

LINCOLN NATIONAL CORP

Form 8-K

October 03, 2002

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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: June 30, 2002

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Indiana
(State of Incorporation)

1-6028
(Commission File Number)

35-1140070
(I.R.S. Employer
Identification No.)

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

Registrant's telephone number 219-448-1400

Item 5

Statistical Report for the quarter ended June 30, 2002.

LINCOLN STATISTICAL REPORT

Second Quarter

2002

Lincoln Financial Group

This document is dated October 2, 2002. It may not be accurate after such date and LNC does not undertake to update or keep it accurate after such date.

The Lincoln Statistical Report included herein is a revised report as of June 30, 2002. The key revisions from the Lincoln Statistical Report as of June 30, 2002 filed on Form 8-K on August 5, 2002 are the following:

Inclusion of a Roll Forward of Deferred Acquisition Costs for the Lincoln Retirement and Life Insurance segments for 2001 and the year-to-date June 30, 2002 and related quarters in those periods (Pages 13, 14, 17 and 18).

Inclusion of a splitout of the Lincoln Retirement Annuity Account Values for 2002 by Fixed Annuities excluding fixed portion of variable contracts, Variable Annuities including fixed portion of variable contracts and Fixed Portion of Variable Contracts (Pages 15 and 16).

Inclusion of Lincoln Retirement's Average Daily Variable Annuity Account Values for 1999, 2000, 2001 and 2002 and the related quarters in those years (Pages 15 and 16).

06/30/02

PAGE 1

Financial Highlights

Unaudited [Amounts in Millions, except Per Share]

	For the Quarter Ended June 30				For the Six Months Ended June 30			
	2002 Amount	2001 Amount	Change	% Change	2002 Amount	2001 Amount	Change	% Change
Income from Operations								
Lincoln Retirement*	47.8	90.8	(43.0)	(47.4%)	128.2	173.1	(44.9)	(25.9%)
Life Insurance	73.5	67.1	6.4	9.5%	144.6	135.7	8.9	6.6%
Investment Management	6.6	3.7	2.9	78.4%	14.6	6.1	8.5	139.3%
Lincoln UK	6.7	16.2	(9.5)	(58.6%)	21.1	30.6	(9.5)	(31.0%)
Corporate & Other**	(7.3)	(9.7)	2.4		(19.3)	1.2	(20.5)	
Total Income from Operations	127.2	168.1	(40.9)	(24.3%)	289.2	346.7	(57.5)	(16.6%)
Realized gains (losses) on investments	(52.7)	(11.4)	(41.3)		(120.3)	(24.8)	(95.5)	
Gains (losses) on derivatives	0.3	0.2	0.1		0.4	0.1	0.3	
Reserve increase on business sold through reinsurance	(14.4)	0.0	(14.4)		(14.4)	0.0	(14.4)	
Restructuring charges	(1.0)	(3.9)	2.9		(1.0)	(4.5)	3.5	
Income before Accounting Changes	59.4	153.0	(93.6)		153.9	317.5	(163.6)	
Cumulative effect of accounting changes***	0.0	(11.3)	11.3		0.0	(15.6)	15.6	
Net Income	59.4	141.7	(82.3)	(58.1%)	153.9	301.9	(148.1)	(49.0%)
Earnings per share (diluted)								
Income from Operations	\$ 0.67	\$ 0.88	(\$0.21)	(23.9%)	\$ 1.52	\$ 1.80	(\$0.28)	(15.6%)
Realized gain (losses) on investments	(\$0.27)	(\$0.06)	(\$0.21)		(\$0.62)	(\$0.13)	(\$0.49)	
Gains (losses) on derivatives	\$ 0.00	\$ 0.00	\$ 0.00		\$ 0.00	\$ 0.00	\$ 0.00	
Reserve increase on business sold through reinsurance	(\$0.08)	\$ 0.00	(\$0.08)		(\$0.08)	\$ 0.00	(\$0.08)	
Restructuring charges	(\$0.01)	(\$0.02)	\$ 0.01		(\$0.01)	(\$0.02)	\$ 0.01	
Income before Accounting Changes	\$ 0.31	\$ 0.80	(\$0.49)		\$ 0.81	\$ 1.65	(\$0.84)	
Cumulative effect of accounting changes***	\$ 0.00	(\$0.06)	\$ 0.06		\$ 0.00	(\$0.08)	\$ 0.08	
Net Income	\$ 0.31	\$ 0.74	(\$0.43)	(58.1%)	\$ 0.81	\$ 1.57	(\$0.76)	(48.4%)
Inc. from Oper. before Goodwill Amort.								
Lincoln Retirement*	47.8	91.1	(43.3)	(47.5%)	128.2	173.7	(45.5)	(26.2%)
Life Insurance	73.5	73.0	0.5	0.6%	144.6	147.6	(2.9)	(2.0%)
Investment Management	6.6	7.7	(1.1)	(14.4%)	14.6	14.2	0.4	2.6%
Lincoln UK	6.7	16.4	(9.7)	(59.3%)	21.1	30.9	(9.8)	(31.8%)
Corporate & Other**	(7.3)	(9.2)	1.9		(19.3)	2.0	(21.3)	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total	127.2	179.0	(51.7)	(28.9%)	289.2	368.5	(79.2)	(21.5%)
Earnings per share (diluted)								
Inc. from Oper. before Goodwill Amort.	\$ 0.67	\$ 0.93	(\$0.26)	(28.0%)	\$ 1.52	\$ 1.91	(\$0.39)	(20.4%)
Net Income before Goodwill Amort.								
Lincoln Retirement*	10.2	80.2	(70.0)	(87.3%)	57.8	157.1	(99.3)	(63.2%)
Life Insurance	57.4	59.5	(2.1)	(3.5%)	101.6	128.3	(26.7)	(20.8%)
Investment Management	6.2	6.9	(0.8)	(11.0%)	13.2	13.0	0.2	1.6%
Lincoln UK	9.8	17.8	(8.0)	(44.7%)	20.7	32.7	(12.1)	(36.8%)
Corporate & Other**	(24.2)	(11.8)	(12.4)		(39.4)	(7.4)	(32.0)	
Total	59.4	152.6	(93.2)	(61.1%)	153.9	323.7	(169.8)	(52.5%)
Earnings per share (diluted)								
Net Income before Goodwill Amort.	\$ 0.31	\$ 0.79	(\$0.48)	(60.8%)	\$ 0.81	\$ 1.68	(\$0.87)	(51.8%)
Operating Revenue								
Lincoln Retirement*	498.8	522.1	(23.3)	(4.5%)	1002.3	1034.9	(32.6)	(3.1%)
Life Insurance	464.6	465.5	(0.9)	(0.2%)	929.9	933.4	(3.4)	(0.4%)
Investment Management	103.1	111.4	(8.3)	(7.5%)	208.1	224.4	(16.2)	(7.2%)
Lincoln UK	63.4	66.9	(3.4)	(5.1%)	122.2	151.2	(29.0)	(19.2%)
Corporate & Other**	96.1	450.7	(354.6)	(78.7%)	193.2	992.1	(798.9)	(80.5%)
Total Operating Revenue	1226.0	1616.5	(390.5)	(24.2%)	2455.8	3336.0	(880.2)	(26.4%)
Total Revenue								
Lincoln Retirement*	442.6	512.1	(69.6)	(13.6%)	895.6	1022.5	(126.9)	(12.4%)
Life Insurance	439.8	455.7	(15.8)	(3.5%)	863.8	915.3	(51.6)	(5.6%)
Investment Management	102.4	110.3	(7.9)	(7.2%)	205.9	222.6	(16.6)	(7.5%)
Lincoln UK	68.0	68.9	(0.9)	(1.3%)	121.6	153.8	(32.2)	(20.9%)
Corporate & Other**	92.2	452.0	(359.8)	(79.6%)	184.5	983.6	(799.1)	(81.2%)
Total Revenue	1145.0	1599.0	(454.0)	(28.4%)	2271.4	3297.8	(1,026.4)	(31.1%)
Operational Data by Segment:								
<i>(Billions except where noted)</i>								
Lincoln Retirement*								
Gross Deposits	1.640	1.371	0.269	19.6%	3.354	2.818	0.536	19.0%
Net Cash Flows	0.223	(0.196)	0.419	213.8%	0.311	(0.787)	1.098	139.6%
Account Values (Gross)	49.886	53.658	(3.772)	(7.0%)	49.886	53.658	(3.772)	(7.0%)
Account Values (Net of Reinsurance)	48.116	52.512	(4.396)	(8.4%)	48.116	52.512	(4.397)	(8.4%)
Life Insurance Segment								
First Year Premium- Retail (in millions)	155.801	134.596	21.205	15.8%	295.178	258.836	36.343	14.0%
First Year Premium- COLI (in millions)	46.631	20.976	25.655	122.3%	53.504	28.032	25.473	90.9%
First Year Premium- Total (in millions)	202.432	155.572	46.860	30.1%	348.682	286.867	61.815	21.5%
In-force	244.750	223.272	21.478	9.6%	244.750	223.272	21.479	9.6%
Account Values	11.759	11.066	0.693	6.3%	11.759	11.066	0.693	6.3%
Investment Management Segment								
Retail Deposits	1.356	0.884	0.472	53.4%	2.558	2.050	0.508	24.8%
Retail Net Cash Flows	0.167	(0.148)	0.315	212.8%	0.257	(0.167)	0.424	253.9%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Institutional In-flows	1.232	1.056	0.176	16.7%	2.708	2.247	0.461	20.5%
Institutional Net Cash Flows	0.455	0.445	0.010	2.2%	1.185	0.027	1.158	4288.9%
Total Net Cash Flows	0.622	0.297	0.325	109.4%	1.442	(0.140)	1.582	1130.2%
Assets Under Management and Inst l	48.738	50.737	(1.998)	(3.9%)	48.738	50.737	(1.999)	(3.9%)
Assets Under Management Insurance Assets	38.476	36.018	2.458	6.8%	38.476	36.018	2.458	6.8%
Assets Under Management Segment	87.214	86.755	0.460	0.5%	87.214	86.755	0.459	0.5%
Consolidated								
Consolidated Domestic Retail Deposits	3.203	2.534	0.669	26.4%	6.250	5.305	0.945	17.8%
Consolidated Domestic Retail Account Balances	77.644	83.250	(5.606)	(6.7%)	77.644	83.250	(5.606)	(6.7%)
Total Retail Net Cash Flows	0.688	(0.073)	0.761	1038.5%	1.066	(0.427)	1.494	349.6%
Total Net Cash Flows	1.143	0.372	0.771	207.4%	2.252	(0.400)	2.652	662.5%
Total Assets Under Management	123.036	128.507	(5.471)	(4.3%)	123.036	128.507	(5.471)	(4.3%)

* 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 adjustment recorded upon adoption of FAS #133 in the 1st qtr. 2001.

06/30/02

PAGE 2

Financial Highlights

Unaudited [Amounts in Millions, except Per Share]

	For the Quarter Ended June 30				For the Six Months Ended June 30			
	2002	2001	Change	% Change	2002	2001	Change	% Change
	Amount	Amount			Amount	Amount		
Consolidated								
Operational Data:								
(Millions)								
Balance Sheet Assets								
End of Period	95069.2	96431.2	(1362.0)	(1.4%)	95069.2	96431.2	(1362.0)	(1.4%)
Shareholders Equity								
Beg of Period								
(Securities at Market)	5131.1	5096.4	34.7		5263.5	4954.1	309.4	
End of Period								
(Securities at Market)	5307.9	5055.9	252.0		5307.9	5055.9	252.0	
End of Period								
(Securities at Cost)	4959.6	4952.8	6.8		4959.6	4952.8	6.8	
Average Equity								
(Securities at Cost)	5080.7	4920.2	160.5		5082.0	4936.9	145.1	
Return on Equity								
Inc from								
Operations/Average								
Equity	10.0%	13.7%	(3.6%)		11.4%	14.0%	(2.7%)	
Net Income/Average								
Equity	4.7%	11.5%	(6.8%)		6.1%	12.2%	(6.2%)	
Return on Capital								
Inc from								
Operations/Average								
Capital	8.4%	11.3%	(2.9%)		9.4%	11.6%	(2.2%)	
Common Stock								
Outstanding								
Average for the								
Period Diluted	189.7	192.0	(2.3)	(1.2%)	190.7	192.8	(2.1)	(1.1%)
End of Period								
Assuming Conv of								
Pref	184.5	188.2	(3.7)	(2.0%)	184.5	188.2	(3.7)	(2.0%)
End of Period								
Diluted	186.9	192.9	(6.0)	(3.1%)	186.9	192.9	(6.0)	(3.1%)
Book Value (Securities								
at Market)	\$ 28.77	\$ 26.87	1.90	7.1%	\$ 28.77	\$ 26.87	1.90	7.1%
Book Value (Securities								
at Cost)	\$ 26.88	\$ 26.32	0.56	2.1%	\$ 26.88	\$ 26.32	0.56	2.1%
Cash Returned to								
Shareholders								
Share Repurchase								
dollar amount	175.7	35.1	140.6		226.7	186.8	39.9	
Dividends Declared to								
Shareholders	59.6	56.2	3.4		119.6	114.2	5.4	
	235.3	91.3	144.0		346.3	301.0	45.3	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

*Total Cash Returned
to Shareholders*

Share Repurchase number of shares	3.885	0.750	3.135		4.885	4.300	0.585	
Dividend Declared on Common Stock per share	\$ 0.320	\$ 0.305	\$ 0.015	4.9%	\$ 0.640	\$ 0.610	\$ 0.030	4.9%

For the Quarter Ended June 30

For the Six Months Ended June 30

<i>Comprehensive Income (millions)</i>	2002		2001	
	Amount	Amount	Amount	Amount
Net Income	59.4	141.7	153.9	301.9
Foreign Currency Translation	42.8	(19.5)	30.0	(37.3)
Net Unrealized Gains (Losses) on Securities	293.9	(114.2)	130.0	64.2
Gains (Losses) on Derivatives	0.1	3.7	1.2	9.4
Cumulative Effect of Accounting Change	0.0	0.0	0.0	17.6
Minimum Pension Liability Adjustment	(2.6)	0.0	(1.9)	0.0
Comprehensive Income	393.6	11.7	313.2	355.8

06/30/02

PAGE 3

Financial Highlights
Unaudited [Amounts in Millions]

	For the Quarter Ended June 30				For the Six Months Ended June 30			
	2002 Amount	2001 Amount	Change	% Change	2002 Amount	2001 Amount	Change	% Change
Consolidated Condensed Statements of Income								
Revenue:								
Insurance Premiums and Fees	443.2	833.5	(390.3)	(46.8%)	881.4	1,746.9	(865.5)	(49.5%)
Investment Advisory Fees	47.8	49.6	(1.9)	(3.7%)	95.8	99.0	(3.3)	(3.3%)
Net Investment Income	651.0	673.1	(22.0)	(3.3%)	1,299.1	1,346.8	(47.7)	(3.5%)
Realized Gains (Losses) on Investments	(81.5)	(17.9)	(63.6)		(185.0)	(38.4)	(146.6)	
Gains (Losses) on Derivatives	0.4	0.2	0.2		0.6	0.1	0.5	
Other	84.0	60.4	23.7	39.2%	179.5	143.2	36.3	25.3%
Total Revenue	1,145.0	1,599.0	(454.0)	(28.4%)	2,271.4	3,297.8	(1,026.4)	(31.1%)
Benefits and Expenses:								
Benefits	626.1	855.0	(228.9)	(26.8%)	1,229.5	1,761.7	(532.2)	(30.2%)
Underwriting, Acquisition, Insurance and Other Expenses	457.7	540.3	(82.5)	(15.3%)	874.7	1,111.3	(236.6)	(21.3%)
Total Benefits and Expenses	1,083.9	1,395.3	(311.4)	(22.3%)	2,104.3	2,873.0	(768.7)	(26.8%)
Net Income before Federal Taxes	61.1	203.7	(142.6)		167.2	424.8	(257.6)	
Federal Income Taxes	1.7	50.7	(49.0)		13.3	107.3	(94.0)	
Income before Accounting Changes	59.4	153.0	(93.6)		153.9	317.5	(163.6)	
Cumulative Effect of Accounting Changes		(11.3)	11.3			(15.6)	15.6	
Net Income	59.4	141.7	(82.3)	(58.1%)	153.9	301.9	(148.1)	(49.0%)
Income before Tax and Cumulative Effect of Accounting Changes By Segment								
Lincoln Retirement	(0.6)	102.6	(103.2)		46.1	197.9	(151.8)	
Life Insurance	80.5	90.9	(10.4)		144.3	190.0	(45.7)	
Investment Management	7.4	4.6	2.8		15.6	8.1	7.5	
Lincoln UK	9.6	21.2	(11.6)		20.1	40.8	(20.7)	
Corporate and Other	(35.9)	(15.6)	(20.3)		(59.0)	(12.0)	(47.0)	
Income before Tax and Cumulative Effect of Accounting Changes	61.1	203.7	(142.6)		167.2	424.8	(257.6)	
Pre-Tax Realized Gains (Losses) by Segment*								

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Lincoln Retirement	(56.3)	(10.0)	(46.3)	(106.7)	(12.3)	(94.4)
Life Insurance	(24.7)	(9.8)	(14.9)	(66.2)	(18.0)	(48.2)
Investment Management	(0.7)	(1.1)	0.4	(2.2)	(1.8)	(0.4)
Lincoln UK	4.5	2.0	2.5	(0.6)	2.6	(3.2)
Corporate and Other	(3.9)	1.4	(5.3)	(8.8)	(8.7)	(0.1)
Pre-Tax Realized Gains						
(Losses) on Investments and						
Derivatives						
	(81.1)	(17.5)	(63.6)	(184.4)	(38.2)	(146.2)
After-Tax Realized Gains (Losses)						
by Segment*						
Lincoln Retirement	(36.6)	(6.5)	(30.1)	(69.4)	(8.0)	(61.4)
Life Insurance	(16.0)	(6.3)	(9.7)	(43.1)	(11.7)	(31.4)
Investment Management	(0.4)	(0.7)	0.3	(1.4)	(1.2)	(0.2)
Lincoln UK	3.2	1.4	1.8	(0.4)	1.8	(2.2)
Corporate and Other	(2.7)	0.9	(3.5)	(5.6)	(5.6)	
After-Tax Realized Gains						
(Losses) on Investments and						
Derivatives						
	(52.4)	(11.2)	(41.2)	(119.9)	(24.7)	(95.2)

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

06/30/02

PAGE 4

Financial Highlights*Unaudited [Amounts in Millions, except Retail Account Balances and Assets Managed]*

	As of			
	June 2002	December 2001	Change	% Change
	Amount	Amount		
Consolidated Condensed Balance Sheets				
Assets:				
Investments:				
Securities Available for Sale:				
Fixed Maturities	29,724.6	28,345.7	1,378.9	4.9%
Equities	419.5	470.5	(51.0)	(10.8%)
Mortgage Loans on Real Estate	4,395.4	4,535.5	(140.2)	(3.1%)
Real Estate	258.7	267.9	(9.2)	(3.4%)
Policy Loans	1,906.1	1,939.7	(33.6)	(1.7%)
Other Long-Term Investments	456.0	553.8	(97.9)	(17.7%)
	<u>37,160.1</u>	<u>36,113.1</u>	<u>1,047.0</u>	<u>2.9%</u>
Other Assets:				
Assets Held in Separate Accounts	40,579.6	44,833.4	(4,253.8)	(9.5%)
Other Assets	17,329.5	17,054.8	274.7	1.6%
	<u>95,069.2</u>	<u>98,001.3</u>	<u>(2,932.1)</u>	<u>(3.0%)</u>
Liabilities and Shareholders Equity				
Liabilities:				
Insurance and Investment Contract Liabilities	41,862.1	40,857.2	1,005.0	2.5%
Liabilities Related to Separate Accounts	40,579.6	44,833.4	(4,253.8)	(9.5%)
Other Liabilities	7,319.6	7,047.2	272.4	3.9%
	<u>89,761.4</u>	<u>92,737.8</u>	<u>(2,976.4)</u>	<u>(3.2%)</u>
Shareholders Equity:				
Net Unrealized Gains(Losses) on Securities and Derivatives	348.4	217.2	131.1	60.4%
Other Shareholders Equity	4,959.5	5,046.3	(86.8)	(1.7%)
	<u>5,307.9</u>	<u>5,263.5</u>	<u>44.4</u>	<u>0.8%</u>
	<u>95,069.2</u>	<u>98,001.3</u>	<u>(2,932.1)</u>	<u>(3.0%)</u>

	As of June 30			
	2002 Amount	2001 Amount	Change	% Change
(\$ billions)				
Domestic Retail Account Balances:				
Lincoln Retirement Fixed Annuities	16.909	15.551	1.358	8.7%
Lincoln Retirement Variable Annuities	31.206	36.961	(5.755)	(15.6%)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Lincoln Retirement Life Insurance		0.157	(0.157)	(100.0%)
Life Insurance Segment Life Insurance	11.759	11.066	0.693	6.3%
Investment Management Annuities	10.896	12.532	(1.636)	(13.1%)
Investment Management Mutual Funds	11.033	12.215	(1.182)	(9.7%)
Investment Management Wrap Fee & Other	1.847	1.774	0.073	4.1%
Consolidating Adjustments	(6.007)	(7.007)	1.000	14.3%
	<hr/>	<hr/>	<hr/>	<hr/>
Total Domestic Account Balance	77.644	83.250	(5.606)	(6.7%)
	<hr/>	<hr/>	<hr/>	<hr/>
Assets Managed by Advisor:				
Investment Management Segment	87.214	86.755	0.459	0.5%
Lincoln UK	6.753	7.027	(0.274)	(3.9%)
Policy Loans (within business units)	1.906	1.947	(0.041)	(2.1%)
Non-LNC Affiliates	27.162	32.778	(5.615)	(17.1%)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets Managed	123.036	128.507	(5.471)	(4.3%)
	<hr/>	<hr/>	<hr/>	<hr/>

06/30/02

PAGE 5

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

<i>For the Year Ended December 31</i>	2001	2000	1999	1998	1997	1996
Revenue						
Lincoln Retirement	1968.3	2133.7	2115.8	2068.1	2023.0	1805.0
Life Insurance	1840.6	1819.0	1760.4	1378.5	544.8	549.2
Investment Management	433.7	490.3	495.5	491.9	459.1	410.5
Lincoln UK	293.3	438.2	446.6	439.7	427.3	393.2
Corporate & Other	1844.7	1970.4	1985.4	1708.9	1444.3	1575.6
Total Revenue	6380.6	6851.5	6803.7	6087.1	4898.5	4733.6
Income from Operations*						
Lincoln Retirement	320.3	362.0	299.4	262.4	223.0	174.6
Life Insurance	279.0	259.9	212.0	149.2	39.9	41.2
Investment Management	14.6	44.1	61.0	43.9	18.1	18.6
Lincoln UK	60.2	61.0	(13.9)	70.9	(108.3)	66.0
Corporate & Other	14.8	(8.0)	(83.1)	4.0	(223.3)	(1.7)
Total Income from Cont Oper	689.0	719.1	475.5	530.4	(50.6)	298.8
Discontinued Operations					110.1	135.3
Income from Operations	689.0	719.1	475.5	530.4	59.4	434.1
Net Income						
Lincoln Retirement	269.2	358.6	291.5	273.8	263.3	204.3
Life Insurance	233.1	249.3	211.5	127.5	39.1	51.8
Investment Management	11.8	37.0	51.6	44.4	25.1	25.0
Lincoln UK	68.9	(13.2)	(18.2)	71.7	(106.8)	66.0
Corporate & Other	7.2	(10.2)	(76.1)	(7.6)	(198.4)	9.3
Total Net Inc from Cont Oper	590.2	621.4	460.4	509.8	22.2	356.4
Discontinued Operations					911.8	157.2
Total Net Income	590.2	621.4	460.4	509.8	934.0	513.6
OTHER DATA						
Assets	98001.3	99844.1	103095.7	93836.3	77174.7	71713.4
Shareholders Equity:						
Securities and Derivatives at Market	5263.5	4954.1	4263.9	5387.9	4982.9	4470.0
Securities and Derivatives at Cost	5046.3	4942.0	4729.6	4835.6	4546.9	4057.1
Average Equity (Sec & Deriv at Cost)	5022.6	4831.9	4818.7	4685.6	4214.1	3866.0
Common Shares Outstanding:						
(millions)						
End of Period Diluted	191.1	195.2	197.0	203.4	204.7	209.5
Average for the Period Diluted	193.3	194.9	200.4	203.3	208.0	210.7
Per Share Data (Diluted)						
Income (Loss) from Continuing Operations	\$ 3.56	\$ 3.69	\$ 2.37	\$ 2.61	(\$0.24)	\$ 1.42
Income from Operations *	\$ 3.56	\$ 3.69	\$ 2.37	\$ 2.61	\$ 0.29	\$ 2.06

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income from Continuing Operations	\$ 3.05	\$ 3.19	\$ 2.30	\$ 2.51	\$ 0.11	\$ 1.69
Net Income	\$ 3.05	\$ 3.19	\$ 2.30	\$ 2.51	\$ 4.49	\$ 2.44
Shareholders' Equity:						
Shareholders' Equity (Sec & Deriv at Market)	\$ 28.10	\$ 25.92	\$ 21.76	\$ 26.59	\$ 24.63	\$ 21.50
Shareholders' Equity (Sec & Deriv at Cost)	\$ 26.94	\$ 25.85	\$ 24.14	\$ 23.86	\$ 22.48	\$ 19.51
Dividends Declared (Common Stock)	\$ 1.235	\$ 1.175	\$ 1.115	\$ 1.055	\$ 0.995	\$ 0.935
Return on Equity (see page 30)						
Net Income/Average Equity Inc from Operations/Average Equity	11.8%	12.9%	9.6%	10.9%	22.2%	13.3%
	13.7%	14.9%	9.9%	11.3%	1.4%	11.2%
Market Value of Common Stock						
High for the Year	\$ 52.750	\$ 56.375	\$ 57.500	\$ 49.438	\$ 39.063	\$ 28.500
Low for the Year	\$ 38.000	\$ 22.625	\$ 36.000	\$ 33.500	\$ 24.500	\$ 20.375
Close for the Year	\$ 48.570	\$ 47.313	\$ 40.000	\$ 40.907	\$ 39.063	\$ 26.250

[Additional columns below]

[Continued from above table, first column(s) repeated]

<i>For the Year Ended December 31</i>	1995	1994	1993	1992	1991	Ten-year compound annual growth
Revenue						
Lincoln Retirement	1877.1	1506.2	1603.8	1336.2	1216.7	4.9%
Life Insurance	514.9	466.2	477.5	444.4	417.3	16.0%
Investment Management	290.5					
Lincoln UK	351.5	216.0	174.9	180.6	169.6	5.6%
Corporate & Other	1552.5	1744.1	2680.9	2780.9	3721.0	
Total Revenue	4586.5	3932.5	4937.1	4742.1	5524.6	1.5%
Income from Operations*						
Lincoln Retirement	175.2	142.4	127.1	89.4	58.3	18.6%
Life Insurance	35.4	34.2	37.8	46.8	31.5	24.4%
Investment Management	20.6					
Lincoln UK	45.9	17.2	11.9	9.2	14.3	15.5%
Corporate & Other	(136.2)	24.8	20.8	6.5	4.2	
Total Income from Cont Oper	140.8	218.6	197.6	151.9	108.3	20.3%
Discontinued Operations	165.6	171.1	145.9	88.7	69.4	
Income from Operations	306.5	389.7	343.5	240.6	177.7	14.5%
Net Income						
Lincoln Retirement	248.8	142.4	127.1	89.4	58.3	16.5%
Life Insurance	40.6	34.2	37.8	46.8	31.5	22.2%
Investment Management	27.4					
Lincoln UK	45.7	18.5	12.6	9.2	14.3	
Corporate & Other	(61.1)	(29.6)	(101.1)	125.1	28.4	
Total Net Inc from Cont Oper	301.4	165.5	76.4	270.5	132.5	16.1%
Discontinued Operations	180.8	184.4	242.5	88.7	69.4	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Net Income		482.2	349.9	318.9	359.2	201.9	11.3%
OTHER DATA							
Assets		63257.7	48864.8	47825.1	39042.2	33660.3	11.3%
Shareholders Equity:							
Securities and Derivatives at Market		4378.1	3042.1	4072.3	2826.8	2655.8	7.1%
Securities and Derivatives at Cost		3679.9	3353.1	3157.6	2664.1	2445.8	7.5%
Average Equity (Sec & Deriv at Cost)		3550.5	3288.6	3009.0	2575.0	2335.3	8.0%
Common Shares Outstanding:							
(millions)							
End of Period Diluted		210.3	208.3	208.3	187.7	185.4	
Average for the Period Diluted		209.5	208.7	206.1	186.8	189.2	
Per Share Data (Diluted)							
Income (Loss) from Continuing Operations	\$	0.67	\$ 1.05	\$ 0.96	\$ 0.81	\$ 0.57	20.1%
Income from Operations *	\$	1.46	\$ 1.87	\$ 1.67	\$ 1.29	\$ 0.94	14.3%
Net Income from Continuing Operations	\$	1.44	\$ 0.79	\$ 0.37	\$ 1.45	\$ 0.70	15.9%
Net Income	\$	2.30	\$ 1.68	\$ 1.55	\$ 1.92	\$ 1.07	11.1%
Shareholders Equity:							
Shareholders Equity (Sec & Deriv at Market)	\$	20.95	\$ 14.67	\$ 19.69	\$ 15.13	\$ 14.35	7.0%
Shareholders Equity (Sec & Deriv at Cost)	\$	17.61	\$ 16.17	\$ 15.27	\$ 14.26	\$ 13.21	7.4%
Dividends Declared (Common Stock)	\$	0.875	\$ 0.830	\$ 0.775	\$ 0.738	\$ 0.693	5.9%
Return on Equity (see page 30)							
Net Income/Average Equity		13.6%	10.6%	10.6%	13.9%	8.6%	
Inc from Operations/Average Equity		8.6%	11.8%	11.4%	9.3%	7.6%	
Market Value of Common Stock							
High for the Year	\$	26.875	\$ 22.188	\$ 24.125	\$ 19.032	\$ 13.813	
Low for the Year	\$	17.313	\$ 17.313	\$ 17.344	\$ 12.625	\$ 9.500	
Close for the Year	\$	26.875	\$ 17.500	\$ 21.750	\$ 18.500	\$ 13.688	13.5%

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

06/30/02

PAGE 6

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

<i>For the Quarter Ended</i>	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Revenue						
Lincoln Retirement	520.5	538.0	548.7	530.5	532.1	522.3
Life Insurance	437.1	473.1	441.7	444.2	453.2	479.9
Investment Management	118.8	126.6	125.8	120.7	123.8	120.0
Lincoln UK	110.5	103.8	112.8	108.2	112.8	104.3
Corporate & Other	455.2	566.4	440.2	489.0	494.1	547.0
Total Revenue	1642.1	1807.9	1669.2	1692.7	1716.1	1773.5
Income from Operations*						
Lincoln Retirement	75.4	73.7	88.5	84.1	102.9	86.4
Life Insurance	52.6	57.0	60.4	62.4	66.5	70.6
Investment Management	14.7	16.5	12.4	13.1	9.9	8.7
Lincoln UK	16.2	(67.1)	15.7	19.3	10.6	15.5
Corporate & Other	(27.5)	(43.5)	(6.5)	(5.9)	0.9	3.5
Income from Operations	131.4	36.6	170.6	173.0	190.7	184.7
Net Income						
Lincoln Retirement	68.4	69.9	91.2	84.4	93.8	89.2
Life Insurance	54.0	59.7	58.1	58.4	67.4	65.4
Investment Management	14.4	19.8	12.3	8.4	9.7	6.6
Lincoln UK	16.4	(72.6)	15.5	19.1	(29.9)	(17.9)
Corporate & Other	(20.9)	(42.2)	(6.8)	(6.8)	(2.3)	5.7
Total Net Income	132.3	34.6	170.2	163.6	138.6	148.9
OTHER DATA						
Assets	96500.7	103095.7	106340.0	103847.6	103243.1	99844.1
Shareholders Equity						
Beg of Period (Sec & Deriv at Market)	4817.4	4662.2	4263.9	4340.4	4223.7	4538.6
End of Period (Sec & Deriv at Market)	4662.2	4263.9	4340.4	4223.7	4538.6	4954.1
End of Period (Sec & Deriv at Cost)	4766.0	4729.6	4751.6	4780.3	4876.3	4942.0
Average Equity (Sec & Deriv at Cost)	4793.9	4774.2	4791.5	4753.0	4867.2	4915.7
Common Shares Outstanding						
Average for the Period Diluted	199.0	197.1	195.8	194.0	195.6	195.6
End of Period Diluted	196.9	197.0	195.1	193.7	196.2	195.2

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Per Share Data (Diluted)

Income from Operations *	\$ 0.66	\$ 0.19	\$ 0.87	\$ 0.89	\$ 0.98	\$ 0.94
Net Income	\$ 0.66	\$ 0.18	\$ 0.87	\$ 0.84	\$ 0.71	\$ 0.76

Shareholders Equity

Shareholders Equity (Sec & Deriv at Market)	\$ 23.76	\$ 21.76	\$ 22.45	\$ 22.10	\$ 23.67	\$ 25.92
Shareholders Equity (Sec & Deriv at Cost)	\$ 24.28	\$ 24.14	\$ 24.58	\$ 25.01	\$ 25.43	\$ 25.85
Dividends Declared (Com Stk)	\$ 0.275	\$ 0.290	\$ 0.290	\$ 0.290	\$ 0.290	\$ 0.305

Return on Equity (see page 30)

Net Income/Average Equity	11.0%	2.9%	14.2%	13.8%	11.4%	12.1%
Inc from Operations/Average Equity	11.0%	3.1%	14.2%	14.6%	15.7%	15.0%

Market Value of Common Stock

Highest Price	\$ 57.500	\$ 48.313	\$ 41.375	\$ 40.063	\$ 56.375	\$ 50.938
Lowest Price	\$ 36.000	\$ 36.500	\$ 22.625	\$ 29.000	\$ 35.625	\$ 40.875
Closing Price	\$ 37.563	\$ 40.000	\$ 33.500	\$ 36.125	\$ 48.125	\$ 47.313

[Additional columns below]

[Continued from above table, first column(s) repeated]

<i>For the Quarter Ended</i>	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Revenue						
Lincoln Retirement	510.4	512.1	478.2	467.5	453.0	442.6
Life Insurance	459.6	455.7	460.6	464.7	423.9	439.8
Investment Management	112.3	110.3	104.7	106.5	103.5	102.4
Lincoln UK	84.9	68.9	76.3	63.2	53.6	68.0
Corporate & Other	531.6	452.0	489.5	371.7	92.3	92.2
Total Revenue	1698.8	1599.0	1609.3	1473.6	1126.4	1145.0
Income from Operations*						
Lincoln Retirement	82.3	90.8	72.4	74.8	80.4	47.8
Life Insurance	68.6	67.1	70.1	73.2	71.1	73.5
Investment Management	2.4	3.7	3.5	5.1	8.0	6.6
Lincoln UK	14.4	16.2	10.1	19.5	14.4	6.7
Corporate & Other	10.9	(9.7)	(12.9)	26.5	(12.0)	(7.3)
Income from Operations	178.6	168.1	143.2	199.1	162.0	127.2
Net Income						
Lincoln Retirement	76.6	79.9	58.6	54.2	47.6	10.2
Life Insurance	62.9	53.5	64.7	51.9	44.2	57.4
Investment Management	2.0	2.9	2.9	4.0	7.0	6.2
Lincoln UK	14.8	17.6	14.0	22.5	10.8	9.8
Corporate & Other	4.0	(12.2)	(21.2)	36.7	(15.2)	(24.2)
Total Net Income	160.2	141.7	119.1	169.2	94.5	59.4

OTHER DATA

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Assets	94122.4	96431.2	90206.0	98001.3	97846.4	95069.2
---------------	---------	---------	---------	---------	---------	----------------

Shareholders Equity

Beg of Period (Sec & Deriv at Market)	4954.1	5096.4	5055.9	5368.6	5263.5	5131.1
End of Period (Sec & Deriv at Market)	5096.4	5055.9	5368.6	5263.5	5131.1	5307.9
End of Period (Sec & Deriv at Cost)	4882.7	4952.8	5100.4	5046.3	5076.6	4959.5
Average Equity (Sec & Deriv at Cost)	4953.7	4920.2	5085.0	5131.4	5083.3	5080.7

Common Shares Outstanding

Average for the Period Diluted	193.7	192.0	194.8	192.8	191.7	189.7
End of Period Diluted	191.3	192.9	193.3	191.1	191.7	186.9

Per Share Data (Diluted)

Income from Operations *	\$ 0.92	\$ 0.88	\$ 0.74	\$ 1.03	\$ 0.84	\$ 0.67
Net Income	\$ 0.83	\$ 0.74	\$ 0.61	\$ 0.88	\$ 0.49	\$ 0.31

Shareholders Equity

Shareholders Equity (Sec & Deriv at Market)	\$ 27.09	\$ 26.87	\$ 28.29	\$ 28.10	\$ 27.30	\$ 28.77
Shareholders Equity (Sec & Deriv at Cost)	\$ 25.96	\$ 26.32	\$ 26.87	\$ 26.94	\$ 27.02	\$ 26.88
Dividends Declared (Com Stk)	\$ 0.305	\$ 0.305	\$ 0.305	\$ 0.320	\$ 0.320	\$ 0.320

Return on Equity (see page 30)

Net Income/Average Equity	12.9%	11.5%	9.4%	13.2%	7.4%	4.7%
Inc from Operations/Average Equity	14.4%	13.7%	11.3%	15.5%	12.7%	10.0%

Market Value of Common Stock

Highest Price	\$ 48.250	\$ 52.300	\$ 52.750	\$ 49.450	\$ 53.650	\$ 52.540
Lowest Price	\$ 38.000	\$ 41.280	\$ 41.000	\$ 40.000	\$ 47.200	\$ 40.750
Closing Price	\$ 42.470	\$ 51.750	\$ 46.630	\$ 48.570	\$ 50.730	\$ 42.000

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

06/30/02

PAGE 7

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

<i>For the Quarter Ended June 30</i>	<u>Lincoln Retirement</u>		<u>Life Insurance</u>		<u>Investment Management</u>		<u>Lincoln UK</u>	
	<u>Jun 2002</u>	<u>Jun 2001</u>	<u>Jun 2002</u>	<u>Jun 2001</u>	<u>Jun 2002</u>	<u>Jun 2001</u>	<u>Jun 2002</u>	<u>Jun 2001</u>
Operating Revenue								
Life and annuity premiums	13.1	32.5	47.5	50.7			11.4	8.8
Surrender charges	7.2	8.5	13.5	13.5				
Mortality assessments			123.9	124.8			8.3	8.9
Expense assessments	127.1	138.0	47.2	45.3			27.8	31.4
Health premiums			0.1	0.0			0.7	0.7
Investment advisory fees					68.4	72.7		
Other revenue and fees	(1.3)	3.9	6.7	3.8	22.0	25.7	0.0	0.1
Net investment income	352.7	339.3	225.7	227.4	12.7	13.0	15.3	16.9
Earnings in Unconsolidated Affiliates								
Operating Revenue	498.8	522.1	464.6	465.5	103.1	111.4	63.4	66.9
Operating Benefits and Expenses								
Ins. benefits paid or provided:								
Life and annuity policy benefits	72.5	72.6	103.6	103.5			15.5	15.9
Div accum & div to policyholders			18.2	19.0				
Interest credited to policy bal	221.8	209.7	148.9	141.2				
Health policy benefits			0.0	0.0			3.5	2.0
Underwriting, acquisition, insurance and other expenses	147.2	126.0	88.5	92.0	95.0	101.6	39.3	29.7
Goodwill amortization		0.3		5.9		4.1		0.2
Interest			0.0					
Operating Benefits and Expenses	441.5	408.6	359.3	361.7	95.0	105.7	58.4	47.7
Income from Operations Before Tax	57.3	113.6	105.3	103.8	8.1	5.7	5.1	19.1
Federal income taxes	9.5	22.8	31.8	36.7	1.5	2.0	(1.6)	2.9
Income from Operations	47.8	90.8	73.5	67.1	6.6	3.7	6.7	16.2
Restructuring charges	(1.0)	(0.6)		(2.0)				
Realized gains (losses) on investments	(36.6)	(6.7)	(16.4)	(6.4)	(0.4)	(0.7)	3.2	1.4
Gains (losses) on derivatives	0.1	0.1	0.3	0.1				
Reserve increase on business sold through reinsurance Gain on sale of subsidiaries								
	<u>Corporate and Other Operations</u>		<u>Consolidating Adjustments</u>				<u>Consolidated</u>	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	Jun 2002	Jun 2001	Jun 2002	Jun 2001	Jun 2002	Jun 2001
Operating Revenue						
Life and annuity premiums	(3.4)	261.9			68.7	353.9
Surrender charges		0.4	0.6	0.5	21.3	22.8
Mortality assessments	(1.7)	0.0			130.5	133.7
Expense assessments	1.7	(0.0)	10.7	12.8	214.4	227.5
Health premiums	7.6	94.9			8.3	95.7
Investment advisory fees			(20.7)	(23.1)	47.8	49.6
Other revenue and fees	94.3	71.8	(37.1)	(44.9)	84.7	60.3
Net investment income	46.3	78.8	(1.6)	(2.4)	651.0	673.1
Earnings in Unconsolidated Affiliates	(0.6)	0.0			(0.6)	0.0
Operating Revenue	144.2	507.8	(48.1)	(57.1)	1226.0	1616.5
Operating Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	(0.1)	181.6			191.5	373.6
Div accum & div to policyholders	0.0	1.2			18.2	20.2
Interest credited to policy bal	3.7	8.7	8.0	10.0	382.5	369.7
Health policy benefits	30.4	89.5			33.9	91.5
Underwriting, acquisition, insurance and other expenses	93.7	206.9	(54.4)	(64.7)	409.3	491.4
Goodwill amortization		0.4		(0.0)		10.9
Interest	26.2	34.5	(1.6)	(2.4)	24.6	32.0
Operating Benefits and Expenses	154.0	522.8	(48.1)	(57.1)	1060.1	1389.3
Income from Operations						
Before Tax	(9.8)	(15.0)		0.0	166.0	227.2
Federal income taxes	(2.5)	(5.3)			38.7	59.1
Income from Operations	(7.3)	(9.7)		0.0	127.2	168.1
Restructuring charges		(1.2)			(1.0)	(3.9)
Realized gains (losses) on investments	(2.4)	0.2	(0.0)	0.8	(52.7)	(11.5)
Gains (losses) on derivatives	(0.1)	(0.1)			0.3	0.2
Reserve increase on business sold through reinsurance	(14.4)				(14.4)	
Income before Accounting Changes	(24.2)	(10.8)	(0.0)	0.8	59.4	153.0
Cumulative effect of accounting changes		(2.2)				(11.3)
Net Income	(24.2)	(13.0)	(0.0)	0.8	59.4	141.7
Inc. from Oper.-before Goodwill Amort	(7.3)	(9.2)			127.2	179.0
Net Income-before Goodwill Amort	(24.2)	(12.6)	(0.0)	0.8	59.4	152.6

06/30/02

PAGE 7A

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

<i>For the Six Months Ended June 30</i>	Lincoln Retirement		Life Insurance		Investment Management		Lincoln UK	
	Jun 2002	Jun 2001	Jun 2002	Jun 2001	Jun 2002	Jun 2001	Jun 2002	Jun 2001
Operating Revenue								
Life and annuity premiums	25.3	51.6	98.6	101.5			22.8	21.0
Surrender charges	15.1	17.5	25.2	30.6				
Mortality assessments			247.8	249.1			14.8	18.3
Expense assessments	254.8	279.5	94.1	92.7			53.1	75.1
Health premiums			0.1	0.1			1.4	1.4
Investment advisory fees					137.6	145.3		
Other revenue and fees	4.5	5.6	12.4	8.9	45.0	52.0	0.3	0.7
Net investment income	702.6	680.7	451.7	450.4	25.5	27.1	29.9	34.8
Earnings in Unconsolidated Affiliates								
Operating Revenue	1002.3	1034.9	929.9	933.4	208.1	224.4	122.2	151.2
Operating Benefits and Expenses								
Ins. benefits paid or provided:								
Life and annuity policy benefits	127.9	142.4	207.7	203.4			30.5	35.7
Div accum & div to policyholders			36.0	36.6				
Interest credited to policy bal	447.9	419.1	295.2	279.5				
Health policy benefits			0.0	0.0			6.8	6.2
Underwriting, acquisition, insurance and other expenses	272.1	260.6	180.6	190.8	190.4	206.4	64.2	70.8
Goodwill amortization		0.6		11.8		8.1		0.3
Interest			0.0					
Operating Benefits and Expenses	847.9	822.7	719.5	722.1	190.4	214.5	101.6	113.0
Income from Operations Before Tax	154.4	212.2	210.4	211.2	17.8	9.9	20.6	38.2
Federal income taxes	26.2	39.1	65.8	75.5	3.2	3.8	(0.5)	7.6
Income from Operations	128.2	173.1	144.6	135.7	14.6	6.1	21.1	30.6
Restructuring charges	(1.0)	(1.3)		(2.0)				
Realized gains (losses) on investments	(69.5)	(8.1)	(43.4)	(11.8)	(1.4)	(1.2)	(0.4)	1.8
Gains (losses) on derivatives	0.1	0.0	0.3	0.1				
Reserve increase on business sold through reinsurance Gain on sale of subsidiaries								
Income before Accounting Changes	57.8	163.8	101.6	122.0	13.2	4.9	20.7	32.4
Cumulative effect of accounting changes		(7.3)		(5.5)		(0.1)		

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Inc. from Oper.-before Goodwill Amort.</i>	(19.3)	(1.0)		3.0	289.2	368.5
<i>Net Income-before Goodwill Amort.</i>	(39.4)	(11.2)	(0.0)	3.8	153.9	323.7

06/30/02

PAGE 8

Statement of Consolidated Income
Unaudited [Millions of Dollars]

<i>For the Year Ended December 31</i>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>YTD Jun 2001</u>	<u>YTD Jun 2002</u>
Operating Revenue							
Life and annuity premiums	756.2	985.6	1183.0	1403.3	1363.4	756.0	143.4
Surrender charges	45.4	91.5	110.2	114.7	101.5	50.6	41.4
Mortality assessments	186.4	380.1	496.4	496.5	533.3	267.4	260.9
Expense assessments	600.3	803.0	930.9	1050.2	909.2	472.4	425.0
Health premiums	572.6	635.1	698.5	409.8	340.6	200.5	10.8
Investment advisory fees	204.9	227.1	223.8	213.1	197.2	99.0	95.8
Other revenue and fees	157.3	261.0	344.5	445.4	351.8	142.3	180.1
Net investment income	2250.8	2681.4	2807.5	2747.1	2679.6	1346.8	1299.1
Earnings in Unconsolidated Affiliates	2.1	3.3	5.8	(0.4)	5.7	0.9	(0.6)
Operating Revenue	4775.9	6068.0	6800.7	6879.8	6482.2	3336.0	2455.8
Operating Benefits and Expenses							
Ins. benefits paid or provided:							
Life and annuity policy benefits	1090.2	1237.7	1546.6	1546.4	1517.9	792.5	367.6
Div accum & div to policyholders	29.7	78.0	88.4	87.6	83.7	39.1	36.0
Interest credited to policy bal	1238.7	1446.2	1510.4	1474.2	1506.0	736.7	788.6
Health policy benefits	833.1	566.9	659.7	449.0	302.1	193.3	37.3
Underwriting, acquisition, insurance and other expenses	1557.3	1844.2	2218.5	2168.4	2004.5	1016.2	801.5
Goodwill amortization	15.6	44.5	49.2	45.1	43.4	21.7	
Interest	92.5	117.1	133.7	139.5	121.0	66.5	49.5
Operating Benefits and Expenses	4857.2	5334.6	6206.4	5910.3	5578.6	2866.1	2080.5
Income from Operations Before Tax	(81.3)	733.4	594.4	969.6	903.6	469.9	375.4
Federal income taxes	(30.6)	203.0	118.9	250.5	214.7	123.2	86.1
Income from Continuing Operations	(50.6)	530.4	475.5	719.1	689.0	346.7	289.2
Discontinued Operations	911.8						
Restructuring charges		(34.3)	(18.9)	(80.2)	(24.7)	(4.5)	(1.0)
Realized gains (losses) on investments	72.9	13.7	3.8	(17.5)	(68.7)	(24.8)	(120.3)
Gains (losses) on derivatives					(4.9)	0.1	0.4
Reserve increase on business sold through reinsurance							(14.4)
Gain on sale of subsidiaries					15.0		
Income before Accounting Changes	934.0	509.8	460.4	621.4	605.8	317.5	153.9
Cumulative Effect of Accounting Changes					(15.6)	(15.6)	
Net Income	934.0	509.8	460.4	621.4	590.2	301.9	153.9

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>For the Quarter Ended</i>	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Operating Revenue						
Life and annuity premiums	263.8	361.1	331.2	337.1	339.0	396.1
Surrender charges	28.4	29.2	28.7	29.8	25.9	30.3
Mortality assessments	118.2	118.7	118.5	122.5	125.9	129.6
Expense assessments	245.9	238.3	261.1	258.6	273.4	257.1
Health premiums	149.6	233.6	58.4	144.0	117.9	89.4
Investment advisory fees	54.6	54.1	54.0	52.2	53.3	53.6
Other revenue and fees	77.9	71.2	106.1	88.7	106.0	144.6
Net investment income	697.1	700.1	711.1	673.8	690.0	672.1
Earnings in Unconsolidated Affiliates	1.2	1.8	1.0	(3.6)	1.6	0.6
Operating Revenue	1636.7	1808.2	1670.2	1703.0	1733.1	1773.5
Operating Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	294.0	572.5	356.1	370.1	390.2	430.0
Div accum & div to policyholders	21.2	23.3	21.7	20.2	18.2	27.4
Interest credited to policy bal	369.7	388.5	373.9	366.8	362.0	371.5
Health policy benefits	189.8	157.8	114.3	119.9	123.0	91.8
Underwriting, acquisition, insurance and other expenses	533.4	630.5	525.7	537.5	532.4	572.9
Goodwill amortization	12.9	14.6	10.2	12.0	12.0	10.9
Interest	33.3	34.7	36.3	35.4	34.4	33.4
Operating Benefits and Expenses	1454.1	1821.8	1438.2	1461.9	1472.2	1537.9
Income from Operations before Tax/Min Int	182.6	(13.6)	232.0	241.1	260.8	235.6
Federal income taxes	51.2	(50.2)	61.6	67.9	70.1	50.9
Inc from Operations before Min Int	131.4	36.6	170.4	173.2	190.7	184.7
Minority Interest			(0.2)	0.2	(0.0)	0.0
Income from Operations	131.4	36.6	170.6	173.0	190.7	184.7
Restructuring charges	(3.2)	(3.6)		(2.7)	(40.5)	(37.0)
Realized gains (losses) on investments	4.1	1.6	(0.4)	(6.7)	(11.6)	1.2
Gains (losses) on derivatives						
Reserve increase on business sold through reinsurance						
Gain on sale of subsidiaries						
Income before Accounting Changes	132.3	34.6	170.2	163.6	138.6	148.9
Cumulative Effect of Accounting Changes						
Net Income	132.3	34.6	170.2	163.6	138.6	148.9

[Additional columns below]

[Continued from above table, first column(s) repeated]

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>For the Quarter Ended</i>	<u>Mar 2001</u>	<u>Jun 2001</u>	<u>Sep 2001</u>	<u>Dec 2001</u>	<u>Mar 2002</u>	<u>Jun 2002</u>
<i>Operating Revenue</i>						
Life and annuity premiums	402.1	353.9	336.8	270.7	74.7	68.7
Surrender charges	27.8	22.8	23.2	27.7	20.2	21.3
Mortality assessments	133.7	133.7	133.3	132.6	130.4	130.5
Expense assessments	244.9	227.5	224.4	212.4	210.5	214.4
Health premiums	104.8	95.7	103.9	36.1	2.4	8.3
Investment advisory fees	49.4	49.6	47.2	50.9	48.0	47.8
Other revenue and fees	82.0	60.3	91.5	118.0	95.5	84.7
Net investment income	673.7	673.1	686.2	646.6	648.1	651.0
Earnings in Unconsolidated Affiliates	0.9	0.0	0.4	4.3		(0.6)
	<u>1719.5</u>	<u>1616.5</u>	<u>1646.9</u>	<u>1499.3</u>	<u>1229.8</u>	<u>1226.0</u>
<i>Operating Benefits and Expenses</i>						
Ins. benefits paid or provided:						
Life and annuity policy benefits	418.9	373.6	422.6	302.8	176.1	191.5
Div accum & div to policyholders	18.9	20.2	18.0	26.6	17.8	18.2
Interest credited to policy bal	367.1	369.7	378.7	390.6	406.2	382.5
Health policy benefits	101.8	91.5	83.8	25.0	3.3	33.9
Underwriting, acquisition, insurance and other expenses	524.8	491.4	516.0	472.3	392.2	409.3
Goodwill amortization	10.9	10.9	10.9	10.7		
Interest	34.4	32.0	29.6	25.0	24.8	24.6
	<u>1476.7</u>	<u>1389.3</u>	<u>1459.6</u>	<u>1252.9</u>	<u>1020.4</u>	<u>1060.1</u>
Income from Operations before Tax/Min Int	242.7	227.2	187.3	246.5	209.4	166.0
Federal income taxes	64.1	59.1	44.1	47.4	47.4	38.7
	<u>178.6</u>	<u>168.1</u>	<u>143.2</u>	<u>199.1</u>	<u>162.0</u>	<u>127.2</u>
<i>Inc from Operations before Min Int</i>						
Minority Interest	(0.0)	(0.0)	(0.0)	(0.0)		
	<u>178.6</u>	<u>168.1</u>	<u>143.2</u>	<u>199.1</u>	<u>162.0</u>	<u>127.2</u>
<i>Income from Operations</i>						
Restructuring charges	(0.7)	(3.9)	0.0	(20.2)		(1.0)
Realized gains (losses) on investments	(13.4)	(11.5)	(23.8)	(20.0)	(67.6)	(52.7)
Gains (losses) on derivatives	(0.1)	0.2	(0.4)	(4.6)	0.1	0.3
Reserve increase on business sold through reinsurance						(14.4)
Gain on sale of subsidiaries				15.0		
	<u>164.5</u>	<u>153.0</u>	<u>119.1</u>	<u>169.2</u>	<u>94.5</u>	<u>59.4</u>
<i>Income before Accounting Changes</i>						
Cumulative Effect of Accounting Changes	(4.3)	(11.3)		(0.0)		
	<u>160.2</u>	<u>141.7</u>	<u>119.1</u>	<u>169.2</u>	<u>94.5</u>	<u>59.4</u>
<i>Net Income</i>						

06/30/02

PAGE 9

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

	Lincoln Retirement		Life Insurance		Investment Management		Lincoln UK	
	Jun 2002	Dec 2001	Jun 2002	Dec 2001	Jun 2002	Dec 2001	Jun 2002	Dec 2001
ASSETS								
<i>Investments</i>								
Corporate bonds	11681.1	10956.5	7273.7	7088.2	439.9	424.2	574.3	512.3
U.S. government bonds	13.3	13.2	74.2	78.2	0.1	0.2		
Foreign government bonds	192.8	145.8	121.5	114.6	1.4	1.9	278.2	326.2
Asset/Mortgage backed securities	2318.4	1945.8	769.8	779.1	38.0	42.5		
State and municipal bonds	24.6	24.3	25.0	17.4				
Preferred stocks-redeemable	55.7	62.7	12.5	13.0	8.8	8.8		
Common stocks	20.5		6.4	7.6			141.9	211.3
Preferred stocks-equity	32.8	38.5	0.7	5.6	2.6	2.6		
Mortgage loans	2297.2	2378.1	1653.2	1701.6	88.5	92.4	0.3	0.3
Real estate							0.2	0.2
Policy loans	474.6	491.4	1423.3	1439.7			8.1	8.6
Other long-term investments	15.2	11.7	19.3	20.9				
Total Investments	17126.3	16068.0	11379.6	11265.9	579.3	572.6	1003.0	1058.8
Allocated investments	3877.4	3481.0	1338.8	1154.7	111.2	102.4		
Notes receivable from LNC	581.1	333.3	136.4	27.6	30.2	82.9		
Invest in unconsol affiliates Cash and invested cash	(107.3)	(24.7)	(23.1)	(36.4)	68.9	55.4	230.0	181.2
Property and equipment			8.0	8.5	44.7	36.5	21.1	39.3
Premium and fees receivable	0.4	0.0	22.4	8.2	35.6	38.5		
Accrued investment income	249.6	245.0	184.2	187.6	9.6	8.9	20.5	20.9
Assets held in separate accounts	30741.3	34324.6	1341.8	1491.0			5520.0	5607.2
Federal income tax recoverable								
Amount recoverable from reinsurers	1149.0	1211.6	879.6	859.5				
Deferred acquisition costs	967.8	912.8	1404.9	1265.6			591.0	587.3
Other intangible assets	146.8	154.5	930.7	964.0	45.8	50.1	243.9	244.0
Goodwill	43.9	43.9	855.1	855.1	300.7	300.7	12.7	12.1
Other	167.4	138.1	393.7	358.4	202.9	212.5	35.7	37.9
Total Assets	54943.7	56888.2	18852.2	18409.7	1429.1	1460.5	7678.0	7788.8

Corporate and Other Operations		Consolidating Adjustments		Consolidated	
Jun 2002	Dec 2001	Jun 2002	Dec 2001	Jun 2002	Dec 2001

ASSETS**Investments**

Corporate bonds	4024.7	4123.9			23993.6	23105.1
U.S. government bonds	353.9	318.9			441.6	410.5
Foreign government bonds	526.1	586.2			1120.1	1174.7
Asset/Mortgage backed securities	904.8	757.3			4031.0	3524.7
State and municipal bonds	9.1	3.0			58.8	44.7
Preferred stocks-redeemable	2.5	1.4			79.6	85.9
Common stocks	98.9	100.5			267.7	319.3
Preferred stocks-equity	115.8	104.5			151.8	151.2
Mortgage loans	356.1	363.0			4395.4	4535.5
Real estate	258.5	267.7			258.7	267.9
Policy loans					1906.1	1939.7
Other long-term investments	421.6	521.3			456.0	553.8
	7072.0	7147.8			37160.1	36113.1
Total Investments	7072.0	7147.8			37160.1	36113.1
Allocated investments	(1122.3)	50.0	(4205.1)	(4788.2)		
Notes receivable from LNC	(747.2)	(443.7)	(0.5)	(0.1)	0.0	0.0
Invest in unconsol affiliates	7.5	8.1			7.5	8.1
Cash and invested cash	2096.9	3130.5		(210.5)	2265.4	3095.5
Property and equipment	179.6	173.2			253.5	257.5
Premium and fees receivable	417.1	365.6	(14.2)	(12.2)	461.4	400.1
Accrued investment income	92.4	101.0			556.3	563.5
Assets held in separate accounts			2976.5	3410.5	40579.6	44833.4
Federal income tax recoverable			438.4	15.1	438.4	15.1
Amount recoverable from reinsurers	4660.0	4150.6	(178.7)	(191.4)	6509.9	6030.4
Deferred acquisition costs	2.3	33.9	90.6	85.6	3056.6	2885.3
Other intangible assets					1367.3	1412.6
Goodwill	(0.0)	(0.0)			1212.4	1211.8
Other	860.2	865.5	(459.3)	(437.4)	1200.6	1174.9
	13518.5	15582.5	(1352.3)	(2128.6)	95069.2	98001.3
Total Assets	13518.5	15582.5	(1352.3)	(2128.6)	95069.2	98001.3

06/30/02

PAGE 10

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

	Lincoln Retirement		Life Insurance		Investment Management		Lincoln UK	
	Jun 2002	Dec 2001	Jun 2002	Dec 2001	Jun 2002	Dec 2001	Jun 2002	Dec 2001
LIABILITIES and SHAREHOLDERS' EQUITY								
Liabilities								
Insurance and Inv Contract Liabilities:								
Life and annuity reserves	2664.9	2622.7	13339.2	12955.8			1327.5	1338.1
Health reserves			0.4	0.3			47.2	46.0
Unpaid claims life and health	40.2	31.3	100.3	92.9			40.2	42.4
Unearned premiums			0.0	0.0				
Premium deposit funds	18503.4	17838.9	10.0	13.9			30.1	29.2
Participating policyholders funds			91.9	100.2				
Other policyholders funds			577.3	555.2				
Liab related to separate accounts	30741.3	34324.6	1341.8	1491.0			5520.0	5607.2
Total Insurance and Inv Contract Liabilities	51949.8	54817.5	15460.9	15209.5			6965.0	7063.0
Federal income taxes	80.0	(5.7)	(7.3)	(13.5)	41.7	43.3	(1.8)	(12.2)
Short-term debt				10.0				
Long-term debt Minority Interest in pref. securities of sub Notes payable to LNC						9.3		
Other liabilities	363.1	168.4	460.5	436.3	819.8	866.2	203.3	192.0
Deferred gain on indemnity reinsurance								
Total Liabilities	52392.9	54980.3	15914.2	15642.2	861.6	918.8	7166.5	7242.8
Net unrealized gains (losses) on securities	137.6	79.9	48.5	13.6	2.4	1.5	25.1	15.3
Gains (losses) on derivatives	7.5	0.3	15.5	4.5				
Other shareholders equity	2405.7	1824.9	2874.1	2738.5	565.1	540.3	524.3	566.7
S/Hs equity-minimum pension liability adjustment							(37.8)	(36.0)
Cumulative effect of accounting change		2.8		10.9				
Shareholders Equity	2550.8	1907.9	2938.0	2767.5	567.6	541.7	511.5	546.0
Total Liabilities and S/Hs Equity	54943.7	56888.2	18852.2	18409.7	1429.1	1460.5	7678.0	7788.8

	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Jun	Dec	Jun	Dec	Jun	Dec

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
LIABILITIES and SHAREHOLDERS' EQUITY						
Liabilities						
Insurance and Inv Contract Liabilities:						
Life and annuity reserves	1397.5	1122.8	(117.8)	(122.4)	18611.2	17917.0
Health reserves	2128.4	2491.5			2176.1	2537.9
Unpaid claims life and health	905.4	920.9			1086.1	1087.5
Unearned premiums	154.3	66.9			154.3	66.9
Premium deposit funds	29.3	105.5	585.0	597.5	19157.8	18585.0
Participating policyholders funds					91.9	100.2
Other policyholders funds	7.4	7.4			584.7	562.7
Liab related to separate accounts			2976.5	3410.5	40579.6	44833.4
Total Insurance and Inv Contract Liabilities	4622.3	4715.0	3443.7	3885.6	82441.8	85690.6
Federal income taxes	(550.7)	(26.7)	438.1	14.8		
Short-term debt	211.0	550.7		(210.5)	211.0	350.2
Long-term debt	1112.3	861.8			1112.3	861.8
Minority Interest in pref. securities of sub	380.0	474.7			380.0	474.7
Notes payable to LNC	361.8	335.0	(361.8)	(344.3)	0.0	0.0
Other liabilities	3321.8	3239.4	(667.5)	(686.3)	4501.1	4216.1
Deferred gain on indemnity reinsurance	1115.2	1144.5			1115.2	1144.5
Total Liabilities	10573.8	11294.3	2852.4	2659.3	89761.4	92737.8
Net unrealized gains (losses) on securities	103.9	77.2	8.2	8.2	325.7	195.7
Gains (losses) on derivatives	(0.3)	(0.8)			22.7	3.9
Other shareholders equity	2841.1	4207.9	(4213.0)	(4796.0)	4997.4	5082.2
S/Hs equity-minimum pension liability adjustment					(37.8)	(36.0)
Cumulative effect of accounting change		3.9				17.6
Shareholders Equity	2944.7	4288.2	(4204.8)	(4787.9)	5307.9	5263.5
Total Liabilities and S/Hs Equity	13518.5	15582.5	(1352.3)	(2128.6)	95069.2	98001.3

6/30/2002

PAGE 11

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
ASSETS					
Investments					
Corporate bonds	16633.3	22505.2	21119.5	21249.7	23105.1
U.S. government bonds	662.4	1134.6	538.3	542.9	410.5
Foreign government bonds	1804.4	1321.2	1447.5	1321.1	1174.7
Mortgage backed securities	4529.3	5080.5	4404.0	4160.4	3524.7
State and municipal bonds	241.4	16.7	14.7	14.6	44.7
Preferred stocks-redeemable	195.5	174.6	164.7	161.2	85.9
Common stocks	572.3	463.1	514.5	436.6	319.3
Preferred stocks-equity	88.2	79.8	89.5	113.1	151.2
Mortgage loans	3288.1	4393.1	4735.4	4663.0	4535.5
Real estate	576.0	488.7	256.2	282.0	267.9
Policy loans	763.1	1840.0	1892.4	1960.9	1939.7
Other long-term investments	464.8	432.0	401.8	463.3	553.8
Total Investments	29818.8	37929.5	35578.4	35368.6	36113.1
Invest in unconsol affiliates	21.0	18.8	25.8	6.4	8.1
Cash and invested cash	3794.7	2433.4	1895.9	1927.4	3095.5
Property and equipment	189.8	174.8	203.8	228.2	257.5
Premiums and fees receivable	197.5	246.2	259.6	296.7	400.1
Accrued investment income	423.0	528.5	533.2	546.4	563.5
Assets held in separate accounts	37138.8	43408.9	53654.2	50579.9	44833.4
Federal income taxes recoverable		204.1	345.0	207.5	15.1
Amounts recoverable from reinsurers	2350.8	3127.1	3954.3	3747.7	6030.4
Deferred acquisition costs	1623.8	1964.4	2800.3	3070.5	2885.3
Other intangible assets	613.9	1848.4	1746.5	1557.0	1412.6
Goodwill	457.7	1484.3	1423.0	1286.0	1211.8
Other	544.8	468.0	675.7	1021.6	1174.9
Total Assets	77174.7	93836.3	103095.7	99844.1	98001.3
LIABILITIES and SHAREHOLDERS					
EQUITY					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	8228.7	16434.2	17071.4	17841.2	17917.0
Health reserves	2300.4	2600.1	2507.8	2523.8	2537.9
Unpaid claims-life and health	682.0	1043.4	1269.8	1316.6	1087.5
Unearned premiums	55.3	62.3	75.8	46.5	66.9
Premium deposit funds	19803.0	20171.9	19624.1	17715.5	18585.0
Participating policyholders funds	79.8	142.7	132.0	139.4	100.2
Other policyholders funds	180.6	438.4	472.6	522.2	562.7
Liab related to separate accounts	37138.8	43408.9	53654.2	50579.9	44833.4
Total Ins and Inv Contr Liabilities	68468.5	84301.9	94807.7	90685.1	85690.6
Federal income taxes	487.8				
Short-term debt	297.2	314.6	460.2	312.9	350.2

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Long-term debt	511.0	712.2	712.0	712.2	861.8
Minority Interest pref sec of a sub	315.0	745.0	745.0	745.0	474.7
Other liabilities	2112.2	2374.6	2107.0	2434.7	4216.1
Deferred gain on indemnity reinsurance					1144.5
Total Liabilities	72191.8	88448.3	98831.9	94890.0	92737.8
S/Hs equity-unrealized gains (losses)-cont op	436.0	552.4	(465.7)	12.0	199.6
S/Hs equity-foreign currency	46.2	50.0	30.0	21.9	(8.1)
S/Hs equity-minimum pension liability adjustment					(36.0)
S/Hs equity-other	4500.7	4785.5	4699.6	4920.2	5090.4
Cumulative effect of accounting change					17.6
Total Shareholders Equity	4982.9	5387.9	4263.9	4954.1	5263.5
Total Liabilities and Shareholders Equity	77174.7	93836.3	103095.7	99844.1	98001.3
Shareholders Equity Per Share					
[Book Value, Securities at Cost]	\$ 22.48	\$ 23.86	\$ 24.14	\$ 25.85	\$ 26.94
Common shares outstanding	202.3	202.6	196.0	191.2	187.3

06/30/02

PAGE 12

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

	<u>Sep 1999</u>	<u>Dec 1999</u>	<u>Mar 2000</u>	<u>Jun 2000</u>	<u>Sep 2000</u>	<u>Dec 2000</u>
ASSETS						
Investments						
Corporate bonds	21560.5	21119.5	21188.0	20719.1	21064.7	21249.7
U.S. government bonds	991.0	538.3	572.4	566.2	575.5	542.9
Foreign government bonds	1369.6	1447.5	1416.4	1377.4	1277.7	1321.1
Mortgage backed securities	4601.2	4404.0	4393.4	4242.4	4172.5	4160.4
State and municipal bonds	14.8	14.7	14.7	14.1	14.3	14.6
Preferred stocks - redeemable	171.3	164.7	159.7	159.2	159.5	161.2
Common stocks	423.9	514.5	496.4	467.8	479.9	436.6
Preferred stocks-equity	82.7	89.5	91.3	92.2	90.3	113.1
Mortgage loans	4772.7	4735.4	4833.9	4783.8	4767.3	4663.0
Real estate	280.3	256.2	283.4	282.1	297.6	282.0
Policy loans	1863.2	1892.4	1896.3	1914.7	1935.6	1960.9
Other long-term investments	401.2	401.8	428.8	438.2	470.5	463.3
Total Investments	36532.4	35578.4	35774.6	35057.2	35305.4	35368.6
Invest in unconsol affiliates	23.4	25.8		(0.9)	5.8	6.4
Cash and invested cash	2342.9	1895.9	1510.1	1619.3	1435.9	1927.4
Property and equipment	191.9	203.8	207.7	205.5	213.8	228.2
Premiums and fees receivable	296.0	259.6	190.2	247.8	240.8	296.7
Accrued investment income	602.9	533.2	575.0	544.0	569.2	546.4
Assets held in separate accounts	46228.8	53654.2	56907.6	54924.2	54410.9	50579.9
Federal income taxes recoverable	457.3	345.0	300.4	246.1	267.3	207.5
Amount recoverable from reinsurers	3315.6	3954.3	3851.0	3775.3	3774.7	3747.7
Deferred acquisition costs	2614.5	2800.3	2870.4	2968.0	3048.0	3070.5
Other intangible assets	1760.6	1746.5	1705.5	1646.7	1598.4	1557.0
Goodwill	1435.0	1423.0	1349.6	1335.4	1296.6	1286.0
Other	699.3	675.7	1097.8	1279.1	1076.4	1021.6
Total Assets	96500.7	103095.7	106340.0	103847.6	103243.1	99844.1
LIABILITIES and SHAREHOLDERS EQUITY						
Liabilities						
Insurance and Inv Contract Liabilities:						
Life and annuity reserves	16760.5	17071.4	17172.1	17247.3	17500.0	17841.2
Health reserves	2511.3	2507.8	2547.4	2494.2	2520.2	2523.8
Unpaid claims - life and health	1162.6	1269.8	1177.3	1204.1	1202.8	1316.6
Unearned premiums	62.5	75.8	57.1	52.8	51.8	46.5
Premium deposit funds	19988.9	19624.1	18899.3	18407.2	18072.1	17715.5
Participating policyholders - funds	120.2	132.0	130.7	130.4	135.4	139.4
Other policyholders - funds	445.9	472.6	478.9	490.6	500.7	522.2
Liab related to separate accounts	46228.8	53654.2	56907.6	54924.2	54410.9	50579.9
Total Ins and Inv Contr Liabilities	87280.8	94807.7	97370.5	94950.8	94394.0	90685.1

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Federal income taxes						
Short-term debt	367.7	460.2	474.2	355.7	330.3	312.9
Long-term debt	712.0	712.0	712.0	712.1	712.2	712.2
Minority Interest pref sec of a sub	745.0	745.0	745.0	745.0	745.0	745.0
Notes payable to LNC						
Other liabilities	2733.0	2107.0	2697.9	2860.3	2522.9	2434.7
Deferred gain on indemnity reinsurance						
Total Liabilities	91838.5	98831.9	101999.6	99623.9	98704.5	94890.0
S/Hs equity-unrealized gns (losses) inv	(103.8)	(465.7)	(411.2)	(556.6)	(337.7)	12.0
S/Hs equity- gains (losses) derivatives						
S/Hs equity-foreign currency	40.2	30.0	22.8	21.8	19.9	21.9
S/Hs equity-minimum pension liability adj						
S/Hs equity-other	4725.8	4699.6	4728.9	4758.5	4856.4	4920.1
Cumulative effect of accounting change						
Total Shareholders Equity	4662.2	4263.9	4340.4	4223.7	4538.6	4954.1
Total Liabilities and Shareholders Equity	96500.7	103095.7	106340.0	103847.6	103243.1	99844.1
Shareholders Equity Per Share						
[Book Value, Securities at Cost]	\$ 24.28	\$ 24.14	\$ 24.58	\$ 25.01	\$ 25.43	\$ 25.85
Common shares outstanding	196.3	196.0	193.3	191.1	191.8	191.2

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
ASSETS						
Investments						
Corporate bonds	21855.2	22116.6	23424.3	23105.1	23470.4	23993.6
U.S. government bonds	536.6	510.0	467.7	410.5	429.1	441.6
Foreign government bonds	1240.8	1236.3	1160.3	1174.7	1180.1	1120.1
Mortgage backed securities	4009.8	3844.6	3765.6	3524.7	3613.9	4031.0
State and municipal bonds	14.7	14.1	14.4	44.7	62.6	58.8
Preferred stocks redeemable	154.1	152.2	99.3	85.9	84.6	79.6
Common stocks	388.6	373.3	311.2	319.3	284.4	267.7
Preferred stocks-equity	170.9	160.8	166.5	151.2	154.2	151.8
Mortgage loans	4641.2	4652.8	4663.1	4535.5	4448.2	4395.4
Real estate	308.1	306.9	288.8	267.9	258.2	258.7
Policy loans	1947.0	1947.4	1943.4	1939.7	1918.0	1906.1
Other long-term investments	477.4	480.9	483.4	553.8	459.6	456.0
Total Investments	35744.5	35796.0	36788.0	36113.1	36363.1	37160.1
Invest in unconsol affiliates	7.3	6.1	6.5	8.1	8.1	7.5
Cash and invested cash	2015.2	1501.9	1996.3	3095.5	1699.5	2265.4
Property and equipment	242.1	251.4	261.0	257.5	266.4	253.5
Premiums and fees receivable	282.8	303.7	264.5	400.1	376.3	461.4
Accrued investment income	581.9	573.2	615.1	563.5	577.1	556.3

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Assets held in separate accounts	44506.2	47140.2	39479.8	44833.4	44916.7	40579.6
Federal income taxes recoverable	106.6	177.5	35.3	15.1	551.3	438.4
Amount recoverable from reinsurers	3706.4	3662.0	3818.3	6030.4	6096.3	6509.9
Deferred acquisition costs	2963.4	3129.1	3087.2	2885.3	3114.9	3056.6
Other intangible assets	1505.3	1479.0	1451.5	1412.6	1384.0	1367.3
Goodwill	1274.5	1263.6	1253.2	1211.8	1211.5	1212.4
Other	1186.3	1147.7	1149.4	1174.9	1280.9	1200.6

Total Assets

94122.4	96431.2	90206.0	98001.3	97846.4	95069.2
---------	---------	---------	---------	---------	----------------

LIABILITIES and SHAREHOLDERS

EQUITY

Liabilities

Insurance and Inv Contract Liabilities:

Life and annuity reserves	17733.0	17865.3	17990.8	17917.0	18014.6	18611.2
Health reserves	2534.8	2533.9	2573.2	2537.9	2492.4	2176.1
Unpaid claims life and health	1255.3	1136.5	1206.6	1087.5	1153.6	1086.1
Unearned premiums	45.9	19.0	8.1	66.9	66.5	154.3
Premium deposit funds	17667.1	17715.9	18509.7	18585.0	18669.6	19157.8
Participating policyholders funds	145.0	135.2	118.3	100.2	98.6	91.9
Other policyholders funds	532.1	541.4	554.3	562.7	571.9	584.7
Liab related to separate accounts	44506.2	47140.2	39479.8	44833.4	44916.7	40579.6

Total Ins and Inv Contr Liabilities

84419.3	87087.2	80440.8	85690.6	85983.9	82441.8
---------	---------	---------	---------	---------	----------------

Federal income taxes

Short-term debt	415.3	351.3	539.0	350.2	510.2	211.0
Long-term debt	712.3	712.4	712.4	861.8	861.8	1112.3
Minority Interest pref sec of a sub	745.0	745.0	305.0	474.7	376.2	380.0
Notes payable to LNC					(0.0)	0.0
Other liabilities	2734.2	2479.4	2840.2	4216.1	3864.6	4501.1
Deferred gain on indemnity reinsurance				1144.5	1118.6	1115.2

Total Liabilities

89026.0	91375.3	84837.4	92737.8	92715.3	89761.4
---------	---------	---------	---------	---------	----------------

S/Hs equity-unrealized gns (losses) inv	190.4	76.2	247.9	195.7	31.8	325.7
S/Hs equity- gains (losses) derivatives	5.7	9.4	2.9	3.9	22.6	22.7
S/Hs equity-foreign currency	4.1	(15.3)	6.9	(8.1)	(20.9)	21.9
S/Hs equity-minimum pension liability adj				(36.0)	(35.2)	(37.8)
S/Hs equity-other	4878.5	4968.2	5093.4	5090.4	5132.7	4975.4
Cumulative effect of accounting change	17.6	17.6	17.6	17.6		

Total Shareholders Equity

5096.4	5055.9	5368.6	5263.5	5131.1	5307.9
--------	--------	--------	--------	--------	---------------

Total Liabilities and Shareholders Equity

94122.4	96431.2	90206.0	98001.3	97846.4	95069.2
---------	---------	---------	---------	---------	----------------

Shareholders Equity Per Share

[Book Value, Securities at Cost]	\$ 25.96	\$ 26.32	\$ 26.87	\$ 26.94	\$ 27.02	\$ 26.88
Common shares outstanding	188.1	188.2	189.8	187.3	187.9	184.5

06/30/02

PAGE 13

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

For the Year Ended December 31	1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Operating Revenue							
Premiums	84.2	53.9	65.2	64.3	77.5	51.6	25.3
Surrender charges	29.8	33.5	37.9	41.8	31.2	17.5	15.1
Expense assessments	367.2	459.9	536.2	628.4	537.7	279.5	254.8
Other revenue and fees	1.2	1.7	14.5	11.0	16.7	5.6	4.5
Net investment income	1477.1	1501.6	1474.2	1393.5	1370.0	680.7	702.6
Operating Revenue	1959.5	2050.6	2128.0	2138.9	2033.1	1034.9	1002.3
Operating Benefits and Expenses							
Benefits paid or provided:							
Benefits	292.6	271.6	259.1	254.7	263.9	142.4	127.9
Interest credited to policy bal.	974.4	955.2	925.2	866.1	863.8	419.1	447.9
Underwriting, acquisition, insurance and other expenses	415.0	498.8	560.8	575.5	524.5	260.6	272.1
Goodwill amortization	0.0	2.2	2.0	(0.6)	1.2	0.6	0.0
Operating Benefits and Expenses	1682.0	1727.8	1747.1	1695.7	1653.5	822.7	847.9
Income from Operations Before Tax	277.5	322.8	380.9	443.2	379.6	212.2	154.4
Federal income taxes	54.5	60.4	81.4	81.2	59.3	39.1	26.2
Income from Operations	223.0	262.4	299.4	362.0	320.3	173.1	128.2
Realized gains (losses) on investments	40.3	11.4	(7.9)	(3.4)	(42.3)	(8.1)	(69.5)
Gains (losses) on derivatives					(0.2)	0.0	0.1
Restructuring charges					(1.3)	(1.3)	(1.0)
Income before Accounting Changes	263.3	273.8	291.5	358.6	276.5	163.8	57.8
Cumulative effect of accounting changes					(7.3)	(7.3)	0.0
Net Income	263.3	273.8	291.5	358.6	269.2	156.5	57.8
Inc from Oper before Goodwill Amort.	223.0	264.6	301.5	361.4	321.5	173.7	128.2
Net Income before Goodwill Amort.	263.3	276.0	293.6	358.0	270.5	157.1	57.8
Effective tax rate	19.6%	18.7%	21.4%	18.3%	15.6%	18.4%	17.0%
Operating Revenue	1959.5	2050.6	2128.0	2138.9	2033.1	1034.9	1002.3
Realized gains (losses) on investments	63.5	17.5	(12.1)	(5.2)	(64.5)	(12.4)	(106.7)
Gains (losses) on derivatives					(0.3)	0.0	(0.0)
Total Revenue	2023.0	2068.1	2115.8	2133.7	1968.3	1022.5	895.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Average capital	1373.0	1592.6	1562.0	1601.8	1828.2	1792.5	2216.4
Return on average capital	16.2%	16.5%	19.2%	22.6%	17.5%	19.3%	11.6%
Roll Forward of Deferred Acquisition Costs							
Balance at beginning-of-period					812.5	812.5	912.8
Deferral					240.9	110.4	122.5
Amortization					(125.5)	(69.0)	(80.8)
Operating					115.4	41.4	41.6
Adjustment related to realized (gains) losses on securities available-for-sale					68.2	17.7	46.6
Adjustment related to unrealized (gains) losses on securities available-for-sale					(90.0)	(46.7)	(18.4)
Other*					6.7	6.4	(14.8)
Balance at end-of-period					912.8	831.3	967.8

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

06/30/02

PAGE 14

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

	<u>Sep 1999</u>	<u>Dec 1999</u>	<u>Mar 2000</u>	<u>Jun 2000</u>	<u>Sep 2000</u>	<u>Dec 2000</u>
Operating Revenue						
Premiums	13.1	21.0	13.3	16.8	18.0	16.2
Surrender charges	10.1	9.8	11.1	11.2	10.4	9.1
Expense assessments	142.6	140.5	155.1	155.7	163.4	154.2
Other revenue and fees	0.9	6.4	2.2	0.6	4.6	3.5
Net investment income	364.5	366.0	362.9	345.8	349.8	335.0
Operating Revenue	531.2	543.7	544.6	530.1	546.2	518.1
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	55.0	77.2	61.6	65.7	68.4	59.0
Interest credited to policy balances	230.1	234.1	228.2	219.4	205.4	213.2
Underwriting, acquisition, insurance and other expenses	146.5	134.7	144.5	139.8	147.9	143.2
Goodwill amortization	0.6	0.5	(1.5)	0.3	0.3	0.3
Operating Benefits and Expenses	432.2	446.5	432.8	425.2	421.9	415.7
Income from Operations Before Tax	99.0	97.2	111.8	104.8	124.2	102.3
Federal income taxes	23.6	23.5	23.3	20.7	21.3	15.9
Income from Operations	75.4	73.7	88.5	84.1	102.9	86.4
Realized gains (losses) on investments	(7.0)	(3.7)	2.7	0.3	(9.1)	2.8
Gains (losses) on derivatives						
Restructuring charges						
Income before Accounting Changes	68.4	69.9	91.2	84.4	93.8	89.2
Cumulative effect of accounting changes						
Net Income	68.4	69.9	91.2	84.4	93.8	89.2
Inc from Oper before Goodwill Amort.	76.0	74.2	87.0	84.4	103.2	86.7
Net Income before Goodwill Amort.	69.1	70.4	89.7	84.7	94.1	89.5
Effective tax rate	23.8%	24.2%	20.8%	19.7%	17.1%	15.6%
Operating Revenue	531.2	543.7	544.6	530.1	546.2	518.1
Realized gains (losses) on investments	(10.7)	(5.8)	4.2	0.4	(14.1)	4.2
Gains (losses) on derivatives						
Total Revenue	520.5	538.0	548.7	530.5	532.1	522.3
Average capital	1471.2	1559.0	1438.4	1647.7	1635.2	1686.0
Return on average capital	20.5%	18.9%	24.6%	20.4%	25.2%	20.5%
Roll Forward of Deferred Acquisition Costs						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Balance at beginning-of-quarter						
Deferral						
Amortization						
Operating						
Adjustment related to realized (gains) losses on securities available-for-sale						
Adjustment related to unrealized (gains) losses on securities available-for-sale						
Other*						
Balance at end-of-quarter						

[Additional columns below]

[Continued from above table, first column(s) repeated]

	<u>Mar 2001</u>	<u>Jun 2001</u>	<u>Sep 2001</u>	<u>Dec 2001</u>	<u>Mar 2002</u>	<u>Jun 2002</u>
Operating Revenue						
Premiums	19.1	32.5	13.2	12.7	12.2	13.1
Surrender charges	9.1	8.5	6.5	7.2	7.9	7.2
Expense assessments	141.6	138.0	132.0	126.2	127.7	127.1
Other revenue and fees	1.7	3.9	1.2	10.0	5.8	(1.3)
Net investment income	341.3	339.3	346.6	342.6	349.9	352.7
Operating Revenue	512.8	522.1	499.5	498.7	503.5	498.8
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	69.8	72.6	66.3	55.3	55.4	72.5
Interest credited to policy balances	209.4	209.7	217.2	227.5	226.1	221.8
Underwriting, acquisition, insurance and other expenses	134.6	126.0	132.8	131.1	124.9	147.2
Goodwill amortization	0.3	0.3	0.3	0.3		
Operating Benefits and Expenses	414.1	408.6	416.6	414.2	406.4	441.5
Income from Operations Before Tax	98.7	113.6	82.9	84.5	97.1	57.3
Federal income taxes	16.3	22.8	10.4	9.7	16.7	9.5
Income from Operations	82.3	90.8	72.4	74.8	80.4	47.8
Realized gains (losses) on investments	(1.4)	(6.7)	(13.5)	(20.7)	(32.8)	(36.6)
Gains (losses) on derivatives	(0.1)	0.1	(0.3)	0.1	0.0	0.1
Restructuring charges	(0.7)	(0.6)	0.0	0.0	0.0	(1.0)
Income before Accounting Changes	80.2	83.6	58.6	54.2	47.6	10.2
Cumulative effect of accounting changes	(3.6)	(3.7)	0.0	0.0	0.0	0.0
Net Income	76.6	79.9	58.6	54.2	47.6	10.2
Inc from Oper before Goodwill Amort.	82.6	91.1	72.7	75.1	80.4	47.8

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Net Income before Goodwill Amort.</i>	76.9	80.2	58.9	54.5	47.6	10.2
<i>Effective tax rate</i>	16.6%	20.1%	12.6%	11.5%	17.2%	16.5%
Operating Revenue	512.8	522.1	499.5	498.7	503.5	498.8
Realized gains (losses) on investments	(2.2)	(10.3)	(20.8)	(31.3)	(50.5)	(56.2)
Gains (losses) on derivatives	(0.2)	0.2	(0.5)	0.2	0.0	(0.1)
	<u>510.4</u>	<u>512.1</u>	<u>478.2</u>	<u>467.5</u>	<u>453.0</u>	<u>442.6</u>
Average capital	1797.9	1787.1	1902.9	1824.9	2041.6	2391.2
Return on average capital	18.3%	20.3%	15.2%	16.4%	15.8%	8.0%
Roll Forward of Deferred Acquisition Costs						
Deferral	50.2	60.2	58.7	71.9	61.7	60.8
Amortization	(40.7)	(28.3)	(35.6)	(20.8)	(32.7)	(48.2)
	<u>9.5</u>	<u>31.9</u>	<u>23.0</u>	<u>51.0</u>	<u>29.1</u>	<u>12.6</u>
Adjustment related to realized (gains) losses on securities available-for-sale	12.8	4.9	16.4	34.1	25.7	20.9
Adjustment related to unrealized (gains) losses on securities available-for-sale	(78.6)	31.9	(89.7)	46.5	78.2	(96.6)
Other*	6.5	(0.0)	0.3	(0.0)	(14.8)	
	<u>762.6</u>	<u>831.3</u>	<u>781.2</u>	<u>912.8</u>	<u>1,031.0</u>	<u>967.8</u>
Balance at end-of-quarter						

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

06/30/02

PAGE 15

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

	1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Fixed Annuities Bal Beg-of-Year	17.634	17.214	18.111	18.210	16.615	16.615	18.004
Gross Deposits	1.632	1.452	2.563	2.074	3.342	1.228	1.759
Withdrawals (incl charges) & deaths	(2.220)	(2.468)	(2.521)	(3.283)	(2.448)	(1.361)	(1.281)
Net cash flows	(0.588)	(1.016)	0.042	(1.209)	0.894	(0.134)	0.478
Transfer from (to) var annuities	(1.336)	(0.356)	(0.783)	(1.329)	(0.428)	(0.236)	(0.264)
Interest credited	0.978	0.994	0.840	0.944	0.923	0.451	0.461
Acq of new business/companies	0.527	1.274					
Fixed Annuities Gross	17.214	18.111	18.210	16.615	18.004	16.697	18.679
Reinsurance Ceded	(1.757)	(1.606)	(1.419)	(1.221)	(1.514)	(1.146)	(1.770)
Fixed Annuities Bal End -of-Year	15.458	16.505	16.791	15.394	16.491	15.551	16.909
Fixed Annuities Incremental Deposits *	1.412	1.265	2.310	1.918	3.213	1.147	1.720
Variable Annuities Bal Beg-of-Year	20.383	27.346	33.358	41.493	39.427	39.427	34.638
Gross Deposits	2.695	2.791	2.553	3.165	3.067	1.590	1.595
Withdrawals (incl charges) & deaths	(2.038)	(3.019)	(3.760)	(4.830)	(3.856)	(2.243)	(1.762)
Net cash flows	0.657	(0.228)	(1.207)	(1.665)	(0.789)	(0.653)	(0.167)
Transfer from (to) fixed annuities	1.335	0.389	0.787	1.320	0.428	0.238	0.266
Invest inc & change in mkt value	4.971	5.414	8.555	(1.721)	(4.428)	(2.051)	(3.531)
Acq (sale) of new business/companies		0.437					
Var Annuities Bal End-of-Year	27.346	33.358	41.493	39.427	34.638	36.961	31.206
Variable Annuities Incremental Deposits *	2.585	2.641	2.409	2.667	2.624	1.295	1.469
Total Annuities Bal Beg-of-Year	38.017	44.561	51.469	59.704	56.043	56.043	52.643
Gross Deposits	4.327	4.244	5.116	5.239	6.409	2.818	3.354
Withdrawals (incl charges) & deaths	(4.258)	(5.487)	(6.281)	(8.113)	(6.304)	(3.604)	(3.043)
Net cash flows	0.069	(1.244)	(1.165)	(2.874)	0.105	(0.787)	0.311
Transfers	(0.001)	0.033	0.004	(0.009)	0.000	0.002	0.002
Interest credited & change in mkt value	5.949	6.408	9.395	(0.777)	(3.505)	(1.600)	(3.070)
Acq of new business/companies	0.527	1.711					
Total Gross Annuities Bal End-of-Year	44.561	51.469	59.704	56.043	52.643	53.658	49.886
Reinsurance Ceded	(1.757)	(1.606)	(1.419)	(1.221)	(1.514)	(1.146)	(1.770)
Total Annuities (Net of Ceded) Bal End-of-Year	42.804	49.863	58.284	54.821	51.129	52.512	48.116

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Total Annuities Incremental Deposits *</i>	3.997	3.906	4.719	4.585	5.837	2.442	3.189
<i>Var Ann Under Agree Included above</i>		0.649	0.719	0.941	1.077	0.975	1.175
<i>Fixed Annuities excluding fixed portion of variable contracts</i>							
Deposits			0.709	0.459	1.712	0.489	0.935
Withdrawals			(1.367)	(2.271)	(1.604)	(0.912)	(0.730)
Net Flows			(0.658)	(1.812)	0.108	(0.423)	0.205
Gross Fixed Account Values							10.048
Reinsurance Ceded							(1.770)
							8.278
<i>Variable Annuities including fixed portion of variable contracts</i>							
Deposits			4.407	4.780	4.697	2.329	2.419
Withdrawals			(4.915)	(5.842)	(4.700)	(2.692)	(2.313)
Net Flows			(0.508)	(1.062)	(0.003)	(0.363)	0.106
Variable Account Values							39.838
<i>Fixed Portion of Variable Contracts</i>							
Deposits			1.853	1.615	1.630	0.739	0.824
Withdrawals			(1.154)	(1.012)	(0.844)	(0.449)	(0.551)
Net Flows			0.699	0.603	0.786	0.290	0.273
Fixed Portion of Variable Account Values							8.631

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

06/30/02

PAGE 16

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

	<u>Sep 1999</u>	<u>Dec 1999</u>	<u>Mar 2000</u>	<u>Jun 2000</u>	<u>Sep 2000</u>	<u>Dec 2000</u>
Fixed Annuities Bal. Beg-of-Quarter	18.303	18.406	18.210	17.615	17.200	16.930
Gross Deposits	0.678	0.741	0.589	0.490	0.513	0.482
Withdrawals (incl charges) & deaths	(0.567)	(0.782)	(0.875)	(0.796)	(0.802)	(0.810)
Net cash flows	0.111	(0.040)	(0.287)	(0.307)	(0.288)	(0.328)
Transfer from (to) var annuities	(0.238)	(0.300)	(0.550)	(0.346)	(0.217)	(0.216)
Interest credited	0.231	0.144	0.241	0.238	0.235	0.230
Acq of new business/companies						
Fixed Annuities Gross	18.406	18.210	17.615	17.200	16.930	16.615
Reinsurance Ceded	(1.473)	(1.419)	(1.371)	(1.316)	(1.270)	(1.221)
Fixed Annuities Bal. End-of-Quarter	16.934	16.791	16.244	15.884	15.660	15.394
Fixed Annuities Incremental Deposits *	0.644	0.582	0.560	0.447	0.464	0.447
Variable Annuities Bal. Beg-of-Quarter	37.233	35.613	41.493	44.640	43.097	42.743
Gross Deposits	0.634	0.634	0.797	0.793	0.729	0.846
Withdrawals (incl charges) & deaths	(0.938)	(1.084)	(1.210)	(1.168)	(1.253)	(1.199)
Net cash flows	(0.304)	(0.450)	(0.413)	(0.375)	(0.524)	(0.353)
Transfer from (to) fixed annuities	0.237	0.303	0.549	0.343	0.216	0.212
Invest inc. & change in mkt value	(1.553)	6.027	3.011	(1.511)	(0.046)	(3.175)
Acq (sale) of new business/companies						
Var Annuities Bal. End-of-Quarter	35.613	41.493	44.640	43.097	42.743	39.427
Variable Annuities Incremental Deposits	0.589	0.592	0.732	0.699	0.586	0.650
Total Annuities Bal. Beg-of-Quarter	55.536	54.020	59.704	62.255	60.297	59.673
Gross Deposits	1.312	1.375	1.386	1.283	1.242	1.328
Withdrawals (incl charges) & deaths	(1.505)	(1.865)	(2.085)	(1.964)	(2.055)	(2.009)
Net cash flows	(0.193)	(0.490)	(0.700)	(0.682)	(0.812)	(0.681)
Transfers	(0.001)	0.003	(0.001)	(0.003)	(0.001)	(0.004)
Interest credited & change in mkt value	(1.322)	6.171	3.252	(1.273)	0.189	(2.945)
Acq of new business/companies						
Total Gross Annuities Bal. End-of-Quarter	54.020	59.704	62.255	60.297	59.673	56.043
Reinsurance Ceded	(1.473)	(1.419)	(1.371)	(1.316)	(1.270)	(1.221)
	52.547	58.284	60.884	58.981	58.403	54.821

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

*Total Annuities (Net of Ceded) Bal.
End-of-Qtr*

<i>Total Annuities Incremental Deposits *</i>	1.233	1.174	1.292	1.145	1.050	1.097
<i>Var Ann Under Agree Included above</i>	0.639	0.719	0.866	0.868	0.962	0.941

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Fixed Annuities Bal. Beg-of-Quarter	16.615	16.599	16.697	17.317	18.004	18.178
Gross Deposits	0.560	0.668	0.896	1.218	0.906	0.853
Withdrawals (incl charges) & deaths	(0.787)	(0.574)	(0.525)	(0.562)	(0.730)	(0.551)
Net cash flows	(0.227)	0.094	0.372	0.656	0.176	0.302
Transfer from (to) var annuities	(0.014)	(0.222)	0.021	(0.213)	(0.232)	(0.032)
Interest credited	0.225	0.226	0.228	0.244	0.230	0.231
Acq of new business/companies						
Fixed Annuities Gross	16.599	16.697	17.317	18.004	18.178	18.679
Reinsurance Ceded	(1.169)	(1.146)	(1.266)	(1.514)	(1.645)	(1.770)
Fixed Annuities Bal. End-of-Quarter	15.430	15.551	16.051	16.491	16.533	16.909
Fixed Annuities Incremental Deposits *	0.536	0.611	0.873	1.193	0.881	0.839
Variable Annuities Bal. Beg-of-Quarter	39.427	34.733	36.961	30.506	34.638	35.150
Gross Deposits	0.887	0.703	0.684	0.793	0.808	0.787
Withdrawals (incl charges) & deaths	(1.250)	(0.993)	(0.795)	(0.818)	(0.896)	(0.866)
Net cash flows	(0.363)	(0.290)	(0.111)	(0.025)	(0.088)	(0.079)
Transfer from (to) fixed annuities	0.011	0.227	(0.023)	0.213	0.234	0.032
Invest inc. & change in mkt value	(4.342)	2.291	(6.321)	3.944	0.366	(3.897)
Acq (sale) of new business/companies						
Var Annuities Bal. End-of-Quarter	34.733	36.961	30.506	34.638	35.150	31.206
Variable Annuities Incremental Deposits	0.683	0.612	0.604	0.725	0.725	0.744
Total Annuities Bal. Beg-of-Quarter	56.043	51.332	53.658	47.824	52.643	53.329
Gross Deposits	1.447	1.371	1.580	2.011	1.714	1.640
Withdrawals (incl charges) & deaths	(2.037)	(1.567)	(1.320)	(1.380)	(1.626)	(1.417)
Net cash flows	(0.590)	(0.196)	0.261	0.631	0.088	0.223
Transfers	(0.003)	0.005	(0.002)		0.002	0.000
Interest credited & change in mkt value	(4.117)	2.517	(6.093)	4.188	0.596	(3.666)
Acq of new business/companies						
	51.332	53.658	47.824	52.643	53.329	49.886

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Total Gross Annuities Bal.</i>						
<i>End-of-Quarter</i>						
<i>Reinsurance Ceded</i>	(1.169)	(1.146)	(1.266)	(1.514)	(1.645)	(1.770)
<hr/>						
<i>Total Annuities (Net of Ceded) Bal.</i>	50.163	52.512	46.558	51.129	51.684	48.116
<hr/>						
<i>Total Annuities Incremental Deposits *</i>	1.219	1.223	1.477	1.918	1.606	1.583
<i>Var Ann Under Agree Included above</i>	0.904	0.975	0.907	1.077	1.207	1.175

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

<i>Fixed Annuities excluding fixed portion of variable contracts</i>						
Deposits	0.147	0.275	0.134	0.126	0.114	0.085
Withdrawals	(0.329)	(0.428)	(0.612)	(0.557)	(0.532)	(0.570)
Net Flows	(0.182)	(0.152)	(0.479)	(0.431)	(0.417)	(0.485)
Gross Fixed Account Values						
Reinsurance Ceded						
<hr/>						
Net Fixed Account Values						
<i>Variable Annuities including fixed portion of variable contracts</i>						
Deposits	1.165	1.100	1.252	1.157	1.128	1.243
Withdrawals	(1.176)	(1.438)	(1.473)	(1.408)	(1.523)	(1.439)
Net Flows	(0.011)	(0.338)	(0.221)	(0.251)	(0.395)	(0.196)
Variable Account Values						
<i>Fixed Portion of Variable Contracts</i>						
Deposits	0.531	0.466	0.455	0.364	0.399	0.397
Withdrawals	(0.238)	(0.354)	(0.263)	(0.240)	(0.270)	(0.240)
Net Flows	0.293	0.112	0.192	0.124	0.129	0.157
Fixed Portion of Variable Account Values						
<i>Average Daily Variable Account Values</i>	36.580	37.845	42.185	42.182	43.055	39.682

[Additional columns below]

[Continued from above table, first column(s) repeated]

<i>Fixed Annuities excluding fixed portion of variable contracts</i>						
Deposits	0.160	0.329	0.489	0.734	0.505	0.430
Withdrawals	(0.556)	(0.356)	(0.340)	(0.352)	(0.463)	(0.267)
Net Flows	(0.396)	(0.027)	0.149	0.382	0.042	0.163
Gross Fixed Account Values					9.761	10.048
Reinsurance Ceded					(1.645)	(1.770)
<hr/>						
Net Fixed Account Values					8.116	8.278
<i>Variable Annuities including fixed portion of variable contracts</i>						
Deposits	1.287	1.042	1.091	1.277	1.209	1.210
Withdrawals	(1.481)	(1.211)	(0.979)	(1.028)	(1.163)	(1.150)
Net Flows	(0.194)	(0.169)	0.112	0.249	0.046	0.060
Variable Account Values					43.568	39.838
<i>Fixed Portion of Variable Contracts</i>						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Deposits	0.400	0.339	0.407	0.484	0.401	0.423
Withdrawals	(0.231)	(0.218)	(0.184)	(0.210)	(0.267)	(0.284)
Net Flows	0.169	0.121	0.223	0.274	0.134	0.139
Fixed Portion of Variable Account Values					8.417	8.631
<i>Average Daily Variable Account Values</i>	38.180	36.499	34.399	33.216	34.341	33.502

06/30/02

PAGE 17

Life Insurance Segment
Income Statements & Operational Data
Unaudited [Millions of Dollars]

	1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Operating Revenue							
Premiums	64.8	185.9	235.8	227.3	212.4	101.6	98.7
Surrender charges	9.8	52.1	66.3	66.4	66.1	30.6	25.2
Mortality assessments	161.2	350.1	444.6	465.2	499.4	249.1	247.8
Expense assessments	28.6	146.2	165.8	191.8	191.4	92.7	94.1
Other revenue and fees	9.0	2.6	9.8	14.2	17.9	8.9	12.4
Net investment income	268.2	642.6	840.1	871.5	910.2	450.4	451.7
Operating Revenue	541.5	1379.5	1762.6	1836.4	1897.5	933.4	929.9
Operating Benefits and Expenses							
Benefits paid or provided:							
Benefits	143.6	371.2	430.5	411.5	418.5	203.4	207.7
Div accum & div to policyholders	20.4	70.7	81.5	80.8	78.5	36.6	36.0
Interest credited to policy bal.	153.0	393.1	493.8	525.4	569.9	279.5	295.2
Underwriting, acquisition, insurance and other expenses	172.1	293.1	399.1	384.8	374.7	190.8	180.6
Goodwill amortization	0.1	19.7	23.4	23.7	23.7	11.8	0.0
Operating Benefits and Expenses	489.3	1147.8	1428.2	1426.3	1465.4	722.1	719.5
Income from Operations							
Before Tax	52.3	231.6	334.3	410.1	432.1	211.2	210.4
Federal income taxes	12.4	82.4	122.3	150.1	153.0	75.5	65.8
Income from Operations	39.9	149.2	212.0	259.9	279.0	135.7	144.6
Realized gains (losses) on investments	(0.8)	(1.7)	(0.5)	(10.7)	(38.5)	(11.8)	(43.4)
Gains (losses) on derivatives					1.6	0.1	0.3
Restructuring charges	0.0	(20.0)	0.0	0.0	(3.5)	(2.0)	0.0
Income before Accounting Changes	39.1	127.5	211.5	249.3	238.6	122.0	101.6
Cumulative effect of accounting changes					(5.5)	(5.5)	0.0
Net Income	39.1	127.5	211.5	249.3	233.1	116.5	101.6
Inc from Oper before Goodwill Amort.							
	40.0	168.9	235.4	283.6	302.7	147.6	144.6
Net Income before Goodwill Amort.	39.2	147.1	234.9	273.0	256.7	128.3	101.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Effective tax rate</i>	23.7%	35.6%	36.6%	36.6%	35.4%	35.7%	31.3%
Operating Revenue	541.5	1,379.5	1,762.6	1836.4	1897.5	933.4	929.9
Realized gains (losses) on investments	3.2	(1.0)	(2.2)	(17.4)	(57.6)	(18.2)	(66.8)
Gains (losses) on derivatives					0.7	0.1	0.6
Total Revenue	544.8	1378.5	1760.4	1819.0	1840.6	915.3	863.8
Average capital	384.9	1948.0	2712.3	2640.2	2731.5	2722.7	2833.8
Return on average capital	10.4%	7.7%	7.8%	9.8%	10.2%	10.0%	10.2%

First Year Premiums by Product
(Millions)

Universal Life	114.0	233.0	342.9	289.3	292.7	127.7	185.3
Variable Universal Life	52.9	101.3	142.2	218.7	228.6	108.3	81.4
Whole Life	5.4	20.0	23.9	22.4	26.3	9.2	11.6
Term	33.0	48.0	45.9	41.9	30.8	13.7	16.8
Total Retail	205.3	402.3	555.0	572.3	578.4	258.8	295.2
Corporate Owned Life Insurance (COLI)	0.0	4.0	14.7	87.0	47.3	28.0	53.5
Total	205.3	406.3	569.7	659.3	625.6	286.9	348.7

First Year Premiums by Distribution
(Millions)

Lincoln Financial Advisors	71.0	35.0	188.3	200.6	196.1	86.2	89.8
Lincoln Financial Distributors	134.3	356.3	367.9	444.7	413.0	193.1	252.5
Other*	0.0	15.0	13.5	14.0	16.6	7.6	6.4
Total by Distribution	205.3	406.3	569.7	659.3	625.6	286.9	348.7

Life Insurance In-Force (Billions)

Universal Life & Other	32.827	105.837	109.288	115.872	121.168	118.007	123.674
Term Insurance	30.337	67.076	85.701	100.130	113.226	105.265	121.076
Total Life Segment In-Force	63.164	172.914	194.988	216.002	234.394	223.272	244.750

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period					1,079.3	1,079.3	1,265.6
Deferral					324.8	133.3	156.5
Amortization					(95.0)	(35.1)	(45.7)
Operating					229.8	98.2	110.8
Adjustment related to realized (gains) losses on securities available-for-sale					43.0	21.1	27.0
Adjustment related to unrealized (gains) losses on securities available-for-sale					(89.0)	(47.8)	(17.9)
Other**					2.5	0.4	19.3
Balance at end-of-period					1,265.6	1,151.1	1,404.9

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

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

06/30/02

PAGE 18

Life Insurance Segment
Income Statements & Operational Data
Unaudited [Millions of Dollars]

<u>For the Quarter Ended</u>	<u>Sep</u>	<u>Dec</u>	<u>Mar</u>	<u>Jun</u>	<u>Sep</u>	<u>Dec</u>
	<u>1999</u>	<u>1999</u>	<u>2000</u>	<u>2000</u>	<u>2000</u>	<u>2000</u>
Operating Revenue						
Premiums	52.4	71.1	53.0	56.3	50.9	67.1
Surrender charges	17.1	18.0	16.2	16.5	13.8	19.9
Mortality assessments	110.5	113.9	112.2	114.5	116.3	122.1
Expense assessments	42.8	48.0	45.3	44.1	46.9	55.5
Other revenue and fees	2.4	3.9	3.2	3.6	3.8	3.7
Net investment income	209.6	214.8	215.6	215.5	220.6	219.7
	<u>434.9</u>	<u>469.6</u>	<u>445.5</u>	<u>450.5</u>	<u>452.4</u>	<u>488.0</u>
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	105.4	112.8	98.4	96.3	95.8	121.0
Div accum & div to policyholders	19.2	21.0	20.4	18.7	16.4	25.3
Interest credited to policy bal.	122.8	122.3	126.3	128.7	134.0	136.5
Underwriting, acquisition, insurance and other expenses	99.1	117.8	99.4	100.9	94.9	89.6
Goodwill amortization	6.4	6.0	5.9	5.9	5.9	5.9
	<u>353.0</u>	<u>379.9</u>	<u>350.3</u>	<u>350.6</u>	<u>347.0</u>	<u>378.4</u>
Income from Operations Before Tax	82.0	89.8	95.2	99.9	105.4	109.6
Federal income taxes	29.4	32.8	34.8	37.4	38.9	39.0
	<u>52.6</u>	<u>57.0</u>	<u>60.4</u>	<u>62.4</u>	<u>66.5</u>	<u>70.6</u>
Income from Operations	52.6	57.0	60.4	62.4	66.5	70.6
Realized gains (losses) on investments	1.4	2.8	(2.4)	(4.0)	1.0	(5.2)
Gains (losses) on derivatives						
Restructuring charges						
	<u>54.0</u>	<u>59.7</u>	<u>58.1</u>	<u>58.4</u>	<u>67.4</u>	<u>65.4</u>
Income before Accounting Changes	54.0	59.7	58.1	58.4	67.4	65.4
Cumulative effect of accounting changes						
	<u>54.0</u>	<u>59.7</u>	<u>58.1</u>	<u>58.4</u>	<u>67.4</u>	<u>65.4</u>
Net Income	54.0	59.7	58.1	58.4	67.4	65.4
Inc from Oper before Goodwill Amort.	59.0	63.0	66.3	68.4	72.4	76.5
Net Income before Goodwill Amort.	60.4	65.8	64.0	64.4	73.4	71.3
Effective tax rate	35.9%	36.5%	36.5%	37.5%	36.9%	35.6%
Operating Revenue	434.9	469.6	445.5	450.5	452.4	488.0
Realized gains (losses) on investments	2.1	3.4	(3.8)	(6.3)	0.8	(8.1)
Gains (losses) on derivatives						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Revenue	437.1	473.1	441.7	444.2	453.2	479.9
Average capital	2707.4	2686.0	2655.3	2615.0	2650.5	2640.0
Return on average capital	7.8%	8.5%	9.1%	9.6%	10.0%	10.7%
First Year Premiums by Product (Millions)						
Universal Life	75.6	113.2	72.3	63.7	72.4	80.9
Variable Universal Life	30.0	55.6	44.0	44.5	55.1	75.1
Whole Life	6.4	8.0	3.9	4.5	6.0	8.0
Term	10.5	11.0	13.1	12.1	9.1	7.6
Total Retail	122.5	187.8	133.3	124.8	142.6	171.6
Corporate Owned Life Insurance (COLI)	2.3	4.0	12.7	19.5	5.8	49.0
Total	124.8	191.9	146.0	144.3	148.4	220.7
First Year Premiums by Distribution (Millions)						
Lincoln Financial Advisors	39.4	72.8	46.1	37.0	51.3	66.2
Lincoln Financial Distributors	82.0	115.0	96.8	104.4	92.9	150.6
Other*	3.4	4.1	3.0	2.9	4.2	3.9
Total by Distribution	124.8	191.9	146.0	144.3	148.4	220.7
Insurance In-Force (Billions)						
Universal Life & Other	106.945	109.288	108.817	110.448	112.884	115.872
Term Insurance	81.963	85.701	92.857	97.039	98.424	100.130
Total Segment In-Force	188.908	194.988	201.674	207.487	211.308	216.002
Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter						
Deferral						
Amortization						
Operating						
Adjustment related to realized (gains) losses on securities available-for-sale						
Adjustment related to unrealized (gains) losses on securities available-for-sale						
Other						
Balance at end-of-quarter						

[Additional columns below]

[Continued from above table, first column(s) repeated]

For the Quarter Ended	Mar	Jun	Sep	Dec	Mar	Jun
	2001	2001	2001	2001	2002	2002
Operating Revenue						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Premiums	50.9	50.7	46.4	64.4	51.1	47.6
Surrender charges	17.2	13.5	15.6	19.9	11.7	13.5
Mortality assessments	124.3	124.8	124.7	125.5	123.9	123.9
Expense assessments	47.4	45.3	46.0	52.8	46.9	47.2
Other revenue and fees	5.1	3.8	3.0	6.0	5.7	6.7
Net investment income	223.0	227.4	233.2	226.6	226.0	225.7
Operating Revenue	467.9	465.5	468.9	495.2	465.3	464.6
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	99.9	103.5	102.3	112.9	104.1	103.6
Div accum & div to policyholders	17.5	19.0	16.5	25.4	17.8	18.2
Interest credited to policy bal.	138.3	141.2	143.5	146.9	146.3	148.9
Underwriting, acquisition, insurance and other expenses	98.8	92.0	92.5	91.4	92.1	88.5
Goodwill amortization	5.9	5.9	5.9	5.9	0.0	
Operating Benefits and Expenses	360.5	361.7	360.8	382.5	360.2	359.3
Income from Operations Before Tax	107.4	103.8	108.1	112.7	105.1	105.3
Federal income taxes	38.8	36.7	38.1	39.5	34.0	31.8
Income from Operations	68.6	67.1	70.1	73.2	71.1	73.5
Realized gains (losses) on investments	(5.4)	(6.4)	(5.3)	(21.3)	(26.9)	(16.4)
Gains (losses) on derivatives	(0.0)	0.1	(0.0)	1.5	0.0	0.3
Restructuring charges		(2.0)		(1.5)		
Income before Accounting Changes	63.2	58.8	64.7	51.9	44.2	57.4
Cumulative effect of accounting changes	(0.2)	(5.3)	0.0	(0.0)	0.0	0.0
Net Income	62.9	53.5	64.7	51.9	44.2	57.4
Inc from Oper before Goodwill Amort.	74.5	73.0	76.0	79.1	71.1	73.5
Net Income before Goodwill Amort.	68.9	59.5	70.6	57.8	44.2	57.4
Effective tax rate	36.1%	35.3%	35.2%	35.0%	32.3%	30.2%
Operating Revenue	467.9	465.5	468.9	495.2	465.3	464.6
Realized gains (losses) on investments	(8.2)	(10.0)	(8.2)	(31.1)	(41.4)	(25.4)
Gains (losses) on derivatives	(0.0)	0.2	(0.1)	0.6	0.0	0.6
Total Revenue	459.6	455.7	460.6	464.7	423.9	439.8
Average capital	2729.8	2715.7	2736.3	2744.4	2801.9	2865.8
Return on average capital	10.1%	9.9%	10.2%	10.7%	10.2%	10.3%
First Year Premiums by Product (Millions)						
Universal Life	57.7	70.0	67.4	97.5	86.4	98.9
Variable Universal Life	56.0	52.2	50.1	70.2	39.0	42.4
Whole Life	4.1	5.1	6.7	10.4	5.2	6.4
Term	6.5	7.2	8.1	9.1	8.7	8.1
Total Retail	124.2	134.6	132.4	187.2	139.4	155.8
Corporate Owned Life Insurance (COLI)	7.1	21.0	5.1	14.2	6.9	46.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total	131.3	155.6	137.4	201.3	146.3	202.4
First Year Premiums by Distribution (Millions)						
Lincoln Financial Advisors	38.1	48.2	41.8	68.0	41.5	48.3
Lincoln Financial Distributors	89.1	104.0	90.4	129.5	100.9	151.6
Other*	4.2	3.4	5.2	3.8	3.8	2.6
Total by Distribution	131.3	155.6	137.4	201.3	146.3	202.4
Insurance In-Force (Billions)						
Universal Life & Other	116.747	118.007	119.029	121.168	122.316	123.674
Term Insurance	102.467	105.265	108.723	113.226	117.752	121.076
Total Segment In-Force	219.214	223.272	227.751	234.394	240.068	244.750
Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-quarter*	1,079.3	1,064.1	1,151.1	1,156.0	1,265.6	1,385.3
Deferral	64.5	68.8	85.3	106.3	74.3	82.2
Amortization	(19.3)	(15.8)	(29.7)	(30.2)	(22.1)	(23.6)
Operating	45.2	53.0	55.5	76.1	52.3	58.6
Adjustment related to realized (gains) losses on securities available-for-sale	7.8	13.3	7.2	14.7	15.8	11.2
Adjustment related to unrealized (gains) losses on securities available-for-sale	(68.5)	20.7	(59.6)	18.5	34.0	(51.9)
Other**	0.2	0.1	1.8	0.3	17.6	1.7
Balance at end-of-quarter	1,064.1	1,151.1	1,156.0	1,265.6	1,385.3	1,404.9

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

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

06/30/02

PAGE 19

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

		1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Universal Life	Bal Beg-of-Year	2.530	2.558	6.259	6.650	6.976	6.976	7.508
	Deposits	0.278	0.675	1.017	0.955	1.043	0.497	0.612
	Withdrawals & deaths	(0.399)	(0.701)	(0.452)	(0.426)	(0.319)	(0.161)	(0.193)
	Net cash flows	(0.121)	(0.026)	0.564	0.528	0.724	0.335	0.419
	Policyholder assessments			(0.544)	(0.584)	(0.598)	(0.294)	(0.316)
	Interest credited	0.149	0.350	0.370	0.382	0.405	0.198	0.210
	Acq of new business/transfers between segments	0.000	3.378	0.000	0.000	0.000	0.000	0.018
	Universal Life Bal End of Year (1)	2.558	6.259	6.650	6.976	7.508	7.216	7.838
Variable Universal Life	Bal Beg-of-Year	0.339	0.480	1.200	1.605	1.808	1.808	1.746
	Deposits	0.106	0.193	0.326	0.607	0.584	0.273	0.277
	Withdrawals & deaths	(0.040)	(0.100)	(0.099)	(0.132)	(0.251)	(0.108)	(0.112)
	Net cash flows	0.065	0.093	0.228	0.475	0.332	0.165	0.164
	Policyholder assessments		0.000	(0.084)	(0.141)	(0.170)	(0.082)	(0.093)
	Invest inc & chg in mkt value	0.076	0.105	0.370	(0.130)	(0.225)	(0.125)	(0.173)
	Acq of new business/transfers between segments	0.000	0.522	(0.110)	0.000	0.000	0.000	0.132
	Variable Universal Life Bal End-of-Year	0.480	1.200	1.605	1.808	1.746	1.766	1.776
Interest Sensitive Whole Life	Bal Beg-of-Year			1.784	1.963	2.062	2.062	2.123
	Deposits		0.340	0.355	0.322	0.307	0.125	0.129
			(0.294)	(0.162)	(0.168)	(0.200)	(0.084)	(0.091)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	Withdrawals & deaths							
	Net cash flows		0.046	0.193	0.154	0.107	0.041	0.038
	Policyholder assessments			(0.168)	(0.168)	(0.164)	(0.076)	(0.081)
	Interest credited		0.096	0.109	0.113	0.118	0.058	0.065
	Acq of new business/transfers between segments		1.642	0.045				
	<i>Int Sensitive Whole Life Bal End-of-Year</i>		1.784	1.963	2.062	2.123	2.084	2.145
<i>Total Segment</i>	<i>Life Insurance Account Values</i>							

Bal Beg-of-Year

2.869 3.038 9.243 10.217 **10.847** 10.847 **11.377**

Deposits

0.384 1.207 1.698 1.884 **1.934** 0.895 **1.018**

Withdrawals & deaths

(0.439) (1.095) (0.713) (0.727) **(0.771)** (0.354) **(0.396)**

Net cash flows

(0.056) 0.113 0.985 1.158 **1.163** 0.541 **0.621**

Policyholder assessments

(0.795) (0.893) **(0.931)** (0.453) **(0.490)**

Invest inc & change in market value

0.225 0.551 0.849 0.364 **0.299** 0.132 **0.101**

Acq of new business/transfers between segments

5.542 (0.065) **0.150**

Total Segment Bal End-of-Year
3.038 9.243 10.217 10.847 **11.377** 11.066 **11.759**

(1) Includes fixed investment option of VUL products.

06/30/02

PAGE 20

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

For the Quarter Ended	Sep	Dec	Mar	Jun	Sep	Dec
	1999	1999	2000	2000	2000	2000
Universal Life Bal Beg-of-Quarter	6.434	6.519	6.650	6.729	6.782	6.878
Deposits	0.239	0.306	0.252	0.212	0.227	0.265
Withdrawals & deaths	(0.109)	(0.124)	(0.121)	(0.111)	(0.080)	(0.114)
Net cash flows	0.129	0.182	0.131	0.101	0.146	0.151
Policyholder assessments	(0.136)	(0.145)	(0.145)	(0.143)	(0.146)	(0.150)
Interest credited	0.091	0.093	0.093	0.095	0.096	0.097
Acq of new business/transfers between segments				0.000		0.000
Universal Life Bal End-of-Quarter (1)	6.519	6.650	6.729	6.782	6.878	6.976
Variable Universal Life Bal Beg of Quarter	1.298	1.285	1.605	1.771	1.764	1.812
Deposits	0.074	0.107	0.112	0.128	0.123	0.245
Withdrawals & deaths	(0.049)	(0.025)	(0.019)	(0.028)	(0.037)	(0.048)
Net cash flows	0.025	0.082	0.093	0.100	0.085	0.197
Policyholder assessments	(0.020)	(0.024)	(0.032)	(0.033)	(0.036)	(0.041)
Invest inc & chg in mkt value	(0.018)	0.262	0.105	(0.074)	(0.001)	(0.160)
Acq of new business/transfers between segments				0.000		
Variable Universal Life Bal End-of-Quarter	1.285	1.605	1.771	1.764	1.812	1.808
Interest Sensitive Whole Life Bal Beg-of-Quarter	1.895	1.922	1.963	1.970	1.993	2.026
Deposits	0.086	0.113	0.060	0.071	0.079	0.113
Withdrawals & deaths	(0.044)	(0.050)	(0.042)	(0.037)	(0.033)	(0.056)
Net cash flows	0.043	0.062	0.018	0.034	0.045	0.057
Policyholder assessments	(0.042)	(0.048)	(0.039)	(0.040)	(0.040)	(0.050)
Interest credited	0.027	0.026	0.028	0.028	0.027	0.029
Acq of new business/transfers between segments						
Int Sensitive Whole Life Bal End-of-Quarter	1.922	1.963	1.970	1.993	2.026	2.062
Total Segment Life Insurance Account Values						
Bal Beg-of-Quarter	9.628	9.726	10.217	10.470	10.538	10.716
Deposits	0.399	0.526	0.424	0.411	0.428	0.622
Withdrawals & deaths	(0.202)	(0.199)	(0.182)	(0.176)	(0.151)	(0.218)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net cash flows	0.197	0.327	0.242	0.235	0.277	0.404
Policyholder assessments	(0.198)	(0.216)	(0.215)	(0.216)	(0.221)	(0.241)
Invest inc & change in market value	0.100	0.381	0.227	0.048	0.123	(0.033)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	0.000	0.000
Total Segment Bal End-of-Quarter	9.726	10.217	10.470	10.538	10.716	10.847

[Additional columns below]

[Continued from above table, first column(s) repeated]

For the Quarter Ended	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Universal Life Bal Beg-of-Quarter	6.976	7.063	7.216	7.315	7.508	7.622
Deposits	0.227	0.270	0.233	0.314	0.248	0.364
Withdrawals & deaths	(0.091)	(0.071)	(0.085)	(0.073)	(0.098)	(0.096)
Net cash flows	0.136	0.199	0.147	0.241	0.150	0.268
Policyholder assessments	(0.147)	(0.147)	(0.150)	(0.153)	(0.158)	(0.158)
Interest credited	0.098	0.100	0.102	0.105	0.104	0.106
Acq of new business/transfers between segments	0.000				0.018	
Universal Life Bal End-of-Quarter (1)	7.063	7.216	7.315	7.508	7.622	7.838
Variable Universal Life Bal Beg of Quarter	1.808	1.633	1.766	1.527	1.746	1.919
Deposits	0.136	0.138	0.124	0.186	0.129	0.147
Withdrawals & deaths	(0.049)	(0.060)	(0.055)	(0.088)	(0.055)	(0.057)
Net cash flows	0.087	0.078	0.069	0.098	0.074	0.090
Policyholder assessments	(0.041)	(0.041)	(0.042)	(0.045)	(0.047)	(0.046)
Invest inc & chg in mkt value	(0.221)	0.096	(0.266)	0.166	0.013	(0.186)
Acq of new business/transfers between segments	0.000	0.000			0.132	
Variable Universal Life Bal End-of-Quarter	1.633	1.766	1.527	1.746	1.919	1.776
Interest Sensitive Whole Life Bal Beg-of-Quarter	2.062	2.068	2.084	2.096	2.123	2.126
Deposits	0.056	0.069	0.077	0.105	0.063	0.066
Withdrawals & deaths	(0.041)	(0.043)	(0.054)	(0.061)	(0.051)	(0.039)
Net cash flows	0.014	0.027	0.022	0.044	0.012	0.026
Policyholder assessments	(0.037)	(0.040)	(0.041)	(0.047)	(0.042)	(0.039)
Interest credited	0.028	0.030	0.030	0.030	0.033	0.032
Acq of new business/transfers between segments						
Int Sensitive Whole Life Bal End-of-Quarter	2.068	2.084	2.096	2.123	2.126	2.145

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Total Segment Life Insurance Account</i>						
<i>Values</i>						
Bal Beg-of-Quarter	10.847	10.764	11.066	10.939	11.377	11.667
Deposits	0.418	0.477	0.434	0.605	0.440	0.577
Withdrawals & deaths	(0.181)	(0.173)	(0.195)	(0.222)	(0.204)	(0.192)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash flows	0.237	0.304	0.239	0.383	0.236	0.385
Policyholder assessments	(0.225)	(0.228)	(0.232)	(0.246)	(0.246)	(0.244)
Invest inc & change in market value	(0.094)	0.226	(0.134)	0.301	0.151	(0.049)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	0.150	0.000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Segment Bal End-of-Quarter	10.764	11.066	10.939	11.377	11.667	11.759
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(1) Includes fixed investment option of VUL products.

06/30/02

PAGE 21

*Investment Management
Income Statements
Unaudited [Millions of Dollars]*

For the Year Ended December 31	1997
Operating Revenue	
Investment advisory fees External	229.9
Investment advisory fees Insurance Assets	68.5
Other revenue and fees	76.3
Net investment income	72.8
Operating Revenue	447.5
Operating Benefits and Expenses	
Underwriting, acquisition, insurance and other expenses	396.1
Goodwill amortization	15.5
Interest on notes payable	0.1
Operating Benefits and Expenses	411.8
Income from Operations Before Tax	35.8
Federal income taxes	17.7
Income from Operations	18.1
Realized gains (losses) on investments	7.0
Gains (losses) on derivatives	
Restructuring charges	0.0
Income before Accounting Changes	25.1
Cumulative effect of accounting changes	
Net Income	25.1
Income from Operations- before Goodwill Amortization	33.6
Income from Operations before Goodwill & Intang. Amort.	45.2
Net Income before Goodwill Amortization	40.6
Net Income before Goodwill & Intang. Amort.	52.2
Operating Revenue	447.5
Realized gains (losses) on investments	11.6
Gains (losses) on derivatives	
Total Revenue	459.1
Average Capital (Securities at Cost)	653.3
Return on Capital	2.8%

[Continued from above table, first column(s) repeated]

For the Year Ended December 31	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Operating Revenue						
Investment advisory fees External	249.0	248.6	231.6	197.2	101.6	95.8
Investment advisory fees Insurance Assets	82.5	83.6	88.9	87.5	43.6	41.9
Other revenue and fees	92.5	106.6	115.9	99.2	52.0	45.0
Net investment income	67.0	56.9	57.7	53.6	27.1	25.5
Operating Revenue	491.0	495.6	494.2	437.4	224.4	208.1
Operating Benefits and Expenses						
Underwriting, acquisition, insurance and other expenses	401.5	384.3	408.7	397.8	206.4	190.4
Goodwill amortization	16.3	16.2	16.2	16.2	8.1	0.0
Interest on notes payable	0.4	0.0	0.0	0.0	0.0	0.0
Operating Benefits and Expenses	418.2	400.5	425.0	414.1	214.5	190.4
Income from Operations Before Tax	72.8	95.1	69.2	23.4	9.9	17.8
Federal income taxes	28.9	34.1	25.1	8.7	3.8	3.2
Income from Operations	43.9	61.0	44.1	14.6	6.1	14.6
Realized gains (losses) on investments	0.5	(0.1)	(2.5)	(2.4)	(1.2)	(1.4)
Gains (losses) on derivatives				0.0	0.0	0.0
Restructuring charges	0.0	(9.2)	(4.6)	(0.4)	0.0	0.0
Income before Accounting Changes	44.4	51.6	37.0	11.9	4.9	13.2
Cumulative effect of accounting changes				(0.1)	(0.1)	
Net Income	44.4	51.6	37.0	11.8	4.8	13.2
Income from Operations before Goodwill Amortization	60.3	77.2	60.3	30.9	14.2	14.6
Income from Operations before Goodwill & Intang. Amort.	72.6	88.7	70.9	37.9	18.3	17.3
Net Income before Goodwill Amortization	60.8	67.9	53.2	28.0	13.0	13.2
Net Income before Goodwill & Intang. Amort.	73.1	79.4	63.8	35.0	17.0	15.9
Operating Revenue	491.0	495.6	494.2	437.4	224.4	208.1
Realized gains (losses) on investments	0.9	(0.1)	(3.9)	(3.7)	(1.8)	(2.2)
Gains (losses) on derivatives						
Total Revenue	491.9	495.5	490.3	433.7	222.6	205.9
Average Capital (Securities at Cost)	642.3	593.9	575.2	543.7	545.6	557.4
Return on Capital	6.8%	10.3%	7.7%	2.7%	2.2%	5.2%

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Investment advisory fees	External	60.7	60.3	60.0	57.9	56.9	56.7
Investment advisory fees	Insurance Assets	19.9	22.1	21.0	22.3	22.5	23.1
Other revenue and fees		24.9	29.8	31.9	31.0	26.4	26.6
Net investment income		13.9	13.9	13.0	12.6	18.3	13.8
Operating Revenue		119.3	126.1	126.0	123.8	124.1	120.2
Operating Benefits and Expenses							
Underwriting, acquisition, insurance and other expenses		92.8	96.3	102.5	99.3	103.9	103.0
Goodwill amortization		4.1	4.1	4.1	4.1	4.1	4.1
Interest on notes payable		0.0	0.0	0.0	0.0	0.0	(0.0)
Operating Benefits & Expenses		96.8	100.4	106.6	103.3	107.9	107.1
Income from Operations Before Tax		22.5	25.7	19.4	20.5	16.2	13.1
Federal income taxes		7.7	9.1	7.0	7.4	6.3	4.4
Income from Operations		14.7	16.5	12.4	13.1	9.9	8.7
Realized gains (losses) on investments		(0.3)	0.4	(0.1)	(2.0)	(0.2)	(0.2)
Gains (losses) on derivatives							
Restructuring charges		0.0	2.9	0.0	(2.7)	0.0	(1.9)
Income before Accounting Changes		14.4	19.8	12.3	8.4	9.7	6.6
Cumulative effect of accounting changes							
Net Income		14.4	19.8	12.3	8.4	9.7	6.6
Inc from Oper before Goodwill Amortization		18.8	20.6	16.5	17.1	14.0	12.7
Inc from Oper before Goodwill & Intang. Amort.		21.7	23.3	19.4	19.7	16.6	15.2
Net Income before Goodwill Amortization		18.5	23.9	16.4	12.4	13.7	10.6
Net Income before Goodwill & Intang. Amort.		21.3	26.6	19.2	15.0	16.3	13.1
Operating Revenue		119.3	126.1	126.0	123.8	124.1	120.2
Realized gains (losses) on investments		(0.5)	0.6	(0.2)	(3.1)	(0.4)	(0.3)
Gains (losses) on derivatives							
Total Revenue		118.8	126.6	125.8	120.7	123.8	120.0
Average Capital (Securities at Cost)		587.2	584.2	581.5	593.0	567.7	558.5
Return on Capital		10.0%	11.3%	8.6%	8.8%	7.0%	6.2%

[Additional columns below]

[Continued from above table, first column(s) repeated]

	For the Quarter Ended		Mar	Jun	Sep	Dec	Mar	Jun
			2001	2001	2001	2001	2002	2002
Operating Revenue								
Investment advisory fees	External		50.5	51.1	46.2	49.3	48.0	47.8
Investment advisory fees	Insurance Assets		22.1	21.6	21.8	22.0	21.2	20.7
Other revenue and fees			26.3	25.7	23.9	23.4	23.0	22.0
Net investment income			14.1	13.0	13.6	12.8	12.8	12.7

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Operating Revenue</i>	113.0	111.4	105.5	107.6	105.1	103.1
<i>Operating Benefits and Expenses</i>						
Underwriting, acquisition, insurance and other expenses	104.7	101.6	95.1	96.4	95.4	95.0
Goodwill amortization	4.1	4.1	4.1	4.1	0.0	
Interest on notes payable	0.0	0.0	0.0	0.0	0.0	0.0
<i>Operating Benefits & Expenses</i>	108.8	105.7	99.2	100.4	95.4	95.0
Income from Operations Before Tax	4.2	5.7	6.3	7.1	9.7	8.1
Federal income taxes	1.8	2.0	2.9	2.1	1.7	1.5
<i>Income from Operations</i>	2.4	3.7	3.5	5.1	8.0	6.6
Realized gains (losses) on investments	(0.5)	(0.7)	(0.5)	(0.7)	(1.0)	(0.4)
Gains (losses) on derivatives		0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	0.0	0.0	(0.4)	0.0	0.0
<i>Income before Accounting Changes</i>	2.0	3.0	2.9	4.0	7.0	6.2
Cumulative effect of accounting changes		(0.1)	0.0	0.0	0.0	0.0
<i>Net Income</i>	2.0	2.9	2.9	4.0	7.0	6.2
<i>Inc from Oper before Goodwill Amortization</i>	6.5	7.7	7.5	9.1	8.0	6.6
<i>Inc from Oper before Goodwill & Intang. Amort.</i>	9.1	9.2	9.0	10.6	9.4	7.9
<i>Net Income before Goodwill Amortization</i>	6.0	6.9	7.0	8.1	7.0	6.2
<i>Net Income before Goodwill & Intang. Amort.</i>	8.6	8.4	8.5	9.5	8.4	7.5
Operating Revenue	113.0	111.4	105.5	107.6	105.1	103.1
Realized gains (losses) on investments	(0.7)	(1.1)	(0.8)	(1.1)	(1.5)	(0.7)
Gains (losses) on derivatives						0.0
<i>Total Revenue</i>	112.3	110.3	104.7	106.5	103.5	102.4
Average Capital (Securities at Cost)	548.3	542.8	543.1	540.6	546.1	568.6
Return on Capital	1.8%	2.7%	2.5%	3.8%	5.8%	4.6%

06/30/02

PAGE 22

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

	1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Retail Fixed Bal Beg-of-Year	5.853	8.125	8.217	7.423	6.608	6.608	7.120
Fund Sales	0.961	1.165	0.991	0.770	0.876	0.452	0.564
Redemptions	(1.271)	(1.235)	(1.424)	(1.401)	(1.050)	(0.547)	(0.597)
Net Money Market	(0.069)	(0.140)	(0.110)	(0.207)	(0.047)	(0.020)	(0.005)
Transfers	(0.220)	0.132	0.177	(0.168)	0.403	0.044	(0.020)
Net Cash Flows(1)	(0.599)	(0.078)	(0.366)	(1.006)	0.183	(0.071)	(0.057)
Market	0.324	0.170	(0.428)	0.097	0.329	0.231	0.105
Acquisitions/addition of Assets under Administration(1)	2.547			0.094			
Balance End-of-Year	8.125	8.217	7.423	6.608	7.120	6.768	7.168
Retail Equity Bal Beg-of-Year	13.152	17.754	22.080	23.384	21.523	21.523	17.987
Fund Sales	2.953	3.581	3.271	4.116	2.816	1.598	1.994
Redemptions	(1.926)	(2.460)	(4.971)	(4.431)	(2.839)	(1.578)	(1.671)
Net Money Market	0.000	(0.002)	(0.001)	0.001	0.000		
Transfers	0.209	0.730	(0.143)	(0.178)	(0.538)	(0.116)	(0.008)
Net Cash Flows(1)	1.236	1.849	(1.844)	(0.493)	(0.561)	(0.096)	0.314
Market	3.323	2.476	3.148	(1.710)	(2.974)	(1.673)	(1.690)
Acquisitions/addition of Assets under Administration(1)	0.043			0.342			
Balance at End-of-Year	17.754	22.080	23.384	21.523	17.987	19.753	16.611
Total Retail Bal Beg-of-Year	19.005	25.879	30.297	30.807	28.130	28.130	25.107
Retail Sales Annuities	2.163	2.238	1.561	1.782	1.702	0.944	1.191
Retail Sales Mutual Funds	1.218	1.913	2.153	2.578	1.522	0.838	1.014
Retail eSales Managed Acct. & Other	0.533	0.596	0.550	0.525	0.468	0.268	0.354
Total Retail Sales	3.914	4.747	4.264	4.886	3.692	2.050	2.558
Redemptions	(3.197)	(3.695)	(6.395)	(5.833)	(3.889)	(2.125)	(2.268)
Net Money Market	(0.068)	(0.141)	(0.111)	(0.206)	(0.047)	(0.020)	(0.005)
Transfers	(0.011)	0.862	0.034	(0.346)	(0.135)	(0.072)	(0.028)
Net Cash Flows(1)	0.637	1.773	(2.208)	(1.499)	(0.379)	(0.167)	0.257
Market	3.647	2.647	2.720	(1.613)	(2.645)	(1.442)	(1.586)
Acquisitions/addition of Assets under Administration(1)	2.590			0.435			
Balance at End-of-Year	25.879	30.297	30.807	28.130	25.107	26.522	23.778
Institutional Fixed Bal Beg-of-Year	3.580	5.708	6.955	6.936	6.111	6.111	5.490

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inflows	2.509	2.169	2.000	0.771	0.643	0.543	1.467
Withdrawals/Terminations	(0.787)	(1.242)	(1.699)	(1.973)	(1.228)	(0.544)	(0.400)
Transfers	0.013	(0.074)	(0.001)	(0.005)	0.017	0.013	(0.001)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows	1.735	0.853	0.300	(1.207)	(0.568)	0.012	1.067
Market	0.343	0.394	(0.319)	0.382	(0.053)	(0.314)	0.287
Acquisitions	0.051						
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at End-of-Year	5.708	6.955	6.936	6.111	5.490	5.809	6.844
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Institutional Equity Bal Beg-of-Year	22.886	24.871	24.235	23.631	19.112	19.112	17.814
Inflows	2.465	3.840	5.248	2.730	3.182	1.704	1.241
Withdrawals/Terminations	(6.447)	(7.441)	(7.801)	(7.209)	(2.878)	(1.700)	(1.147)
Transfers	(0.068)	0.047	0.011	(0.008)	0.036	0.011	0.024
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows	(4.049)	(3.555)	(2.542)	(4.487)	0.340	0.015	0.119
Market	6.035	2.919	1.938	(0.032)	(1.638)	(0.721)	0.183
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Acquisitions Balance at End-of-Year	24.871	24.235	23.631	19.112	17.814	18.406	18.116
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Institutional Bal Beg-of-Year	26.465	30.579	31.191	30.568	25.223	25.223	23.304
Inflows	4.975	6.009	7.248	3.501	3.825	2.247	2.708
Withdrawals/Terminations	(7.234)	(8.683)	(9.500)	(9.182)	(4.106)	(2.244)	(1.547)
Transfers	(0.055)	(0.027)	0.010	(0.014)	0.053	0.024	0.024
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows	(2.314)	(2.702)	(2.242)	(5.694)	(0.228)	0.027	1.185
Market	6.377	3.313	1.619	0.350	(1.691)	(1.035)	0.470
Acquisitions	0.051						
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at End-of-Year	30.579	31.191	30.568	25.223	23.304	24.215	24.959
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Retail/Institutional At End-of-Year	56.458	61.488	61.375	53.354	48.411	50.737	48.738
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Insurance Assets At End-of-Year	35.684	39.432	35.934	35.686	38.119	36.018	38.476
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets Under Management At End-of-Year	92.142	100.920	97.309	89.040	86.530	86.755	87.214
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(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** 0.040 **0.151**

06/30/02

PAGE 23

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

	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Retail Fixed Bal-Beg-of-Qtr	7.945	7.680	7.424	7.057	6.764	6.631
Fund Sales	0.231	0.181	0.168	0.166	0.223	0.212
Redemptions	(0.342)	(0.403)	(0.456)	(0.339)	(0.328)	(0.277)
Net Money Market	(0.029)	(0.030)	(0.067)	(0.058)	(0.031)	(0.051)
Transfers	0.034	0.154	(0.102)	(0.046)	(0.031)	0.010
Net Cash Flows(1)	(0.106)	(0.098)	(0.457)	(0.277)	(0.167)	(0.106)
Market	(0.159)	(0.158)	(0.003)	(0.017)	0.035	0.081
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.094	0.000	0.000	0.000
Balance at End-of-Qtr	7.680	7.424	7.057	6.764	6.631	6.606
Retail Equity Bal-Beg-of-Qtr	22.340	20.873	23.383	24.478	23.496	24.047
Fund Sales	0.730	0.894	1.234	0.884	0.927	1.071
Redemptions	(0.865)	(1.120)	(1.565)	(0.989)	(1.040)	(0.837)
Net Money Market	0.000	0.000	0.000	0.000	0.001	0.000
Transfers	(0.060)	(0.086)	(0.091)	0.018	(0.036)	(0.069)
Net Cash Flows(1)	(0.195)	(0.312)	(0.423)	(0.087)	(0.148)	0.165
Market	(1.272)	2.822	1.176	(0.895)	0.699	(2.689)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.342	0.000	0.000	0.000
Balance at End-of-Qtr	20.873	23.383	24.478	23.496	24.047	21.524
Total Retail Bal-Beg-of-Qtr	30.285	28.553	30.807	31.535	30.260	30.679
Retail Sales Annuities	0.332	0.409	0.379	0.358	0.456	0.589
Retail Sales Mutual Funds	0.514	0.587	0.876	0.586	0.554	0.562
Retail Sales Managed Acct. & Other	0.116	0.079	0.148	0.106	0.140	0.131
Total Retail Sales	0.962	1.075	1.403	1.050	1.150	1.283
Redemptions	(1.207)	(1.523)	(2.021)	(1.329)	(1.368)	(1.114)
Net Money Market	(0.029)	(0.030)	(0.067)	(0.058)	(0.030)	(0.051)
Transfers	(0.026)	0.068	(0.193)	(0.027)	(0.067)	(0.059)
Net Cash Flows(1)	(0.300)	(0.410)	(0.879)	(0.364)	(0.315)	0.059
Market	(1.431)	2.664	1.173	(0.911)	0.734	(2.608)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.435	0.000	0.000	0.000
Balance at End-of-Qtr	28.553	30.807	31.535	30.260	30.679	28.130
Institutional Fixed Bal-Beg-of-Qtr	7.264	7.218	6.937	6.873	6.485	6.276
Inflows	0.446	0.420	0.180	0.148	0.308	0.135
Withdrawals/Terminations	(0.294)	(0.781)	(0.353)	(0.520)	(0.532)	(0.568)
Transfers	(0.002)	0.001	(0.005)	(0.001)	0.000	0.001

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Cash Flows	0.150	(0.360)	(0.178)	(0.373)	(0.224)	(0.433)
Market	(0.196)	0.079	0.114	(0.015)	0.015	0.269
Balance at End-of-Qtr	7.218	6.937	6.873	6.485	6.276	6.112
Institutional Equity Bal-Beg-of-Qtr	23.962	23.098	23.631	20.304	20.241	19.044
Inflows	1.839	0.934	0.904	0.669	0.407	0.750
Withdrawals/Terminations	(1.165)	(2.043)	(3.333)	(1.354)	(1.154)	(1.368)
Transfers	(0.008)	(0.010)	(0.004)	0.002	(0.013)	0.007
Net Cash Flows	0.666	(1.119)	(2.433)	(0.683)	(0.760)	(0.611)
Market	(1.530)	1.652	(0.894)	0.620	(0.438)	0.680
Balance at End-of-Qtr	23.098	23.631	20.304	20.241	19.044	19.113
Total Institutional Bal-Beg-of-Qtr	31.226	30.316	30.568	27.177	26.726	25.320
Inflows	2.285	1.354	1.084	0.817	0.715	0.885
Withdrawals/Terminations	(1.459)	(2.824)	(3.686)	(1.874)	(1.686)	(1.936)
Transfers	(0.010)	(0.009)	(0.009)	0.001	(0.012)	0.008
Net Cash Flows	0.816	(1.479)	(2.611)	(1.056)	(0.983)	(1.043)
Market	(1.726)	1.731	(0.780)	0.605	(0.423)	0.949
Balance at End-of-Qtr	30.316	30.568	27.177	26.726	25.320	25.225
Total Retail/Inst At End-of-Qtr	58.869	61.375	58.712	56.986	55.998	53.355
Insurance Assets-End-of-Qtr	36.820	35.934	35.541	34.891	34.981	35.686
Total Assets Under Management						
At End-of-Qtr	95.689	97.309	94.253	91.877	90.979	89.041
Net Cash Flows from Assets Under Administration are:			0.006	0.000	0.011	0.001

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Retail Fixed Bal-Beg-of-Qtr	6.606	6.750	6.767	7.205	7.120	7.087
Fund Sales	0.248	0.204	0.206	0.218	0.292	0.272
Redemptions	(0.261)	(0.286)	(0.262)	(0.242)	(0.291)	(0.306)
Net Money Market	0.010	(0.030)	0.005	(0.031)	(0.003)	(0.002)
Transfers	0.047	(0.003)	0.388	(0.027)	(0.040)	0.021
Net Cash Flows(1)	0.044	(0.115)	0.337	(0.083)	(0.042)	(0.015)
Market	0.100	0.131	0.101	(0.002)	0.009	0.096
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
Balance at End-of-Qtr	6.750	6.767	7.205	7.120	7.087	7.168
Retail Equity Bal-Beg-of-Qtr	21.524	18.254	19.754	15.871	17.988	18.255
Fund Sales	0.916	0.681	0.638	0.580	0.910	1.084

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Redemptions	(0.911)	(0.667)	(0.654)	(0.607)	(0.791)	(0.881)
Net Money Market	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	(0.070)	(0.046)	(0.441)	0.019	0.014	(0.022)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows(1)	(0.064)	(0.032)	(0.456)	(0.008)	0.133	0.182
Market	(3.205)	1.532	(3.427)	2.125	0.134	(1.826)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at End-of-Qtr	18.254	19.754	15.871	17.988	18.255	16.611
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Retail Bal-Beg-of-Qtr	28.130	25.005	26.521	23.076	25.108	25.342
Retail Sales Annuities	0.542	0.403	0.434	0.324	0.590	0.601
Retail Sales Mutual Funds	0.484	0.354	0.335	0.348	0.452	0.562
Retail Sales Managed Acct. & Other	0.140	0.127	0.074	0.126	0.160	0.194
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Retail Sales	1.166	0.884	0.843	0.798	1.202	1.356
Redemptions	(1.172)	(0.952)	(0.915)	(0.850)	(1.082)	(1.186)
Net Money Market	0.010	(0.030)	0.005	(0.031)	(0.003)	(0.002)
Transfers	(0.023)	(0.049)	(0.053)	(0.008)	(0.027)	(0.001)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows(1)	(0.019)	(0.148)	(0.120)	(0.091)	0.091	0.167
Market	(3.105)	1.663	(3.326)	2.123	0.143	(1.730)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at End-of-Qtr	25.005	26.521	23.076	25.108	25.342	23.778
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Institutional Fixed Bal-Beg-of-Qtr	6.112	5.891	5.810	5.640	5.490	6.018
Inflows	0.310	0.233	0.020	0.080	0.804	0.663
Withdrawals/Terminations	(0.432)	(0.112)	(0.493)	(0.191)	(0.239)	(0.161)
Transfers	0.003	0.010	0.001	0.002	(0.001)	0.000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows	(0.119)	0.131	(0.472)	(0.109)	0.564	0.503
Market	(0.102)	(0.212)	0.302	(0.041)	(0.036)	0.323
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at End-of-Qtr	5.891	5.810	5.640	5.490	6.018	6.844
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Institutional Equity Bal-Beg-of-Qtr	19.113	17.312	18.406	16.241	17.814	18.641
Inflows	0.881	0.823	0.863	0.615	0.672	0.569
Withdrawals/Terminations	(1.199)	(0.501)	(0.555)	(0.624)	(0.512)	(0.635)
Transfers	0.019	(0.008)	0.009	0.016	0.006	0.018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows	(0.299)	0.314	0.317	0.007	0.166	(0.047)
Market	(1.502)	0.780	(2.482)	1.566	0.661	(0.477)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at End-of-Qtr	17.312	18.406	16.241	17.814	18.641	18.116
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Institutional Bal-Beg-of-Qtr	25.225	23.203	24.216	21.881	23.304	24.659
Inflows	1.191	1.056	0.883	0.695	1.476	1.232
Withdrawals/Terminations	(1.631)	(0.613)	(1.048)	(0.815)	(0.751)	(0.796)
Transfers	0.022	0.002	0.010	0.018	0.005	0.019
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows	(0.418)	0.445	(0.155)	(0.102)	0.730	0.455
Market	(1.604)	0.568	(2.180)	1.525	0.625	(0.154)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at End-of-Qtr	23.203	24.216	21.881	23.304	24.659	24.960
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Retail/Inst At End-of-Qtr	48.208	50.737	44.957	48.413	50.001	48.738

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Insurance Assets-End-of-Qtr	36.324	36.018	37.337	38.119	37.171	38.476
Total Assets Under Management						
	_____	_____	_____	_____	_____	_____
At End-of-Qtr	84.532	86.755	82.294	86.532	87.172	87.214
	=====	=====	=====	=====	=====	=====

(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:	0.027	0.013	0.007	0.034	0.090	0.061
--	-------	-------	-------	-------	-------	--------------

06/30/02

PAGE 24

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

For the Year Ended December 31	1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Operating Revenue							
Premiums	145.4	156.6	145.1	148.4	46.1	22.3	24.1
Mortality assessments	25.2	29.3	27.1	31.4	33.9	18.3	14.8
Expense assessments	166.1	153.6	182.3	178.1	134.8	75.1	53.1
Other revenue and fees	3.3	11.2	13.8	6.9	1.3	0.7	0.3
Net investment income	85.1	87.9	75.3	70.3	64.8	34.8	29.9
Operating Revenue	425.2	438.6	443.6	435.0	280.9	151.2	122.2
Operating Benefits and Expenses							
Benefits paid or provided:							
Benefits	339.6	151.0	306.2	178.5	83.4	41.9	37.3
Underwriting, acquisition, insurance and other expenses	184.5	175.6	223.5	180.0	147.6	70.8	64.2
Goodwill amortization	0.0	6.3	7.0	4.0	0.6	0.3	0.0
Operating Benefits and Expenses	524.1	332.9	536.7	362.6	231.7	113.0	101.6
Income from Operations							
Before Tax	(99.0)	105.8	(93.1)	72.4	49.2	38.2	20.6
Federal income taxes	9.3	34.8	(79.2)	11.3	(11.1)	7.6	(0.5)
Income from Operations	(108.3)	70.9	(13.9)	61.0	60.2	30.6	21.1
Realized gains (losses) on investments	1.5	0.8	2.1	2.3	8.7	1.8	(0.4)
Restructuring charges	0.0	0.0	(6.5)	(76.5)	0.0	0.0	0.0
Income before Accounting Changes	(106.8)	71.7	(18.2)	(13.2)	68.9	32.4	20.7
Cumulative effect of accounting changes					0.0	0.0	0.0
Net Income	(106.8)	71.7	(18.2)	(13.2)	68.9	32.4	20.7
Inc from Oper Before Goodwill Amort.	(108.3)	77.2	(6.9)	65.1	60.9	30.9	21.1
Net Income Before Goodwill Amort.	(106.8)	78.0	(11.3)	(9.2)	69.6	32.7	20.7
Effective tax rate	(9.4%)	32.9%	85.1%	15.7%	(22.5%)	20.0%	(2.2%)
Operating revenue	425.2	438.6	443.6	435.0	280.9	151.2	122.2
Realized gains (losses) on investments	2.1	1.1	3.0	3.2	12.4	2.6	(0.6)
Total Revenue	427.3	439.7	446.6	438.2	293.3	153.8	121.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Average capital	618.1	517.7	551.2	488.2	559.7	550.9	497.6
Return on average capital	(17.5%)	13.7%	(2.5%)	12.5%	10.8%	11.1%	8.5%
Unit Linked Assets Beg-of-Year	5.074	5.643	6.265	7.220	6.441	6.441	5.607
Deposits	0.569	0.473	0.537	0.554	0.481	0.242	0.229
Withdrawals (incl. chgs) & Deaths	(0.503)	(0.547)	(0.566)	(0.644)	(0.529)	(0.277)	(0.264)
Net Cash Flows	0.066	(0.074)	(0.029)	(0.090)	(0.048)	(0.035)	(0.035)
Inv Inc & Chg in Mkt Val	0.682	0.662	1.154	(0.154)	(0.617)	(0.306)	(0.338)
Acq of new business/companies	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Foreign currency adjustment	(0.179)	0.035	(0.170)	(0.536)	(0.169)	(0.332)	0.286
Unit Linked Assets End-of-Year	5.643	6.265	7.220	6.441	5.607	5.768	5.520
Individual Life In-force (Billions)	25.026	25.002	25.698	24.290	20.878	21.519	20.401
Exchange Rate Dollars to Pounds							
For-the-Year	1.644	1.658	1.617	1.518	1.441	1.438	1.443
End-of-Year	1.651	1.660	1.615	1.493	1.456	1.415	1.532

06/30/02

PAGE 25

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

For the Quarter Ended	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Operating Revenue						
Premiums	33.5	38.7	39.0	36.3	32.5	40.5
Mortality assessments	7.7	5.0	6.3	8.0	9.6	7.5
Expense assessments	49.3	37.2	46.5	44.3	52.6	34.6
Other revenue and fees	3.6	3.8	2.4	1.3	2.0	1.3
Net investment income	16.2	17.7	18.9	18.5	16.1	16.7
Operating Revenue	110.3	102.4	113.2	108.4	112.8	100.6
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	27.2	211.8	35.0	37.4	51.9	54.2
Underwriting, acquisition, insurance and other expenses	61.6	51.4	56.4	43.5	45.2	34.9
Goodwill amortization	1.2	3.3	1.3	1.3	1.2	0.2
Operating Benefits and Expenses	90.1	266.6	92.8	82.2	98.3	89.3
Income from Operations Before Tax	20.2	(164.2)	20.4	26.2	14.5	11.3
Federal income taxes	4.0	(97.1)	4.7	6.9	3.9	(4.2)
Income from Operations	16.2	(67.1)	15.7	19.3	10.6	15.5
Realized gains (losses) on investments	0.2	1.0	(0.2)	(0.1)	(0.0)	2.6
Restructuring charges	0.0	(6.5)	0.0	0.0	(40.5)	(36.1)
Income before Accounting Changes	16.4	(72.6)	15.5	19.1	(29.9)	(17.9)
Cumulative effect of accounting changes						
Net Income	16.4	(72.6)	15.5	19.1	(29.9)	(17.9)
Inc from Oper Before Goodwill Amort.	17.4	(63.8)	17.1	20.5	11.8	15.7
Net Income Before Goodwill Amort.	17.6	(69.3)	16.8	20.4	(28.7)	(17.8)
Effective tax rate	20.0%	59.1%	22.9%	26.4%	27.2%	-37.1%
Operating revenue	110.3	102.4	113.2	108.4	112.8	100.6
Realized gains (losses) on investments	0.3	1.4	(0.4)	(0.2)	(0.0)	3.8
Total Revenue	110.5	103.8	112.8	108.2	112.8	104.3
Average capital	573.5	585.0	516.4	500.8	486.5	448.9
Return on average capital	11.3%	(45.9%)	12.2%	15.4%	8.7%	13.8%
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	6.503	6.568	7.220	7.031	6.726	6.499
Deposits	0.130	0.156	0.159	0.134	0.145	0.116

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Withdrawals (incl. chgs) & Deaths	(0.136)	(0.158)	(0.170)	(0.162)	(0.159)	(0.153)
Net Cash Flows	(0.005)	(0.002)	(0.011)	(0.028)	(0.014)	(0.037)
Inv Inc & Chg in Mkt Val	(0.214)	0.784	(0.077)	0.047	(0.025)	(0.100)
Acq of new business/companies Foreign currency adjustment	0.284	(0.130)	(0.101)	(0.324)	(0.189)	0.078
Unit Linked Assets End-of-Quarter	6.568	7.220	7.031	6.726	6.499	6.441
Individual Life In-force (Billions)	26.235	25.698	26.514	25.225	24.535	24.290
Exchange Rate Dollars to Pounds						
For-the-Quarter	1.614	1.625	1.599	1.536	1.482	1.454
End-of-Quarter	1.647	1.615	1.591	1.517	1.475	1.493

[Additional columns below]

[Continued from above table, first column(s) repeated]

For the Quarter Ended	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Operating Revenue						
Premiums	12.8	9.6	11.8	11.9	12.1	12.1
Mortality assessments	9.4	8.9	8.5	7.1	6.5	8.3
Expense assessments	43.7	31.4	35.5	24.1	25.3	27.8
Other revenue and fees	0.6	0.1	0.0	0.6	0.3	0.0
Net investment income	17.9	16.9	14.8	15.2	14.7	15.3
Operating Revenue	84.4	66.9	70.7	58.9	58.8	63.4
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	24.0	17.9	20.7	20.8	18.3	19.0
Underwriting, acquisition, insurance and other expenses	41.1	29.7	40.3	36.5	24.9	39.3
Goodwill amortization	0.2	0.2	0.2	0.2		
Operating Benefits and Expenses	65.3	47.7	61.1	57.5	43.2	58.4
Income from Operations Before Tax	19.1	19.1	9.6	1.4	15.6	5.1
Federal income taxes	4.7	2.9	(0.5)	(18.1)	1.1	(1.6)
Income from Operations	14.4	16.2	10.1	19.5	14.4	6.7
Realized gains (losses) on investments	0.4	1.4	3.9	3.0	(3.6)	3.2
Restructuring charges	0.0	0.0	0.0	0.0	0.0	0.0
Income before Accounting Changes	14.8	17.6	14.0	22.5	10.8	9.8
Cumulative effect of accounting changes						0.0
Net Income	14.8	17.6	14.0	22.5	10.8	9.8

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

<i>Inc from Oper Before Goodwill Amort.</i>	14.5	16.4	10.3	19.7	14.4	6.7
<i>Net Income Before Goodwill Amort.</i>	14.9	17.8	14.2	22.7	10.8	9.8
<i>Effective tax rate</i>	24.6%	15.3%	(5.7%)	(1337.4%)	7.3%	(31.3%)
Operating revenue	84.4	66.9	70.7	58.9	58.8	63.4
Realized gains (losses) on investments	0.6	2.0	5.5	4.3	(5.1)	4.5
Total Revenue	84.9	68.9	76.3	63.2	53.6	68.0
Average capital	548.7	553.2	575.4	561.3	510.0	485.3
Return on average capital	10.5%	11.7%	7.0%	13.9%	11.3%	5.5%
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	6.441	5.677	5.768	5.218	5.607	5.618
Deposits	0.132	0.111	0.128	0.111	0.114	0.115
Withdrawals (incl. chgs) & Deaths	(0.147)	(0.131)	(0.136)	(0.115)	(0.127)	(0.137)
Net Cash Flows	(0.015)	(0.020)	(0.009)	(0.004)	(0.013)	(0.022)
Inv Inc & Chg in Mkt Val	(0.421)	0.115	(0.768)	0.457	0.141	(0.479)
Acq of new business/companies Foreign currency adjustment	(0.328)	(0.004)	0.226	(0.063)	(0.117)	0.403
Unit Linked Assets End-of-Quarter	5.677	5.768	5.218	5.607	5.618	5.520
Individual Life In-force (Billions)	21.894	21.519	21.299	20.878	20.010	20.401
Exchange Rate Dollars to Pounds						
For-the-Quarter	1.455	1.421	1.442	1.448	1.423	1.464
End-of-Quarter	1.416	1.415	1.474	1.456	1.426	1.532

06/30/02

PAGE 26

Other Operations
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Revenue							
Lincoln Financial Advisors	125.3	286.4	317.0	377.5	360.7	165.0	154.0
Lincoln Financial Distributors	20.5	33.5	107.5	119.9	113.4	46.4	58.7
	<u>145.8</u>	<u>319.9</u>	<u>424.4</u>	<u>497.4</u>	<u>474.0</u>	<u>211.4</u>	<u>212.7</u>
Total Distribution	145.8	319.9	424.4	497.4	474.0	211.4	212.7
Reinsurance	1362.3	1581.2	1824.1	1770.6	1699.4	966.5	0.0
Amortization of deferred gain on indemnity reinsurance*					20.4	0.0	46.2
Other [Including Consolidating Adjustments]	(105.9)	(192.7)	(277.5)	(292.6)	(360.4)	(185.7)	(65.7)
	<u>1402.2</u>	<u>1708.3</u>	<u>1971.0</u>	<u>1975.4</u>	<u>1833.4</u>	<u>992.1</u>	<u>193.2</u>
Operating Revenue	1402.2	1708.3	1971.0	1975.4	1833.4	992.1	193.2
Realized gains (losses) on investments	42.1	0.5	14.4	(5.0)	8.2	(8.5)	(8.7)
Gains (losses) on derivatives					(9.7)	(0.0)	(0.0)
Gain on sale of reinsurance subsidiaries					12.8	0.0	0.0
	<u>1444.3</u>	<u>1708.9</u>	<u>1985.4</u>	<u>1970.4</u>	<u>1844.7</u>	<u>983.6</u>	<u>184.5</u>
Total Revenue	1444.3	1708.9	1985.4	1970.4	1844.7	983.6	184.5
Income (Loss)							
Lincoln Financial Advisors	(5.3)	(23.7)	(20.8)	(11.7)	(15.9)	(19.1)	(16.9)
Lincoln Financial Distributors	(11.2)	(8.2)	(14.0)	(18.5)	(30.7)	(18.4)	(13.5)
	<u>(16.5)</u>	<u>(31.9)</u>	<u>(34.8)</u>	<u>(30.2)</u>	<u>(46.6)</u>	<u>(37.5)</u>	<u>(30.4)</u>
Total Distribution	(16.5)	(31.9)	(34.8)	(30.2)	(46.6)	(37.5)	(30.4)
Reinsurance	(150.1)	104.9	40.1	122.5	128.8	80.9	
Amortization of deferred gain on indemnity reinsurance*					12.9		30.0
LNC Financing	(31.6)	(51.5)	(83.5)	(84.9)	(77.9)	(43.7)	(17.8)
Other Corporate	(25.1)	(17.5)	(5.0)	(15.4)	(2.4)	1.5	(1.1)
	<u>(223.3)</u>	<u>4.0</u>	<u>(83.1)</u>	<u>(8.0)</u>	<u>14.8</u>	<u>1.2</u>	<u>(19.3)</u>
Inc (Loss) from Operations	(223.3)	4.0	(83.1)	(8.0)	14.8	1.2	(19.3)
Realized gains (losses) on investments	24.9	2.7	10.2	(3.2)	5.9	(5.6)	(5.7)
Gains (losses) on derivatives					(6.3)	(0.0)	(0.0)
Gain on sale of reinsurance subsidiaries					15.0	0.0	0.0
Reserve increase on business sold through reinsurance							(14.4)
Restructuring charges	0.0	(14.3)	(3.2)	1.0	(19.5)	(1.2)	0.0
	<u>(198.4)</u>	<u>(7.6)</u>	<u>(76.1)</u>	<u>(10.2)</u>	<u>9.9</u>	<u>(5.6)</u>	<u>(39.4)</u>
Income before Accounting Changes	(198.4)	(7.6)	(76.1)	(10.2)	9.9	(5.6)	(39.4)
Cumulative effect of accounting changes					(2.7)	(2.7)	0.0
	<u>(198.4)</u>	<u>(7.6)</u>	<u>(76.1)</u>	<u>(10.2)</u>	<u>7.2</u>	<u>(8.3)</u>	<u>(39.4)</u>
Total Net Income (Loss)	(198.4)	(7.6)	(76.1)	(10.2)	7.2	(8.3)	(39.4)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

For the Quarter Ended	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Revenue						
Lincoln Financial Advisors	75.7	104.0	86.4	90.0	91.3	109.8
Lincoln Financial Distributors	26.4	34.2	29.3	28.1	27.5	35.0
Total Distribution	102.1	138.2	115.8	118.1	118.8	144.8
Reinsurance	403.7	575.1	392.7	458.9	457.9	461.0
Amortization of deferred gain on indemnity reinsurance*						
Other [Including Consolidating Adjustments]	(64.8)	(147.0)	(67.6)	(86.7)	(79.2)	(59.2)
Operating Revenue	441.0	566.4	440.9	490.3	497.5	546.6
Realized gains (losses) on investments	14.2	0.0	(0.8)	(1.3)	(3.4)	0.4
Gains (losses) on derivatives						
Gain on sale of reinsurance subsidiaries						
Total Revenue	455.2	566.4	440.2	489.0	494.1	547.0
Income (Loss)						
Lincoln Financial Advisors	(5.3)	2.7	(7.4)	(2.9)	(3.1)	1.6
Lincoln Financial Distributors	(2.1)	(3.7)	(3.3)	(5.2)	(5.0)	(5.1)
Total Distribution	(7.4)	(1.0)	(10.7)	(8.1)	(8.0)	(3.4)
Reinsurance	2.2	(19.5)	31.9	25.8	28.2	36.6
Amortization of deferred gain on indemnity reinsurance*						
LNC Financing	(19.9)	(21.6)	(21.9)	(22.2)	(20.9)	(19.8)
Other Corporate	(2.4)	(1.4)	(5.7)	(1.5)	1.6	(9.8)
Inc (Loss) from Oper	(27.5)	(43.5)	(6.5)	(5.9)	0.9	3.5
Realized gains (losses) on investments	9.8	1.3	(0.4)	(0.8)	(3.2)	1.2
Gains (losses) on derivatives						
Gain on sale of reinsurance subsidiaries						
Reserve increase on business sold through reinsurance						
Restructuring charges	(3.2)	0.0	0.0	0.0	0.0	1.0
Income before Accounting Changes	(20.9)	(42.2)	(6.8)	(6.8)	(2.3)	5.7
Cumulative effect of accounting changes						
Total Net Income (Loss)	(20.9)	(42.2)	(6.8)	(6.8)	(2.3)	5.7

[Additional columns below]

[Continued from above table, first column(s) repeated]

For the Quarter Ended	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Revenue						
Lincoln Financial Advisors	81.2	83.8	78.9	116.7	75.9	78.1

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Lincoln Financial Distributors	25.7	20.7	32.0	35.0	29.4	29.3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Distribution	106.9	104.5	111.0	151.7	105.3	107.4
Reinsurance	515.1	451.4	467.4	265.6		
Amortization of deferred gain on indemnity reinsurance*				20.4	24.1	22.1
Other [Including Consolidating Adjustments]	(80.5)	(105.2)	(76.0)	(98.7)	(32.2)	(33.4)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating Revenue	541.5	450.7	502.3	339.0	97.1	96.1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Realized gains (losses) on investments	(10.0)	1.4	(12.8)	29.5	(4.9)	(3.8)
Gains (losses) on derivatives	0.1	(0.1)	(0.0)	(9.7)	0.1	(0.1)
Gain on sale of reinsurance subsidiaries				12.8	0.0	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenue	531.6	452.0	489.5	371.7	92.3	92.2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income (Loss)						
Lincoln Financial Advisors	(6.8)	(12.3)	(4.2)	7.4	(9.1)	(7.7)
Lincoln Financial Distributors	(6.9)	(11.5)	(7.8)	(4.5)	(6.2)	(7.3)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Distribution	(13.8)	(23.8)	(12.0)	3.0	(15.4)	(15.0)
Reinsurance	46.8	34.1	17.2	30.7	0.0	
Amortization of deferred gain on indemnity reinsurance*				12.9	15.7	14.4
LNC Financing	(21.7)	(22.0)	(19.5)	(14.7)	(8.2)	(9.6)
Other Corporate	(0.5)	2.0	1.5	(5.3)	(4.1)	2.9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Inc (Loss) from Oper	10.9	(9.7)	(12.9)	26.5	(12.0)	(7.3)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Realized gains (losses) on investments	(6.5)	1.0	(8.3)	19.7	(3.3)	(2.4)
Gains (losses) on derivatives	0.1	(0.1)	(0.0)	(6.3)	0.1	(0.1)
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0	15.0	0.0	
Reserve increase on business sold through reinsurance						(14.4)
Restructuring charges	0.0	(1.2)	0.0	(18.3)	0.0	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income before Accounting Changes	4.4	(10.0)	(21.2)	36.7	(15.2)	(24.2)
Cumulative effect of accounting changes	(0.4)	(2.2)	0.0	(0.0)	0.0	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Net Income (Loss)	4.0	(12.2)	(21.2)	36.7	(15.2)	(24.2)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

06/30/02

PAGE 27

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>YTD Jun 2001</u>	<u>YTD Jun 2002</u>
Deposits For the Year							
Lincoln Retirement Fixed Annuities	1.632	1.452	2.563	2.074	3.342	1.228	1.759
Lincoln Retirement Variable Annuities	2.695	2.791	2.553	3.165	3.067	1.590	1.595
Lincoln Retirement Life Insurance	0.000	0.000	0.017	0.014	0.012	0.007	
Life Insurance Segment Life Insurance	0.384	1.207	1.698	1.884	1.934	0.895	1.018
Inv Mgmt Annuities	2.163	2.238	1.561	1.782	1.702	0.944	1.191
Inv Mgmt Mutual Funds(1)	1.218	1.913	2.153	2.578	1.522	0.838	1.014
Inv Mgmt Wrap Fee & Other	0.533	0.596	0.550	0.525	0.468	0.268	0.354
Consolidating Adjustments	(0.966)	(1.041)	(0.499)	(0.406)	(1.039)	(0.465)	(0.680)
Gross Deposits	7.658	9.157	10.597	11.617	11.008	5.305	6.250
Account Balances End of Year							
Lincoln Retirement Fixed Annuities	15.458	16.505	16.791	15.394	16.491		
Lincoln Retirement Variable Annuities	27.346	33.358	41.493	39.427	34.638		
Lincoln Retirement Life Insurance		0.155	0.160	0.149			
Life Insurance Segment Life Insurance	3.038	9.243	10.217	10.847	11.377		
Inv Mgmt Annuities	10.991	14.257	15.557	13.527	11.835		
Inv Mgmt Mutual Funds(1)	12.484	13.528	13.632	13.261	11.552		
Inv Mgmt Wrap Fee & Other	2.403	2.512	1.618	1.342	1.719		
Consolidating Adjustments	(6.806)	(8.891)	(9.175)	(7.753)	(6.717)		
Account Balances	64.914	80.512	90.288	86.205	81.044		

	<u>Sep 1999</u>	<u>Dec 1999</u>	<u>Mar 2000</u>	<u>Jun 2000</u>	<u>Sep 2000</u>	<u>Dec 2000</u>
Deposits For the Quarter						
Lincoln Retirement Fixed Annuities	0.678	0.741	0.589	0.490	0.513	0.482
Lincoln Retirement Variable Annuities	0.634	0.634	0.797	0.793	0.729	0.846
Lincoln Retirement Life Insurance	0.004	0.005	0.003	0.003	0.004	0.004
Life Insurance Segment Life Insurance	0.399	0.526	0.424	0.411	0.428	0.622
Inv Mgmt Annuities	0.332	0.409	0.379	0.358	0.456	0.589
Inv Mgmt Mutual Funds(1)	0.514	0.587	0.876	0.586	0.554	0.562
Inv Mgmt Managed Acct. & Other	0.116	0.079	0.148	0.106	0.140	0.131
Consolidating Adjustments	(0.096)	(0.118)	(0.099)	(0.062)	(0.100)	(0.145)
Gross Deposits	2.581	2.864	3.116	2.685	2.724	3.091
Account Balances End of Quarter						
Lincoln Retirement Fixed Annuities	16.934	16.791	16.244	15.884	15.660	15.394
Lincoln Retirement Variable Annuities	35.613	41.493	44.640	43.097	42.743	39.427
Lincoln Retirement Life Insurance	0.128	0.155	0.169	0.165	0.166	0.160
Life Insurance Segment Life Insurance	9.726	10.217	10.470	10.538	10.716	10.847
Inv Mgmt Annuities	14.036	15.557	15.557	14.888	14.853	13.527
Inv Mgmt Mutual Funds(1)	12.938	13.632	14.671	14.069	14.571	13.261

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inv Mgmt Managed Acct. & Other	1.579	1.618	1.309	1.304	1.256	1.342
Consolidating Adjustments	(8.387)	(9.175)	(8.768)	(8.419)	(8.644)	(7.753)
Account Balances	82.567	90.288	94.292	91.526	91.322	86.205

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Deposits For the Quarter						
Lincoln Retirement Fixed Annuities	0.560	0.668	0.896	1.218	0.906	0.853
Lincoln Retirement Variable Annuities	0.887	0.703	0.684	0.793	0.808	0.787
Lincoln Retirement Life Insurance	0.003	0.004	0.003	0.002		
Life Insurance Segment Life Insurance	0.418	0.477	0.434	0.605	0.440	0.577
Inv Mgmt Annuities	0.542	0.403	0.434	0.324	0.590	0.601
Inv Mgmt Mutual Funds(1)	0.484	0.354	0.335	0.348	0.452	0.562
Inv Mgmt Managed Acct. & Other	0.140	0.127	0.074	0.126	0.160	0.194
Consolidating Adjustments	(0.262)	(0.202)	(0.295)	(0.279)	(0.309)	(0.371)
Gross Deposits	2.771	2.534	2.566	3.137	3.047	3.203
Account Balances End of Quarter						
Lincoln Retirement Fixed Annuities	15.430	15.551	16.051	16.491	16.533	16.909
Lincoln Retirement Variable Annuities	34.733	36.961	30.506	34.638	35.150	31.206
Lincoln Retirement Life Insurance	0.147	0.157	0.134	0.149		
Life Insurance Segment Life Insurance	10.764	11.066	10.939	11.377	11.667	11.759
Inv Mgmt Annuities	11.822	12.532	10.714	11.835	11.920	10.896
Inv Mgmt Mutual Funds(1)	11.530	12.215	10.726	11.552	11.597	11.033
Inv Mgmt Managed Acct. & Other	1.653	1.774	1.635	1.719	1.821	1.847
Consolidating Adjustments	(6.834)	(7.007)	(6.023)	(6.717)	(6.684)	(6.007)
Account Balances	79.245	83.250	74.682	81.044	82.005	77.644

Total Domestic Net Flows
Unaudited [Billions of Dollars]

For the Year	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Lincoln Retirement	(1.244)	(1.165)	(2.874)	0.105	(0.787)	0.311
Life Insurance Segment	0.113	0.985	1.158	1.163	0.541	0.621
Investment Management Segment- Retail(1)	1.772	(2.209)	(1.499)	(0.379)	(0.167)	0.257
Consolidating Adjustments	(0.158)	1.276	1.406	(0.150)	(0.016)	(0.123)
Total Retail Net Flows	0.483	(1.114)	(1.810)	0.739	(0.427)	1.066
Investment Management Segment- Institutional	(2.702)	(2.240)	(5.694)	(0.228)	0.027	1.185

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Net Flows	(2.219)	(3.354)	(7.504)	0.511	(0.400)	2.252
For the Quarter	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Lincoln Retirement	(0.193)	(0.490)	(0.700)	(0.682)	(0.812)	(0.681)
Life Insurance Segment	0.197	0.327	0.242	0.235	0.277	0.404
Investment Management Segment- Retail(1)	(0.300)	(0.410)	(0.879)	(0.364)	(0.315)	0.059
Consolidating Adjustments	0.313	0.463	0.717	0.342	0.194	0.152
Total Retail Net Flows	0.016	(0.111)	(0.620)	(0.470)	(0.656)	(0.065)
Investment Management Segment- Instit	0.816	(1.479)	(2.611)	(1.056)	(0.983)	(1.043)
Total Net Flows	0.832	(1.590)	(3.231)	(1.526)	(1.639)	(1.109)

[Additional columns below]

[Continued from above table, first column(s) repeated]

For the Quarter	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Lincoln Retirement	(0.590)	(0.196)	0.261	0.631	0.088	0.223
Life Insurance Segment	0.237	0.304	0.239	0.383	0.236	0.385
Investment Management Segment- Retail(1)	(0.019)	(0.148)	(0.120)	(0.091)	0.091	0.167
Consolidating Adjustments	0.019	(0.034)	(0.081)	(0.053)	(0.037)	(0.086)
Total Retail Net Flows	(0.354)	(0.073)	0.299	0.870	0.378	0.688
Investment Management Segment- Instit	(0.418)	0.445	(0.155)	(0.102)	0.730	0.455
Total Net Flows	(0.772)	0.372	0.144	0.768	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 January of 2000. See details on pages 22 and 23.

06/30/02

PAGE 28

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

December 31	1997	1998	1999	2000	2001
Assets Managed by Source LNC's Investments and Cash:					
Fixed maturity securities	24.066	30.233	27.689	27.450	28.346
Equity securities	0.660	0.543	0.604	0.550	0.470
Other investments	5.092	7.154	7.286	7.369	7.297
Total LNC Investments(1)	29.819	37.929	35.578	35.369	36.113
Separate accounts	37.139	43.409	53.654	50.580	44.833
Cash and Invested Cash	3.795	2.433	1.896	1.927	3.095
Discontinued Operations Total LNC	70.752	83.772	91.128	87.876	84.042
Non-affiliate assets managed	48.331	50.061	49.314	43.397	42.199
Total Assets Managed	119.083	133.833	140.443	131.273	126.241
Assets Managed by Advisor Investment Management segment(1)					
(See page 22 for additional detail) DLIA-Corp	56.457	61.488	61.374	53.354	48.411
(Assets managed internally-see page 22) Lincoln (UK)	35.684	39.432	35.934	35.686	38.119
Policy Loans (within business units)	6.775	7.573	8.589	7.873	6.847
Non-LNC Affiliates	0.763	1.840	1.892	1.961	1.940
Total Assets Managed	19.404	23.500	32.654	32.399	30.924
Total Assets Managed	119.083	133.833	140.443	131.273	126.241

End of Quarter	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	28.708	27.689	27.745	27.078	27.264	27.450
Equity securities	0.507	0.604	0.588	0.560	0.570	0.550
Other investments	7.317	7.286	7.442	7.419	7.471	7.369
Total LNC Investments(1)	36.532	35.578	35.775	35.057	35.305	35.369
Separate accounts	46.229	53.654	56.908	54.924	54.411	50.580
Cash and invested cash	2.343	1.896	1.510	1.619	1.436	1.927
Total LNC	85.104	91.128	94.192	91.601	91.152	87.876
Non-affiliate assets managed	48.068	49.314	47.150	45.945	45.119	43.397
Total Assets Managed	133.172	140.443	141.342	137.546	136.271	131.273
Assets Managed by Advisor						
Investment Management segment(1)	58.869	61.375	58.712	56.986	55.998	53.355
(See page 23 for additional detail) DLIA-Corp	36.820	35.934	35.541	34.891	34.981	35.686

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

(Assets managed internally-see page 23)						
Lincoln (UK)	7.849	8.589	8.423	8.058	7.838	7.873
Policy Loans (within business units)	1.863	1.892	1.896	1.915	1.936	1.961
Non-LNC Affiliates	27.771	32.653	36.770	35.696	35.518	32.397
Total Assets Managed	133.172	140.443	141.342	137.546	136.271	131.273

[Additional columns below]

[Continued from above table, first column(s) repeated]

End of Quarter	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	27.811	27.874	28.932	28.346	28.841	29.725
Equity securities	0.560	0.534	0.478	0.470	0.439	0.419
Other investments	7.374	7.388	7.379	7.297	7.084	7.016
Total LNC Investments(1)	35.744	35.796	36.788	36.113	36.363	37.160
Separate accounts	44.506	47.140	39.480	44.833	44.917	40.580
Cash and invested cash	2.015	1.502	1.996	3.095	1.700	2.265
Total LNC	82.266	84.438	78.264	84.042	82.979	80.005
Non-affiliate assets managed	41.904	44.069	39.198	42.199	43.708	43.031
Total Assets Managed	124.170	128.507	117.462	126.241	126.687	123.036
Assets Managed by Advisor						
Investment Management segment(1)	48.208	50.737	44.957	48.413	50.001	48.738
(See page 23 for additional detail) DLIA-Corp (Assets managed internally-see page 23)	36.324	36.018	37.337	38.119	37.171	38.476
Lincoln (UK)	7.012	7.027	6.474	6.847	6.772	6.753
Policy Loans (within business units)	1.947	1.947	1.943	1.940	1.918	1.906
Non-LNC Affiliates	30.679	32.778	26.750	30.923	30.825	27.162
Total Assets Managed	124.170	128.507	117.462	126.241	126.687	123.036

(1) Retail assets under management have been restated to include assets under administration beginning in January of 2000. See details on pages 22 and 23.

06/30/02

PAGE 29

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

For the Year Ended December 31	1997	1998	1999	2000	2001	YTD Jun 2001	YTD Jun 2002
Net Investment Income							
Fixed Maturity Securities	1832.1	2065.8	2232.9	2148.7	2121.0	1053.9	1046.3
Equity Securities	19.1	22.8	20.1	19.5	17.6	8.8	7.6
Mortgage loans on real estate	279.2	383.6	369.2	373.8	374.5	188.0	179.7
Real estate	99.4	86.8	64.1	51.8	49.5	25.9	24.2
Policy loans	44.5	99.5	116.5	125.0	125.3	62.8	61.3
Invested cash	102.4	156.8	110.3	87.2	68.4	42.3	21.5
Other investments	20.6	88.4	51.8	66.8	69.5	37.9	17.7
Investment revenue	2397.3	2903.7	2964.8	2872.8	2825.8	1419.5	1358.1
Investment expense	146.6	222.3	157.3	125.7	146.2	72.8	59.1
Net Investment Income	2250.8	2681.4	2807.5	2747.1	2679.6	1346.8	1299.1
Gross-up of Tax Exempt Income	12.7	11.6	8.1	7.8	7.2	3.5	3.5
Adjusted Net Invest Income	2263.5	2693.0	2815.6	2754.9	2686.8	1350.3	1302.6
Mean Invested Assets (Cost Basis)	30337.3	36573.8	39027.5	37471.3	37616.9	37166.3	38202.7
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.46%	7.36%	7.21%	7.35%	7.14%	7.27%	6.82%
Investment Gains							
Realized Gains (Losses) on Investments	72.9	13.7	3.8	(17.5)	(68.7)	(24.8)	(120.3)
Gains(Losses) on Derivatives	0.0	0.0	0.0	0.0	(4.9)	0.1	0.4
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	159.6	116.4	(1018.1)	477.7	183.7	64.1	129.9
Incr (Decr) on Derivatives*					3.9	27.0	1.3
Incr (Decr) in Foreign Exchange	(20.3)	3.8	(19.9)	(8.1)	(30.0)	(37.3)	30.0
Incr (Decr) in minimum pension liability					(36.0)	0.0	(1.9)
Securities Available-for-Sale [Billions of Dollars at End of Year]							
Fixed Maturity Sec (Market)	24.066	30.233	27.689	27.450	28.346	27.874	29.725
Fixed Maturity Sec (Adjusted Cost)	22.624	28.640	28.357	27.373	27.956	27.681	29.133
Equity Securities (Market)	0.660	0.543	0.604	0.550	0.470	0.534	0.419
Equity Securities (Adjusted Cost)	0.518	0.437	0.482	0.458	0.444	0.477	0.374
% of Fixed Maturity Securities (Based on Market)							
Treasuries and AAA	27.6%	25.6%	22.8%	22.1%	17.2%	19.3%	18.2%
AA or better	35.1%	32.6%	29.8%	29.2%	23.6%	26.0%	25.0%
BB or less	7.3%	7.0%	8.0%	6.7%	8.3%	7.8%	6.4%

For the Quarter Ended	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Net Investment Income						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Fixed Maturity Securities	551.2	548.0	541.3	544.4	525.3	537.7
Equity Securities	3.9	6.9	3.7	5.7	3.6	6.5
Mortgage loans on real estate	94.7	94.5	92.0	95.1	94.4	92.3
Real estate	13.7	12.5	11.2	12.5	11.8	16.3
Policy loans	29.4	29.9	30.7	30.9	30.5	32.9
Invested cash	32.4	22.0	27.2	15.1	26.5	18.4
Other investments	9.9	20.9	35.1	2.0	26.9	2.9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Investment revenue	735.2	734.9	741.1	705.7	719.1	706.9
Investment expense	38.1	34.8	30.0	31.8	29.0	34.8
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Investment Income	697.1	700.1	711.1	673.8	690.0	672.1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross-up of Tax Exempt Income	1.7	2.6	1.5	2.3	1.4	2.6
Adjusted Net Invest Income	698.7	702.7	712.6	676.1	691.5	674.7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Mean Invested Assets (Cost Basis)	39111.8	38438.6	38237.4	37306.1	37250.8	37090.8
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.15%	7.31%	7.45%	7.25%	7.43%	7.28%
Investment Gains						
Realized Gains (Losses) on Investments	4.1	1.6	(0.4)	(6.7)	(11.6)	1.2
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	(102.7)	(361.9)	54.5	(145.4)	218.8	349.8
Incr (Decr) on Derivatives*						
Incr (Decr) in Foreign Exchange	19.6	(10.2)	(7.3)	(0.9)	(2.0)	2.0
Incr (Decr) in minimum pension liability						
Securities Available-for-Sale						
[Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	28.708	27.689	27.745	27.078	27.264	27.450
Fixed Maturity Sec (Adjusted Cost)	28.974	28.357	28.295	27.788	27.727	27.373
Equity Securities (Market)	0.507	0.604	0.588	0.560	0.570	0.550
Equity Securities (Adjusted Cost)	0.414	0.482	0.475	0.446	0.450	0.458
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	24.2%	22.8%	22.7%	22.3%	22.3%	22.1%
AA or better	31.1%	29.8%	29.5%	29.3%	29.4%	29.2%
BB or less	7.5%	8.0%	7.4%	7.4%	6.8%	6.7%

[Additional columns below]

[Continued from above table, first column(s) repeated]

For the Quarter Ended	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Net Investment Income						
Fixed Maturity Securities	526.9	527.0	536.9	530.1	522.5	523.8
Equity Securities	1.0	7.8	3.7	5.1	3.4	4.3
Mortgage loans on real estate	95.7	92.4	94.2	92.4	89.5	90.2
Real estate	12.8	13.1	12.7	10.9	12.3	11.9
Policy loans	31.4	31.4	31.0	31.6	30.2	31.1
Invested cash	22.5	19.8	14.8	11.3	12.4	9.1
Other investments	19.6	18.2	28.2	3.5	7.8	9.8
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Investment revenue	709.9	709.7	721.4	684.8	678.0	680.2
Investment expense	36.1	36.6	35.2	38.2	29.9	29.2

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Investment Income	673.7	673.1	686.2	646.6	648.1	651.0
Gross-up of Tax Exempt Income	0.5	3.0	1.5	2.1	1.5	2.0
Adjusted Net Invest Income	674.2	676.1	687.7	648.7	649.7	653.0
Mean Invested Assets (Cost Basis)	37238.0	37094.5	37685.8	38449.3	38169.9	38235.5
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.24%	7.29%	7.30%	6.75%	6.81%	6.83%
Investment Gains						
Realized Gains (Losses) on Investments	(13.4)	(11.5)	(23.8)	(20.0)	(67.6)	(52.7)
Gains (Losses) on Derivatives	(0.1)	0.2	(0.4)	(4.6)	0.1	0.3
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	178.4	(114.2)	171.8	(52.2)	(163.9)	293.8
Incr (Decr) on Derivatives*	23.3	3.7	(6.7)	1.2	1.2	0.0
Incr (Decr) in Foreign Exchange	(17.8)	(19.5)	22.2	(14.9)	(12.8)	42.8
Incr (Decr) in minimum pension liability				(36.0)	0.7	(2.6)
Securities Available-for-Sale						
[Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	27.811	27.874	28.932	28.346	28.841	29.725
Fixed Maturity Sec (Adjusted Cost)	27.367	27.681	28.253	27.956	28.831	29.133
Equity Securities (Market)	0.560	0.534	0.478	0.470	0.439	0.419
Equity Securities (Adjusted Cost)	0.507	0.477	0.453	0.444	0.398	0.374
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	20.3%	19.3%	17.9%	17.2%	17.8%	18.2%
AA or better	27.1%	26.0%	24.3%	23.6%	24.7%	25.0%
BB or less	7.2%	7.8%	7.2%	8.3%	7.5%	6.4%

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

06/30/02

PAGE 30

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

For the Year Ended December 31	1991	1992	1993	1994	1995
Common Stock [1]					
Highest Price	13.813	19.032	24.125	22.188	26.875
Lowest Price	9.500	12.625	17.344	17.313	17.313
Closing Price	13.688	18.500	21.750	17.500	26.875
Dividend Payout Ratio [2]	63.5%	38.9%	52.6%	51.0%	39.7%
Yield [3]	5.3%	4.1%	3.8%	4.9%	3.4%
Preferred Stock Dividend (Millions)	13.033	17.246	17.212	17.119	8.644
Debt: (End of Period)					
Senior Debt Ratings					
A.M. Best					
Fitch		AA	AA-	AA-	AA-
Moody's		A2	A2	A1	A2
Standard and Poors		A+	A+	A+	A
Claims Paying Ratings:					
Lincoln Life	A.M. Best	A+	A+	A+	A+
Lincoln Life	Fitch	AAA	AAA	AAA	AA+
Lincoln Life	Moody's	A1	A1	Aa3	Aa3
Lincoln Life	Standard & Poors	AA-	AA-	AA-	AA-
First Penn	A.M. Best*	A	A+	A+	A+
First Penn	Fitch				
First Penn	Moody's				
First Penn	Standard & Poors*	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%
Debt to Equity [4]		34.7%	26.7%	24.9%	29.5%

[Additional columns below]

[Continued from above table, first column(s) repeated]

For the Year Ended December 31	1996	1997	1998	1999	2000	2001
Common Stock [1]						
Highest Price	28.500	39.063	49.438	57.500	56.375	52.750
Lowest Price	20.375	24.500	33.500	36.000	22.625	38.000
Closing Price	26.250	39.063	40.907	40.000	47.313	48.570
Dividend Payout Ratio [2]	38.2%	22.8%	43.9%	50.5%	38.3%	41.9%
Yield [3]	3.7%	2.7%	2.7%	2.9%	2.6%	2.6%
Preferred Stock Dividend (Millions)	0.112	0.106	0.100	0.089	0.078	0.071
Debt: (End of Period)						
Senior Debt Ratings						
A.M. Best						
					a	a

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Fitch	AA-	AA-	A+	A+	A+	A+
Moody's	A2	A2	A2	A2	A3	A3
Standard and Poors	A	A	A-	A-	A-	A-
Claims Paying Ratings:						
Lincoln Life A.M. Best	A+	A+	A	A	A	A
Lincoln Life Fitch	AA+	AA+	AA+	AA+	AA	AA
Lincoln Life Moody's	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life Standard & Poors	AA-	AA-	AA-	AA-	AA-	AA-
First Penn A.M. Best*	A+	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-	AA-
LLA of New York A.M. Best*	A+	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	A1
LLA of New York Standard & Poors*	AA-	AA-	AA-	AA-	AA-	AA-
Ratios						
Debt to Total Capitalization [4]	18.8%	17.0%	21.2%	23.2%	20.8%	21.4%
Debt to Equity [4]	23.1%	20.5%	26.9%	30.3%	26.3%	27.2%

For the Quarter Ended	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000	Dec 2000
Common Stock:						
Highest Price	57.500	48.313	41.375	40.063	56.375	50.938
Lowest Price	36.000	36.500	22.625	29.000	35.625	40.875
Closing Price	37.563	40.000	33.500	36.125	48.125	47.313
Yield [3]	2.9%	2.9%	3.5%	3.2%	2.4%	2.6%
Preferred Stock Dividend (Millions)	0.027	0.014	0.022	0.022	0.021	0.013
Debt: (End of Period)						
Senior Debt Ratings						
A.M. Best					a	a
Fitch	A+	A+	A+	A+	A+	A+
Moody's	A2	A2	A2	A2	A2	A3
Standard and Poors	A-	A-	A-	A-	A-	A-
Claims Paying Ratings:						
Lincoln Life A.M. Best	A	A	A	A	A	A
Lincoln Life Fitch	AA+	AA+	AA+	AA+	AA+	AA
Lincoln Life Moody's	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life Standard & Poors	AA-	AA-	AA-	AA-	AA-	AA-
First Penn A.M. Best*	A	A	A	A	A	A
First Penn Fitch	AA+	AA+	AA+	AA+	AA+	AA
First Penn Moody's	A1	A1	A1	A1	A1	A1
First Penn Standard & Poors*	AA-	AA-	AA-	AA-	AA-	AA-
LLA of New York A.M. Best*	A	A	A	A	A	A
LLA of New York Fitch*	AA+	AA+	AA+	AA+	AA+	AA
LLA of New York Moody's	A1	A1	A1	A1	A1	A1
LLA of New York Standard & Poors*	AA-	AA-	AA-	AA-	AA-	AA-
Ratios						
Debt to Total Capitalization [4]	22.0%	23.2%	23.3%	21.8%	21.2%	20.8%
Debt to Equity [4]	28.3%	30.3%	30.4%	28.0%	27.0%	26.3%

[Additional columns below]

[Continued from above table, first column(s) repeated]

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

For the Quarter Ended	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
Common Stock:						
Highest Price	48.250	52.300	52.750	49.450	53.650	52.540
Lowest Price	38.000	41.280	41.000	40.000	47.200	40.750
Closing Price	42.470	51.750	46.630	48.570	50.730	42.000
Yield [3]	2.9%	2.4%	2.6%	2.6%	2.5%	3.0%
Preferred Stock Dividend	0.019	0.018	0.017	0.017	0.017	0.016
(Millions) Debt: (End of Period)						
Senior Debt Ratings A.M. Best						
	a	a	a	a	a	a
Fitch	A+	A+	A+	A+	A+	A+
Moody s	A3	A3	A3	A3	A3	A3
Standard and Poors	A-	A-	A-	A-	A-	A-
Claims Paying Ratings:						
Lincoln Life A.M. Best	A	A	A	A	A	A+
Lincoln Life Fitch	AA	AA	AA	AA	AA	AA
Lincoln Life Moody s	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life Standard & Poors	AA-	AA-	AA-	AA-	AA-	AA-
First Penn A.M. Best*	A	A	A	A	A	A+
First Penn Fitch	AA	AA	AA	AA	AA	AA
First Penn Moody s	A1	A1	A1	A1	A1	A1
First Penn Standard & Poors*	AA-	AA-	AA-	AA-	AA-	AA-
LLA of New York A.M. Best*	A	A	A	A	A	A+
LLA of New York Fitch*	AA	AA	AA	AA	AA	AA
LLA of New York Moody s	A1	A1	A1	A1	A1	A1
LLA of New York Standard & Poors*	AA-	AA-	AA-	AA-	AA-	AA-
Ratios						
Debt to Total Capitalization [4]	22.2%	21.2%	21.1%	21.4%	22.7%	22.6%
Debt to Equity [4]	28.5%	27.0%	26.7%	27.2%	29.4%	29.2%

Rating based on affiliation with Lincoln Life

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

[2] Indicated dividend divided by net income

[3] Indicated dividend divided by the closing price

[4] Equity used in calculation assumes securities at cost. Minority interest-preferred securities 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 up 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.