	(128.9)
	-----	-----	-----
Pre-Tax Realized Gains (Losses) by Segment*			
Lincoln Retirement	(46.2)	(31.2)	(15.1)
Life Insurance	(5.4)	(30.6)	25.2
Investment Management	(1.5)	(1.1)	(0.4)
Lincoln UK	1.2	4.3	(3.1)
Corporate and Other	1.5	19.8	(18.3)
	-----	-----	-----
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(50.3)	(38.6)	(11.7)
After-Tax Realized Gains (Losses) by Segment*			
Lincoln Retirement	(30.4)	(20.6)	(9.8)
Life Insurance	(3.5)	(19.9)	16.3
Investment Management	(0.9)	(0.7)	(0.3)
Lincoln UK	0.8	3.0	(2.2)
Corporate and Other	1.0	13.5	(12.5)
	-----	-----	-----
After-Tax Realized Gains (Losses) on Investments and Derivatives	(33.1)	(24.7)	(8.4)

For the Year Ended December 31

	2002 Amount	2001 Amount	Change
	-----	-----	-----
Consolidated Condensed Statements of Income			
Revenue:			
Insurance Premiums and Fees	1,750.4	3,248.0	(1,497.7)
Investment Advisory Fees	183.3	197.2	(13.8)
Net Investment Income	2,608.3	2,679.6	(71.3)
Realized Gains (Losses) on Investments	(272.7)	(105.2)	(167.5)
Gains (Losses) on Derivatives	3.8	(9.3)	13.1
Gains (Losses) on sale of subsidiaries	(8.3)	12.8	(21.1)
Other	370.6	354.8	15.8
	-----	-----	-----
Total Revenue	4,635.5	6,378.0	(1,742.5)
Benefits and Expenses:			
Benefits	2,554.1	3,409.7	(855.6)
Underwriting, Acquisition, Insurance and Other Expenses	2,079.7	2,204.2	(124.5)
	-----	-----	-----
Total Benefits and Expenses	4,633.8	5,613.9	(980.1)
	-----	-----	-----
Net Income before Federal Taxes	1.6	764.1	(762.5)

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Federal Income Taxes	(90.0)	158.4	(248.3)
	-----	-----	-----
Income before Accounting Changes	91.6	605.7	(514.1)
Cumulative Effect of Accounting Changes	--	(15.6)	15.6
	-----	-----	-----
Net Income	91.6	590.2	(498.6)
	=====	=====	=====
Income before Tax and Cumulative Effect of Accounting Changes By Segment			
Lincoln Retirement	0.8	312.8	(312.1)
Life Insurance	298.7	369.8	(71.1)
Investment Management	31.4	19.1	12.3
Lincoln UK	36.9	61.6	(24.8)
Corporate and Other	(366.1)	0.8	(366.8)
	-----	-----	-----
Income before Tax and Cumulative Effect of Accounting Changes	1.6	764.1	(762.5)
	-----	-----	-----
Pre-Tax Realized Gains (Losses) by Segment*			
Lincoln Retirement	(197.8)	(64.8)	(133.0)
Life Insurance	(96.7)	(56.9)	(39.8)
Investment Management	(5.4)	(3.7)	(1.7)
Lincoln UK	1.9	12.4	(10.6)
Corporate and Other	26.6	(1.5)	28.1
	-----	-----	-----
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(271.5)	(114.5)	(157.1)
After-Tax Realized Gains (Losses) by Segment*			
Lincoln Retirement	(128.6)	(42.5)	(86.1)
Life Insurance	(62.9)	(36.9)	(25.9)
Investment Management	(3.5)	(2.4)	(1.1)
Lincoln UK	1.3	8.7	(7.4)
Corporate and Other	17.3	(0.4)	17.7
	-----	-----	-----
After-Tax Realized Gains (Losses) on Investments and Derivatives	(176.4)	(73.5)	(102.9)

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

Financial Highlights
Unaudited [Amounts in Millions, except Retail Account Balances

As of

December December
2002 2001

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	Amount	Amount	Change
	-----	-----	-----
Consolidated Condensed Balance Sheets			
Assets:			
Investments:			
Securities Available for Sale:			
Fixed Maturities	32,767.5	28,345.7	4,421.8
Equities	337.2	470.5	(133.2)
Mortgage Loans on Real Estate	4,205.5	4,535.5	(330.1)
Real Estate	279.7	267.9	11.8
Policy Loans	1,945.6	1,939.7	5.9
Other Long-Term Investments	466.2	553.8	(87.6)
	-----	-----	-----
Total Investments	40,001.7	36,113.1	3,888.6
Other Assets:			
Assets Held in Separate Accounts	36,178.3	44,833.4	(8,655.1)
Other Assets	16,955.2	17,054.8	(99.6)
	-----	-----	-----
Total Assets	93,135.3	98,001.3	(4,866.0)
	=====	=====	=====
Liabilities and Shareholders' Equity			
Liabilities:			
Insurance and Investment Contract Liabilities	44,768.9	40,857.2	3,911.7
Liabilities Related to Separate Accounts	36,178.3	44,833.4	(8,655.1)
Other Liabilities	6,815.4	7,047.2	(231.8)
	-----	-----	-----
Total Liabilities	87,780.3	92,737.8	(4,957.5)
Shareholders' Equity:			
Net Unrealized Gains(Losses) on Securities and Derivatives	840.3	217.2	623.1
Other Shareholders' Equity	4,514.6	5,046.3	(531.6)
	-----	-----	-----
Total Shareholders' Equity	5,355.0	5,263.5	91.5
	-----	-----	-----
Total Liabilities and Shareholders' Equity	93,135.3	98,001.3	(4,866.0)
	=====	=====	=====

	As of		
	December	December	
	2002	2001	
	Amount	Amount	Change
	-----	-----	-----
Roll Forward of Deferred Acquisition Costs			
Balance at beginning-of-year	2,885.3	3,070.5	(185.2)
Deferral	627.3	714.1	(86.8)
Amortization	(346.7)	(367.7)	21.0
	-----	-----	-----
Operating Adjustment related to realized	280.5	346.4	(65.8)

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(gains) losses			
on securities available-for-sale	115.0	112.9	2.2
Adjustment related to unrealized			
(gains) losses			
on securities available-for-sale	(338.5)	(187.2)	(151.3)
Foreign currency translation			
adjustment	56.9	(16.0)	73.0
Disposition of business	-	(425.9)	425.9
Other	(28.3)	(15.3)	(13.0)
	-----	-----	-----
Balance at end-of-year	2,971.0	2,885.3	85.7
	=====	=====	=====
Roll Forward of Present Value of			
In-Force			
Balance at beginning-of-year	1,362.5	1,483.3	(120.9)
Amortization	(136.4)	(113.1)	(23.3)
Foreign currency translation			
adjustment	24.1	(7.0)	31.1
Other	(0.0)	(0.7)	0.7
	-----	-----	-----
Balance at end-of-year	1,250.1	1,362.5	(112.4)
	=====	=====	=====

Eleven-Year Summary
Unaudited [Millions of Dollars except Per

For the Year Ended December 31	2002	2001	2000	1999
	-----	-----	-----	-----
Revenue				
Lincoln Retirement	1787.7	1968.3	2133.7	2115.8
Life Insurance	1785.0	1840.6	1819.0	1760.4
Investment Management	399.3	433.7	490.3	495.5
Lincoln UK	277.2	290.7	433.8	446.6
Corporate & Other	386.3	1844.7	1970.4	1985.4
	-----	-----	-----	-----
Total Revenue	4635.5	6378.0	6847.1	6803.7
	=====	=====	=====	=====
Income from Operations*				
Lincoln Retirement	187.5	320.3	362.0	299.4
Life Insurance	271.9	279.0	259.9	212.0
Investment Management	28.9	14.6	44.1	61.0
Lincoln UK	37.0	60.2	61.0	(13.9)
Corporate & Other	(50.8)	14.8	(8.0)	(83.1)
	-----	-----	-----	-----
Total Income from Cont Oper	474.4	689.0	719.1	475.5
Discontinued Operations				
	-----	-----	-----	-----
Income from Operations	474.4	689.0	719.1	475.5
	=====	=====	=====	=====
Net Income				
Lincoln Retirement	57.8	269.2	358.6	291.5

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Life Insurance	209.0	233.1	249.3	211.5
Investment Management	25.6	11.8	37.0	51.6
Lincoln UK	40.0	68.9	(13.2)	(18.2)
Corporate & Other	(240.9)	7.2	(10.2)	(76.1)
	-----	-----	-----	-----
Total Net Inc from Cont Oper Discontinued Operations	91.6	590.2	621.4	460.4
	-----	-----	-----	-----
Total Net Income	91.6	590.2	621.4	460.4
	-----	-----	-----	-----

OTHER DATA

Assets	93135.3	98001.3	99844.1	103095.7
Shareholders' Equity:				
Securities and Derivatives at Market	5355.0	5263.5	4954.1	4263.9
Securities and Derivatives at Cost	4514.6	5046.3	4942.0	4729.6
Average Equity (Sec & Deriv at Cost)	4910.1	5022.6	4831.9	4818.7
Common Shares Outstanding: (millions)				
End of Period - Diluted	179.0	191.1	195.2	197.0
Average for the Period - Diluted	185.6	193.3	194.9	200.4
Per Share Data (Diluted)				
Income (Loss) from Continuing Operations	\$2.56	\$3.56	\$3.69	\$2.37
Income from Operations *	\$2.56	\$3.56	\$3.69	\$2.37
Net Income from Continuing Operations	\$0.49	\$3.05	\$3.19	\$2.30
Net Income	\$0.49	\$3.05	\$3.19	\$2.30
Shareholders' Equity:				
Shareholders' Equity (Includes accum OCI)	\$30.15	\$28.10	\$25.92	\$21.76
Shareholders' Equity (Excludes accum OCI)	\$25.97	\$27.13	\$25.85	\$24.14
Dividends Declared (Common Stock)	\$1.30	\$1.24	\$1.18	\$1.12
Return on Equity (see page 30)				
Net Income/Average Equity	1.9%	11.8%	12.9%	9.6%
Inc from Operations/Average Equity	9.7%	13.7%	14.9%	9.9%
Market Value of Common Stock				
High for the Year	\$53.650	\$52.750	\$56.375	\$57.500
Low for the Year	\$25.150	\$38.000	\$22.625	\$36.000
Close for the Year	\$31.580	\$48.570	\$47.313	\$40.000

For the Year Ended December 31	1996	1995	1994	1993
	-----	-----	-----	-----

Revenue

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Lincoln Retirement	1805.0	1877.1	1506.2	1603.8
Life Insurance	549.2	514.9	466.2	477.5
Investment Management	410.5	290.5		
Lincoln UK	393.2	351.5	216.0	174.9
Corporate & Other	1575.6	1552.5	1744.1	2680.9
	-----	-----	-----	-----
Total Revenue	4733.6	4586.5	3932.5	4937.1
	=====	=====	=====	=====
 Income from Operations*				
Lincoln Retirement	174.6	175.2	142.4	127.1
Life Insurance	41.2	35.4	34.2	37.8
Investment Management	18.6	20.6		
Lincoln UK	66.0	45.9	17.2	11.9
Corporate & Other	(1.7)	(136.2)	24.8	20.8
	-----	-----	-----	-----
Total Income from Cont Oper	298.8	140.8	218.6	197.6
Discontinued Operations	135.3	165.6	171.1	145.9
	-----	-----	-----	-----
Income from Operations	434.1	306.5	389.7	343.5
	=====	=====	=====	=====
 Net Income				
Lincoln Retirement	204.3	248.8	142.4	127.1
Life Insurance	51.8	40.6	34.2	37.8
Investment Management	25.0	27.4		
Lincoln UK	66.0	45.7	18.5	12.6
Corporate & Other	9.3	(61.0)	(29.6)	(101.1)
	-----	-----	-----	-----
Total Net Inc from Cont Oper	356.4	301.4	165.5	76.4
Discontinued Operations	157.2	180.8	184.4	242.5
	-----	-----	-----	-----
Total Net Income	513.6	482.2	349.9	318.9
	-----	-----	-----	-----
 OTHER DATA				
Assets	71713.4	63257.7	48864.8	47825.1
 Shareholders' Equity:				
Securities and Derivatives at Market	4470.0	4378.1	3042.1	4072.3
Securities and Derivatives at Cost	4057.1	3679.9	3353.1	3157.6
Average Equity (Sec & Deriv at Cost)	3866.0	3568.4	3288.6	3009.0
 Common Shares Outstanding:				
(millions)				
End of Period - Diluted	209.5	210.3	208.3	208.3
Average for the Period - Diluted	210.7	209.5	208.7	206.1
 Per Share Data (Diluted)				
Income (Loss) from Continuing Operations	\$1.42	\$0.67	\$1.05	\$0.96
Income from Operations *	\$2.06	\$1.46	\$1.87	\$1.67
Net Income from Continuing Operations	\$1.69	\$1.44	\$0.79	\$0.37
Net Income	\$2.44	\$2.30	\$1.68	\$1.55
 Shareholders' Equity:				
Shareholders' Equity (Includes				

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accum OCI)	\$21.50	\$20.95	\$14.67	\$19.69
Shareholders' Equity (Excludes				
accum OCI)	\$19.51	\$17.61	\$16.17	\$15.27
Dividends Declared (Common Stock)	\$0.94	\$0.88	\$0.830	\$0.775
Return on Equity (see page 30)				
Net Income/Average Equity	13.3%	14.7%	10.6%	10.6%
Inc from Operations/Average				
Equity	11.2%	9.4%	11.8%	11.4%
Market Value of Common Stock				
High for the Year	\$28.500	\$26.875	\$22.188	\$24.125
Low for the Year	\$20.375	\$17.313	\$17.313	\$17.344
Close for the Year	\$26.250	\$26.875	\$17.500	\$21.750

* "Income from Operations" is defined as "Net income less realized gain (loss) on investments, de associated items, gain (loss) on sale of subsidiaries, restructuring charges, and cumulative ef net of taxes." Income from operations also excludes the recognition of losses and related chang amortization under indemnity reinsurance resulting from future developments in the business rei

Quarterly Summary
Unaudited [Millions of Dollars except Per Share Dat

For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----
Revenue				
Lincoln Retirement	548.7	530.5	532.1	522.3
Life Insurance	441.7	444.2	453.2	479.9
Investment Management	125.8	120.7	123.8	120.0
Lincoln UK	116.8	103.5	110.7	102.8
Corporate & Other	440.2	489.0	494.1	547.0
	-----	-----	-----	-----
Total Revenue	1673.2	1688.0	1714.0	1772.0
	=====	=====	=====	=====
Income from Operations*				
Lincoln Retirement	88.5	84.1	102.9	86.4
Life Insurance	60.4	62.4	66.5	70.6
Investment Management	12.4	13.1	9.9	8.7
Lincoln UK	15.7	19.3	10.6	15.5
Corporate & Other	(6.5)	(5.9)	0.9	3.5
	-----	-----	-----	-----
Income from Operations	170.6	173.0	190.7	184.7
	=====	=====	=====	=====
Net Income				
Lincoln Retirement	91.2	84.4	93.8	89.2
Life Insurance	58.1	58.4	67.4	65.4
Investment Management	12.3	8.4	9.7	6.6
Lincoln UK	15.5	19.1	(29.9)	(17.9)
Corporate & Other	(6.8)	(6.8)	(2.3)	5.7
	-----	-----	-----	-----
Total Net Income	170.2	163.6	138.6	148.9

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OTHER DATA

Assets	106340.0	103847.6	103243.1	99844.1
Shareholders' Equity				
Beg of Period (Sec & Deriv at Market)	4263.9	4340.4	4223.7	4538.6
End of Period (Sec & Deriv at Market)	4340.4	4223.7	4538.6	4954.1
End of Period (Sec & Deriv at Cost)	4751.6	4780.3	4876.3	4942.0
Average Equity (Sec & Deriv at Cost)	4791.5	4753.0	4867.2	4915.7
Common Shares Outstanding				
Average for the Period - Diluted	195.8	194.0	195.6	195.6
End of Period - Diluted	195.1	193.7	196.2	195.2
Per Share Data (Diluted)				
Income from Operations *	\$0.87	\$0.89	\$0.98	\$0.94
Net Income	\$0.87	\$0.84	\$0.71	\$0.76
Shareholders' Equity				
Shareholders' Equity (Includes accum OCI)	22.45	22.10	23.67	25.92
Shareholders' Equity (Excludes accum OCI)	24.58	25.01	25.43	25.85
Dividends Declared (Com Stk)	0.290	0.290	0.290	0.305
Return on Equity (see page 30)				
Net Income/Average Equity	14.2%	13.8%	11.4%	12.1%
Inc from Operations/Average Equity	14.2%	14.6%	15.7%	15.0%
Market Value of Common Stock				
Highest Price	\$41.375	\$40.063	\$56.375	\$50.938
Lowest Price	\$22.625	\$29.000	\$35.625	\$40.875
Closing Price	\$33.500	\$36.125	\$48.125	\$47.313
	Sep	Dec	Mar	Jun
For the Quarter Ended	2001	2001	2002	2002
	-----	-----	-----	-----
Revenue				
Lincoln Retirement	478.2	467.5	453.0	442.6
Life Insurance	460.6	464.7	423.9	439.8
Investment Management	104.7	106.5	103.5	102.4
Lincoln UK	85.0	53.4	53.2	80.5
Corporate & Other	489.5	371.7	92.3	92.2
	-----	-----	-----	-----
Total Revenue	1618.0	1463.8	1126.0	1157.5
	=====	=====	=====	=====
Income from Operations*				
Lincoln Retirement	72.4	74.8	80.4	47.8
Life Insurance	70.1	73.2	71.1	73.5
Investment Management	3.5	5.1	8.0	6.6
Lincoln UK	10.1	19.5	14.4	6.7
Corporate & Other	(12.9)	26.5	(12.0)	(7.3)

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Income from Operations	143.2	199.1	162.0	127.2
Net Income				
Lincoln Retirement	58.6	54.2	47.6	10.2
Life Insurance	64.7	51.9	44.2	57.4
Investment Management	2.9	4.0	7.0	6.2
Lincoln UK	14.0	22.5	10.8	9.8
Corporate & Other	(21.2)	36.7	(15.2)	(24.2)
Total Net Income	119.1	169.2	94.5	59.4
OTHER DATA				
Assets	90206.0	98001.3	97846.4	95069.2
Shareholders' Equity				
Beg of Period (Sec & Deriv at Market)	5055.9	5368.6	5263.5	5131.1
End of Period (Sec & Deriv at Market)	5368.6	5263.5	5131.1	5307.9
End of Period (Sec & Deriv at Cost)	5100.4	5046.3	5076.6	4959.5
Average Equity (Sec & Deriv at Cost)	5085.0	5131.4	5083.3	5080.7
Common Shares Outstanding				
Average for the Period - Diluted	194.8	192.8	191.7	189.7
End of Period - Diluted	193.3	191.1	191.7	186.9
Per Share Data (Diluted)				
Income from Operations *	\$0.74	\$1.03	\$0.84	\$0.67
Net Income	\$0.61	\$0.88	\$0.49	\$0.31
Shareholders' Equity				
Shareholders' Equity (Includes accum OCI)	28.29	28.10	27.30	28.77
Shareholders' Equity (Excludes accum OCI)	26.87	27.13	27.20	27.09
Dividends Declared (Com Stk)	0.305	0.320	0.320	0.320
Return on Equity (see page 30)				
Net Income/Average Equity	9.4%	13.2%	7.4%	4.7%
Inc from Operations/Average Equity	11.3%	15.5%	12.7%	10.0%
Market Value of Common Stock				
Highest Price	\$52.750	\$49.450	\$53.650	\$52.540
Lowest Price	\$41.000	\$40.000	\$47.200	\$40.750
Closing Price	\$46.630	\$48.570	\$50.730	\$42.000

* "Income from Operations" is defined as "Net income less realized gain (loss) on investments, de associated items, gain (loss) on sale of subsidiaries, restructuring charges, and cumulative ef changes, all net of taxes." Income from operations also excludes the recognition of losses and the deferred gain amortization under indemnity reinsurance resulting from future developments i

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

For the Quarter Ended December 30	Lincoln Retirement		Life Insurance		Investment Management
	Dec 2002	Dec 2001	Dec 2002	Dec 2001	Dec 2002
Operating Revenue					
Life and annuity premiums	8.7	12.7	56.4	64.3	
Surrender charges	7.4	7.2	15.5	19.9	(0.0)
Mortality assessments			127.3	125.5	
Expense assessments	105.7	126.2	56.3	52.8	(0.0)
Health premiums			0.0	0.1	
Investment advisory fees				(0.0)	65.8
Other revenue and fees	2.7	10.0	6.2	6.0	22.1
Net investment income	373.1	342.6	223.3	226.6	12.7
Earnings in Unconsolidated Affiliates					
Operating Revenue	497.6	498.7	485.0	495.2	100.5
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	78.4	55.3	114.6	112.9	
Div accum & div to policyholders			22.8	25.4	
Interest credited to policy bal.	231.7	227.5	150.7	146.9	0.0
Health policy benefits			0.0	0.0	
Total insurance benefits	310.1	282.8	288.0	285.2	0.0
Underwriting, acquisition, insurance and other expenses*:					
Commissions	72.8	96.7	38.6	45.1	0.0
Other volume related expenses	18.1	13.1	58.3	56.9	(0.0)
Operating and administrative expenses	68.3	66.4	43.6	38.3	81.2
Taxes, licenses and fees	(0.5)	4.5	11.5	12.5	3.3
Par policyholder interests					
Foreign exchange					
Subtotal	158.8	180.7	152.1	152.8	84.4
Deferral of acquisition costs	(55.3)	(71.9)	(101.4)	(106.3)	
DAC amortization	29.6	20.8	36.3	30.2	
DAC deferral net of amortization	(25.7)	(51.0)	(65.1)	(76.1)	
PVIF amortization	20.0	1.4	17.4	14.7	
Other intangibles amortization					2.0
Total underwriting, acquisition, insurance and other expenses	153.2	131.1	104.4	91.4	86.4
Goodwill amortization		0.3		5.9	
Interest			0.0	0.0	
Operating Benefits and Expenses	463.3	414.2	392.5	382.5	86.4
Income from Operations Before Tax	34.4	84.5	92.5	112.7	14.1

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Federal income taxes	(2.1)	9.7	28.8	39.5	3.8
Income from Operations	36.5	74.8	63.8	73.2	10.3
Restructuring charges				(1.5)	0.0
Realized gains (losses) on investments	(30.4)	(20.7)	(3.6)	(21.3)	(0.9)
Gains (losses) on derivatives	(0.0)	0.1	0.1	1.5	
Reserve increase on business sold through reinsurance					
Gain on sale of subsidiaries					
Income before Accounting Changes	6.0	54.2	60.2	51.9	9.3
Cumulative effect of accounting changes		0.0		(0.0)	
Net Income	6.0	54.2	60.2	51.9	9.3
Inc. from Oper.-before Goodwill Amort.	36.5	75.1	63.8	79.1	10.3
Net Income-before Goodwill Amort.	6.0	54.5	60.2	57.8	9.3

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

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

For the Quarter Ended December 31	Corporate and Other Operations		Consolidating Adjustments		Consolidat
	Dec 2002	Dec 2001	Dec 2002	Dec 2001	Dec 2002
Operating Revenue					
Life and annuity premiums	2.2	182.3			80.7
Surrender charges		0.1	0.6	0.5	23.5
Mortality assessments	(0.9)	0.0			135.3
Expense assessments	0.9	(0.0)	7.0	9.3	192.8
Health premiums	18.4	35.5			19.1
Investment advisory fees			(21.1)	(20.5)	44.7
Other revenue and fees	110.4	115.3	(40.9)	(37.3)	88.4
Net investment income	37.7	51.1	(1.3)	(1.7)	662.2
Earnings in Unconsolidated Affiliates		4.3			
Operating Revenue	168.7	388.6	(55.8)	(49.6)	1246.7

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Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	(0.2)	117.9			214.0
Div accum & div to policyholders	(0.0)	1.2			22.8
Interest credited to policy bal.	21.4	7.0	7.2	9.2	411.1
Health policy benefits	3.3	20.9			5.1
	-----	-----	-----	-----	-----
Total insurance benefits	24.5	146.9	7.2	9.2	653.0
Underwriting, acquisition, insurance and other expenses*:					
Commissions	42.2	69.0	7.1	5.1	162.0
Other volume related expenses	20.7	(21.1)	(24.5)	(19.7)	72.6
Operating and administrative expenses	71.4	122.0	(42.1)	(41.8)	242.5
Taxes, licenses and fees	9.1	7.8			23.5
Par policyholder interests					
Foreign exchange	(0.6)	1.1			(0.6)
	-----	-----	-----	-----	-----
Subtotal	142.7	178.8	(59.4)	(56.4)	499.9
Deferral of acquisition costs	(6.6)	(10.5)		(8.7)	(167.8)
DAC amortization	0.1	1.5	8.2	8.0	62.7
	-----	-----	-----	-----	-----
DAC deferral net of amortization	0.1	(5.1)	(2.2)	(0.7)	(105.0)
PVIF amortization					43.0
Other intangibles amortization		0.2			2.0
Total underwriting, acquisition, insurance and other expenses	142.8	173.9	(61.7)	(57.1)	439.9
Goodwill amortization		0.3		(0.0)	
Interest	24.8	26.7	(1.3)	(1.7)	23.5
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	192.1	347.9	(55.8)	(49.6)	1116.3
	-----	-----	-----	-----	-----
Income from Operations Before Tax	(23.5)	40.7	(0.0)	0.0	130.3
	-----	-----	-----	-----	-----
Federal income taxes	(9.2)	14.2			18.2
	-----	-----	-----	-----	-----
Income from Operations	(14.3)	26.5	(0.0)	0.0	112.2
	-----	-----	-----	-----	-----
Restructuring charges	0.0	(18.3)			1.7
Realized gains (losses) on investments	0.8	19.5		0.3	(33.3)
Gains (losses) on derivatives	0.2	(6.3)			0.2
Reserve increase on business sold through reinsurance	(8.2)				(8.2)
Gain on sale of subsidiaries	(11.5)	15.0	2.1		(9.4)
	-----	-----	-----	-----	-----
Income before Accounting Changes	(33.0)	36.4	2.1	0.3	63.2
Cumulative effect of accounting changes		(0.0)			
	-----	-----	-----	-----	-----
Net Income	(33.0)	36.4	2.1	0.3	63.2
	=====	=====	=====	=====	=====
Inc. from Oper.-before Goodwill Amort.	(14.3)	26.8	(0.0)		112.2
	-----	-----	-----	-----	-----
Net Income-before Goodwill Amort.	(33.0)	36.7	2.1	0.3	63.2
	-----	-----	-----	-----	-----

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

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

For the Year Ended December 31	Lincoln Retirement		Life Insurance		Investment Management
	Dec 2002	Dec 2001	Dec 2002	Dec 2001	Dec 2002
Operating Revenue					
Life and annuity premiums	47.4	77.5	203.6	212.3	
Surrender charges	31.2	31.2	54.1	66.1	
Mortality assessments			501.5	499.4	
Expense assessments	469.8	537.7	199.5	191.4	
Health premiums			0.2	0.1	
Investment advisory fees					267.2
Other revenue and fees	3.3	16.7	23.7	17.9	87.0
Net investment income	1433.9	1370.0	899.1	910.2	50.5
Earnings in Unconsolidated Affiliates					
Operating Revenue	1985.5	2033.1	1881.7	1897.5	404.7
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	314.1	263.9	427.4	418.6	
Div accum & div to policyholders			76.0	78.5	
Interest credited to policy bal.	903.8	863.8	598.6	569.9	
Health policy benefits			0.0	0.0	
Total insurance benefits	1217.9	1127.7	1102.0	1067.0	
Underwriting, acquisition, insurance and other expenses*:					
Commissions	320.8	336.3	139.8	142.1	
Other volume related expenses	64.6	49.7	190.4	176.4	
Operating and administrative expenses	225.0	225.5	157.8	161.0	342.3
Taxes, licenses and fees	11.5	13.7	53.2	49.2	17.7
Par policyholder interests					
Foreign exchange					
Subtotal	621.8	625.3	541.2	528.7	360.0
Deferral of acquisition costs	(243.9)	(240.9)	(336.6)	(324.8)	
DAC amortization	157.6	125.5	105.8	95.0	
DAC deferral net of amortization	(86.2)	(115.4)	(230.7)	(229.8)	
PVIF amortization	31.8	14.7	73.9	75.9	
Other intangibles amortization					8.2
Total underwriting, acquisition, insurance and other expenses	567.4	524.5	384.4	374.7	368.3
Goodwill amortization		1.2		23.7	

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Interest			0.0	0.0	
Operating Benefits and Expenses	1785.3	1653.5	1486.3	1465.4	368.3
Income from Operations Before Tax	200.2	379.6	395.4	432.1	36.4
Federal income taxes	12.7	59.3	123.5	153.0	7.5
Income from Operations	187.5	320.3	271.9	279.0	28.9
Restructuring charges	(1.0)	(1.3)		(3.5)	0.3
Realized gains (losses) on investments	(127.8)	(42.3)	(63.8)	(38.5)	(3.5)
Gains (losses) on derivatives	(0.8)	(0.2)	1.0	1.6	
Reserve increase on business sold through reinsurance					
Gain on sale of subsidiaries					
Income before Accounting Changes	57.8	276.5	209.0	238.6	25.6
Cumulative effect of accounting changes		(7.3)		(5.5)	
Net Income	57.8	269.2	209.0	233.1	25.6
Inc. from Oper.-before Goodwill Amort.	187.5	321.5	271.9	302.7	28.9
Net Income-before Goodwill Amort.	57.8	270.5	209.0	256.7	25.6

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

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

For the Year Ended December 31	Corporate and Other Operations		Consolidating Adjustments		Consolidat
	Dec 2002	Dec 2001	Dec 2002	Dec 2001	Dec 2002
Operating Revenue					
Life and annuity premiums	(3.3)	1030.1			295.6
Surrender charges		1.9	2.4	2.2	87.8
Mortality assessments	(3.6)	0.1			530.3
Expense assessments	3.6	(0.0)	38.1	45.3	816.3
Health premiums	17.5	337.9			20.3
Investment advisory fees			(83.8)	(87.5)	183.3
Other revenue and fees	392.4	366.2	(156.5)	(149.6)	374.7
Net investment income	168.6	292.2	(6.0)	(11.1)	2608.3
Earnings in Unconsolidated Affiliates	(0.6)	5.7			(0.6)

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Operating Revenue	574.6	2034.0	(205.7)	(200.5)	4916.1	6
Operating Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	(1.1)	764.6			811.3	1
Div accum & div to policyholders		5.2			76.0	
Interest credited to policy bal.	83.5	33.6	31.3	38.7	1617.1	1
Health policy benefits	36.3	289.6			49.7	
Total insurance benefits	118.8	1092.9	31.3	38.7	2554.1	3
Underwriting, acquisition, insurance and other expenses*:						
Commissions	86.1	349.1	26.5	22.1	579.4	
Other volume related expenses	79.6	26.4	(77.8)	(67.7)	256.8	
Operating and administrative expenses	238.9	397.3	(170.6)	(177.9)	867.8	1
Taxes, licenses and fees	29.1	43.2			111.5	
Par policyholder interests						
Foreign exchange	0.3	(1.4)			0.3	
Subtotal	434.0	814.7	(221.9)	(223.5)	1815.8	2
Deferral of acquisition costs	(1.4)	(108.5)	(42.0)	(35.6)	(627.3)	(
DAC amortization	0.4	80.5	32.8	30.9	346.7	
DAC deferral net of amortization	(1.0)	(28.0)	(9.2)	(4.7)	(280.6)	(
PVIF amortization					136.5	
Other intangibles amortization		1.3			8.2	
Total underwriting, acquisition, insurance and other expenses	433.0	788.0	(231.0)	(228.2)	1679.9	2
Goodwill amortization		1.7		(0.0)		
Interest	102.6	132.1	(6.0)	(11.1)	96.6	
Operating Benefits and Expenses	654.3	2014.6	(205.7)	(200.6)	4330.6	5
Income from Operations Before Tax	(79.8)	19.4	0.0	0.0	585.4	
Federal income taxes	(29.0)	4.7			111.0	
Income from Operations	(50.8)	14.8	0.0	0.0	474.4	
Restructuring charges	1.1	(19.5)			2.0	
Realized gains (losses) on investments	16.7	4.8		1.0	(177.2)	
Gains (losses) on derivatives	0.6	(6.3)			0.8	
Reserve increase on business sold through reinsurance	(199.1)				(199.1)	
Gain on sale of subsidiaries	(11.5)	15.0	2.1		(9.4)	
Income before Accounting Changes	(243.0)	8.8	2.1	1.1	91.6	
Cumulative effect of accounting changes		(2.7)				(
Net Income	(243.0)	6.1	2.1	1.1	91.6	
Inc. from Oper.-before Goodwill Amort.	(50.8)	16.4	0.0		474.4	

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Net Income-before Goodwill Amort.	(243.0)	7.8	2.1	1.0	91.6
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* Does not include restructuring charges which is consistent with the definition of "Income from Operations" (see page 5).

PAGE 11

Statement of Consolidated Income
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002
Operating Revenue					
Life and annuity premiums	985.6	1183.0	1403.3	1363.4	295.6
Surrender charges	91.5	110.2	114.7	101.5	87.8
Mortality assessments	380.1	496.4	496.5	533.3	530.3
Expense assessments	803.0	930.9	1050.2	909.2	816.3
Health premiums	635.1	698.5	409.8	340.6	20.3
Investment advisory fees	227.1	223.8	213.1	197.2	183.3
Other revenue and fees	261.0	344.5	441.1	349.1	374.7
Net investment income	2681.4	2807.5	2747.1	2679.6	2608.3
Earnings in Unconsolidated Affiliates	3.3	5.8	(0.4)	5.7	(0.6)
Operating Revenue	6068.0	6800.7	6875.4	6479.6	4916.1
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	1237.7	1546.6	1546.4	1517.9	811.3
Div accum & div to policyholders	78.0	88.4	87.6	83.7	76.0
Interest credited to policy bal.	1446.2	1510.4	1474.2	1506.0	1617.1
Health policy benefits	566.9	659.7	449.0	302.1	49.7
Total insurance benefits	3328.9	3805.0	3557.2	3409.7	2554.1
Underwriting, acquisition, insurance and other expenses*:					
Commissions	740.1	961.0	919.1	860.3	579.4
Other volume related expenses	150.7	197.1	253.8	184.8	256.8
Operating and administrative expenses	995.7	1165.3	1157.0	1050.9	867.8
Taxes, licenses and fees	75.9	84.0	113.0	128.3	111.5
Par policyholder interests	(4.3)	3.3	1.1		
Foreign exchange	(1.5)	1.9	(2.9)	(1.4)	0.3
Subtotal	1956.5	2412.6	2441.2	2223.0	1815.8
Deferral of acquisition costs				(714.1)	(627.3)
DAC amortization				367.7	346.7
DAC deferral net of amortization	(208.2)	(314.6)	(427.5)	(346.3)	(280.6)
PVIF amortization	77.1	102.5	132.6	113.1	136.5
Other intangibles amortization	18.8	18.0	17.7	12.1	8.2

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Total underwriting, acquisition, insurance and other expenses	1844.2	2218.5	2164.1	2001.8	1679.9
Goodwill amortization	44.5	49.2	45.1	43.4	
Interest	117.1	133.7	139.5	121.0	96.6
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	5334.6	6206.4	5905.9	5576.0	4330.6
	-----	-----	-----	-----	-----
Income from Operations Before Tax	733.4	594.4	969.6	903.6	585.4
Federal income taxes	203.0	118.9	250.5	214.7	111.0
	-----	-----	-----	-----	-----
Income from Continuing Operations	530.4	475.5	719.1	689.0	474.4
	-----	-----	-----	-----	-----
Discontinued Operations					
Restructuring charges	(34.3)	(18.9)	(80.2)	(24.7)	2.0
Realized gains (losses) on investments	13.7	3.8	(17.5)	(68.7)	(177.2)
Gains (losses) on derivatives				(4.9)	0.8
Reserve increase on business sold through reinsurance					(199.1)
Gain on sale of subsidiaries				15.0	(9.4)
	-----	-----	-----	-----	-----
Income before Accounting Changes	509.8	460.4	621.4	605.8	91.6
Cumulative Effect of Accounting Changes				(15.6)	
	-----	-----	-----	-----	-----
Net Income	509.8	460.4	621.4	590.2	91.6
	=====	=====	=====	=====	=====

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year				3,070.5	2,885.3
Deferral				714.1	627.3
Amortization				(367.7)	(346.7)
	-----	-----	-----	-----	-----
Operating				346.4	280.5
Adjustment related to realized (gains) losses on securities available-for-sale				112.9	115.0
Adjustment related to unrealized (gains) losses on securities available-for-sale				(187.2)	(338.5)
Foreign currency translation adjustment				(16.0)	56.9
Disposition of business				(425.9)	0.0
Other				(15.3)	(28.3)
	-----	-----	-----	-----	-----
Balance at end-of-year				2,885.3	2,970.9
	=====	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-year				1,483.3	1,362.5
Amortization				(113.1)	(136.4)
Foreign currency translation					

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adjustment				(7.0)	24.1
Other				(0.7)	(0.0)
	-----	-----	-----	-----	-----
Balance at end-of-year				1,362.5	1,250.1
	=====	=====	=====	=====	=====

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

Statement of Consolidated Income				
Unaudited [Millions of Dollars]				
For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----
Operating Revenue				
Life and annuity premiums	331.2	337.1	339.0	396.1
Surrender charges	28.7	29.8	25.9	30.3
Mortality assessments	118.5	122.5	125.9	129.6
Expense assessments	261.1	258.6	273.4	257.1
Health premiums	58.4	144.0	117.9	89.4
Investment advisory fees	54.0	52.2	53.3	53.6
Other revenue and fees	110.1	84.0	104.0	143.0
Net investment income	711.1	673.8	690.0	672.1
Earnings in Unconsolidated Affiliates	1.0	(3.6)	1.6	0.6
	-----	-----	-----	-----
Operating Revenue	1674.1	1698.4	1731.0	1772.0
	-----	-----	-----	-----
Operating Benefits and Expenses				
Ins. benefits paid or provided:				
Life and annuity policy benefits	356.1	370.1	390.2	430.0
Div accum & div to policyholders	21.7	20.2	18.2	27.4
Interest credited to policy bal.	373.9	366.8	362.0	371.5
Health policy benefits	114.3	119.9	123.0	91.8
	-----	-----	-----	-----
Total insurance benefits	866.0	877.0	893.5	920.7
Underwriting, acquisition, insurance and other expenses*:				
Commissions	194.2	251.9	238.5	234.6
Other volume related expenses	50.5	54.2	62.9	86.2
Operating and administrative expenses	299.6	268.8	270.3	318.4
Taxes, licenses and fees	32.8	21.6	26.3	32.4
Par policyholder interests	(1.5)	1.6	1.4	(0.5)
Foreign exchange	(0.2)	(1.0)	(0.5)	(1.1)
	-----	-----	-----	-----
Subtotal	575.3	597.1	598.8	670.0
Deferral of acquisition costs DAC amortization				
	-----	-----	-----	-----
DAC deferral net of amortization	(82.3)	(99.7)	(109.1)	(136.4)

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PVIF amortization	31.9	31.0	36.2	33.5
Other intangibles amortization	4.7	4.3	4.3	4.3
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	529.6	532.8	530.3	571.4
Goodwill amortization	10.2	12.0	12.0	10.9
Interest	36.3	35.4	34.4	33.4
	-----	-----	-----	-----
Operating Benefits and Expenses	1442.2	1457.2	1470.1	1536.4
	-----	-----	-----	-----
Income from Operations before Tax/Min Int.	232.0	241.1	260.8	235.6
Federal income taxes	61.6	67.9	70.1	50.9
	-----	-----	-----	-----
Inc from Operations before Min Int	170.4	173.2	190.7	184.7
	-----	-----	-----	-----
Minority Interest	(0.2)	0.2	(0.0)	0.0
	-----	-----	-----	-----
Income from Operations	170.6	173.0	190.7	184.7
	-----	-----	-----	-----
Restructuring charges		(2.7)	(40.5)	(37.0)
Realized gains (losses) on investments	(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	170.2	163.6	138.6	148.9
Cumulative Effect of Accounting Changes				
	-----	-----	-----	-----
Net Income	170.2	163.6	138.6	148.9
	=====	=====	=====	=====

Roll Forward of Deferred
Acquisition Costs

Balance at beginning-of-period
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

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Roll Forward of Present Value of
In-Force

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

Balance at end-of-year

For the Quarter Ended	Sep 2001 -----	Dec 2001 -----	Mar 2002 -----	Jun 2002 -----
Operating Revenue				
Life and annuity premiums	336.8	270.7	74.7	68.7
Surrender charges	23.2	27.7	20.2	21.3
Mortality assessments	133.3	132.6	130.4	130.5
Expense assessments	224.4	212.4	210.5	214.4
Health premiums	103.9	36.1	2.4	8.3
Investment advisory fees	47.2	50.9	48.0	47.8
Other revenue and fees	100.2	108.2	95.0	97.2
Net investment income	686.2	646.6	648.1	651.0
Earnings in Unconsolidated Affiliates	0.4	4.3		(0.6)
Operating Revenue	1655.6	1489.6	1229.3	1238.5
Operating Benefits and Expenses				
Ins. benefits paid or provided:				
Life and annuity policy benefits	422.6	302.8	176.1	191.5
Div accum & div to policyholders	18.0	26.6	17.8	18.2
Interest credited to policy bal.	378.7	390.6	406.2	382.5
Health policy benefits	83.8	25.0	3.3	33.9
Total insurance benefits	903.1	744.9	603.4	626.1
Underwriting, acquisition, insurance and other expenses*:				
Commissions	207.9	217.9	144.2	148.6
Other volume related expenses	53.1	29.1	54.7	65.5
Operating and administrative expenses	264.0	297.3	208.5	204.1
Taxes, licenses and fees	30.6	30.4	38.3	24.6
Par policyholder interests				
Foreign exchange	(2.5)	1.1	0.0	0.6
Subtotal	553.1	575.9	445.7	443.4
Deferral of acquisition costs	(183.4)	(194.5)	(147.9)	(156.1)
DAC amortization	118.0	56.8	70.4	100.7
DAC deferral net of amortization	(65.4)	(137.7)	(77.5)	(55.5)
PVIF amortization	34.4	21.8	21.3	31.9
Other intangibles amortization	2.6	2.5	2.2	2.0
Total underwriting, acquisition, insurance and other expenses	524.7	462.5	391.7	421.8
Goodwill amortization	10.9	10.7		

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Interest	29.6	25.0	24.8	24.6
	-----	-----	-----	-----
Operating Benefits and Expenses	1468.4	1243.1	1019.9	1072.6
	-----	-----	-----	-----
Income from Operations before Tax/Min Int.	187.3	246.5	209.4	166.0
Federal income taxes	44.1	47.4	47.4	38.7
	-----	-----	-----	-----
Inc from Operations before Min Int	143.2	199.1	162.0	127.2
	-----	-----	-----	-----
Minority Interest	(0.0)	(0.0)		
	-----	-----	-----	-----
Income from Operations	143.2	199.1	162.0	127.2
	-----	-----	-----	-----
Restructuring charges	0.0	(20.2)		(1.0)
Realized gains (losses) on investments	(23.8)	(20.0)	(67.6)	(52.7)
Gains (losses) on derivatives	(0.4)	(4.6)	0.1	0.3
Reserve increase on business sold through reinsurance				(14.4)
Gain on sale of subsidiaries				
	-----	-----	-----	-----
Income before Accounting Changes	119.1	169.2	94.5	59.4
Cumulative Effect of Accounting Changes		(0.0)		
	-----	-----	-----	-----
Net Income	119.1	169.2	94.5	59.4
	=====	=====	=====	=====

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period	3,129.1	3,087.2	2,885.3	3,114.9
Deferral	183.4	194.5	147.9	156.1
Amortization	(118.0)	(56.8)	(70.4)	(100.7)
Operating	65.4	137.8	77.5	55.4
Adjustment related to realized (gains) losses on securities available-for-sale	23.9	49.5	41.9	32.5
Adjustment related to unrealized (gains) losses on securities available-for-sale	(157.0)	68.1	114.9	(152.1)
Foreign currency translation adjustment	23.8	(7.2)	(12.2)	41.7
Disposition of business		(425.9)		
Other	2.1	(24.2)	7.5	(35.7)
	-----	-----	-----	-----
Inc from Operations before Min	3,087.2	2,885.3	3,114.9	3,056.6
Balance at end-of-year	3,087.2	2,885.3	3,114.9	3,056.6
	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-period	1,412.3	1,387.4	1,362.5	1,336.1
Amortization	(34.4)	(21.8)	(21.3)	(31.9)
Foreign currency translation				

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adjustment	10.3	(3.2)	(5.1)	17.4
Other	(0.7)			(0.1)
Inc from Operations before Min	-----	-----	-----	-----
Balance at end-of-year	1,387.4	1,362.5	1,336.1	1,321.4
	=====	=====	=====	=====

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

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

	Lincoln Retirement		Life Insurance		
	Dec	Dec	Dec	Dec	
	2002	2001	2002	2001	2001
	-----	-----	-----	-----	-----
ASSETS					
Investments					
Corporate bonds	12928.9	10956.5	7879.1	7088.2	494
U.S. government bonds	41.1	13.2	87.0	78.2	0
Foreign government bonds	259.2	145.8	136.5	114.6	1
Asset/Mortgage backed securities	3243.5	1945.8	937.0	779.1	47
State and municipal bonds	67.8	24.3	30.4	17.4	
Preferred stocks-redeemable	55.6	62.7	12.5	13.0	8
Common stocks	0.1		1.5	7.6	
Preferred stocks-equity	33.6	38.5		5.6	2
Mortgage loans	2210.3	2378.1	1572.6	1701.6	81
Real estate					
Policy loans	469.5	491.4	1468.2	1439.7	
Other long-term investments	29.3	11.7	23.7	20.9	
	-----	-----	-----	-----	-----
Total Investments	19338.9	16068.0	12148.5	11265.9	636
	-----	-----	-----	-----	-----
Allocated investments	3757.4	3481.0	1250.7	1154.7	100
Notes receivable from LNC	358.8	333.3	207.7	27.6	51
Invest in unconsol affiliates					
Cash and invested cash	(76.7)	(24.7)	(22.7)	(36.4)	52
Property and equipment	1.5		7.7	8.5	44
Premium and fees receivable	0.7	0.0	32.0	8.2	37
Accrued investment income	256.7	245.0	171.7	187.6	9
Assets held in separate accounts	26934.1	34324.6	1310.4	1491.0	
Federal income tax recoverable					
Amount recoverable from					
reinsurers	1169.7	1211.6	920.5	859.5	
Deferred acquisition costs	855.8	912.8	1424.5	1265.6	
Other intangible assets					41
Present value of in-force	122.7	154.5	890.1	964.0	
Goodwill	64.1	43.9	855.1	855.1	300
Other	114.1	138.1	395.6	358.4	187

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	----- 52897.8 =====	----- 56888.2 =====	----- 19591.6 =====	----- 18409.7 =====	----- 1461 =====
Total Assets					
	Corporate and Other Operations		Consolidating Adjustments		
	-----		-----		
ASSETS	Dec	Dec	Dec	Dec	
	2002	2001	2002	2001	
	-----	-----	-----	-----	
Investments					
Corporate bonds	4011.1	4123.9			
U.S. government bonds	385.4	318.9			
Foreign government bonds	405.6	586.2			
Asset/Mortgage backed securities	787.8	757.3			
State and municipal bonds	16.2	3.0			
Preferred stocks-redeemable	2.1	1.4			
Common stocks	97.4	100.5			
Preferred stocks-equity	72.9	104.5			
Mortgage loans	341.0	363.0			
Real estate	279.5	267.7			
Policy loans					
Other long-term investments	413.2	521.3	(0.0)	(0.0)	
	-----	-----	-----	-----	
Total Investments	6812.3	7147.8	(0.0)	(0.0)	
	-----	-----	-----	-----	
Allocated investments	(468.2)	50.0	(4639.9)	(4788.2)	
Notes receivable from LNC	(617.6)	(443.7)	(0.5)	(0.1)	
Invest in unconsol affiliates		8.1			
Cash and invested cash	1530.4	3130.5		(210.5)	
Property and equipment	169.3	173.2			
Premium and fees receivable	143.2	365.6		(12.2)	
Accrued investment income	77.0	101.0			
Assets held in separate accounts			2856.0	3410.5	
Federal income tax recoverable			266.5	15.1	
Amount recoverable from reinsurers	5450.1	4150.6	(260.3)	(191.4)	
Deferred acquisition costs	2.2	33.9	90.8	85.6	
Other intangible assets					
Present value of in-force Goodwill	(0.0)	(0.0)			
Other	853.2	865.5	(407.0)	(437.4)	
	-----	-----	-----	-----	
Total Assets	13951.9	15582.5	(2094.6)	(2128.6)	
	=====	=====	=====	=====	

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

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	Lincoln Retirement		Life Insurance		Investment Management
LIABILITIES and SHAREHOLDERS' EQUITY	Dec 2002	Dec 2001	Dec 2002	Dec 2001	Dec 2002
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	2696.8	2622.7	13780.9	12955.8	
Health reserves			0.3	0.3	
Unpaid claims - life and health	48.3	31.3	108.3	92.9	
Unearned premiums			0.0	0.0	
Premium deposit funds	19921.6	17838.9	18.3	13.9	
Participating policyholders' funds			119.7	100.2	
Other policyholders' funds			603.5	555.2	
Liab related to separate accounts	26934.1	34324.6	1310.4	1491.0	
Total Insurance and Inv Contract Liabilities	49600.7	54817.5	15941.4	15209.5	
Federal income taxes	225.1	(5.7)	101.0	(13.5)	50.7
Short-term debt				10.0	
Long-term debt					
Minority Interest in pref. securities of sub.					
Notes payable to LNC	0.2				
Other liabilities	95.9	168.4	443.9	436.3	839.8
Deferred gain on indemnity reinsurance					
Total Liabilities	49921.9	54980.3	16486.3	15642.2	890.5
Net unrealized gains (losses) on securities	331.5	79.9	215.0	13.6	6.4
Gains (losses) on derivatives*	10.6	0.3	16.7	4.5	
Other shareholders' equity	2633.8	1824.9	2874.3	2738.5	567.1
S/Hs' equity-minimum pension liability adjustment			(0.7)		(2.6)
Cumulative effect of accounting change		2.8		10.9	
Shareholders' Equity	2975.9	1907.9	3105.2	2767.5	570.9
Total Liabilities and S/Hs' Equity	52897.8	56888.2	19591.6	18409.7	1461.4

Corporate and Other Operations

Consolidating Adjustments

LIABILITIES and SHAREHOLDERS'

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EQUITY

	Dec 2002	Dec 2001	Dec 2002	Dec 2001
	-----	-----	-----	-----
Liabilities				
Insurance and Inv Contract				
Liabilities:				
Life and annuity reserves	2209.4	1122.8	(94.7)	(122.4)
Health reserves	2640.2	2491.5		
Unpaid claims - life and health	577.1	920.9		
Unearned premiums	141.2	66.9		
Premium deposit funds	40.1	105.5	508.1	597.5
Participating policyholders' funds				
Other policyholders' funds	7.4	7.4		
Liab related to separate accounts			2856.0	3410.5
	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	5615.4	4715.0	3269.4	3885.6
Federal income taxes	(638.9)	(26.7)	267.3	14.8
Short-term debt	153.0	550.7		(210.5)
Long-term debt	1119.2	861.8		
Minority Interest in pref. securities of sub.	392.7	474.7		
Notes payable to LNC	308.7	335.0	(308.9)	(344.3)
Other liabilities	3278.1	3239.4	(681.5)	(686.3)
Deferred gain on indemnity reinsurance	977.1	1144.5		
	-----	-----	-----	-----
Total Liabilities	11205.4	11294.3	2546.2	2659.3
	-----	-----	-----	-----
Net unrealized gains (losses) on securities	228.2	77.2	5.2	8.2
Gains (losses) on derivatives*	1.0	(0.8)		
Other shareholders' equity	2578.9	4207.9	(4645.9)	(4796.0)
S/Hs' equity-minimum pension liability adjustment	(61.6)			
Cumulative effect of accounting change		3.9		
	-----	-----	-----	-----
Shareholders' Equity	2746.5	4288.2	(4640.7)	(4787.9)
	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	13951.9	15582.5	(2094.6)	(2128.6)
	=====	=====	=====	=====

* Cumulative effect of accounting change recorded upon the adoption of FAS 133 in the 1st quarter gains (losses) on derivatives in the 1st quarter of 2002.

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

ASSETS	1998 -----	1999 -----	2000 -----
Investments			
Corporate bonds	22505.2	21119.5	21249.7
U.S. government bonds	1134.6	538.3	542.9
Foreign government bonds	1321.2	1447.5	1321.1
Mortgage backed securities	5080.5	4404.0	4160.4
State and municipal bonds	16.7	14.7	14.6
Preferred stocks-redeemable	174.6	164.7	161.2
Common stocks	463.1	514.5	436.6
Preferred stocks-equity	79.8	89.5	113.1
Mortgage loans	4393.1	4735.4	4663.0
Real estate	488.7	256.2	282.0
Policy loans	1840.0	1892.4	1960.9
Other long-term investments	432.0	401.8	463.3
	-----	-----	-----
Total Investments	37929.5	35578.4	35368.6
	-----	-----	-----
Invest in unconsol affiliates	18.8	25.8	6.4
Cash and invested cash	2433.4	1895.9	1927.4
Property and equipment	174.8	203.8	228.2
Premiums and fees receivable	246.2	259.6	296.7
Accrued investment income	528.5	533.2	546.4
Assets held in separate accounts	43408.9	53654.2	50579.9
Federal income taxes recoverable	204.1	345.0	207.5
Amounts recoverable from reinsurers	3127.1	3954.3	3747.7
Deferred acquisition costs	1964.4	2800.3	3070.5
Other intangible assets	95.1	92.3	73.7
Present value of in-force	1753.3	1654.2	1483.3
Goodwill	1484.3	1423.0	1286.0
Other	468.0	675.7	1021.6
	-----	-----	-----
Total Assets	93836.3	103095.7	99844.1
	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY			
Liabilities			
Insurance and Inv Contract			
Liabilities:			
Life and annuity reserves	16434.2	17071.4	17841.2
Health reserves	2600.1	2507.8	2523.8
Unpaid claims-life and health	1043.4	1269.8	1316.6
Unearned premiums	62.3	75.8	46.5
Premium deposit funds	20171.9	19624.1	17715.5
Participating policyholders' funds	142.7	132.0	139.4
Other policyholders' funds	438.4	472.6	522.2
Liab related to separate accounts	43408.9	53654.2	50579.9
	-----	-----	-----
Total Ins and Inv Contr			
Liabilities	84301.9	94807.7	90685.1

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Federal income taxes			
Short-term debt	314.6	460.2	312.9
Long-term debt	712.2	712.0	712.2
Minority Interest - pref sec of a sub	745.0	745.0	745.0
Other liabilities	2374.6	2107.0	2434.7
Deferred gain on indemnity reinsurance			
	-----	-----	-----
Total Liabilities	88448.3	98831.9	94890.0
S/Hs' equity-unrealized gains (losses)-cont op.	552.4	(465.7)	12.0
S/Hs' equity-foreign currency	50.0	30.0	21.9
S/Hs' equity-minimum pension liability adjustment			
S/Hs' equity-other	4785.6	4699.5	4920.1
Cumulative effect of accounting change			
	-----	-----	-----
Total Shareholders' Equity	5387.9	4263.9	4954.1
	-----	-----	-----
Total Liabilities and Shareholders' Equity	93836.3	103095.7	99844.1
	=====	=====	=====
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$23.86	\$24.14	\$25.85
Common shares outstanding	202.6	196.0	191.2

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

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

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Invest in unconsol affiliates		(0.9)	5.8	6.4
Cash and invested cash	1510.1	1619.3	1435.9	1927.4
Property and equipment	207.7	205.5	213.8	228.2
Premiums and fees receivable	190.2	247.8	240.8	296.7
Accrued investment income	575.0	544.0	569.2	546.4
Assets held in separate accounts	56907.6	54924.2	54410.9	50579.9
Federal income taxes recoverable	300.4	246.1	267.3	207.5
Amount recoverable from reinsurers	3851.0	3775.3	3774.7	3747.7
Deferred acquisition costs	2870.4	2968.0	3048.0	3070.5
Other intangible assets	86.7	82.3	78.1	73.7
Present value of in-force Goodwill	1618.8	1564.3	1520.3	1483.3
Goodwill	1349.6	1335.4	1296.6	1286.0
Other	1097.8	1279.1	1076.4	1021.6
	-----	-----	-----	-----
Total Assets	106340.0	103847.6	103243.1	99844.1
	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY				
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves	17172.1	17247.3	17500.0	17841.2
Health reserves	2547.4	2494.2	2520.2	2523.8
Unpaid claims-life and health	1177.3	1204.1	1202.8	1316.6
Unearned premiums	57.1	52.8	51.8	46.5
Premium deposit funds	18899.3	18407.2	18072.1	17715.5
Participating policyholders' funds	130.7	130.4	135.4	139.4
Other policyholders' funds	478.9	490.6	500.7	522.2
Liab related to separate accounts	56907.6	54924.2	54410.9	50579.9
	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	97370.5	94950.8	94394.0	90685.1
Federal income taxes				
Short-term debt	474.2	355.7	330.3	312.9
Long-term debt	712.0	712.1	712.2	712.2
Minority Interest - pref sec of a sub	745.0	745.0	745.0	745.0
Notes payable to LNC				
Other liabilities	2697.9	2860.3	2522.9	2434.7
Deferred gain on indemnity reinsurance				
	-----	-----	-----	-----
Total Liabilities	101999.6	99623.9	98704.5	94890.0
	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses)- inv.	(411.2)	(556.6)	(337.7)	12.0
S/Hs' equity- gains (losses)-derivatives*				
S/Hs' equity-foreign currency	22.8	21.9	19.9	21.9
S/Hs' equity-minimum pension liability adj				
S/Hs' equity-other	4728.8	4758.4	4856.4	4920.1
Cumulative effect of accounting change				
	-----	-----	-----	-----
Total Shareholders' Equity	4340.4	4223.7	4538.6	4954.1
	-----	-----	-----	-----

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Total Liabilities and Shareholders' Equity	106340.0	103847.6	103243.1	99844.1
	=====	=====	=====	=====
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$24.58	\$25.01	\$25.43	\$25.85
Common shares outstanding	193.3	191.1	191.8	191.2
	Sep	Dec	Mar	Jun
	2001	2001	2002	2002
	-----	-----	-----	-----
ASSETS				
Investments				
Corporate bonds	23424.3	23105.1	23470.4	23993.6
U.S. government bonds	467.7	410.5	429.1	441.6
Foreign government bonds	1160.3	1174.7	1180.1	1120.1
Mortgage backed securities	3765.6	3524.7	3613.9	4031.0
State and municipal bonds	14.4	44.7	62.6	58.8
Preferred stocks - redeemable	99.3	85.9	84.6	79.6
Common stocks	311.2	319.3	284.4	267.7
Preferred stocks-equity	166.5	151.2	154.2	151.8
Mortgage loans	4663.1	4535.5	4448.2	4395.4
Real estate	288.8	267.9	258.2	258.7
Policy loans	1943.4	1939.7	1918.0	1906.1
Other long-term investments	483.4	553.8	459.6	456.0
	-----	-----	-----	-----
Total Investments	36788.0	36113.1	36363.1	37160.1
	-----	-----	-----	-----
Invest in unconsol affiliates	6.5	8.1	8.1	7.5
Cash and invested cash	1996.3	3095.5	1699.5	2265.4
Property and equipment	261.0	257.5	266.4	253.5
Premiums and fees receivable	264.5	400.1	376.3	461.4
Accrued investment income	615.1	563.5	577.1	556.3
Assets held in separate accounts	39479.8	44833.4	44916.7	40579.6
Federal income taxes recoverable	35.3	15.1	551.3	438.4
Amount recoverable from reinsurers	3818.3	6030.4	6096.3	6509.9
Deferred acquisition costs	3087.2	2885.3	3114.9	3056.6
Other intangible assets	64.1	50.1	47.9	45.8
Present value of in-force	1387.4	1362.5	1336.1	1321.4
Goodwill	1253.2	1211.8	1211.5	1212.4
Other	1149.4	1174.9	1280.9	1200.6
	-----	-----	-----	-----
Total Assets	90206.0	98001.3	97846.4	95069.2
	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY				
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves	17990.8	17917.0	18014.6	18611.2
Health reserves	2573.2	2537.9	2492.4	2176.1
Unpaid claims-life and health	1206.6	1087.5	1153.6	1086.1
Unearned premiums	8.1	66.9	66.5	154.3
Premium deposit funds	18509.7	18585.0	18669.6	19157.8
Participating policyholders' funds	118.3	100.2	98.6	91.9
Other policyholders' funds	554.3	562.7	571.9	584.7

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Liab related to separate accounts	39479.8	44833.4	44916.7	40579.6
	-----	-----	-----	-----
Total Ins and Inv Contr				
Liabilities	80440.8	85690.6	85983.9	82441.8
Federal income taxes				
Short-term debt	539.0	350.2	510.2	211.0
Long-term debt	712.4	861.8	861.8	1112.3
Minority Interest - pref sec of a sub	305.0	474.7	376.2	380.0
Notes payable to LNC			(0.0)	0.0
Other liabilities	2840.2	4216.1	3864.6	4501.1
Deferred gain on indemnity reinsurance		1144.5	1118.6	1115.2
	-----	-----	-----	-----
Total Liabilities	84837.4	92737.8	92715.3	89761.4
	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses)- inv.	247.9	195.7	31.8	325.7
S/Hs' equity- gains (losses)-derivatives*	2.7	3.9	22.6	22.7
S/Hs' equity-foreign currency	6.9	(8.1)	(20.8)	22.0
S/Hs' equity-minimum pension liability adj		(36.0)	(35.2)	(37.8)
S/Hs' equity-other	5093.5	5090.3	5132.7	4975.4
Cumulative effect of accounting change	17.6	17.6		
	-----	-----	-----	-----
Total Shareholders' Equity	5368.6	5263.5	5131.1	5307.9
	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	90206.0	98001.3	97846.4	95069.2
	=====	=====	=====	=====
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$26.87	\$26.94	\$27.02	\$26.88
Common shares outstanding	189.8	187.3	187.9	184.5

* Cumulative effect of accounting change recorded upon the adoption of FAS 133 in the 1st quarter of 2001 is a component of gains (losses) on derivatives in the 1st quarter of 2002.

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

For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	53.9	65.2	64.3	77.5	47.4
Surrender charges	33.5	37.9	41.8	31.2	31.2
Expense assessments	459.9	536.2	628.4	537.7	469.8
Other revenue and fees	1.7	14.5	11.0	16.7	3.3
Net investment income	1501.6	1474.2	1393.5	1370.0	1433.9
	-----	-----	-----	-----	-----
Operating Revenue	2050.6	2128.0	2138.9	2033.1	1985.5

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Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	271.6	259.1	254.7	263.9	314.1
Interest credited to policy bal.	955.2	925.2	866.1	863.8	903.8
Total insurance benefits	1226.8	1184.3	1120.8	1127.7	1217.9
Underwriting, acquisition, insurance and other expenses*:					
Commissions	236.7	341.4	326.8	336.3	320.8
Other volume related expenses	33.1	42.8	52.0	49.7	64.6
Operating and administrative expenses	194.0	208.6	200.6	225.5	225.0
Taxes, licenses and fees	13.8	0.3	9.3	13.7	11.5
Par policyholder interests	0.0	0.0	0.0	0.0	0.0
Subtotal	477.6	593.2	588.8	625.3	621.8
Deferral of acquisition costs				(240.9)	(243.9)
DAC amortization				125.5	157.6
DAC deferral net of amortization	9.7	(47.7)	(37.5)	(115.4)	(86.2)
PVIF amortization	11.4	15.3	24.2	14.7	31.8
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0
Total underwriting, acquisition, insurance and other expenses	498.8	560.8	575.5	524.5	567.4
Goodwill amortization	2.2	2.0	(0.6)	1.2	0.0
Operating Benefits and Expenses	1727.8	1747.1	1695.7	1653.5	1785.3
Income from Operations Before Tax	322.8	380.9	443.2	379.6	200.2
Federal income taxes	60.4	81.4	81.2	59.3	12.7
Income from Operations	262.4	299.4	362.0	320.3	187.5
Realized gains (losses) on investments	11.4	(7.9)	(3.4)	(42.3)	(127.8)
Gains (losses) on derivatives	0.0	0.0	0.0	(0.2)	(0.8)
Restructuring charges	0.0	0.0	0.0	(1.3)	(1.0)
Income before Accounting Changes	273.8	291.5	358.6	276.5	57.8
Cumulative effect of accounting changes	0.0	0.0	0.0	(7.3)	0.0
Net Income	273.8	291.5	358.6	269.2	57.8
Inc from Oper -before Goodwill Amort.	264.6	301.5	361.4	321.5	187.5
Net Income -before Goodwill Amort.	276.0	293.6	358.0	270.5	57.8
Effective tax rate	18.7%	21.4%	18.3%	15.6%	6.4%
Operating Revenue	2050.6	2128.0	2138.9	2033.1	1985.5
Realized gains (losses) on investments	17.5	(12.1)	(5.2)	(64.5)	(196.6)
Gains (losses) on derivatives	0.0	0.0	0.0	(0.3)	(1.2)
Total Revenue	2068.1	2115.8	2133.7	1968.3	1787.7

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	=====	=====	=====	=====	=====
Average capital	1592.6	1562.0	1601.8	1828.2	2334.2
Return on average capital	16.5%	19.2%	22.6%	17.5%	8.0%

Roll Forward of Deferred
Acquisition Costs

Balance at beginning-of-period		812.5	912.8
Deferral		240.9	243.9
Amortization		(125.5)	(157.6)
Operating		115.4	86.2
Adjustment related to realized (gains) losses on securities available-for-sale		68.2	73.0
Adjustment related to unrealized (gains) losses on securities available-for-sale		(90.0)	(201.4)
Other**		6.7	(14.8)
Balance at end-of-period		912.8	855.8

Roll Forward of Present Value of
In-Force

Balance at beginning-of-period		169.2	154.5
Amortization		(14.7)	(31.8)
Other			
Balance at end-of-period		154.5	122.7

* 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
Income Statements & Operational
Data
Unaudited [Millions of Dollars]

	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	13.3	16.8	18.0	16.2	19.1
Surrender charges	11.1	11.2	10.4	9.1	9.1
Expense assessments	155.1	155.7	163.4	154.2	141.6
Other revenue and fees	2.2	0.6	4.6	3.5	1.7
Net investment income	362.9	345.8	349.8	335.0	341.3
Operating Revenue	544.6	530.1	546.2	518.1	512.8

Pag

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Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	61.6	65.7	68.4	59.0	69.8	
Interest credited to policy balances	228.2	219.4	205.4	213.2	209.4	2
Total insurance benefits	289.8	285.1	273.7	272.2	279.2	2
Underwriting, acquisition, insurance and other expenses*:						
Commissions	83.1	75.4	83.8	84.5	72.6	
Other volume related expenses	14.5	14.1	11.3	12.2	11.2	
Operating and administrative expenses	44.4	46.0	55.5	54.8	51.4	
Taxes, licenses and fees	2.8	1.5	4.6	0.5	4.3	
Par policyholder interests	0.0	0.0	0.0	0.0	0.0	
Subtotal	144.8	136.9	155.2	152.0	139.6	1
Deferral of acquisition costs					(50.2)	(
DAC amortization					40.7	
DAC deferral net of amortization	(6.2)	(1.6)	(11.3)	(18.4)	(9.5)	(
PVIF amortization	6.0	4.5	4.1	9.6	4.6	
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	
Total underwriting, acquisition, insurance and other expenses	144.5	139.8	147.9	143.2	134.6	1
Goodwill amortization	(1.5)	0.3	0.3	0.3	0.3	
Operating Benefits and Expenses	432.8	425.2	421.9	415.7	414.1	4
Income from Operations Before Tax	111.8	104.8	124.2	102.3	98.7	1
Federal income taxes	23.3	20.7	21.3	15.9	16.3	
Income from Operations	88.5	84.1	102.9	86.4	82.3	
Realized gains (losses) on investments	2.7	0.3	(9.1)	2.8	(1.4)	
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	(0.1)	
Restructuring charges	0.0	0.0	0.0	0.0	(0.7)	
Income before Accounting Changes	91.2	84.4	93.8	89.2	80.2	
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	(3.6)	
Net Income	91.2	84.4	93.8	89.2	76.6	
Inc from Oper -before Goodwill Amort.	87.0	84.4	103.2	86.7	82.6	
Net Income -before Goodwill Amort.	89.7	84.7	94.1	89.5	76.9	
Effective tax rate	20.8%	19.7%	17.1%	15.6%	16.6%	2
Operating Revenue	544.6	530.1	546.2	518.1	512.8	5
Realized gains (losses) on investments	4.2	0.4	(14.1)	4.2	(2.2)	(
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	(0.2)	

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Total Revenue	548.7	530.5	532.1	522.3	510.4	5
	=====	=====	=====	=====	=====	=====
Average capital	1,438.4	1,647.7	1,635.2	1,686.0	1,797.9	1,7
Return on average capital	24.6%	20.4%	25.2%	20.5%	18.3%	2

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter					812.5	7
Deferral					50.2	
Amortization					(40.7)	(
					-----	-----
Operating Adjustment related to realized (gains) losses					9.5	
on securities available-for-sale					12.8	
Adjustment related to unrealized (gains) losses						
on securities available-for-sale					(78.6)	
Other**					6.5	
					-----	-----
Balance at end-of-quarter					762.6	8
					=====	=====
Roll Forward of Present Value of In-Force						
Balance at beginning-of-quarter					169.2	1
Amortization					(4.6)	
Other						
					-----	-----
Balance at end-of-quarter					164.6	1
					=====	=====

	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	
	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	13.2	12.7	12.2	13.1	13.4	
Surrender charges	6.5	7.2	7.9	7.2	8.7	
Expense assessments	132.0	126.2	127.7	127.1	109.3	1
Other revenue and fees	1.2	10.0	5.8	(1.3)	(4.0)	
Net investment income	346.6	342.6	349.9	352.7	358.1	3
	-----	-----	-----	-----	-----	-----
Operating Revenue	499.5	498.7	503.5	498.8	485.6	4
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	66.3	55.3	55.4	72.5	107.8	
Interest credited to policy balances	217.2	227.5	226.1	221.8	224.2	2
	-----	-----	-----	-----	-----	-----
Total insurance benefits	283.5	282.8	281.5	294.3	332.0	3
Underwriting, acquisition, insurance and other expenses*:						
Commissions	81.1	96.7	82.4	82.5	83.0	
Other volume related expenses	12.7	13.1	10.0	16.9	19.6	
Operating and administrative						

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expenses	55.3	66.4	53.0	52.2	51.4	
Taxes, licenses and fees	2.2	4.5	4.7	4.2	3.0	
Par policyholder interests	0.0	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Subtotal	151.3	180.7	150.2	155.8	157.0	1
Deferral of acquisition costs	(58.7)	(71.9)	(61.7)	(60.8)	(66.1)	(
DAC amortization	35.6	20.8	32.7	48.2	47.2	
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	(23.0)	(51.0)	(29.1)	(12.6)	(18.9)	(
PVIF amortization	4.5	1.4	3.8	3.9	4.1	
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	132.8	131.1	124.9	147.2	142.2	1
Goodwill amortization	0.3	0.3	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	416.6	414.2	406.4	441.5	474.2	4
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	82.9	84.5	97.1	57.3	11.4	
Federal income taxes	10.4	9.7	16.7	9.5	(11.4)	
	-----	-----	-----	-----	-----	-----
Income from Operations	72.4	74.8	80.4	47.8	22.8	
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(13.5)	(20.7)	(32.8)	(36.6)	(28.0)	(
Gains (losses) on derivatives	(0.3)	0.1	0.0	0.1	(0.8)	
Restructuring charges	0.0	0.0	0.0	(1.0)	0.0	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	58.6	54.2	47.6	10.2	(6.0)	
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Net Income	58.6	54.2	47.6	10.2	(6.0)	
	=====	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	72.7	75.1	80.4	47.8	22.8	
Net Income -before Goodwill Amort.	58.9	54.5	47.6	10.2	(6.0)	
Effective tax rate	12.6%	11.5%	17.2%	16.5%	(100.0%)	(
Operating Revenue	499.5	498.7	503.5	498.8	485.6	4
Realized gains (losses) on investments	(20.8)	(31.3)	(50.5)	(56.2)	(43.8)	(
Gains (losses) on derivatives	(0.5)	0.2	0.0	(0.1)	(1.1)	
	-----	-----	-----	-----	-----	-----
Total Revenue	478.2	467.5	453.0	442.6	440.7	4
	=====	=====	=====	=====	=====	=====
Average capital	1,902.9	1,824.9	2,041.6	2,391.2	2,405.5	2,4
Return on average capital	15.2%	16.4%	15.8%	8.0%	3.8%	
	-----	-----	-----	-----	-----	-----

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter	831.3	781.2	912.8	1,031.0	967.8	8
Deferral	58.7	71.9	61.7	60.8	66.1	(
Amortization	(35.6)	(20.8)	(32.7)	(48.2)	(47.2)	(

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Operating	23.0	51.0	29.1	12.6	18.9	
Adjustment related to realized (gains) losses on securities available-for-sale	16.4	34.1	25.7	20.9	10.3	
Adjustment related to unrealized (gains) losses on securities available-for-sale	(89.7)	46.5	78.2	(96.6)	(153.1)	
Other**	0.3	(0.0)	(14.8)			
Balance at end-of-quarter	781.2	912.8	1,031.0	967.8	843.9	8
Roll Forward of Present Value of In-Force						
Balance at beginning-of-quarter	160.4	155.9	154.5	150.7	146.8	1
Amortization	(4.5)	(1.4)	(3.8)	(3.9)	(4.1)	(
Other						
Balance at end-of-quarter	155.9	154.5	150.7	146.8	142.7	1

* 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]

	1998	1999	2000
Fixed Annuities- Bal Beg-of-Year	17.214	18.111	18.210
Gross Deposits	1.452	2.563	2.074
Withdrawals (incl charges) & deaths	(2.468)	(2.521)	(3.283)
Net cash flows	(1.016)	0.042	(1.209)
Transfer from (to) var annuities	(0.356)	(0.783)	(1.329)
Interest credited	0.994	0.840	0.944
Acq of new business/companies	1.274		
Fixed Annuities-Gross	18.111	18.210	16.615
Reinsurance Ceded	(1.606)	(1.419)	(1.221)
Fixed Annuities-Bal End -of-Year	16.505	16.791	15.394
Fixed Annuities Incremental Deposits *	1.265	2.310	1.918

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Variable Annuities-Bal			
Beg-of-Year	27.346	33.358	41.493
Gross Deposits	2.791	2.553	3.165
Withdrawals (incl charges) & deaths	(3.019)	(3.760)	(4.830)
	-----	-----	-----
Net cash flows	(0.228)	(1.207)	(1.665)
Transfer from (to) fixed annuities	0.389	0.787	1.320
Invest inc & change in mkt value	5.414	8.555	(1.721)
Acq(sale) of new business/companies	0.437		
	-----	-----	-----
Var Annuities-Bal End-of-Year	33.358	41.493	39.427
	-----	-----	-----
Variable Annuities Incremental Deposits *	2.641	2.409	2.667
Total Annuities - Bal Beg-of-Year	44.560	51.469	59.703
Gross Deposits	4.244	5.116	5.239
Withdrawals (incl charges) & deaths	(5.487)	(6.281)	(8.113)
	-----	-----	-----
Net cash flows	(1.244)	(1.165)	(2.874)
Transfers	0.033	0.004	(0.009)
Interest credited & change in mkt value	6.408	9.395	(0.777)
Acq of new business/companies	1.711		
Total Gross Annuities-Bal			
	-----	-----	-----
End-of-Year	51.469	59.703	56.042
Reinsurance Ceded	(1.606)	(1.419)	(1.221)
	-----	-----	-----
Total Annuities (Net of Ceded) - Bal End-of-Year	49.862	58.284	54.821
	=====	=====	=====
Total Annuities Incremental Deposits *	3.906	4.719	4.585
Var Ann Under Agree - Included above	0.649	0.719	0.941
Fixed Annuities - excluding fixed portion of variable contracts			
Deposits		0.709	0.459
Withdrawals		(1.367)	(2.271)
Net Flows		(0.658)	(1.812)
Gross Fixed Account Values			
Reinsurance Ceded			
Net Fixed Account Values			
Variable Annuities - including fixed portion of variable			

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contracts		
Deposits	4.407	4.780
Withdrawals	(4.915)	(5.842)
Net Flows	(0.508)	(1.062)

Variable Account Values

Fixed Portion of Variable		
Contracts		
Deposits	1.853	1.615
Withdrawals	(1.154)	(1.012)
Net Flows	0.699	0.603

Fixed Portion of Variable Account Values

Average Daily Variable Account Values	35.932	41.776
---------------------------------------	--------	--------

Annuity Product Spread Information**

Net Investment Income	7.22%	7.38%
Interest Credited	5.13%	5.24%
Spread	2.09%	2.14%

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

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

	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----
Fixed Annuities-Bal Beg-of-Quarter	18.210	17.614	17.199	16.930
Gross Deposits	0.589	0.490	0.513	0.482
Withdrawals (incl charges) & deaths	(0.875)	(0.796)	(0.802)	(0.810)
Net cash flows	(0.287)	(0.307)	(0.288)	(0.328)

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Transfer from (to) var annuities	(0.550)	(0.346)	(0.217)	(0.216)
Interest credited	0.241	0.238	0.235	0.230
Acq of new business/companies				
	-----	-----	-----	-----
Fixed Annuities-Gross	17.614	17.199	16.930	16.615
Reinsurance Ceded	(1.371)	(1.316)	(1.270)	(1.221)
	-----	-----	-----	-----
Fixed Annuities-Bal				
End-of-Quarter	16.244	15.884	15.660	15.394
	-----	-----	-----	-----
Fixed Annuities Incremental				
Deposits*	0.560	0.447	0.464	0.447
Variable Annuities-Bal				
Beg-of-Quarter	41.493	44.640	43.097	42.743
Gross Deposits	0.797	0.793	0.729	0.846
Withdrawals (incl charges) & deaths	(1.210)	(1.168)	(1.253)	(1.199)
	-----	-----	-----	-----
Net cash flows	(0.413)	(0.375)	(0.524)	(0.353)
Transfer from (to) fixed annuities	0.549	0.343	0.216	0.212
Invest inc & change in mkt value	3.011	(1.511)	(0.046)	(3.175)
Acq(sale) of new business/companies				
	-----	-----	-----	-----
Var Annuities-Bal End-of-Quarter	44.640	43.097	42.743	39.427
	-----	-----	-----	-----
Variable Annuities Incremental				
Deposits	0.732	0.699	0.586	0.650
Total Annuities -Bal				
Beg-of-Quarter	59.703	62.255	60.297	59.673
Gross Deposits	1.386	1.283	1.242	1.328
Withdrawals (incl charges) & deaths	(2.085)	(1.964)	(2.055)	(2.009)
	-----	-----	-----	-----
Net cash flows	(0.700)	(0.682)	(0.812)	(0.681)
Transfers	(0.001)	(0.003)	(0.001)	(0.004)
Interest credited & change in mkt value	3.252	(1.273)	0.189	(2.945)
Acq of new business/companies				
Total Gross Annuities-Bal				
	-----	-----	-----	-----
End-of-Quarter	62.255	60.297	59.673	56.042
Reinsurance Ceded	(1.371)	(1.316)	(1.270)	(1.221)
	-----	-----	-----	-----
Total Annuities (Net of Ceded) - Bal End-of-Qtr	60.884	58.981	58.403	54.821
	=====	=====	=====	=====
Total Annuities Incremental				
Deposits *	1.292	1.145	1.050	1.097
Var Ann Under Agree - Included above	0.866	0.868	0.962	0.941

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Fixed Annuities - excluding fixed portion of variable contracts				
Deposits	0.134	0.126	0.114	0.085
Withdrawals	(0.612)	(0.557)	(0.532)	(0.570)
Net Flows	(0.479)	(0.431)	(0.417)	(0.485)
Gross Fixed Account Values				
Reinsurance Ceded				
Net Fixed Account Values				
Variable Annuities - including fixed portion of variable contracts				
Deposits	1.252	1.157	1.128	1.243
Withdrawals	(1.473)	(1.408)	(1.523)	(1.439)
Net Flows	(0.221)	(0.251)	(0.395)	(0.196)
Variable Account Values				
Fixed Portion of Variable Contracts				
Deposits	0.455	0.364	0.399	0.397
Withdrawals	(0.263)	(0.240)	(0.270)	(0.240)
Net Flows	0.192	0.124	0.129	0.157
Fixed Portion of Variable Account Values				
Average Daily Variable Account Values				
	42.185	42.182	43.055	39.682

Annuity Product Spread Information**				
Net Investment Income	7.35%	7.41%	7.40%	7.37%
Interest Credited	5.33%	5.37%	5.12%	5.14%
Spread	2.02%	2.04%	2.28%	2.23%
	Sep	Dec	Mar	Jun
	2001	2001	2002	2002
	-----	-----	-----	-----
Fixed Annuities-Bal Beg-of-Quarter	16.696	17.317	18.004	18.178
Gross Deposits	0.896	1.218	0.906	0.853
Withdrawals (incl charges) & deaths	(0.525)	(0.562)	(0.730)	(0.551)
Net cash flows	0.372	0.656	0.176	0.302
Transfer from (to) var annuities	0.021	(0.213)	(0.232)	(0.032)
Interest credited	0.228	0.244	0.230	0.231
Acq of new business/companies	-----	-----	-----	-----

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Fixed Annuities-Gross	17.317	18.004	18.178	18.679
Reinsurance Ceded	(1.266)	(1.514)	(1.645)	(1.770)
	-----	-----	-----	-----
Fixed Annuities-Bal				
End-of-Quarter	16.051	16.491	16.533	16.909
	-----	-----	-----	-----
Fixed Annuities Incremental				
Deposits*	0.873	1.193	0.881	0.839
Variable Annuities-Bal				
Beg-of-Quarter	36.961	30.506	34.638	35.150
Gross Deposits	0.684	0.793	0.808	0.787
Withdrawals (incl charges) & deaths	(0.795)	(0.818)	(0.896)	(0.866)
	-----	-----	-----	-----
Net cash flows	(0.111)	(0.025)	(0.088)	(0.079)
Transfer from (to) fixed annuities	(0.023)	0.213	0.234	0.032
Invest inc & change in mkt value	(6.321)	3.944	0.366	(3.897)
Acq(sale) of new business/companies				
	-----	-----	-----	-----
Var Annuities-Bal End-of-Quarter	30.506	34.638	35.150	31.206
	-----	-----	-----	-----
Variable Annuities Incremental				
Deposits	0.604	0.725	0.725	0.744
Total Annuities -Bal				
Beg-of-Quarter	53.658	47.823	52.642	53.329
Gross Deposits	1.580	2.011	1.714	1.640
Withdrawals (incl charges) & deaths	(1.320)	(1.380)	(1.626)	(1.417)
	-----	-----	-----	-----
Net cash flows	0.261	0.631	0.088	0.223
Transfers	(0.002)		0.002	
Interest credited & change in mkt value	(6.093)	4.188	0.596	(3.666)
Acq of new business/companies				
Total Gross Annuities-Bal				
	-----	-----	-----	-----
End-of-Quarter	47.823	52.642	53.329	49.886
Reinsurance Ceded	(1.266)	(1.514)	(1.645)	(1.770)
	-----	-----	-----	-----
Total Annuities (Net of Ceded) -				
Bal End-of-Qtr	46.558	51.129	51.684	48.116
	=====	=====	=====	=====
Total Annuities Incremental				
Deposits *	1.477	1.918	1.606	1.583
Var Ann Under Agree - Included above	0.907	1.077	1.207	1.175

Fixed Annuities - excluding fixed

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portion of variable contracts				
Deposits	0.489	0.734	0.505	0.430
Withdrawals	(0.340)	(0.352)	(0.463)	(0.267)
Net Flows	0.149	0.382	0.042	0.163
Gross Fixed Account Values			9.761	10.048
Reinsurance Ceded			(1.645)	(1.770)
Net Fixed Account Values			8.116	8.278
Variable Annuities - including fixed portion of variable contracts				
Deposits	1.091	1.277	1.209	1.210
Withdrawals	(0.979)	(1.028)	(1.163)	(1.150)
Net Flows	0.112	0.249	0.046	0.060
Variable Account Values			43.568	39.838
Fixed Portion of Variable Contracts				
Deposits	0.407	0.484	0.401	0.423
Withdrawals	(0.184)	(0.210)	(0.267)	(0.284)
Net Flows	0.223	0.274	0.134	0.139
Fixed Portion of Variable Account Values			8.417	8.631
Average Daily Variable Account Values			34.399	33.502

Annuity Product Spread Information**				
Net Investment Income	7.33%	7.26%	7.15%	7.11%
Interest Credited	5.34%	5.28%	5.14%	4.92%
Spread	1.99%	1.98%	2.01%	2.18%

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

Life Insurance Segment
Income Statements
Unaudited [Millions of Dollars]

1998

1999

2000

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	-----	-----	-----
Operating Revenue			
Premiums	185.9	235.8	227.3
Surrender charges	52.1	66.3	66.4
Mortality assessments	350.1	444.6	465.2
Expense assessments	146.2	165.8	191.8
Other revenue and fees	2.6	9.8	14.2
Net investment income	642.6	840.1	871.5
	-----	-----	-----
Operating Revenue	1379.5	1762.6	1836.4
	-----	-----	-----
Operating Benefits and Expenses			
Benefits paid or provided:			
Benefits	371.3	430.4	411.5
Div accum & div to policyholders	70.7	81.5	80.8
Interest credited to policy bal.	393.1	493.8	525.4
	-----	-----	-----
Total insurance benefits	835.1	1005.8	1017.8
Underwriting, acquisition, insurance and other expenses*:			
Commissions	107.5	163.4	152.8
Other volume related expenses	122.7	185.6	200.9
Operating and administrative expenses	144.9	171.2	164.4
Taxes, licenses and fees	29.7	51.8	48.5
Par policyholder interests	(4.3)	3.3	1.1
Foreign exchange	0.0	0.0	0.0
	-----	-----	-----
Subtotal	400.6	575.2	567.6
Deferral of acquisition costs			
DAC amortization			
	-----	-----	-----
DAC deferral net of amortization	(159.3)	(235.0)	(286.5)
PVIF amortization	51.9	58.8	103.7
Other intangibles amortization	0.0	0.0	0.0
	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	293.1	399.1	384.8
Goodwill amortization	19.7	23.4	23.7
	-----	-----	-----
Operating Benefits and Expenses	1147.8	1428.2	1426.3
	-----	-----	-----
Income from Operations Before Tax	231.6	334.3	410.1
Federal income taxes	82.4	122.3	150.1
	-----	-----	-----
Income from Operations	149.2	212.0	259.9
	-----	-----	-----
Realized gains (losses) on investments	(1.7)	(0.5)	(10.7)
Gains (losses) on derivatives	0.0	0.0	0.0
Restructuring charges	(20.0)	0.0	0.0
	-----	-----	-----
Income before Accounting Changes	127.5	211.5	249.3
Cumulative effect of accounting changes	0.0	0.0	0.0
	-----	-----	-----

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Net Income	127.5	211.5	249.3
	=====	=====	=====
Inc from Oper -before Goodwill Amort.	168.9	235.4	283.6
Net Income -before Goodwill Amort.	147.1	234.9	273.0
Effective tax rate	35.6%	36.6%	36.6%
Operating Revenue	1379.5	1762.6	1836.4
Realized gains (losses) on investments	(1.0)	(2.2)	(17.4)
Gains (losses) on derivatives	0.0	0.0	0.0
Total Revenue	1378.5	1760.4	1819.0
	=====	=====	=====
Average capital	1948.0	2712.3	2640.2
Return on average capital	7.7%	7.8%	9.8%

PAGE 2

Life Insurance Segment
Income Statements
Unaudited [Millions of Dollars]

For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2001	Mar 2001	Ju 200
	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	52.9	56.3	50.9	67.1	50.9	50.
Surrender charges	16.2	16.5	13.8	19.9	17.2	13.
Mortality assessments	112.2	114.5	116.3	122.1	124.3	124.
Expense assessments	45.3	44.1	46.9	55.5	47.4	45.
Other revenue and fees	3.2	3.6	3.8	3.7	5.1	3.
Net investment income	215.6	215.5	220.6	219.7	223.0	227.
	-----	-----	-----	-----	-----	-----
Operating Revenue	445.5	450.5	452.4	488.0	467.9	465.
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	98.3	96.3	95.8	121.0	99.9	103.
Div accum & div to policyholders	20.4	18.7	16.4	25.3	17.5	19.
Interest credited to policy bal.	126.3	128.7	134.0	136.5	138.3	141.
	-----	-----	-----	-----	-----	-----
Total insurance benefits	245.0	243.7	246.2	282.9	255.7	263.
Underwriting, acquisition, insurance and other expenses*:						
Commissions	32.2	34.2	39.8	46.6	33.4	31.
Other volume related expenses	43.5	44.8	48.6	64.0	34.8	43.
Operating and administrative expenses	40.4	40.8	39.4	43.8	40.4	40.
Taxes, licenses and fees	13.4	9.8	11.4	13.9	12.5	12.
Par policyholder interests	(1.5)	1.6	1.4	(0.5)	(0.0)	0.
Foreign exchange	0.0	0.0	0.0	0.0	0.0	0.

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Subtotal	128.0	131.1	140.7	167.9	121.1	127.0
Deferral of acquisition costs						(68.0)
DAC amortization						15.0
DAC deferral net of amortization	(53.2)	(53.6)	(76.8)	(103.0)	(45.2)	(53.0)
PVIF amortization	24.6	23.4	31.0	24.7	22.9	17.0
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	0.0
Total underwriting, acquisition, insurance and other expenses	99.4	100.9	94.9	89.6	98.8	92.0
Goodwill amortization	5.9	5.9	5.9	5.9	5.9	5.0
Operating Benefits and Expenses	350.3	350.6	347.0	378.4	360.5	361.0
Income from Operations Before Tax	95.2	99.9	105.4	109.6	107.4	103.0
Federal income taxes	34.8	37.4	38.9	39.0	38.8	36.0
Income from Operations	60.4	62.4	66.5	70.6	68.6	67.0
Realized gains (losses) on investments	(2.4)	(4.0)	1.0	(5.2)	(5.4)	(6.0)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	(0.0)	0.0
Restructuring charges	0.0	0.0	0.0	0.0	0.0	(2.0)
Income before Accounting Changes	58.1	58.4	67.4	65.4	63.2	58.0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	(0.2)	(5.0)
Net Income	58.1	58.4	67.4	65.4	62.9	53.0
Inc from Oper -before Goodwill Amort.	66.3	68.4	72.4	76.5	74.5	73.0
Net Income -before Goodwill Amort.	64.0	64.4	73.4	71.3	68.9	59.0
Effective tax rate	36.5%	37.5%	36.9%	35.6%	36.1%	35.0%
Operating Revenue	445.5	450.5	452.4	488.0	467.9	465.0
Realized gains (losses) on investments	(3.8)	(6.3)	0.8	(8.1)	(8.2)	(10.0)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	(0.0)	0.0
Total Revenue	441.7	444.2	453.2	479.9	459.6	455.0
Average capital	2,655.3	2,615.0	2,650.5	2,640.0	2,729.8	2,715.0
Return on average capital	9.1%	9.6%	10.0%	10.7%	10.1%	9.9%

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter					1,079.3	1,064.0
Deferral					64.5	68.0
Amortization					(19.3)	(15.0)

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Operating					45.2	53.0
Adjustment related to realized (gains) losses on securities available-for-sale					7.8	13.0
Adjustment related to unrealized (gains) losses on securities available-for-sale					(68.5)	20.0
Other**					0.2	0.0
Balance at end-of-quarter	-----	-----	-----	-----	1,064.1	1,151.0
	=====	=====	=====	=====	=====	=====
Roll Forward of Present Value of In-Force						
Balance at beginning-of-quarter					1,040.5	1,017.0
Amortization					(22.9)	(17.0)
Other						
Balance at end-of-quarter	-----	-----	-----	-----	1,017.6	999.0
	=====	=====	=====	=====	=====	=====

For the Quarter Ended	Sep 2001	Dec 2002	Mar 2002	Jun 2002	Sep 2002	Dec 2002
	-----	-----	-----	-----	-----	-----
C>						
Operating Revenue						
Premiums	46.4	64.3	51.1	47.5	48.6	56.4
Surrender charges	15.6	19.9	11.7	13.5	13.4	15.5
Mortality assessments	124.7	125.5	123.9	123.9	126.3	127.3
Expense assessments	46.0	52.8	46.9	47.2	49.2	56.3
Other revenue and fees	3.0	6.0	5.7	6.7	5.1	6.2
Net investment income	233.2	226.6	226.0	225.7	224.1	223.3
Operating Revenue	468.9	495.2	465.3	464.6	466.8	485.0
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	102.3	112.9	104.1	103.6	105.2	114.6
Div accum & div to policyholders	16.5	25.4	17.8	18.2	17.2	22.8
Interest credited to policy bal.	143.5	146.9	146.3	148.9	152.6	150.7
Total insurance benefits	262.3	285.2	268.1	270.8	275.1	288.0
Underwriting, acquisition, insurance and other expenses*:						
Commissions	32.5	45.1	34.6	34.8	31.8	38.6
Other volume related expenses	41.4	56.9	42.7	43.6	45.8	58.3
Operating and administrative expenses	41.6	38.3	37.1	37.1	40.0	43.6
Taxes, licenses and fees	12.0	12.5	13.2	15.3	13.2	11.5
Par policyholder interests	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	127.5	152.8	127.5	130.8	130.7	152.1
Deferral of acquisition costs	(85.3)	(106.3)	(74.3)	(82.2)	(78.7)	(101.4)
DAC amortization	29.7	30.2)	22.1	23.6	23.9	36.3
DAC deferral net of amortization	(55.5)	(76.1)	(52.3)	(58.6)	(54.8)	(65.1)
PVIF amortization	20.5	14.7	16.9	16.3	23.3	17.4

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Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	0.0
Total underwriting, acquisition, insurance and other expenses	92.5	91.4	92.1	88.5	99.3	104.4
Goodwill amortization	5.9	5.9	0.0	0.0	0.0	0.0
Operating Benefits and Expenses	360.8	382.5	360.2	359.3	374.4	392.5
Income from Operations Before Tax	108.1	112.7	105.1	105.3	92.4	92.5
Federal income taxes	38.1	39.5	34.0	31.8	29.0	28.8
Income from Operations	70.1	73.2	71.1	73.5	63.4	63.8
Realized gains (losses) on investments	(5.3)	(21.3)	(26.9)	(16.4)	(16.9)	(3.6)
Gains (losses) on derivatives	(0.0)	1.5	0.0	0.3	0.6	0.1
Restructuring charges	0.0	(1.5)	0.0	0.0	0.0	0.0
Income before Accounting Changes	64.7	51.9	44.2	57.4	47.1	60.2
Cumulative effect of accounting changes	0.0	(0.0)	0.0	0.0	0.0	0.0
Net Income	64.7	51.9	44.2	57.4	47.1	60.2
Inc from Oper -before Goodwill Amort.	76.0	79.1	71.1	73.5	63.4	63.8
Net Income -before Goodwill Amort.	70.6	57.8	44.2	57.4	47.1	60.2
Effective tax rate	35.2%	35.0	32.3%	30.2%	31.3%	31.1
Operating Revenue	468.9	495.2	465.3	464.6	466.8	485.0
Realized gains (losses) on investments	(8.2)	(31.1)	(41.4)	(25.4)	(25.9)	(5.5)
Gains (losses) on derivatives	(0.1)	0.6	0.0	0.6	0.7	0.1
Total Revenue	460.6	464.7	423.9	439.8	441.6	479.6
Average capital	2,736.3	2,744.4	2,801.9	2,865.8	2,852.9	2,846.2
Return on average capital	10.2%	10.7%	10.2%	10.3%	8.9%	9.0%

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter	1,151.1	1,156.0	1,265.6	1,385.3	1,404.9	1,362.1
Deferral	85.3	106.3	74.3	82.2	78.7	101.4
Amortization	(29.7)	(30.2)	(22.1)	(23.6)	(23.9)	(36.3)
Operating Adjustment related to realized (gains) losses	55.5	76.1	52.3	58.6	54.8	65.1
on securities available-for-sale	7.2	14.7	15.8	11.2	11.7	1.0
Adjustment related to unrealized (gains) losses	(59.6)	18.5	34.0	(51.9)	(109.3)	(3.7)
on securities available-for-sale						

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Other**	1.8	0.3	17.6	1.7		
	-----	-----	-----	-----	-----	-----
Balance at end-of-quarter	1,156.0	1,265.6	1,385.3	1,404.9	1,362.1	1,424.5
	=====	=====	=====	=====	=====	=====
Roll Forward of Present Value of In-Force						
Balance at beginning-of-quarter	999.9	978.7	964.0	947.1	930.7	907.4
Amortization	(20.5)	(14.7)	(16.9)	(16.3)	(23.3)	(17.4)
Other	(0.7)			(0.1)		0.1
	-----	-----	-----	-----	-----	-----
Balance at end-of-quarter	978.7	964.0	947.1	930.7	907.4	890.1
	=====	=====	=====	=====	=====	=====

* 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]

	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
First Year Premiums by Product (Millions)					
Universal Life	233.0	342.9	289.3	292.7	495.3
Variable Universal Life	101.3	142.2	218.7	228.6	134.5
Whole Life	20.0	23.9	22.4	26.3	30.3
Term	48.0	45.9	41.9	30.8	32.3
	-----	-----	-----	-----	-----
Total Retail	402.3	555.0	572.3	578.4	692.3
Corporate Owned Life Insurance (COLI)	4.0	14.7	87.0	47.3	88.1
	-----	-----	-----	-----	-----
Total	406.3	569.7	659.3	625.6	780.4
	-----	-----	-----	-----	-----
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	35.0	188.3	200.6	196.1	201.7
Lincoln Financial Distributors	356.3	367.9	444.7	413.0	556.3
Other*	15.0	13.5	14.0	16.6	22.4
	-----	-----	-----	-----	-----
Total by Distribution	406.3	569.7	659.3	625.6	780.4
	=====	=====	=====	=====	=====
Life Insurance In-Force (Billions)					
Universal Life & Other	105.837	109.288	115.872	121.168	126.016
Term Insurance	67.076	85.701	100.130	113.226	127.880

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Total Life Segment In-Force	172.914	194.988	216.002	234.394	253.896
	=====	=====	=====	=====	=====
For the Quarter Ended	Mar	Jun	Sep	Dec	Mar
	2000	2000	2000	2000	2001
	-----	-----	-----	-----	-----
First Year Premiums by Product (Millions)					
Universal Life	72.3	63.7	72.4	80.9	57.7
Variable Universal Life	44.0	44.5	55.1	75.1	56.0
Whole Life	3.9	4.5	6.0	8.0	4.1
Term	13.1	12.1	9.1	7.6	6.5
	-----	-----	-----	-----	-----
Total Retail	133.3	124.8	142.6	171.6	124.2
Corporate Owned Life Insurance (COLI)	12.7	19.5	5.8	49.0	7.1
	-----	-----	-----	-----	-----
Total	146.0	144.3	148.4	220.7	131.3
	-----	-----	-----	-----	-----
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	46.1	37.0	51.3	66.2	38.1
Lincoln Financial Distributors	96.8	104.4	92.9	150.6	89.1
Other*	3.0	2.9	4.2	3.9	4.2
	-----	-----	-----	-----	-----
Total by Distribution	146.0	144.3	148.4	220.7	131.3
	=====	=====	=====	=====	=====
Insurance In-Force (Billions)					
Universal Life & Other	108.817	110.448	112.884	115.872	116.747
Term Insurance	92.857	97.039	98.424	100.130	102.467
	-----	-----	-----	-----	-----
Total Segment In-Force	201.674	207.487	211.308	216.002	219.214
	=====	=====	=====	=====	=====
For the Quarter Ended	Sep	Dec	Mar	Jun	Sep
	2001	2001	2002	2002	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
	-----	-----	-----	-----	-----

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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
	=====	=====	=====	=====	=====
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]				
	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Universal Life-Bal Beg-of-Year	2.558	6.259	6.650	6.976	7.508
Deposits	0.675	1.017	0.955	1.043	1.332
Withdrawals & deaths	(0.701)	(0.452)	(0.426)	(0.319)	(0.426)
	-----	-----	-----	-----	-----
Net cash flows	(0.026)	0.564	0.528	0.724	0.906
Policyholder assessments	0.000	(0.544)	(0.584)	(0.598)	(0.648)
Interest credited	0.350	0.370	0.382	0.405	0.428
Acq of new business/transfers between segments	3.378	0.000	0.000	0.000	0.018
	-----	-----	-----	-----	-----
Universal Life-Bal End of Year(1)	6.259	6.650	6.976	7.508	8.211
	-----	-----	-----	-----	-----
Variable Universal Life-Bal Beg-of-Year	0.480	1.200	1.605	1.808	1.746
Deposits	0.193	0.326	0.607	0.584	0.504
Withdrawals & deaths	(0.100)	(0.099)	(0.132)	(0.251)	(0.193)
	-----	-----	-----	-----	-----
Net cash flows	0.093	0.228	0.475	0.332	0.311
Policyholder assessments	0.000	(0.084)	(0.141)	(0.170)	(0.186)
Invest inc & chg in mkt value	0.105	0.370	(0.130)	(0.225)	(0.313)
Acq of new business/transfers between segments	0.522	(0.110)	0.000	0.000	0.132
	-----	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Year	1.200	1.605	1.808	1.746	1.690
	-----	-----	-----	-----	-----

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Interest Sensitive Whole Life - Bal Beg-of-Year	0.000	1.784	1.963	2.062	2.123
Deposits	0.340	0.355	0.322	0.307	0.301
Withdrawals & deaths	(0.294)	(0.162)	(0.168)	(0.200)	(0.199)
Net cash flows	0.046	0.193	0.154	0.107	0.103
Policyholder assessments	0.000	(0.168)	(0.168)	(0.164)	(0.167)
Interest credited	0.096	0.109	0.113	0.118	0.127
Acq of new business/transfers between segments	1.642	0.045	0.000	0.000	0.000
Int Sensitive Whole Life-Bal End -of -Year	1.784	1.963	2.062	2.123	2.186

Total Segment- Life Insurance Account Values					
Bal Beg-of-Year	3.038	9.243	10.217	10.847	11.377
Deposits	1.207	1.698	1.884	1.934	2.138
Withdrawals & deaths	(1.095)	(0.713)	(0.727)	(0.771)	(0.818)
Net cash flows	0.113	0.985	1.158	1.163	1.320
Policyholder assessments		(0.795)	(0.893)	(0.931)	(1.002)
Invest inc & change in market value	0.551	0.849	0.364	0.299	0.241
Acq of new business/transfers between segments	5.542	(0.065)			0.150
Total Segment -Bal End-of-Year	9.243	10.217	10.847	11.377	12.086
	=====	=====	=====	=====	=====

(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	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----
Universal Life-Bal Beg-of-Quarter	6.650	6.729	6.782	6.878
Deposits	0.252	0.212	0.227	0.265
Withdrawals & deaths	(0.121)	(0.111)	(0.080)	(0.114)
Net cash flows	0.131	0.101	0.146	0.151
Policyholder assessments	(0.145)	(0.143)	(0.146)	(0.150)
Interest credited	0.093	0.095	0.096	0.097
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000

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Universal Life-Bal End-of-Quarter (1)	6.729	6.782	6.878	6.976
Variable Universal Life-Bal Beg of Quarter	1.605	1.771	1.764	1.812
Deposits	0.112	0.128	0.123	0.245
Withdrawals & deaths	(0.019)	(0.028)	(0.037)	(0.048)
Net cash flows	0.093	0.100	0.085	0.197
Policyholder assessments	(0.032)	(0.033)	(0.036)	(0.041)
Invest inc & chg in mkt value	0.105	(0.074)	(0.001)	(0.160)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Variable Universal Life -Bal End-of-Quarter	1.771	1.764	1.812	1.808
Interest Sensitive Whole Life - Bal Beg-of-Quarter	1.963	1.970	1.993	2.026
Deposits	0.060	0.071	0.079	0.113
Withdrawals & deaths	(0.042)	(0.037)	(0.033)	(0.056)
Net cash flows	0.018	0.034	0.045	0.057
Policyholder assessments	(0.039)	(0.040)	(0.040)	(0.050)
Interest credited	0.028	0.028	0.027	0.029
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Int Sensitive Whole Life-Bal End-of-Quarter	1.970	1.993	2.026	2.062

Total Segment- Life Insurance Account Values				
Bal Beg-of-Quarter	10.218	10.470	10.538	10.716
Deposits	0.424	0.411	0.428	0.622
Withdrawals & deaths	(0.182)	(0.176)	(0.151)	(0.218)
Net cash flows	0.242	0.235	0.277	0.404
Policyholder assessments	(0.215)	(0.216)	(0.221)	(0.241)
Invest inc & change in market value	0.227	0.048	0.123	(0.033)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Total Segment -Bal End-of-Quarter	10.470	10.538	10.716	10.847
	=====	=====	=====	=====
	Sep	Dec	Mar	Jun
For the Quarter Ended	2001	2001	2002	2002
	-----	-----	-----	-----

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Universal Life-Bal Beg-of-Quarter	7.216	7.315	7.508	7.622
Deposits	0.233	0.314	0.248	0.364
Withdrawals & deaths	(0.085)	(0.073)	(0.097)	(0.096)
	-----	-----	-----	-----
Net cash flows	0.147	0.241	0.150	0.268
Policyholder assessments	(0.150)	(0.153)	(0.158)	(0.158)
Interest credited	0.102	0.105	0.104	0.106
Acq of new business/transfers between segments	0.000	0.000	0.018	0.000
	-----	-----	-----	-----
Universal Life-Bal End-of-Quarter (1)	7.315	7.508	7.622	7.838
	-----	-----	-----	-----
Variable Universal Life-Bal Beg of Quarter	1.766	1.527	1.746	1.919
Deposits	0.124	0.186	0.129	0.147
Withdrawals & deaths	(0.055)	(0.088)	(0.055)	(0.057)
	-----	-----	-----	-----
Net cash flows	0.069	0.098	0.074	0.090
Policyholder assessments	(0.042)	(0.045)	(0.047)	(0.046)
Invest inc & chg in mkt value	(0.266)	0.166	0.013	(0.186)
Acq of new business/transfers between segments	0.000	0.000	0.132	0.000
	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Quarter	1.527	1.746	1.919	1.776
	-----	-----	-----	-----
Interest Sensitive Whole Life - Bal Beg-of-Quarter	2.084	2.096	2.123	2.126
Deposits	0.077	0.105	0.063	0.066
Withdrawals & deaths	(0.054)	(0.061)	(0.051)	(0.039)
	-----	-----	-----	-----
Net cash flows	0.022	0.044	0.012	0.026
Policyholder assessments	(0.041)	(0.047)	(0.042)	(0.039)
Interest credited	0.030	0.030	0.033	0.032
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Int Sensitive Whole Life-Bal End-of-Quarter	2.096	2.123	2.126	2.145
	-----	-----	-----	-----

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

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Total Segment -Bal End-of-Quarter	10.939	11.377	11.667	11.759
	=====	=====	=====	=====

(1) Includes fixed investment option of VUL products.

Investment Management
Income Statements
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000
	-----	-----	-----
Operating Revenue			
Investment advisory fees -			
External	249.0	248.6	231.6
Investment advisory fees -			
Insurance Assets	82.5	83.6	88.9
Other revenue and fees	92.5	106.6	115.9
Net investment income	67.0	56.9	57.7
	-----	-----	-----
Operating Revenue	491.0	495.6	494.2
	-----	-----	-----
Operating Benefits and Expenses			
Underwriting, acquisition,			
insurance and other expenses*:			
Operating and administrative			
expenses	366.8	350.2	375.4
Taxes, licenses and fees	15.9	16.4	17.1
	-----	-----	-----
Subtotal	382.7	366.6	392.5
Other intangibles amortization	18.8	17.7	16.3
	-----	-----	-----
Total underwriting, acquisition,			
insurance and other expenses	401.5	384.3	408.7
Goodwill amortization	16.3	16.2	16.2
Interest on notes payable	0.4	0.0	0.0
	-----	-----	-----
Operating Benefits and Expenses	418.2	400.5	425.0
	-----	-----	-----
Income from Operations Before Tax	72.8	95.1	69.2
Federal income taxes	28.9	34.1	25.1
	-----	-----	-----
Income from Operations	43.9	61.0	44.1
	-----	-----	-----
Realized gains (losses) on			
investments	0.5	(0.1)	(2.5)
Gains (losses) on derivatives	0.0	0.0	0.0
Restructuring charges	0.0	(9.2)	(4.6)
	-----	-----	-----
Income before Accounting Changes	44.4	51.6	37.0

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Cumulative effect of accounting changes	0.0	0.0	0.0
Net Income	44.4	51.6	37.0
Income from Operations- before Goodwill Amortization	60.3	77.2	60.3
Income from Operations - before Goodwill & Intang. Amort	72.6	88.7	70.9
Net Income - before Goodwill Amortization	60.8	67.9	53.2
Net Income -before Goodwill & Intang. Amort.	73.1	79.4	63.8
Operating Revenue	491.0	495.6	494.2
Realized gains (losses) on investments	0.9	(0.1)	(3.9)
Gains (losses) on derivatives	0.0	0.0	0.0
Total Revenue	491.9	495.5	490.3
Average Capital (Securities at Cost)	642.3	593.9	575.2
Return on Capital	6.8%	10.3%	7.7%

Investment Management
Income Statements
Unaudited [Millions of Dollars]

For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001
Operating Revenue					
Investment advisory fees - External	60.0	57.9	56.9	56.7	50.5
Investment advisory fees - Insurance Assets	21.0	22.3	22.5	23.1	22.1
Other revenue and fees	31.9	31.0	26.4	26.6	26.3
Net investment income	13.0	12.6	18.3	13.8	14.1
Operating Revenue	126.0	123.8	124.1	120.2	113.0
Operating Benefits and Expenses					
Underwriting, acquisition, insurance and other expenses*:					
Operating and administrative expenses	92.7	90.5	96.3	95.9	94.3
Taxes, licenses and fees	5.5	4.8	3.6	3.2	6.4
Subtotal	98.2	95.3	99.9	99.1	100.8
Other intangibles amortization	4.4	4.0	4.0	4.0	4.0

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Total underwriting, acquisition, insurance and other expenses	102.5	99.3	103.9	103.0	104.7
Goodwill amortization	4.1	4.1	4.1	4.1	4.1
Interest on notes payable	0.0	0.0	0.0	0.0	0.0
Operating Benefits & Expenses	106.6	103.3	107.9	107.1	108.8
Income from Operations Before Tax	19.4	20.5	16.2	13.1	4.2
Federal income taxes	7.0	7.4	6.3	4.4	1.8
Income from Operations	12.4	13.1	9.9	8.7	2.4
Realized gains (losses) on investments	(0.1)	(2.0)	(0.2)	(0.2)	(0.5)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	(2.7)	0.0	(1.9)	0.0
Income before Accounting Changes	12.3	8.4	9.7	6.6	2.0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
Net Income	12.3	8.4	9.7	6.6	2.0
Inc from Oper -before Goodwill Amortization	16.5	17.1	14.0	12.7	6.5
Inc from Oper -before Goodwill & Intang. Amort	19.4	19.7	16.6	15.2	9.1
Net Income -before Goodwill Amortization	16.4	12.4	13.7	10.6	6.0
Net Income -before Goodwill & Intang. Amort	19.2	15.0	16.3	13.1	8.6
Operating Revenue	126.0	123.8	124.1	120.2	113.0
Realized gains (losses) on investments	(0.2)	(3.1)	(0.4)	(0.3)	(0.7)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
Total Revenue	125.8	120.7	123.8	120.0	112.3
Average Capital (Securities at Cost)	581.5	593.0	567.7	558.5	548.3
Return on Capital	8.6%	8.8%	7.0%	6.2%	1.8%
For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002
Operating Revenue					
Investment advisory fees - External	46.2	49.3	48.0	47.8	42.9
Investment advisory fees - Insurance Assets	21.8	22.0	21.2	20.7	20.8
Other revenue and fees	23.9	23.4	23.0	22.0	19.9
Net investment income	13.6	12.8	12.8	12.7	12.4

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Operating Revenue	105.5	107.6	105.1	103.1	96.0
Operating Benefits and Expenses					
Underwriting, acquisition, insurance and other expenses*:					
Operating and administrative expenses	88.0	88.4	86.9	87.6	86.6
Taxes, licenses and fees	4.8	5.7	6.3	5.3	2.9
Subtotal	92.8	94.1	93.2	92.9	89.5
Other intangibles amortization	2.3	2.3	2.2	2.0	2.0
Total underwriting, acquisition, insurance and other expenses	95.1	96.4	95.4	95.0	91.5
Goodwill amortization	4.1	4.1	0.0	0.0	0.0
Interest on notes payable	0.0	0.0	0.0	0.0	0.0
Operating Benefits & Expenses	99.2	100.4	95.4	95.0	91.5
Income from Operations Before Tax	6.3	7.1	9.7	8.1	4.6
Federal income taxes	2.9	2.1	1.7	1.5	0.6
Income from Operations	3.5	5.1	8.0	6.6	4.0
Realized gains (losses) on investments	(0.5)	(0.7)	(1.0)	(0.4)	(1.2)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	(0.4)	0.0	0.0	0.3
Income before Accounting Changes	2.9	4.0	7.0	6.2	3.1
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
Net Income	2.9	4.0	7.0	6.2	3.1
Inc from Oper -before Goodwill Amortization	7.5	9.1	8.0	6.6	4.0
Inc from Oper -before Goodwill & Intang. Amort	9.0	10.6	9.4	7.9	5.3
Net Income -before Goodwill Amortization	7.0	8.1	7.0	6.2	3.1
Net Income -before Goodwill & Intang. Amort	8.5	9.5	8.4	7.5	4.4
Operating Revenue	105.5	107.6	105.1	103.1	96.0
Realized gains (losses) on investments	(0.8)	(1.1)	(1.5)	(0.7)	(1.8)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
Total Revenue	104.7	106.5	103.5	102.4	94.3
Average Capital (Securities at Cost)	543.1	540.6	546.1	568.6	567.1
Return on Capital	2.5%	3.8%	5.8%	4.6%	2.8%

	Investment Management Assets Under Management Roll Forward Unaudited [Billions of Dollars]				
	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Retail Fixed - Bal Beg-of-Year	8.125	8.219	7.423	6.608	7.120
Fund Sales	1.166	0.991	0.769	0.876	1.218
Redemptions	(1.234)	(1.424)	(1.401)	(1.051)	(1.182)
Net Money Market	(0.141)	(0.111)	(0.207)	(0.046)	(0.050)
Transfers	0.132	0.177	(0.168)	0.405	0.206
Net Cash Flows(1)	(0.077)	(0.367)	(1.007)	0.184	0.192
Market	0.170	(0.429)	0.099	0.328	0.320
Acquisitions/addition of Assets under Administration(1)			0.094		
Balance End-of-Year	8.219	7.423	6.608	7.120	7.631
Retail Equity - Bal Beg-of-Year	17.754	22.081	23.384	21.523	17.987
Fund Sales	3.581	3.270	4.116	2.817	4.477
Redemptions	(2.459)	(4.972)	(4.431)	(2.838)	(3.690)
Net Money Market	(0.001)	(0.001)	0.001		
Transfers	0.730	(0.144)	(0.178)	(0.538)	(0.173)
Net Cash Flows(1)	1.851	(1.847)	(0.492)	(0.560)	0.614
Market	2.476	3.150	(1.711)	(2.976)	(3.685)
Acquisitions/addition of Assets under Administration(1)			0.342		
Balance at End-of-Year	22.081	23.384	21.523	17.987	14.917
Total Retail - Bal Beg-of-Year	25.879	30.300	30.807	28.131	25.107
Retail Sales-Annuities	2.240	1.561	1.782	1.701	2.751
Retail Sales-Mutual Funds	1.912	2.151	2.577	1.523	1.829
Retail Sales-Managed Acct. & Other	0.595	0.549	0.525	0.469	1.115
Total Retail Sales	4.747	4.261	4.885	3.693	5.695
Redemptions	(3.693)	(6.396)	(5.832)	(3.889)	(4.873)
Net Money Market	(0.142)	(0.112)	(0.206)	(0.046)	(0.050)
Transfers	0.862	0.033	(0.346)	(0.133)	0.033
Net Cash Flows(1)	1.774	(2.214)	(1.500)	(0.375)	0.806
Market	2.647	2.721	(1.612)	(2.649)	(3.364)
Acquisitions/addition of Assets under Administration(1)			0.435		
Balance at End-of-Year	30.300	30.807	28.130	25.107	22.547

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Institutional Fixed - Bal					
Beg-of-Year	5.708	6.955	6.936	6.111	5.490
Inflows	2.169	2.001	0.771	0.643	2.281
Withdrawals/Terminations	(1.242)	(1.700)	(1.973)	(1.229)	(1.146)
Transfers	(0.074)	(0.001)	(0.005)	0.017	0.004
Net Cash Flows	0.853	0.300	(1.207)	(0.569)	1.139
Market	0.394	(0.319)	0.382	(0.052)	0.607
Acquisitions					
Balance at End-of-Year	6.955	6.936	6.111	5.490	7.237
Institutional Equity - Bal					
Beg-of-Year	24.871	24.235	23.631	19.112	17.814
Inflows	3.840	5.249	2.730	3.183	2.913
Withdrawals/Terminations	(7.441)	(7.800)	(7.209)	(2.879)	(1.991)
Transfers	0.047	0.012	(0.008)	0.035	0.045
Net Cash Flows	(3.555)	(2.539)	(4.486)	0.338	0.967
Market	2.919	1.935	(0.033)	(1.636)	(2.070)
Acquisitions					
Balance at End-of-Year	24.235	23.631	19.112	17.814	16.711
Total Institutional - Bal					
Beg-of-Year	30.579	31.191	30.568	25.223	23.304
Inflows	6.009	7.250	3.501	3.826	5.194
Withdrawals/Terminations	(8.683)	(9.500)	(9.182)	(4.109)	(3.137)
Transfers	(0.027)	0.011	(0.013)	0.052	0.050
Net Cash Flows	(2.702)	(2.239)	(5.693)	(0.231)	2.106
Market	3.313	1.616	0.349	(1.688)	(1.463)
Acquisitions					
Balance at End-of-Year	31.191	30.568	25.223	23.304	23.948
Total Retail/Institutional - At					
End-of-Year	61.490	61.375	53.354	48.411	46.495
Insurance Assets - At End-of-Year	39.432	35.934	35.686	38.119	41.104
Total Assets Under Management					
At End-of-Year	100.922	97.309	89.040	86.530	87.599

(1) Retail assets under management have been restated to include assets under administration beginning in January of 2000. Net Cash Flows from Assets Under Administration are:

	0.018	0.081	0.263
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Forward
Unaudited [Billions of Dollars]

	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	
Retail Fixed - Bal-Beg-of-Qtr	7.424	7.057	6.764	6.631	6.608	6
Fund Sales	0.168	0.166	0.223	0.212	0.248	0
Redemptions	(0.456)	(0.339)	(0.328)	(0.277)	(0.261)	(0)
Net Money Market	(0.067)	(0.058)	(0.031)	(0.051)	0.010	(0)
Transfers	(0.102)	(0.046)	(0.031)	0.010	0.047	(0)
Net Cash Flows(1)	(0.457)	(0.277)	(0.167)	(0.106)	0.043	(0)
Market	(0.003)	(0.017)	0.035	0.083	0.100	0
Acquisitions/addition of Assets under Admin.(1)	0.094	0.000	0.000	0.000	0.000	0
Balance at End-of-Qtr	7.057	6.764	6.631	6.608	6.751	6
Retail Equity - Bal-Beg-of-Qtr	23.383	24.478	23.496	24.047	21.523	18
Fund Sales	1.234	0.884	0.927	1.071	0.917	0
Redemptions	(1.565)	(0.989)	(1.040)	(0.837)	(0.911)	(0)
Net Money Market	0.000	0.000	0.001	0.000	0.000	0
Transfers	(0.091)	0.018	(0.036)	(0.069)	(0.070)	(0)
Net Cash Flows(1)	(0.423)	(0.087)	(0.148)	0.165	(0.064)	(0)
Market	1.176	(0.895)	0.699	(2.689)	(3.205)	1
Acquisitions/addition of Assets under Admin.(1)	0.342	0.000	0.000	0.000	0.000	0
Balance at End-of-Qtr	24.478	23.496	24.047	21.523	18.254	19
Total Retail - Bal-Beg-of-Qtr	30.807	31.535	30.260	30.679	28.132	25
Retail Sales-Annuities	0.379	0.358	0.456	0.589	0.540	0
Retail Sales-Mutual Funds	0.875	0.586	0.554	0.563	0.483	0
Retail Sales-Managed Acct. & Other	0.148	0.106	0.140	0.131	0.142	0
Total Retail Sales	1.402	1.050	1.150	1.283	1.165	0
Redemptions	(2.021)	(1.329)	(1.368)	(1.114)	(1.173)	(0)
Net Money Market	(0.067)	(0.058)	(0.030)	(0.051)	0.010	(0)
Transfers	(0.193)	(0.027)	(0.067)	(0.059)	(0.023)	(0)
Net Cash Flows(1)	(0.880)	(0.364)	(0.315)	0.059	(0.021)	(0)
Market	1.173	(0.911)	0.734	(2.606)	(3.105)	1
Acquisitions/addition of Assets under Admin.(1)	0.435	0.000	0.000	0.000	0.000	0
Balance at End-of-Qtr	31.535	30.260	30.679	28.130	25.005	26
Institutional Fixed - Bal-Beg-of-Qtr	6.937	6.873	6.485	6.276	6.111	5
Inflows	0.180	0.148	0.308	0.135	0.310	0

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Withdrawals/Terminations	(0.353)	(0.520)	(0.532)	(0.568)	(0.432)	(0.000)
Transfers	(0.005)	(0.001)	0.000	0.001	0.003	0.000
Net Cash Flows	(0.178)	(0.373)	(0.224)	(0.433)	(0.119)	0.000
Market	0.114	(0.015)	0.015	0.268	(0.102)	(0.000)
Balance at End-of-Qtr	6.873	6.485	6.276	6.111	5.890	5.890
Institutional Equity - Bal-Beg-of-Qtr	23.631	20.304	20.241	19.044	19.112	17.311
Inflows	0.904	0.669	0.407	0.750	0.881	0.000
Withdrawals/Terminations	(3.333)	(1.354)	(1.154)	(1.368)	(1.199)	(0.000)
Transfers	(0.004)	0.002	(0.013)	0.007	0.018	(0.000)
Net Cash Flows	(2.433)	(0.683)	(0.760)	(0.611)	(0.299)	0.000
Market	(0.894)	0.620	(0.438)	0.679	(1.502)	0.000
Balance at End-of-Qtr	20.304	20.241	19.044	19.112	17.311	18.311
Total Institutional - Bal-Beg-of-Qtr	30.568	27.177	26.726	25.320	25.223	23.201
Inflows	1.084	0.817	0.715	0.885	1.192	1.192
Withdrawals/Terminations	(3.686)	(1.874)	(1.686)	(1.936)	(1.631)	(0.000)
Transfers	(0.009)	0.001	(0.012)	0.008	0.022	0.000
Net Cash Flows	(2.611)	(1.056)	(0.983)	(1.043)	(0.417)	0.000
Market	(0.780)	0.605	(0.423)	0.947	(1.605)	0.000
Balance at End-of-Qtr	27.177	26.726	25.320	25.223	23.201	24.201
Total Retail/Inst - At End-of-Qtr	58.712	56.986	55.998	53.354	48.207	50.201
Insurance Assets-End-of-Qtr	35.541	34.891	34.981	35.686	36.324	36.324
Total Assets Under Management At End-of-Qtr	94.253	91.877	90.979	89.040	84.531	86.531

(1) Retail assets under management have been restated to include assets under administration beginning in January of 2000. Net Cash Flows from

Assets Under Administration are:

	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	
Retail Fixed - Bal-Beg-of-Qtr	6.769	7.208	7.120	7.088	7.169	7.169
Fund Sales	0.207	0.218	0.292	0.272	0.325	0.000
Redemptions	(0.262)	(0.242)	(0.289)	(0.306)	(0.277)	(0.000)
Net Money Market	0.005	(0.031)	(0.003)	(0.002)	(0.009)	(0.000)
Transfers	0.388	(0.027)	(0.041)	0.021	0.134	0.000
Net Cash Flows(1)	0.338	(0.083)	(0.041)	(0.015)	0.174	0.000
Market	0.101	(0.004)	0.009	0.096	0.174	0.000

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Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0
Balance at End-of-Qtr	7.208	7.120	7.088	7.169	7.516	7
Retail Equity - Bal-Beg-of-Qtr	19.755	15.872	17.987	18.252	16.610	13
Fund Sales	0.638	0.580	0.908	1.084	1.140	1
Redemptions	(0.653)	(0.607)	(0.791)	(0.881)	(1.137)	(0)
Net Money Market	0.000	0.000	0.000	0.000	0.000	0
Transfers	(0.441)	0.019	0.014	(0.022)	(0.128)	(0)
Net Cash Flows(1)	(0.456)	(0.008)	0.130	0.182	(0.126)	0
Market	(3.427)	2.124	0.134	(1.824)	(2.782)	0
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0
Balance at End-of-Qtr	15.872	17.987	18.252	16.610	13.703	14
Total Retail - Bal-Beg-of-Qtr	26.523	23.079	25.108	25.340	23.779	21
Retail Sales-Annuities	0.434	0.323	0.589	0.601	0.756	0
Retail Sales-Mutual Funds	0.336	0.348	0.452	0.562	0.416	0
Retail Sales-Managed Acct. & Other	0.074	0.127	0.159	0.194	0.293	0
Total Retail Sales	0.845	0.798	1.200	1.356	1.465	1
Redemptions	(0.915)	(0.850)	(1.081)	(1.186)	(1.414)	(1)
Net Money Market	0.005	(0.031)	(0.003)	(0.002)	(0.009)	(0)
Transfers	(0.053)	(0.009)	(0.027)	(0.001)	0.006	0
Net Cash Flows(1)	(0.118)	(0.091)	0.089	0.167	0.048	0
Market	(3.326)	2.120	0.143	(1.728)	(2.608)	0
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0
Balance at End-of-Qtr	23.079	25.107	25.340	23.779	21.219	22
Institutional Fixed - Bal-Beg-of-Qtr	5.809	5.639	5.490	6.019	6.844	7
Inflows	0.020	0.080	0.804	0.663	0.530	0
Withdrawals/Terminations	(0.493)	(0.192)	(0.239)	(0.161)	(0.308)	(0)
Transfers	0.001	0.002	(0.001)	0.000	0.007	(0)
Net Cash Flows	(0.472)	(0.109)	0.565	0.503	0.229	(0)
Market	0.302	(0.040)	(0.036)	0.323	0.134	0
Balance at End-of-Qtr	5.639	5.490	6.019	6.844	7.208	7
Institutional Equity - Bal-Beg-of-Qtr	18.405	16.240	17.814	18.642	18.118	14
Inflows	0.863	0.615	0.672	0.569	0.631	1
Withdrawals/Terminations	(0.555)	(0.624)	(0.512)	(0.635)	(0.523)	(0)
Transfers	0.009	0.016	0.006	0.018	0.011	0
Net Cash Flows	0.317	0.007	0.167	(0.047)	0.119	0
Market	(2.482)	1.567	0.661	(0.476)	(3.302)	1

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Balance at End-of-Qtr	16.240	17.814	18.642	18.118	14.935	16.240
Total Institutional - Bal-Beg-of-Qtr	24.214	21.879	23.304	24.660	24.962	22.142
Inflows	0.883	0.696	1.476	1.232	1.162	1.162
Withdrawals/Terminations	(1.048)	(0.816)	(0.751)	(0.796)	(0.831)	(0.831)
Transfers	0.010	0.018	0.006	0.019	0.017	0.017
Net Cash Flows	(0.155)	(0.103)	0.731	0.455	0.348	0.348
Market	(2.180)	1.527	0.625	(0.153)	(3.168)	1.162
Balance at End-of-Qtr	21.879	23.304	24.660	24.962	22.142	23.304
Total Retail/Inst - At End-of-Qtr	44.959	48.411	50.001	48.741	43.361	46.464
Insurance Assets-End-of-Qtr	37.337	38.119	37.171	38.476	40.416	41.171
Total Assets Under Management At End-of-Qtr	82.296	86.530	87.171	87.217	83.777	87.635

(1) Retail assets under management have been restated to include assets under administration beginning in January of 2000. Net Cash Flows from Assets Under Administration are:

	0.007	0.034	0.090	0.061	0.045	0.045
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Lincoln UK
Income Statements
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002
Operating Revenue					
Premiums	156.6	145.1	148.4	46.1	50.6
Mortality assessments	29.3	27.1	31.4	33.9	32.4
Expense assessments	153.6	182.3	178.1	134.8	105.3
Other revenue and fees	11.2	13.8	2.6	(1.4)	24.9
Net investment income	87.9	75.3	70.3	64.8	62.1
Operating Revenue	438.6	443.6	430.6	278.2	275.4
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	151.0	306.2	178.5	83.4	84.2
Underwriting, acquisition, insurance and other expenses*:					
Commissions	52.6	54.5	37.7	10.8	6.1
Operating and administrative expenses	125.8	153.0	140.5	80.0	74.5

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Subtotal	178.5	207.4	178.2	90.8	80.6
Deferral of acquisition costs				(4.2)	(3.4)
DAC amortization				35.8	50.0
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(16.0)	(12.4)	(7.2)	31.7	46.5
PVIF amortization	13.2	28.4	4.7	22.5	30.8
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	175.6	223.5	175.7	145.0	157.9
Goodwill amortization	6.3	7.0	4.0	0.6	0.0
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	332.9	536.7	358.2	229.0	242.1
	-----	-----	-----	-----	-----
Income from Operations Before Tax	105.8	(93.1)	72.4	49.2	33.3
	-----	-----	-----	-----	-----
Federal income taxes	34.8	(79.2)	11.3	(11.1)	(3.7)
	-----	-----	-----	-----	-----
Income from Operations	70.9	(13.9)	61.0	60.2	37.0
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	0.8	2.1	2.3	8.7	1.3
Restructuring charges	0.0	(6.5)	(76.5)	0.0	1.7
	-----	-----	-----	-----	-----
Income before Accounting Changes	71.7	(18.2)	(13.2)	68.9	40.0
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Net Income	71.7	(18.2)	(13.2)	68.9	40.0
	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	77.2	(6.9)	65.1	60.9	37.0
Net Income -before Goodwill Amort.	78.0	(11.3)	(9.2)	69.6	40.0
Effective tax rate	32.9%	85.1%	15.7%	(22.5%)	(11.2%)
Operating revenue	438.6	443.6	430.6	278.2	275.4
Realized gains (losses) on investments	1.1	3.0	3.2	12.4	1.9
Gains(losses) on derivatives					
	-----	-----	-----	-----	-----
Total Revenue	439.7	446.6	433.8	290.7	277.2
	=====	=====	=====	=====	=====
Average capital	517.7	551.2	488.2	559.7	503.1
Return on average capital	13.7%	(2.5%)	12.5%	10.8%	7.4%
Roll Forward of Deferred Acquisition Costs					
Balance at beginning-of-year				635.0	587.3
Deferral				4.2	3.4
Amortization				(35.8)	(50.0)
				-----	-----
Operating				(31.6)	(46.6)
Foreign currency translation adjustment				(16.0)	56.9
Other				0.0	0.0

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Balance at end-of-year	587.3	597.6
Roll Forward of Present Value of In-Force		
Balance at beginning-of-year	273.6	244.0
Amortization	(22.5)	(30.7)
Foreign currency translation adjustment	(7.0)	24.1
Other		
Balance at end-of-year	244.0	237.4

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

For the Quarter Ended	Lincoln UK Income Statements Unaudited [Millions of Dollars]				
	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001
Operating Revenue					
Premiums	39.0	36.3	32.5	40.5	12.8
Mortality assessments	6.3	8.0	9.6	7.5	9.4
Expense assessments	46.5	44.3	52.6	34.6	43.7
Other revenue and fees	6.3	(3.4)	(0.1)	(0.3)	4.5
Net investment income	18.9	18.5	16.1	16.7	17.9
Operating Revenue	117.1	103.7	110.8	99.0	88.3
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	35.0	37.4	51.9	54.2	24.0
Underwriting, acquisition, insurance and other expenses*:					
Commissions	13.8	11.1	9.3	3.5	3.0
Operating and administrative expenses	44.9	36.9	39.4	19.3	18.7
Subtotal	58.8	48.0	48.7	22.7	21.7
Deferral of acquisition costs					(0.9)
DAC amortization					18.4
DAC deferral net of amortization	0.3	(12.3)	(6.7)	11.6	17.6
PVIF amortization	1.3	3.1	1.2	(0.9)	5.8
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0
Total underwriting, acquisition, insurance and other expenses	60.4	38.8	43.1	33.4	45.0
Goodwill amortization	1.3	1.3	1.2	0.2	0.2

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Operating Benefits and Expenses	96.7	77.5	96.3	87.7	69.2	
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	20.4	26.2	14.5	11.3	19.1	
Federal income taxes	4.7	6.9	3.9	(4.2)	4.7	
	-----	-----	-----	-----	-----	-----
Income from Operations	15.7	19.3	10.6	15.5	14.4	
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(0.2)	(0.1)	(0.0)	2.6	0.4	
Restructuring charges	0.0	0.0	(40.5)	(36.1)	0.0	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	15.5	19.1	(29.9)	(17.9)	14.8	
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	-----
Net Income	15.5	19.1	(29.9)	(17.9)	14.8	
	=====	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	17.1	20.5	11.8	15.7	14.5	
Net Income -before Goodwill Amort.	16.8	20.4	(28.7)	(17.8)	14.9	
Effective tax rate	22.9%	26.4%	27.2%	(37.1%)	24.6%	1
Operating revenue	117.1	103.7	110.8	99.0	88.3	
Realized gains (losses) on investments	(0.4)	(0.2)	(0.0)	3.8	0.6	
	-----	-----	-----	-----	-----	-----
Total Revenue	116.8	103.5	110.7	102.8	88.8	
	=====	=====	=====	=====	=====	=====
Average capital	516.4	500.8	486.5	448.9	548.7	5
Return on average capital	12.2%	15.4%	8.7%	13.8%	10.5%	1

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year					635.0	5
Deferral					0.9	
Amortization					(18.4)	
					-----	-----
Operating					(17.5)	
Foreign currency translation adjustment					(32.4)	
Other						
					-----	-----
Balance at end-of-year					585.1	5
					=====	=====
Roll Forward of Present Value of In-Force						
Balance at beginning-of-year					273.6	2
Amortization					(5.8)	
Foreign currency translation adjustment					(14.0)	
Other						
					-----	-----

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Balance at end-of-year					253.8	2
					=====	=====
For the Quarter Ended	Dec	Mar	Jun	Sep	Dec	
	2001	2002	2002	2002	2002	
	-----	-----	-----	-----	-----	
Operating Revenue						
Premiums	11.9	12.1	12.1	12.4	14.2	
Mortality assessments	7.1	6.5	8.3	8.7	8.9	
Expense assessments	24.1	25.3	27.8	29.4	22.8	
Other revenue and fees	(9.2)	(0.2)	12.5	24.5	(11.9)	
Net investment income	15.2	14.7	15.2	15.6	16.6	
	-----	-----	-----	-----	-----	
Operating Revenue	49.1	58.3	75.9	90.6	50.6	
	-----	-----	-----	-----	-----	
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	20.8	18.3	19.0	23.8	23.1	
Underwriting, acquisition, insurance and other expenses*:						
Commissions	1.9	1.3	1.9	1.6	1.3	
Operating and administrative expenses	24.1	16.6	18.3	19.6	20.0	
	-----	-----	-----	-----	-----	
Subtotal	25.9	17.9	20.2	21.1	21.3	
Deferral of acquisition costs	(0.9)	(0.9)	(1.0)	(0.9)	(0.6)	
DAC amortization	(3.9)	6.7	21.0	33.8	(11.5)	
	-----	-----	-----	-----	-----	
DAC deferral net of amortization	(4.8)	5.8	19.9	33.0	(12.1)	
PVIF amortization	5.6	0.7	11.7	12.8	5.5	
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	
Total underwriting, acquisition, insurance and other expenses	26.8	24.4	51.8	66.9	14.7	
Goodwill amortization	0.2	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	
Operating Benefits and Expenses	47.8	42.7	70.9	90.7	37.8	
	-----	-----	-----	-----	-----	
Income from Operations Before Tax	1.4	15.6	5.1	(0.2)	12.8	
Federal income taxes	(18.1)	1.1	(1.6)	(0.2)	(3.1)	
	-----	-----	-----	-----	-----	
Income from Operations	19.5	14.4	6.7	(0.0)	15.9	
	-----	-----	-----	-----	-----	
Realized gains (losses) on investments	3.0	(3.6)	3.2	0.9	0.8	
Restructuring charges	0.0	0.0	0.0	0.0	1.7	
	-----	-----	-----	-----	-----	
Income before Accounting Changes	22.5	10.8	9.8	0.8	18.5	
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	-----	
Net Income	22.5	10.8	9.8	0.8	18.5	
	=====	=====	=====	=====	=====	
Inc from Oper -before Goodwill Amort.	19.7	14.4	6.7	(0.0)	15.9	

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Net Income -before Goodwill Amort.	22.7	10.8	9.8	0.8	18.5
Effective tax rate	(1337.4%)	7.3%	(31.3%)	88.2%	(24.3%)
Operating revenue	49.1	58.3	75.9	90.6	50.6
Realized gains (losses) on investments	4.3	(5.1)	4.5	1.2	1.2
Total Revenue	53.4	53.2	80.5	91.8	51.8
Average capital	561.3	510.0	485.3	500.3	516.9
Return on average capital	13.9%	11.3%	5.5%	(0.0%)	12.3%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year	589.7	587.3	569.4	591.0	571.8
Deferral	0.9	0.9	1.0	0.9	0.6
Amortization	3.9	(6.7)	(21.0)	(33.8)	11.5
Operating Foreign currency translation adjustment	4.9	(5.7)	(20.1)	(33.0)	12.1
Other	(7.2)	(12.2)	41.7	13.8	13.7
Balance at end-of-year	587.3	569.4	591.0	571.8	597.6

Roll Forward of Present Value of In-Force

Balance at beginning-of-year	252.8	244.0	238.3	243.9	236.8
Amortization	(5.6)	(0.7)	(11.7)	(12.8)	(5.5)
Foreign currency translation adjustment	(3.2)	(5.1)	17.4	5.7	6.1
Other					
Balance at end-of-year	244.0	238.3	243.9	236.8	237.4

* 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	1998	1999	2000	2001
--------------------------------	------	------	------	------

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Unit Linked Assets - Beg-of-Year (Billions)	5.643	6.265	7.220	6.4
Deposits	0.473	0.537	0.554	0.4
Withdrawals (incl. chgs) & Deaths	(0.547)	(0.566)	(0.644)	(0.5)
	-----	-----	-----	-----
Net Cash Flows	(0.074)	(0.029)	(0.090)	(0.0)
Inv Inc & Chg in Mkt Val	0.662	1.154	(0.154)	(0.6)
Acq of new business/companies				
Foreign currency adjustment	0.035	(0.170)	(0.536)	(0.1)
	-----	-----	-----	-----
Unit Linked Assets - End-of-Year	6.265	7.220	6.441	5.6
	=====	=====	=====	=====
Individual Life In-force (Billions)	25.002	25.698	24.290	20.8
Exchange Rate - Dollars to Pounds				
For-the-Period	1.658	1.617	1.518	1.4
End-of-Period	1.660	1.615	1.493	1.4

For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----
Unit Linked Assets				
Balance-Beg-of-Quarter (Billions)	7.220	7.031	6.726	6.499
Deposits	0.159	0.134	0.145	0.116
Withdrawals (incl. chgs) & Deaths	(0.170)	(0.162)	(0.159)	(0.153)
	-----	-----	-----	-----
Net Cash Flows	(0.011)	(0.028)	(0.014)	(0.037)
Inv Inc & Chg in Mkt Val	(0.077)	0.047	(0.025)	(0.100)
Acq of new business/companies				
Foreign currency adjustment	(0.101)	(0.324)	(0.189)	0.078
	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	7.031	6.726	6.499	6.441
	=====	=====	=====	=====
Individual Life In-force (Billions)	26.514	25.225	24.535	24.290
Exchange Rate - Dollars to Pounds				
For-the-Quarter	1.599	1.536	1.482	1.454
End-of-Quarter	1.591	1.517	1.475	1.493

For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002
	-----	-----	-----	-----
Unit Linked Assets				
Balance-Beg-of-Quarter (Billions)	5.768	5.218	5.607	5.618
Deposits	0.128	0.111	0.114	0.115
Withdrawals (incl. chgs) & Deaths	(0.136)	(0.115)	(0.127)	(0.137)
	-----	-----	-----	-----
Net Cash Flows	(0.009)	(0.004)	(0.013)	(0.022)
Inv Inc & Chg in Mkt Val	(0.768)	0.457	0.141	(0.479)
Acq of new business/companies				

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Foreign currency adjustment	0.226	(0.063)	(0.117)	0.403
	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	5.218	5.607	5.618	5.520
	=====	=====	=====	=====
Individual Life In-force (Billions)	21.299	20.878	20.010	20.401
Exchange Rate - Dollars to Pounds For-the-Quarter	1.442	1.448	1.423	1.464
End-of-Quarter	1.474	1.456	1.426	1.532

Other Operations
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000
	-----	-----	-----
Revenue			
Lincoln Financial Advisors	286.4	317.0	377.5
Lincoln Financial Distributors	33.5	107.5	119.9
	-----	-----	-----
Total Distribution	319.9	424.4	497.4
Reinsurance	1581.2	1824.1	1770.6
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0
Other [Including Consolidating Adjustments]	(192.7)	(277.5)	(292.6)
	-----	-----	-----
Operating Revenue	1708.3	1971.0	1975.4
	-----	-----	-----
Realized gains (losses) on investments	0.5	14.4	(5.0)
Gains (losses) on derivatives	0.0	0.0	0.0
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0
	-----	-----	-----
Total Revenue	1708.9	1985.4	1970.4
	=====	=====	=====
Income (Loss)			
Lincoln Financial Advisors	(23.7)	(20.8)	(11.7)
Lincoln Financial Distributors	(8.2)	(14.0)	(18.5)
	-----	-----	-----
Total Distribution	(31.9)	(34.8)	(30.2)
Reinsurance	104.9	40.1	122.5
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0
LNC Financing	(51.5)	(83.5)	(84.9)
Other Corporate	(17.5)	(5.0)	(15.4)

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Inc (Loss) from Operations	4.0	(83.1)	(8.0)
Realized gains (losses) on investments	2.7	10.2	(3.2)
Gains (losses) on derivatives	0.0	0.0	0.0
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0
Reserve increase on business sold through reinsurance	0.0	0.0	0.0
Restructuring charges	(14.3)	(3.2)	1.0
Income before Accounting Changes	(7.6)	(76.1)	(10.2)
Cumulative effect of accounting changes	0.0	0.0	0.0
Total Net Income (Loss)	(7.6)	(76.1)	(10.2)

For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Revenue				
Lincoln Financial Advisors	86.4	90.0	91.3	109.8
Lincoln Financial Distributors	29.3	28.1	27.5	35.0
Total Distribution	115.8	118.1	118.8	144.8
Reinsurance	392.7	458.9	457.9	461.0
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0	0.0
Other [Including Consolidating Adjustments]	(67.6)	(86.7)	(79.2)	(59.2)
Operating Revenue	440.9	490.3	497.5	546.6
Realized gains (losses) on investments	(0.8)	(1.3)	(3.4)	0.4
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0	0.0
Total Revenue	440.2	489.0	494.1	547.0
Income (Loss)				
Lincoln Financial Advisors	(7.4)	(2.9)	(3.1)	1.6
Lincoln Financial Distributors	(3.3)	(5.2)	(5.0)	(5.1)
Total Distribution	(10.7)	(8.1)	(8.0)	(3.4)
Reinsurance	31.9	25.8	28.2	36.6
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0	0.0
LNC Financing	(21.9)	(22.2)	(20.9)	(19.8)
Other Corporate	(5.7)	(1.5)	1.6	(9.8)
Inc (Loss) from Oper	(6.5)	(5.9)	0.9	3.5

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	-----	-----	-----	-----
Realized gains (losses) on investments	(0.4)	(0.8)	(3.2)	1.2
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0	0.0
Reserve increase on business sold through reinsurance	0.0	0.0	0.0	0.0
Restructuring charges	0.0	0.0	0.0	1.0
	-----	-----	-----	-----
Income before Accounting Changes	(6.8)	(6.8)	(2.3)	5.7
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Net Income (Loss)	(6.8)	(6.8)	(2.3)	5.7
	=====	=====	=====	=====

	Sep 2001	Dec 2001	Mar 2002	Jun 2002
For the Quarter Ended	-----	-----	-----	-----
Revenue				
Lincoln Financial Advisors	78.9	116.7	75.9	78.1
Lincoln Financial Distributors	32.0	35.0	29.4	29.3
	-----	-----	-----	-----
Total Distribution	111.0	151.7	105.3	107.4
Reinsurance	467.4	265.6	0.0	0.0
Amortization of deferred gain on indemnity reinsurance*	0.0	20.4	24.1	22.1
Other [Including Consolidating Adjustments]	(76.0)	(98.7)	(32.2)	(33.4)
	-----	-----	-----	-----
Operating Revenue	502.3	339.0	97.1	96.1
	-----	-----	-----	-----

Realized gains (losses) on investments	(12.8)	29.5	(4.9)	(3.8)
Gains (losses) on derivatives	(0.0)	(9.7)	0.1	(0.1)
Gain on sale of reinsurance subsidiaries	0.0	12.8	0.0	0.0
	-----	-----	-----	-----
Total Revenue	489.5	371.7	92.3	92.2
	=====	=====	=====	=====

Income (Loss)				
Lincoln Financial Advisors	(4.2)	7.4	(9.1)	(7.7)
Lincoln Financial Distributors	(7.8)	(4.5)	(6.2)	(7.3)
	-----	-----	-----	-----
Total Distribution	(12.0)	3.0	(15.4)	(15.0)
Reinsurance	17.2	30.7	0.0	0.0
Amortization of deferred gain on indemnity reinsurance*	0.0	12.9	15.7	14.4
LNC Financing	(19.5)	(14.7)	(8.2)	(9.6)
Other Corporate	1.5	(5.3)	(4.1)	2.9
	-----	-----	-----	-----
Inc (Loss) from Oper	(12.9)	26.5	(12.0)	(7.3)
	-----	-----	-----	-----

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Realized gains (losses) on investments	(8.3)	19.7	(3.3)	(2.4)
Gains (losses) on derivatives	(0.0)	(6.3)	0.1	(0.1)
Gain on sale of reinsurance subsidiaries	0.0	15.0	0.0	0.0
Reserve increase on business sold through reinsurance	0.0	0.0	0.0	(14.4)
Restructuring charges	0.0	(18.3)	0.0	0.0
	-----	-----	-----	-----
Income before Accounting Changes	(21.2)	36.7	(15.2)	(24.2)
Cumulative effect of accounting changes	0.0	(0.0)	0.0	0.0
	-----	-----	-----	-----
Total Net Income (Loss)	(21.2)	36.7	(15.2)	(24.2)
	=====	=====	=====	=====

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

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

	1998	1999	2000
	-----	-----	-----
Deposits - For the Year			
Lincoln Retirement - Fixed Annuities	1.452	2.563	2.074
Lincoln Retirement - Variable Annuities	2.791	2.553	3.165
Lincoln Retirement - Life Insurance	0.000	0.017	0.014
Life Insurance Segment - Life Insurance	1.207	1.698	1.884
Inv Mgmt - Annuities	2.240	1.561	1.782
Inv Mgmt - Mutual Funds(1)	1.912	2.151	2.577
Inv Mgmt - Wrap Fee & Other	0.595	0.549	0.525
Consolidating Adjustments	(1.041)	(0.499)	(0.406)
	-----	-----	-----
Gross Deposits	9.157	10.593	11.616
Account Balances - End of Year			
Lincoln Retirement - Fixed Annuities	16.505	16.791	15.394
Lincoln Retirement - Variable Annuities	33.358	41.493	39.427
Lincoln Retirement - Life Insurance		0.155	0.160
Life Insurance Segment - Life Insurance	9.243	10.217	10.847
Inv Mgmt - Annuities	14.257	15.557	13.527
Inv Mgmt - Mutual Funds(1)	13.528	13.632	13.261
Inv Mgmt - Wrap Fee & Other	2.512	1.618	1.342

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Consolidating Adjustments	(8.891)	(9.175)	(7.753)
Account Balances	80.512	90.288	86.205

	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----
Deposits - For the Quarter				
Lincoln Retirement - Fixed Annuities	0.589	0.490	0.513	0.482
Lincoln Retirement - Variable Annuities	0.797	0.793	0.729	0.846
Lincoln Retirement - Life Insurance	0.003	0.003	0.004	0.004
Life Insurance Segment - Life Insurance	0.424	0.411	0.428	0.622
Inv Mgmt - Annuities	0.379	0.358	0.456	0.589
Inv Mgmt - Mutual Funds(1)	0.875	0.586	0.554	0.563
Inv Mgmt - Managed Acct. & Other	0.148	0.106	0.140	0.131
Consolidating Adjustments	(0.099)	(0.062)	(0.100)	(0.145)
Gross Deposits	3.115	2.685	2.724	3.092

Account Balances - End of Quarter				
Lincoln Retirement - Fixed Annuities	16.244	15.884	15.660	15.394
Lincoln Retirement - Variable Annuities	44.640	43.097	42.743	39.427
Lincoln Retirement - Life Insurance	0.169	0.165	0.166	0.160
Life Insurance Segment - Life Insurance	10.470	10.538	10.716	10.847
Inv Mgmt - Annuities	15.557	14.888	14.853	13.527
Inv Mgmt - Mutual Funds(1)	14.671	14.069	14.571	13.261
Inv Mgmt - Managed Acct. & Other	1.309	1.304	1.256	1.342
Consolidating Adjustments	(8.768)	(8.419)	(8.644)	(7.753)
Account Balances	94.292	91.526	91.322	86.205

	Sep 2001	Dec 2001	Mar 2002	Jun 2002
	-----	-----	-----	-----
Deposits - For the Quarter				
Lincoln Retirement - Fixed Annuities	0.896	1.218	0.906	0.853
Lincoln Retirement - Variable Annuities	0.684	0.793	0.808	0.787
Lincoln Retirement - Life Insurance	0.003	0.002		
Life Insurance Segment - Life Insurance	0.434	0.605	0.440	0.577
Inv Mgmt - Annuities	0.434	0.323	0.589	0.601
Inv Mgmt - Mutual Funds(1)	0.336	0.348	0.452	0.562

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Inv Mgmt - Managed Acct. & Other	0.074	0.127	0.159	0.194
Consolidating Adjustments	(0.295)	(0.279)	(0.309)	(0.371)
	-----	-----	-----	-----
Gross Deposits	2.567	3.137	3.045	3.203
	-----	-----	-----	-----
Account Balances - End of Quarter				
Lincoln Retirement - Fixed Annuities	16.051	16.491	16.533	16.909
Lincoln Retirement - Variable Annuities	30.506	34.638	35.150	31.206
Lincoln Retirement - Life Insurance	0.134	0.149		
Life Insurance Segment - Life Insurance	10.939	11.377	11.667	11.759
Inv Mgmt - Annuities	10.714	11.835	11.920	10.896
Inv Mgmt - Mutual Funds(1)	10.726	11.552	11.597	11.033
Inv Mgmt - Managed Acct. & Other	1.635	1.719	1.821	1.847
Consolidating Adjustments	(6.023)	(6.717)	(6.684)	(6.007)
	-----	-----	-----	-----
Account Balances	74.682	81.044	82.005	77.644
	-----	-----	-----	-----

Total Domestic Net Flows
Unaudited [Billions of Dollars]

For the Year	1998	1999	2000
	-----	-----	-----
Lincoln Retirement	(1.244)	(1.244)	(1.165)
Life Insurance Segment	0.113	0.113	0.985
Investment Management Segment- Retail(1)	1.772	1.772	(2.209)
Consolidating Adjustments	(0.158)	1.276	1.406
	-----	-----	-----
Total Retail Net Flows	0.483	0.483	(1.114)
Investment Management Segment- Institutional	(2.702)	(2.240)	(5.694)
	-----	-----	-----
Total Net Flows	(2.219)	(2.219)	(3.354)
	-----	-----	-----

For the Quarter	Mar 2000	Jun 2000	Sep 2000	Dec 2000
	-----	-----	-----	-----
Lincoln Retirement	(0.700)	(0.682)	(0.812)	(0.681)
Life Insurance Segment	0.242	0.235	0.277	0.404
Investment Management Segment- Retail(1)	(0.880)	(0.364)	(0.315)	0.059
Consolidating Adjustments	0.717	0.343	0.193	0.151
	-----	-----	-----	-----
Total Retail Net Flows	(0.620)	(0.468)	(0.657)	(0.066)

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Investment Management Segment - Instit.	(2.611)	(1.056)	(0.983)	(1.043)
	-----	-----	-----	-----
Total Net Flows	(3.231)	(1.524)	(1.640)	(1.110)
	-----	-----	-----	-----
	Sep	Dec	Mar	Jun
For the Quarter	2001	2001	2002	2002
	-----	-----	-----	-----
Lincoln Retirement	0.261	0.631	0.088	0.223
Life Insurance Segment	0.239	0.383	0.236	0.385
Investment Management Segment - Retail (1)	(0.118)	(0.091)	0.089	0.167
Consolidating Adjustments	(0.081)	(0.053)	(0.037)	(0.086)
	-----	-----	-----	-----
Total Retail Net Flows	0.300	0.869	0.377	0.688
	-----	-----	-----	-----
Investment Management Segment - Instit.	(0.155)	(0.103)	0.731	0.455
	-----	-----	-----	-----
Total Net Flows	0.145	0.767	1.108	1.143
	-----	-----	-----	-----

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 2002.
See details on pages 28 and 29.

PAGE

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

December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	30.233	27.689	27.450	28.346	32.767
Equity securities	0.543	0.604	0.550	0.470	0.337
Other investments	7.154	7.286	7.369	7.297	6.897
	-----	-----	-----	-----	-----
Total LNC Investments (1)	37.929	35.578	35.369	36.113	40.002
Separate accounts	43.409	53.654	50.580	44.833	36.178
Cash and Invested Cash	2.433	1.896	1.927	3.095	1.691
Discontinued Operations	-----	-----	-----	-----	-----
Total LNC	83.772	91.128	87.876	84.042	77.871

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Non-affiliate assets managed	50.061	49.314	43.397	42.199	41.256
Total Assets Managed	133.833	140.443	131.273	126.241	119.127
Assets Managed by Advisor					
Investment Management segment (1) (See page 22 for additional detail)	61.488	61.374	53.354	48.411	46.495
DLIA-Corp (Assets managed internally-see page 22)	39.432	35.934	35.686	38.119	41.104
Lincoln (UK)	7.573	8.589	7.873	6.847	6.351
Policy Loans (within business units)	1.840	1.892	1.961	1.940	1.946
Non-LNC Affiliates	23.500	32.654	32.399	30.924	23.232
Total Assets Managed	133.833	140.443	131.273	126.241	119.127
	Mar	Jun	Sep	Dec	Mar
End of Quarter	2000	2000	2000	2000	2001
Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	27.745	27.078	27.264	27.450	27.811
Equity securities	0.588	0.560	0.570	0.550	0.560
Other investments	7.442	7.419	7.471	7.369	7.374
Total LNC Investments (1)	35.775	35.057	35.305	35.369	35.744
Separate accounts	56.908	54.924	54.411	50.580	44.506
Cash and invested cash	1.510	1.619	1.436	1.927	2.015
Total LNC	94.192	91.601	91.152	87.876	82.266
Non-affiliate assets managed	47.150	45.945	45.119	43.397	41.904
Total Assets Managed	141.342	137.546	136.271	131.273	124.170
Assets Managed by Advisor					
Investment Management segment (1) (See page 23 for additional detail)	58.712	56.986	55.998	53.355	48.208
DLIA-Corp (Assets managed internally-see page 23)	35.541	34.891	34.981	35.686	36.324
Lincoln (UK)	8.423	8.058	7.838	7.873	7.012
Policy Loans (within business units)	1.896	1.915	1.936	1.961	1.947
Non-LNC Affiliates	36.770	35.696	35.518	32.397	30.680
Total Assets Managed	141.342	137.546	136.271	131.273	124.170

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End of Quarter	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002
	-----	-----	-----	-----	-----
Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	28.932	28.346	28.841	29.725	32.037
Equity securities	0.478	0.470	0.439	0.419	0.397
Other investments	7.379	7.297	7.084	7.016	6.928
	-----	-----	-----	-----	-----
Total LNC Investments(1)	36.788	36.113	36.363	37.160	39.363
Separate accounts	39.480	44.833	44.917	40.580	34.069
Cash and invested cash	1.996	3.095	1.700	2.265	1.600
	-----	-----	-----	-----	-----
Total LNC	78.264	84.042	82.979	80.005	75.031
	-----	-----	-----	-----	-----
Non-affiliate assets managed	39.198	42.199	43.708	43.031	38.506
	-----	-----	-----	-----	-----
Total Assets Managed	117.462	126.241	126.687	123.036	113.538
	=====	=====	=====	=====	=====
Assets Managed by Advisor					
Investment Management segment(1) (See page 23 for additional detail)	44.957	48.412	50.001	48.738	43.357
DLIA-Corp (Assets managed internally-see page 23)	37.337	38.119	37.171	38.476	40.416
Lincoln (UK)	6.474	6.847	6.772	6.753	6.068
Policy Loans (within business units)	1.943	1.940	1.918	1.906	1.899
Non-LNC Affiliates	26.751	30.923	30.825	27.163	21.798
	-----	-----	-----	-----	-----
Total Assets Managed	117.462	126.241	126.687	123.036	113.538
	=====	=====	=====	=====	=====

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

PAG

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

For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Net Investment Income					
Fixed Maturity Securities	2065.8	2232.9	2148.7	2121.0	2118.2
Equity Securities	22.8	20.1	19.5	17.6	15.4
Mortgage loans on real estate	383.6	369.2	373.8	374.5	356.8
Real estate	86.8	64.1	51.8	49.5	47.4

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Policy loans	99.5	116.5	125.0	125.3	134.5	
Invested cash	156.8	110.3	87.2	68.4	36.4	
Other investments	88.4	51.8	66.8	69.5	16.3	
	-----	-----	-----	-----	-----	
Investment revenue	2903.7	2964.8	2872.8	2825.8	2725.0	
Investment expense	(222.3)	(157.3)	(125.7)	(146.2)	(116.7)	
	-----	-----	-----	-----	-----	
Net Investment Income	2681.4	2807.5	2747.1	2679.6	2608.3	
	-----	-----	-----	-----	-----	
Gross-up of Tax Exempt Income	11.6	8.1	7.8	7.2	7.5	
	-----	-----	-----	-----	-----	
Adjusted Net Invest Income	2693.0	2815.6	2754.9	2686.8	2615.8	
	=====	=====	=====	=====	=====	
Mean Invested Assets (Cost Basis)	36573.8	39027.5	37471.3	37616.9	38828.5	
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.36%	7.21%	7.35%	7.14%	6.74%	
Investment Gains						
Realized Gains (Losses) on Investments	13.7	3.8	(17.5)	(68.7)	(177.2)	
Gains(Losses) on Derivatives	0.0	0.0	0.0	(4.9)	0.8	
Incr (Decr) in Unreal Gains on Sec						
Avail-for-Sale (after DAC/Tax)	116.4	(1018.1)	477.7	183.7	616.3	
Incr (Decr) on Derivatives*				21.4	24.4	
Incr (Decr) in Foreign Exchange	3.8	(19.9)	(8.1)	(30.0)	(58.8)	
Incr (Decr) in minimum pension liability				(36.0)	61.9	
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	30.233	27.689	27.450	28.346	32.767	
Fixed Maturity Sec (Adjusted Cost)	28.640	28.357	27.373	27.956	32.379	
Equity Securities (Market)	0.543	0.604	0.550	0.470	0.337	
Equity Securities (Adjusted Cost)	0.437	0.482	0.458	0.444	0.326	
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	25.6%	22.8%	22.1%	17.2%	20.1%	
AA or better	32.6%	29.8%	29.2%	23.6%	25.8%	
BB or less	7.0%	8.0%	6.7%	8.3%	6.6%	

For the Quarter Ended	Mar	Jun	Sep	Dec	Mar	Ju
	2000	2000	2000	2001	2001	2000
	-----	-----	-----	-----	-----	-----
Net Investment Income						
Fixed Maturity Securities	541.3	544.4	525.3	537.7	526.9	527.0

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Equity Securities	3.7	5.7	3.6	6.5	1.0	7.1
Mortgage loans on real estate	92.0	95.1	94.4	92.3	95.7	92.0
Real estate	11.2	12.5	11.8	16.3	12.8	13.0
Policy loans	30.7	30.9	30.5	32.9	31.4	31.0
Invested cash	27.2	15.1	26.5	18.4	22.5	19.0
Other investments	35.1	2.0	26.9	2.9	19.6	18.0
	-----	-----	-----	-----	-----	-----
Investment revenue	741.1	705.7	719.1	706.9	709.9	709.1
Investment expense	(30.0)	(31.8)	(29.0)	(34.8)	(36.1)	(36.0)
	-----	-----	-----	-----	-----	-----
Net Investment Income	711.1	673.8	690.0	672.1	673.7	673.1
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	1.5	2.3	1.4	2.6	0.5	3.0
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	712.6	676.1	691.5	674.7	674.2	676.1
	=====	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	38237.4	37306.1	37250.8	37090.8	37238.0	37094.0
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.45%	7.25%	7.43%	7.28%	7.24%	7.29%
Investment Gains						
Realized Gains (Losses) on Investments	(0.4)	(6.7)	(11.6)	1.2	(13.4)	(11.0)
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	(0.1)	0.0
Incr (Decr) in Unreal Gains on Sec						
Avail-for-Sale (after DAC/Tax)	54.5	(145.4)	218.8	349.8	178.4	(114.0)
Incr (Decr) on Derivatives*					23.3	3.0
Incr (Decr) in Foreign Exchange	(7.3)	(0.9)	(2.0)	2.0	(17.8)	(19.0)
Incr (Decr) in minimum pension liability						
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	27.745	27.078	27.264	27.450	27.811	27.870
Fixed Maturity Sec (Adjusted Cost)	28.295	27.788	27.727	27.373	27.367	27.680
Equity Securities (Market)	0.588	0.560	0.570	0.550	0.560	0.530
Equity Securities (Adjusted Cost)	0.475	0.446	0.450	0.458	0.507	0.470
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	22.7%	22.3%	22.3%	22.1%	20.3%	19.3%
AA or better	29.5%	29.3%	29.4%	29.2%	27.1%	26.0%
BB or less	7.4%	7.4%	6.8%	6.7%	7.2%	7.8%
For the Quarter Ended	Sep	Dec	Mar	Jun	Sep	De
	2001	2002	2002	2002	2002	200
	-----	-----	-----	-----	-----	-----
Net Investment Income						

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Fixed Maturity Securities	536.9	530.1	522.5	523.8	533.7	538.0
Equity Securities	3.7	5.1	3.4	4.3	2.7	5.0
Mortgage loans on real estate	94.2	92.4	89.5	90.2	90.8	86.0
Real estate	12.7	10.9	12.3	11.9	10.0	13.0
Policy loans	31.0	31.6	30.2	31.1	31.1	42.0
Invested cash	14.8	11.3	12.4	9.1	7.9	7.0
Other investments	28.2	3.5	7.8	9.8	(1.2)	(0.0)
	-----	-----	-----	-----	-----	-----
Investment revenue	721.4	684.8	678.1	680.2	675.0	691.0
Investment expense	(35.2)	(38.2)	(29.9)	(29.2)	(28.0)	(29.0)
	-----	-----	-----	-----	-----	-----
Net Investment Income	686.2	646.6	648.1	651.0	647.0	662.0
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	1.5	2.1	1.5	2.0	1.5	2.0
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	687.7	648.7	649.6	653.0	648.5	664.0
	=====	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	37685.8	38449.3	38169.9	38235.5	39175.8	39733.0
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.30%	6.75%	6.81%	6.83%	6.62%	6.69%
Investment Gains						
Realized Gains (Losses) on Investments	(23.8)	(20.0)	(67.6)	(52.7)	(23.6)	(33.0)
Gains (Losses) on Derivatives	(0.4)	(4.6)	0.1	0.3	0.2	0.0
Incr (Decr) in Unreal Gains on Sec						
Avail-for-Sale (after DAC/Tax)	171.8	(52.2)	(163.9)	293.8	491.9	(5.0)
Incr (Decr) on Derivatives*	(6.7)	1.2	1.2	0.0	4.6	1.0
Incr (Decr) in Foreign Exchange	22.2	(14.9)	(12.8)	42.8	13.4	15.0
Incr (Decr) in minimum pension liability		(36.0)	0.7	(2.6)	2.6	(62.0)
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	28.932	28.346	28.841	29.725	32.037	32.760
Fixed Maturity Sec (Adjusted Cost)	28.253	27.956	30.117	30.420	31.706	32.370
Equity Securities (Market)	0.478	0.470	0.439	0.419	0.397	0.330
Equity Securities (Adjusted Cost)	0.453	0.444	0.398	0.374	0.374	0.320
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	17.9%	17.2%	17.8%	18.2%	20.0%	20.1%
AA or better	24.3%	23.6%	24.7%	25.0%	26.7%	25.8%
BB or less	7.2%	8.3%	7.5%	6.4%	6.6%	6.6%

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

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Common Stock / Debt Information					
Unaudited [Dollars per Share, except Percentages]					
For the Year Ended December 31	1992	1993	1994	1995	1996
	-----	-----	-----	-----	-----
Common Stock [1]					
Highest Price	19.032	24.125	22.188	26.875	22.125
Lowest Price	12.625	17.344	17.313	17.313	17.313
Closing Price	18.500	21.750	17.500	26.875	26.875
Dividend Payout Ratio [2]	38.9%	52.6%	51.0%	39.7%	39.7%
Yield [3]	4.1%	3.8%	4.9%	3.4%	3.4%
Preferred Stock Dividend (Millions)	17.246	17.212	17.119	8.644	8.644
Debt: (End of Period)					
Senior Debt Ratings					
A.M. Best					
Fitch	AA	AA-	AA-	AA-	AA-
Moody's	A2	A2	A1	A2	A2
Standard and Poors	A+	A+	A+	A	A
Claims Paying Ratings:					
Lincoln Life - A.M. Best	A+	A+	A+	A+	A+
Lincoln Life - Fitch	AAA	AAA	AAA	AA+	AA+
Lincoln Life - Moody's	A1	A1	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					
First Penn - Moody's					
First Penn - Standard & Poors*	AA-	AA-	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%	22.8%	22.8%
Debt to Equity [4]	34.7%	26.7%	24.9%	29.5%	29.5%
For the Year Ended December 31	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
Common Stock [1]					
Highest Price	39.063	49.438	57.500	56.375	52.750
Lowest Price	24.500	33.500	36.000	22.625	38.000

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Closing Price	39.063	40.907	40.000	47.313	48.570	3
Dividend Payout Ratio [2]	22.8%	43.9%	50.5%	38.3%	41.9%	2
Yield [3]	2.7%	2.7%	2.9%	2.6%	2.6%	
Preferred Stock Dividend (Millions)	0.106	0.100	0.089	0.078	0.071	
Debt: (End of Period)						
Senior Debt Ratings						
A.M. Best				a	a	
Fitch	AA-	A+	A+	A+	A+	
Moody's	A2	A2	A2	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]	17.0%	21.2%	23.2%	20.8%	21.4%	
Debt to Equity [4]	20.5%	26.9%	30.3%	26.3%	27.2%	
	Mar	Jun	Sep	Dec	Mar	
For the Quarter Ended	2000	2000	2000	2000	2001	
Common Stock:						
Highest Price	41.375	40.063	56.375	50.938	48.250	5
Lowest Price	22.625	29.000	35.625	40.875	38.000	4
Closing Price	33.500	36.125	48.125	47.313	42.470	5
Yield [3]	3.5%	3.2%	2.4%	2.6%	2.9%	
Preferred Stock Dividend (Millions)	0.022	0.022	0.021	0.013	0.019	
Debt: (End of Period)						
Senior Debt Ratings						
A.M. Best			a	a	a	
Fitch	A+	A+	A+	A+	A+	
Moody's	A2	A2	A2	A3	A3	
Standard and Poors	A-	A-	A-	A-	A-	

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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]	23.3%	21.8%	21.2%	20.8%	22.2%
Debt to Equity [4]	30.4%	28.0%	27.0%	26.3%	28.5%
	Sep	Dec	Mar	Jun	Sep
For the Quarter Ended	2001	2001	2002	2002	2002
Common Stock:					
Highest Price	52.750	49.450	53.650	52.540	42.080
Lowest Price	41.000	40.000	47.200	40.750	29.120
Closing Price	46.630	48.570	50.730	42.000	30.550
Yield [3]	2.6%	2.6%	2.5%	3.0%	4.2%
Preferred Stock Dividend (Millions)	0.017	0.017	0.016	0.015	0.015
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]	21.1%	21.4%	22.7%	22.6%	23.1%

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Debt to Equity [4]	26.7%	27.2%	29.4%	29.2%	30.0%
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* 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 of 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 Divided by Average Shareholders' Equity" is less volatile but leaves out an important element of 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 of 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 between return on capital and return on equity presents the effect of leveraging on LNC's consolidated results.

Lincoln National Corporation
Realized Gains (Losses) on Investments
For the Year Ended December 31, 2002
(in millions of dollars)

	Pre-DAC, Pre-Tax Loss -----	Add: DAC -----	Less -----
Capital Losses on Sold Securities			
1Q02	(95.00)	23.20	2
2Q02	(91.10)	25.00	2
3Q02	(77.00)	20.90	1
4Q02	(58.30)	13.20	1
	-----	-----	-----
2002 Capital Losses on Sold Securities (Excl. Lincoln UK)*	(321.40)	82.30	7
2002 Capital Losses on Sold Securities for Lincoln UK	(15.20)	0.00	
	-----	-----	-----
Total Capital Losses on Sold Securities	(336.60)	82.30	8
Write Downs			
1Q02	(109.10)	34.30	2
2Q02	(76.20)	19.50	1
3Q02	(52.50)	14.90	1
4Q02	(88.60)	25.60	2
	-----	-----	-----
2002 Total Write Downs	(326.40)	94.30	8
2002 Total Capital Losses	(663.00)	176.60	16

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Realized Gains			
1Q02	64.04	(15.60)	(1)
2Q02	49.10	(12.30)	(1)
3Q02	65.90	(10.50)	(1)
4Q02	76.84	(20.80)	(1)
	-----	-----	-----
2002 Realized Gains on Sold Securities (Excl. Lincoln UK)	255.88	(59.20)	(6)
2002 Realized Gains on Sold Securities for Lincoln UK	17.06	0.00	(
	-----	-----	-----
Total Realized Gains on Sold Securities	272.94	(59.20)	(6)
Net Realized Capital Gains/(Losses) on Investments			
1Q02	(140.06)	41.90	3
2Q02	(118.20)	32.20	3
3Q02	(63.60)	25.30	1
4Q02	(70.06)	18.00	1
	-----	-----	-----
2002 Realized Capital Gains/(Losses) (Excl. Lincoln UK)	(391.92)	117.40	9
2002 Realized Capital Gains/(Losses) for Lincoln UK	1.86	0.00	(
	-----	-----	-----
Net 2002 Realized Capital Gains/(Losses) on Investments	(390.06)	117.40	9
Sale of Affiliate			
1Q02	0.00	0.00	
2Q02	0.00	0.00	
3Q02	0.00	0.00	
4Q02	(8.30)	0.00	(
	-----	-----	-----
2002 Sale of Affiliate	(8.30)	0.00	(
	=====	=====	=====

* Includes investment expenses of \$12.4 million.

Lincoln National Corporation
Detail of Unrealized Gains and Losses
As of December 31, 2002
(in millions of dollars)

Gross Unrealized Gains - Fixed Maturities	2,281.5
Gross Unrealized Gains - Equities	24.5

Total Gross Unrealized Gains	2,306.0
Gross Unrealized Losses - Fixed Maturities	(687.8)
Gross Unrealized Losses - Equities	(8.5)

Total Gross Unrealized Losses	(696.3)
Net Unrealized Gains on Securities (Excl. Lincoln UK)	1,609.6
Net Unrealized Gains for Lincoln UK	57.4

Net Unrealized Gains on Securities	1,667.0
Adjustment for DAC, Policyholder Commitments, Foreign Exchange, and Taxes	(855.0)

Total Unrealized Gains	812.0

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Lincoln National Corporation
 Fixed Maturity Securities Available-for-Sale
 Statutory Quality Distribution
 At 12/31/2002
 (in millions of dollars)

Statutory NAIC Rating	Description	Market Value
1	Highest Quality	19,080.0
2	High Quality	9,252.8
3	Medium Quality	1,096.1
4	Low Quality	400.7
5	Lower Quality	225.4
6	In or Near Default	170.4
Subtotal Statutory Investments		30,225.4
Other Non-Statutory Investments		2,542.1
Total Fixed Maturity Securities Available-for-Sale		32,767.5

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