

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

LINCOLN NATIONAL CORP  
Form 8-K  
October 26, 2001

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

FORM 8-K  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: September 30, 2001

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)  
Indiana 1-6028 35-1140070  
(State of Incorporation) (Commission File Number (I.R.S. Employer  
Identification No.)

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

Registrant's telephone number 219-448-1400

Item 9  
Financial Report for the quarter ended September 30, 2001.

9/30/01

PAGE 1

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

	For the Quarter Ended September 30			
	2001	2000	Change	% Change
	Amount	Amount	Change	% Change
	-----	-----	-----	-----
Income from Operations				
Annuities	72.4	102.9	(30.5)	(29.6%)
Life Insurance	70.1	66.5	3.6	5.4%
Reinsurance	17.2	28.2	(11.0)	(39.0%)
Investment Management	3.5	9.9	(6.4)	(64.6%)
Lincoln UK	10.1	10.6	(0.5)	(4.7%)
Corporate & Other	(30.1)	(27.3)	(2.8)	
	-----	-----	-----	-----
Total Income from Operations*	143.2	190.7	(47.5)	(24.9%)
Realized gains (losses) on investments	(23.8)	(11.6)	(12.2)	
Gains (losses) on derivatives	(0.4)	0.0	(0.4)	
Restructuring charges	0.0	(40.5)	40.5	
	-----	-----	-----	-----
Income before Accounting Changes	119.1	138.6	(19.6)	
Cumulative effect of accounting changes**	0.0	0.0	0.0	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income*	119.1	138.6	(19.5)	(14.1%)
Earnings per share (diluted)				
Income from Operations*	\$0.74	\$0.98	(\$0.24)	(24.5%)
Realized gain (losses) on investments	(\$0.13)	(\$0.06)	(\$0.07)	
Gains (losses) on derivatives	\$0.00	\$0.00	\$0.00	
Restructuring charges	\$0.00	(\$0.21)	\$0.21	
Income before Accounting Changes	\$0.61	\$0.71	(\$0.10)	
Cumulative effect of accounting changes**	\$0.00	\$0.00	-	
Net Income*	\$0.61	\$0.71	(\$0.10)	(14.1%)
Inc. from Oper.- before Goodwill Amort.				
Annuities	72.7	103.2	(30.5)	(29.6%)
Life Insurance	76.0	72.4	3.6	5.0%
Reinsurance	17.7	28.6	(11.0)	(38.3%)
Investment Management	7.5	14.0	(6.4)	(46.2%)
Lincoln UK	10.3	11.8	(1.5)	(12.7%)
Corporate & Other	(30.1)	(27.3)	(2.8)	
Total	154.1	202.7	(48.6)	(24.0%)
Earnings per share (diluted)				
Inc. from Oper.- before Goodwill Amort.	\$0.79	\$1.04	(\$0.25)	(24.0%)
Operating Revenue				
Annuities	499.5	546.2	(46.7)	(8.5%)
Life Insurance	468.9	452.4	16.5	3.6%
Reinsurance	467.4	457.9	9.4	2.1%
Investment Management	105.5	124.1	(18.7)	(15.0%)
Lincoln UK	70.7	112.8	(42.1)	(37.3%)
Corporate & Other	35.0	39.6	(4.6)	(11.7%)
Total Operating Revenue	1646.9	1733.1	(86.2)	(5.0%)
Revenue (Including Investment Gains/Losses)				
Annuities	478.2	532.1	(53.9)	(10.1%)
Life Insurance	460.6	453.2	7.4	1.6%
Reinsurance	460.5	454.4	6.1	1.3%
Investment Management	104.7	123.8	(19.1)	(15.4%)
Lincoln UK	76.3	112.8	(36.6)	(32.4%)
Corporate & Other	29.0	39.7	(10.7)	(27.0%)
Total Revenue	1609.3	1716.1	(106.8)	(6.2%)
Operational Data by Segment: (Billions)				
Annuities Segment				
Annuity Gross Deposits	1.580	1.242	0.338	27.2%
Annuity Net Cash Flows	0.261	(0.812)	1.073	
Annuity Account Values	46.810	58.443	(11.633)	(19.9%)
Life Insurance Segment				
Life Insurance First Year Premium	0.134	0.145	(0.011)	(7.6%)
Life Insurance In-force	227.751	211.308	16.443	7.8%
Life Insurance Account Values	10.939	10.716	0.223	2.1%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Reinsurance Segment				
Individual Life In-force Sales	28.6	37.2	(8.6)	(23.1%)
Reinsurance Life In-force	497.3	412.6	84.7	20.5%
Investment Management Segment				
Retail Deposits	0.800	1.118	(0.318)	(28.4%)
Retail Net Cash Flows	(0.126)	(0.326)	0.200	
Institutional In-flows	0.883	0.715	0.168	23.5%
Institutional Net Cash Flows	(0.155)	(0.983)	0.828	
Total Net Cash Flows	(0.281)	(1.309)	1.028	
Assets Under Management	44.530	55.527	(10.996)	(19.8%)
Assets Under Management - Insurance Assets	37.337	34.981	2.356	6.7%
Assets Under Management - Total Segment	81.867	90.508	(8.640)	(9.5%)
Consolidated				
Consolidated Domestic Retail Deposits	2.785	2.691	0.093	3.5%
Consolidated Domestic Retail Account Balances	74.509	90.893	(16.384)	(18.0%)
Annuities & Investment Management Net Flows	0.162	(1.927)	2.089	
Total Assets Under Management	117.462	136.271	(18.809)	(13.8%)

Financial Highlights

Unaudited [Amounts in Millions, except Per Shares] (Continued)

	For the Nine Months Ended September 30			
	2001 Amount	2000 Amount	Change	% Change
	-----	-----	-----	-----
Income from Operations				
Annuities	245.5	275.6	(30.1)	(10.9%)
Life Insurance	205.8	189.3	16.5	8.7%
Reinsurance	98.1	85.9	12.2	14.2%
Investment Management	9.6	35.4	(25.8)	(72.9%)
Lincoln UK	40.7	45.5	(4.8)	(10.5%)
Corporate & Other	(109.8)	(97.4)	(12.4)	
	-----	-----	-----	-----
Total Income from Operations*	489.9	534.4	(44.5)	(8.3%)
Realized gains (losses) on investments	(48.6)	(18.7)	(29.9)	
Gains (losses) on derivatives	(0.2)	0.0	(0.2)	
Restructuring charges	(4.5)	(43.2)	38.7	
	-----	-----	-----	-----
Income before Accounting Changes	436.6	472.5	(35.9)	
Cumulative effect of accounting changes**	(15.6)	0.0	(15.6)	
	-----	-----	-----	-----
Net Income*	421.0	472.5	(51.5)	(10.9%)
	=====	=====	=====	=====
Earnings per share (diluted)				
Income from Operations*	\$2.53	\$2.74	(\$0.21)	(7.7%)
Realized gain (losses) on investments	(\$0.25)	(\$0.10)	(\$0.15)	
Gains (losses) on derivatives	\$0.00	\$0.00	\$0.00	
Restructuring charges	(\$0.02)	(\$0.22)	\$0.20	
	-----	-----	-----	-----
Income before Accounting Changes	\$2.26	\$2.42	(\$0.16)	
Cumulative effect of accounting changes**	(\$0.08)	\$0.00	(\$0.08)	
	-----	-----	-----	-----
Net Income*	\$2.18	\$2.42	(\$0.24)	(9.9%)
	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inc. from Oper.- before Goodwill Amort.				
Annuities	246.4	274.6	(28.2)	(10.3%)
Life Insurance	223.6	207.1	16.5	7.9%
Reinsurance	99.5	87.2	12.2	14.0%
Investment Management	21.7	47.6	(25.9)	(54.4%)
Lincoln UK	41.2	49.4	(8.2)	(16.6%)
Corporate & Other	(109.8)	(97.4)	(12.5)	
	-----	-----	-----	-----
Total	522.6	568.6	(46.0)	(8.1%)
	=====	=====	=====	=====
Earnings per share (diluted)				
Inc. from Oper.- before Goodwill Amort.	\$2.70	\$2.92	(\$0.22)	(7.5%)
Operating Revenue				
Annuities	1534.4	1620.8	(86.4)	(5.3%)
Life Insurance	1402.2	1348.4	53.8	4.0%
Reinsurance	1433.8	1309.5	124.3	9.5%
Investment Management	329.9	374.0	(44.1)	(11.8%)
Lincoln UK	222.0	334.4	(112.4)	(33.6%)
Corporate & Other	60.6	119.2	(58.6)	(49.2%)
	-----	-----	-----	-----
Total Operating Revenue	4982.9	5106.3	(123.4)	(2.4%)
	=====	=====	=====	=====
Revenue (Including Investment Gains/Losses)				
Annuities	1500.7	1611.3	(110.6)	(6.9%)
Life Insurance	1375.9	1339.1	36.8	2.7%
Reinsurance	1417.2	1306.1	111.2	8.5%
Investment Management	327.2	370.3	(43.1)	(11.6%)
Lincoln UK	230.1	333.9	(103.8)	(31.1%)
Corporate & Other	55.8	117.3	(61.5)	(52.4%)
	-----	-----	-----	-----
Total Revenue	4907.0	5078.0	(170.9)	(3.4%)
	=====	=====	=====	=====
Operational Data by Segment: (Billions)				
Annuities Segment				
Annuity Gross Deposits	4.398	3.911	0.487	12.5%
Annuity Net Cash Flows	(0.526)	(2.193)	1.667	
Annuity Account Values	46.810	58.443	(11.634)	(19.9%)
Life Insurance Segment				
Life Insurance First Year Premium	0.416	0.431	(0.015)	(3.5%)
Life Insurance In-force	227.751	211.308	16.443	7.8%
Life Insurance Account Values	10.939	10.716	0.223	2.1%
Reinsurance Segment				
Individual Life In-force Sales	87.8	104.3	(16.5)	(15.8%)
Reinsurance Life In-force	497.3	412.6	84.7	20.5%
Investment Management Segment				
Retail Deposits	2.778	3.505	(0.727)	(20.7%)
Retail Net Cash Flows	(0.334)	(1.575)	1.241	
Institutional In-flows	3.130	2.616	0.514	19.6%
Institutional Net Cash Flows	(0.127)	(4.651)	4.524	
Total Net Cash Flows	(0.461)	(6.226)	5.765	
Assets Under Management	44.530	55.527	(10.996)	(19.8%)
Assets Under Management - Insurance Assets	37.337	34.981	2.356	6.7%
Assets Under Management - Total Segment	81.867	90.508	(8.640)	(9.5%)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Consolidated				
Consolidated Domestic Retail Deposits	8.017	8.427	(0.409)	(4.9%)
Consolidated Domestic Retail Account Balances	74.509	90.893	(16.384)	(18.0%)
Annuities & Investment Management Net Flows	(0.820)	(7.168)	6.348	
Total Assets Under Management	117.462	136.271	(18.809)	(13.8%)

\* Income from operations and net income include special charges of \$33.2 million after-tax (\$51.1 million pre-tax) or \$0.17 per share recorded in the 3rd quarter of 2001 related to the events of September 11, 2001.

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

9/30/01

PAGE 2

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

For the Quarter Ended September 30

	2001 Amount -----	2000 Amount -----	Change -----	% Change -----
Consolidated Operational Data: (Millions)				
Balance Sheet Assets - End of Period	90206.0	103243.1	(13037.1)	(12.6%)
Shareholders' Equity				
Beg of Period (Securities at Market)	5055.9	4223.7	832.2	
End of Period (Securities at Market)	5368.6	4538.6	830.0	
End of Period (Securities at Cost)	5100.4	4876.3	224.1	
Average Equity (Securities at Cost)	5085.0	4867.2	217.8	
Return on Equity				
Inc from Operations/Average Equity	11.3%	15.7%	(4.4%)	
Net Income/Average Equity	9.4%	11.4%	(2.0%)	
Return on Capital				
Inc from Operations/Average Capital	9.7%	12.7%	(3.0%)	
Common Stock Outstanding				
Average for the Period - Diluted	194.8	195.6	(0.8)	(0.4%)
End of Period - Assuming Conv of Pref.	189.8	191.8	(2.0)	(1.0%)
End of Period - Diluted	193.3	196.2	(2.9)	(1.5%)
Book Value (Securities at Market)	\$28.29	\$23.67	4.62	19.5%
Book Value (Securities at Cost)	\$26.87	\$25.43	1.44	5.7%
Cash Returned to Shareholders				
Share Repurchase - dollar amount	182.6	0.0	182.6	
Dividends Declared to Shareholders	57.7	55.8	1.9	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Cash Returned to Shareholders	240.3	55.8	184.5	
Share Repurchase - number of shares	4.084	0.000	4.084	
Dividend Declared on Common Stock - per share	\$0.305	\$0.290	\$0.015	5.2%

For the Quarter Ended September 30

Comprehensive Income (millions)	2001 Amount	2000 Amount		
Net Income	119.1	138.6		
Foreign Currency Translation	22.2	(2.0)		
Net Unrealized Gains (Losses) on Securities	171.7	218.9		
Gains (Losses) on Derivatives	(6.6)	0.0		
Cumulative Effect of Accounting Change	0.0	0.0		
Comprehensive Income	306.4	355.5		

Financial Highlights

Unaudited [Amounts in Millions, except Per Share] (Continued)

For the Nine Months Ended September 30

	2001 Amount	2000 Amount	Change	% Change
Consolidated Operational Data: (Millions)				
Balance Sheet Assets - End of Period	90206.0	103243.1	(13037.1)	(12.6%)
Shareholders' Equity				
Beg of Period (Securities at Market)	4954.1	4263.9	690.2	
End of Period (Securities at Market)	5368.6	4538.6	830.0	
End of Period (Securities at Cost)	5100.4	4876.3	224.1	
Average Equity (Securities at Cost)	4986.3	4803.9	182.4	
Return on Equity				
Inc from Operations/Average Equity	13.1%	14.8%	(1.7%)	
Net Income/Average Equity	11.3%	13.1%	(1.9%)	
Return on Capital				
Inc from Operations/Average Capital	11.0%	12.0%	-1.0%	
Common Stock Outstanding				
Average for the Period - Diluted	193.5	194.9	(1.4)	(0.7%)
End of Period - Assuming Conv of Pref.	189.8	191.8	(2.0)	(1.0%)
End of Period - Diluted	193.3	196.2	(2.9)	(1.5%)
Book Value (Securities at Market)	\$28.29	\$23.67	4.62	19.5%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Book Value (Securities at Cost)	\$26.87	\$25.43	1.44	5.7%
Cash Returned to Shareholders				
Share Repurchase - dollar amount	369.5	158.3	211.2	
Dividends Declared to Shareholders	171.9	165.9	6.0	
Total Cash Returned to Shareholders	541.4	324.2	217.2	
Share Repurchase - number of shares	8.384	5.109	3.275	
Dividend Declared on Common				
Stock - per share	\$0.915	\$0.870	\$0.045	5.2%

For the Nine Months Ended September 30

Comprehensive Income (millions)	2001 Amount	2000 Amount		
Net Income	421.0	472.5		
Foreign Currency Translation	(15.0)	(10.2)		
Net Unrealized Gains (Losses) on Securities	235.9	128.0		
Gains (Losses) on Derivatives	2.8	0.0		
Cumulative Effect of Accounting Change	17.6	0.0		
Comprehensive Income	662.3	590.3		

9/30/01

Financial Highlights  
Unaudited [Amounts in Millions]

	For the Quarter Ended September 30				For the Nin
	2001 Amount	2000 Amount	Change	% Change	2001 Amount
Consolidated Condensed Statements of Income					
Revenue:					
Insurance Premiums and Fees	821.6	882.0	(60.4)	(6.9%)	2,568.5
Investment Advisory Fees	47.2	53.3	(6.1)	(11.4%)	146.3
Net Investment Income	686.2	690.0	(3.8)	(0.6%)	2,033.0
Realized Gains (Losses) on Investments	(37.1)	(17.0)	(20.2)		(75.5)
Gains (Losses) on Derivatives	(0.4)	-	(0.4)		(0.2)
Other	91.9	107.7	(15.8)	(14.7%)	235.1
Total Revenue	1,609.3	1,716.1	(106.8)	(6.2%)	4,907.0
Benefits and Expenses:					
Benefits	903.1	893.5	9.7	1.1%	2,664.8
Underwriting, Acquisition, Insurance and Other Expenses	556.5	632.3	(75.8)	(12.0%)	1,667.8
Total Benefits and Expenses	1,459.6	1,525.7	(66.1)	(4.3%)	4,332.7

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income	-----	-----	-----	-----	-----
before Federal Taxes	149.6	190.4	(40.7)		574.4
Federal Income Taxes	30.6	51.8	(21.2)		137.9
	-----	-----	-----	-----	-----
Income before Accounting Changes	119.1	138.6	(19.5)		436.5
Cumulative Effect of Accounting Changes	-	-	-		(15.6)
Net Income	119.1	138.6	(19.6)	(14.1%)	421.0
	=====	=====	=====	=====	=====
Income before Tax and Cumulative Effect of Accounting Changes By Segment					
Annuities	61.6	110.2	(48.6)		259.5
Life Insurance	99.9	106.2	(6.3)		289.9
Reinsurance	18.9	38.5	(19.6)		131.5
Investment Management	5.5	15.9	(10.4)		13.6
Lincoln UK	15.1	(39.0)	54.1		55.9
Corporate and Other	(51.4)	(41.4)	(10.0)		(176.0)
	-----	-----	-----	-----	-----
Income before Tax and Cumulative Effect of Accounting Changes	149.6	190.4	(40.8)		574.4
Pre-Tax Realized Gains (Losses) by Segment*					
Annuities	(21.3)	(14.1)	(7.2)		(33.6)
Life Insurance	(8.2)	0.8	(9.0)		(26.3)
Reinsurance	(6.9)	(3.5)	(3.4)		(16.5)
Investment Management	(0.8)	(0.4)	(0.4)		(2.6)
Lincoln UK	5.5	-	5.5		8.1
Corporate and Other	(5.9)	0.1	(6.0)		(4.8)
	-----	-----	-----	-----	-----
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(37.6)	(17.0)	(20.6)		(75.8)
After-Tax Realized Gains (Losses) by Segment*					
Annuities	(13.8)	(9.1)	(4.7)		(21.9)
Life Insurance	(5.3)	1.0	(6.3)		(17.1)
Reinsurance	(4.5)	(2.2)	(2.3)		(10.7)
Investment Management	(0.5)	(0.2)	(0.3)		(1.7)
Lincoln UK	3.9	-	3.9		5.7
Corporate and Other	(3.9)	(1.0)	(2.9)		(3.1)
	-----	-----	-----	-----	-----
After-Tax Realized Gains (Losses) on Investments and Derivatives	(24.1)	(11.6)	(12.5)		(48.8)

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

9/30/01

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

As of



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	September 2001 Amount	December 2000 Amount	Cha
	-----	-----	-----
Consolidated Condensed Balance Sheets			
Assets:			
Investments:			
Securities Available for Sale:			
Fixed Maturities	28,931.6	27,449.8	1
Equities	477.7	549.7	
Mortgage Loans on Real Estate	4,663.1	4,663.0	
Real Estate	288.8	282.0	
Policy Loans	1,943.4	1,960.9	
Other Long-Term Investments	483.4	463.3	
	-----	-----	
Total Investments	36,788.0	35,368.6	1
Other Assets:			
Assets Held in Separate Accounts	39,479.8	50,579.9	(11
Other Assets	13,938.2	13,895.5	
	-----	-----	
Total Assets	90,206.0	99,844.1	(9
	=====	=====	=====
Liabilities and Shareholders' Equity			
Liabilities:			
Insurance and Investment Contract Liabilities	40,961.0	40,105.2	
Liabilities Related to Separate Accounts	39,479.8	50,579.9	(11
Other Liabilities	4,396.6	4,204.9	
	-----	-----	
Total Liabilities	84,837.4	94,890.0	(10
Shareholders' Equity:			
Net Unrealized Gains(Losses) on Securities	268.2	12.0	
Other Shareholders' Equity	5,100.4	4,942.0	
	-----	-----	
Total Shareholders' Equity	5,368.6	4,954.1	
	-----	-----	
Total Liabilities and Shareholders' Equity	90,206.0	99,844.1	(9
	=====	=====	=====
		As of September 30	
	-----	-----	-----
(\$ billions)	2001	2000	Cha
	Amount	Amount	
	-----	-----	-----
Domestic Retail Account Balances:			
Annuities Segment - Fixed Annuities	16.303	15.700	
Annuities Segment - Variable Annuities	30.506	42.743	(
Annuities Segment - Life Insurance	0.134	0.166	
Life Insurance Segment - Life Insurance	10.939	10.716	
Investment Management - Annuities	10.665	14.824	
Investment Management - Mutual Funds	10.301	14.102	
Investment Management - Wrap Fee & Other	1.684	1.285	
Consolidating Adjustments	(6.023)	(8.644)	
	-----	-----	
Total Domestic Account Balance	74.509	90.893	(
	=====	=====	=====
Assets Managed by Advisor:			
Investment Management Segment	81.867	90.508	
Lincoln UK	6.474	7.838	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Policy Loans (within business units)	1.943	1.936
Non-LNC Affiliates	27.177	35.989
	-----	-----
Total Assets Managed	117.462	136.271
	=====	=====

9/30/01

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

For the Year Ended December 31	2000	1999	1998	1997
	-----	-----	-----	-----
Revenue				
Annuities	2133.7	2115.8	2068.1	2023.0
Life Insurance	1819.0	1760.4	1378.5	544.8
Reinsurance	1769.3	1829.7	1577.7	1387.5
Investment Management	490.3	495.5	491.9	459.1
Lincoln UK	438.2	446.6	439.7	427.3
Employee Life - Health Benefits				
Corporate & Other	201.1	155.7	131.1	56.8
	-----	-----	-----	-----
Total Revenue	6851.5	6803.7	6087.1	4898.5
	=====	=====	=====	=====
Income from Operations*				
Annuities	362.0	299.4	262.4	223.0
Life Insurance	259.9	212.0	149.2	39.9
Reinsurance	122.5	40.1	104.9	(150.1)
Investment Management	44.1	61.0	43.9	18.1
Lincoln UK	61.0	(13.9)	70.9	(108.3)
Employee Life - Health Benefits				
Corporate & Other	(130.5)	(123.2)	(100.9)	(73.2)
	-----	-----	-----	-----
Total Income from Cont Oper	719.1	475.5	530.4	(50.6)
Discontinued Operations				110.1
	-----	-----	-----	-----
Income from Operations	719.1	475.5	530.4	59.4
	=====	=====	=====	=====
Net Income				
Annuities	358.6	291.5	273.8	263.3
Life Insurance	249.3	211.5	127.5	39.1
Reinsurance	122.3	40.6	102.3	(133.8)
Investment Management	37.0	51.6	44.4	25.1
Lincoln UK	(13.2)	(18.2)	71.7	(106.8)
Employee Life - Health Benefits				
Corporate & Other	(132.5)	(116.7)	(109.9)	(64.6)
	-----	-----	-----	-----
Total Net Inc from Cont Oper	621.4	460.4	509.8	22.2
Discontinued Operations				911.8
	=====	=====	=====	=====
Total Net Income	621.4	460.4	509.8	934.0
	=====	=====	=====	=====

OTHER DATA

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Assets	99844.1	103095.7	93836.3	77174.7
Shareholders' Equity:				
Securities and Derivatives at Market	4954.1	4263.9	5387.9	4982.9
Securities and Derivatives at Cost	4942.0	4729.6	4835.6	4546.9
Average Equity (Sec & Deriv at Cost)	4831.9	4818.7	4685.6	4214.1
Common Shares Outstanding: (millions)				
End of Period - Diluted	195.2	197.0	203.4	204.7
Average for the Period - Diluted	194.9	200.4	203.3	208.0
Per Share Data (Diluted)				
Income (Loss) from Continuing Operations	\$3.69	\$2.37	\$2.61	(\$0.24)
Income from Operations *	\$3.69	\$2.37	\$2.61	\$0.29
Net Income from Continuing Operations	\$3.19	\$2.30	\$2.51	\$0.11
Net Income	\$3.19	\$2.30	\$2.51	\$4.49
Shareholders' Equity:				
Shareholders' Equity (Sec & Deriv at Market)	\$25.92	\$21.76	\$26.59	\$24.63
Shareholders' Equity (Sec & Deriv at Cost)	\$25.85	\$24.14	\$23.86	\$22.48
Dividends Declared (Common Stock)	\$1.175	\$1.115	\$1.055	\$0.995
Return on Equity (see page 32)				
Net Income/Average Equity	12.9%	9.6%	10.9%	22.2%
Inc from Operations/Average Equity	14.9%	9.9%	11.3%	1.4%
Market Value of Common Stock				
High for the Year	\$56.375	\$57.500	\$49.438	\$39.063
Low for the Year	\$22.625	\$36.000	\$33.500	\$24.500
Close for the Year	\$47.313	\$40.000	\$40.907	\$39.063

Eleven-Year Summary

Unaudited [Millions of Dollars except Per Share Data]

For the Year Ended December 31	1994	1993	1992	1991
	-----	-----	-----	-----
Revenue				
Annuities	1506.2	1603.8	1336.2	1216.7
Life Insurance	466.2	477.5	444.4	417.3
Reinsurance	1267.4	1101.9	1074.6	774.3
Investment Management				
Lincoln UK	216.0	174.9	180.6	169.6
Employee Life - Health Benefits	314.9	1297.3	1241.6	2646.3
Corporate & Other	161.8	281.7	464.7	300.4
Total Revenue	3932.5	4937.1	4742.1	5524.6
	=====	=====	=====	=====
Income from Operations*				
Annuities	142.4	127.1	89.4	58.3
Life Insurance	34.2	37.8	46.8	31.5
Reinsurance	51.6	22.4	38.7	31.4
Investment Management				
Lincoln UK	17.2	11.9	9.2	14.3
Employee Life - Health Benefits	14.1	54.3	40.8	43.5
Corporate & Other	(40.9)	(55.9)	(73.0)	(70.7)
Total Income from Cont Oper	218.6	197.6	151.9	108.3

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Discontinued Operations	171.1	145.9	88.7	69.4
	-----	-----	-----	-----
Income from Operations	389.7	343.5	240.6	177.7
	=====	=====	=====	=====
Net Income				
Annuities	142.4	127.1	89.4	58.3
Life Insurance	34.2	37.8	46.8	31.5
Reinsurance	52.2	20.7	38.7	31.4
Investment Management				
Lincoln UK	18.5	12.6	9.2	14.3
Employee Life - Health Benefits	14.4	55.3	40.8	43.5
Corporate & Other	(96.2)	(177.1)	45.6	(46.5)
	-----	-----	-----	-----
Total Net Inc from Cont Oper	165.5	76.4	270.5	132.5
Discontinued Operations	184.4	242.5	88.7	69.4
	-----	-----	-----	-----
Total Net Income	349.9	318.9	359.2	201.9
	=====	=====	=====	=====
OTHER DATA				
Assets	48864.8	47825.1	39042.2	33660.3
Shareholders' Equity:				
Securities and Derivatives at Market	3042.1	4072.3	2826.8	2655.8
Securities and Derivatives at Cost	3353.1	3157.6	2664.1	2445.8
Average Equity (Sec & Deriv at Cost)	3288.6	3009.0	2575.0	2335.3
Common Shares Outstanding: (millions)				
End of Period - Diluted	208.3	208.3	187.7	185.4
Average for the Period - Diluted	208.7	206.1	186.8	189.2
Per Share Data (Diluted)				
Income (Loss) from Continuing Operations	\$1.05	\$0.96	\$0.81	\$0.57
Income from Operations *	\$1.87	\$1.67	\$1.29	\$0.94
Net Income from Continuing Operations	\$0.79	\$0.37	\$1.45	\$0.70
Net Income	\$1.68	\$1.55	\$1.92	\$1.07
Shareholders' Equity:				
Shareholders' Equity (Sec & Deriv at Market)	\$14.67	\$19.69	\$15.13	\$14.35
Shareholders' Equity (Sec & Deriv at Cost)	\$16.17	\$15.27	\$14.26	\$13.21
Dividends Declared (Common Stock)	\$0.830	\$0.775	\$0.738	\$0.693
Return on Equity (see page 32)				
Net Income/Average Equity	10.6%	10.6%	13.9%	8.6%
Inc from Operations/Average Equity	11.8%	11.4%	9.3%	7.6%
Market Value of Common Stock				
High for the Year	\$22.188	\$24.125	\$19.032	\$13.813
Low for the Year	\$17.313	\$17.344	\$12.625	\$9.500
Close for the Year	\$17.500	\$21.750	\$18.500	\$13.688

\* "Income from Operations" is defined as "Net income less realized gain (loss) on investments and associated items, gain (loss) on sale of subsidiaries, restructuring charges, and cumulative effect of accounting changes, all net of taxes."

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/01

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

For the Quarter Ended	Dec 1998	Mar 1999	Jun 1999	Sep 1999
	-----	-----	-----	-----
Revenue				
Annuities	512.9	524.4	533.0	520.5
Life Insurance	470.7	424.0	426.3	437.1
Reinsurance	457.2	420.6	426.2	404.1
Investment Management	127.9	126.8	123.2	118.8
Lincoln UK	109.2	119.1	113.1	110.5
Corporate & Other	35.9	60.4	56.6	51.1
	-----	-----	-----	-----
Total Revenue	1714.0	1675.4	1678.3	1642.1
	-----	-----	-----	-----
Income from Operations*				
Annuities	63.2	74.4	75.9	75.4
Life Insurance	51.9	48.1	54.4	52.6
Reinsurance	25.3	33.8	23.7	2.2
Investment Management	14.6	15.4	14.3	14.7
Lincoln UK	18.8	18.1	19.0	16.2
Corporate & Other	(34.3)	(34.0)	(35.6)	(29.7)
	-----	-----	-----	-----
Income from Operations	139.4	155.7	151.8	131.4
	-----	-----	-----	-----
Net Income				
Annuities	64.9	76.8	76.4	68.4
Life Insurance	45.8	46.3	51.5	54.0
Reinsurance	23.9	34.5	24.0	(0.7)
Investment Management	16.4	3.4	14.0	14.4
Lincoln UK	19.2	18.0	20.0	16.4
Corporate & Other	(44.6)	(33.9)	(37.6)	(20.2)
	-----	-----	-----	-----
Total Net Income	125.6	145.1	148.4	132.3
	=====	=====	=====	=====
OTHER DATA				
Assets	93836.3	95350.3	98261.4	96500.7
Shareholders' Equity				
Beg of Period (Sec & Deriv at Market)	5527.6	5387.9	5107.4	4817.4
End of Period (Sec & Deriv at Market)	5387.9	5107.4	4817.4	4662.2
End of Period (Sec & Deriv at Cost)	4835.6	4852.8	4818.5	4766.0
Average Equity (Sec & Deriv at Cost)	4795.4	4872.5	4834.2	4793.9
Common Shares Outstanding				
Average for the Period - Diluted	203.3	203.6	201.9	199.0
End of Period - Diluted	203.4	203.2	200.9	196.9
Per Share Data (Diluted)				
Income from Operations *	\$0.69	\$0.76	\$0.75	\$0.66
Net Income	\$0.62	\$0.71	\$0.73	\$0.66
Shareholders' Equity				
Shareholders' Equity (Sec & Deriv at Market)	\$26.59	\$25.30	\$24.18	\$23.76

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Shareholders' Equity (Sec & Deriv at Cost)	\$23.86	\$24.04	\$24.18	\$24.28
Dividends Declared (Com Stk)	\$0.275	\$0.275	\$0.275	\$0.275
Return on Equity (see page 32)				
Net Income/Average Equity	10.5%	11.9%	12.3%	11.0%
Inc from Operations/Average Equity	11.6%	12.8%	12.6%	11.0%
Market Value of Common Stock				
Highest Price	\$43.344	\$50.250	\$53.438	\$57.500
Lowest Price	\$33.500	\$39.281	\$45.688	\$36.000
Closing Price	\$40.906	\$49.438	\$52.313	\$37.563

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

For the Quarter Ended	Jun 2000	Sep 2000	Dec 2000	Mar 2001
	-----	-----	-----	-----
Revenue				
Annuities	530.5	532.1	522.3	510.4
Life Insurance	444.2	453.2	479.9	459.6
Reinsurance	457.2	454.4	463.2	508.0
Investment Management	120.7	123.8	120.0	112.3
Lincoln UK	108.2	112.8	104.3	84.9
Corporate & Other	31.9	39.7	83.8	23.5
	-----	-----	-----	-----
Total Revenue	1692.7	1716.1	1773.5	1698.8
	-----	-----	-----	-----
Income from Operations*				
Annuities	84.1	102.9	86.4	82.3
Life Insurance	62.4	66.5	70.6	68.6
Reinsurance	25.8	28.2	36.6	46.8
Investment Management	13.1	9.9	8.7	2.4
Lincoln UK	19.3	10.6	15.5	14.4
Corporate & Other	(31.7)	(27.3)	(33.1)	(35.9)
	-----	-----	-----	-----
Income from Operations	173.0	190.7	184.7	178.6
	-----	-----	-----	-----
Net Income				
Annuities	84.4	93.8	89.2	76.6
Life Insurance	58.4	67.4	65.4	62.9
Reinsurance	24.7	26.0	38.5	42.0
Investment Management	8.4	9.7	6.6	2.0
Lincoln UK	19.1	(29.9)	(17.9)	14.8
Corporate & Other	(31.4)	(28.3)	(32.8)	(38.1)
	-----	-----	-----	-----
Total Net Income	163.6	138.6	148.9	160.2
	=====	=====	=====	=====
OTHER DATA				
Assets	103847.6	103243.1	99844.1	94122.4
Shareholders' Equity				
Beg of Period (Sec & Deriv at Market)	4340.4	4223.7	4538.6	4954.1
End of Period (Sec & Deriv at Market)	4223.7	4538.6	4954.1	5096.4

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

End of Period (Sec & Deriv at Cost)	4780.3	4876.3	4942.0	4882.7
Average Equity (Sec & Deriv at Cost)	4753.0	4867.2	4915.7	4953.7
Common Shares Outstanding				
Average for the Period - Diluted	194.0	195.6	195.6	193.7
End of Period - Diluted	193.7	196.2	195.2	191.3
Per Share Data (Diluted)				
Income from Operations *	\$0.89	\$0.98	\$0.94	\$0.92
Net Income	\$0.84	\$0.71	\$0.76	\$0.83
Shareholders' Equity				
Shareholders' Equity (Sec & Deriv at Market)	\$22.10	\$23.67	\$25.92	\$27.09
Shareholders' Equity (Sec & Deriv at Cost)	\$25.01	\$25.43	\$25.85	\$25.96
Dividends Declared (Com Stk)	\$0.290	\$0.290	\$0.305	\$0.305
Return on Equity (see page 32)				
Net Income/Average Equity	13.8%	11.4%	12.1%	12.9%
Inc from Operations/Average Equity	14.6%	15.7%	15.0%	14.4%
Market Value of Common Stock				
Highest Price	\$40.063	\$56.375	\$50.938	\$48.250
Lowest Price	\$29.000	\$35.625	\$40.875	\$38.000
Closing Price	\$36.125	\$48.125	\$47.313	\$42.470

\* "Income from Operations" is defined as "net income less realized gain (loss) on investments and gain (loss) on sale of subsidiaries, restructuring charges, and cumulative effect of accounting all net of taxes."

9/30/2001

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

For the Quarter Ended September 30	Annuities		Life Insurance		Rei
	Sep 2001	Sep 2000	Sep 2001	Sep 2000	Sep 2001
Operating Revenue					
Life and annuity premiums	13.2	18.0	46.4	50.9	265.9
Surrender charges	6.5	10.4	15.6	13.8	0.6
Mortality assessments			124.7	116.3	0.0
Expense assessments	132.0	163.4	46.0	46.9	(0.0)
Health premiums			0.0	0.0	103.3
Investment advisory fees					
Other revenue and fees	1.2	4.6	3.0	3.8	19.6
Net investment income	346.6	349.8	233.2	220.6	77.5
Earnings in Unconsolidated Affiliates					0.4
Operating Revenue	499.5	546.2	468.9	452.4	467.4





Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

insurance and other expenses	40.3	45.2	90.4	96.8	(46.9)
Goodwill amortization	0.2	1.2		0.0	(0.0)
Interest			51.3	54.3	(23.6)
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	61.1	98.3	141.7	150.6	(61.3)
	-----	-----	-----	-----	-----
Income from Operations Before Tax	9.6	14.5	(45.5)	(41.5)	0.0
Federal income taxes	(0.5)	3.9	(15.4)	(14.2)	
	-----	-----	-----	-----	-----
Income from Operations	10.1	10.6	(30.1)	(27.3)	0.0
Restructuring charges		(40.5)	0.0		
Realized gains (losses) on investments	3.9	(0.0)	(2.9)	(0.0)	(1.0)
Gains (losses) on derivatives			0.0		
	-----	-----	-----	-----	-----
Income before Accounting Changes	14.0	(29.9)	(33.0)	(27.3)	(1.0)
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Net Income	14.0	(29.9)	(33.0)	(27.3)	(1.0)
	=====	=====	=====	=====	=====
Inc. from Oper.-before Goodwill Amort.	10.3	11.8	(30.1)	(27.3)	
	-----	-----	-----	-----	-----

9/30/01

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

For the Nine Months Ended September 30	Annuities		Life Insurance		Reinsurance	
	Sep 2001	Sep 2000	Sep 2001	Sep 2000	Sep 2001	Sep 2000
	-----	-----	-----	-----	-----	-----
Operating Revenue						
Life and annuity premiums	64.8	48.1	147.9	160.1	847.8	695.0
Surrender charges	24.0	32.7	46.3	46.5	1.8	2.0
Mortality assessments			373.8	343.0	0.1	0.0
Expense assessments	411.5	474.1	138.6	136.3	(0.0)	(0.0)
Health premiums			0.1	0.1	302.4	316.0
Investment advisory fees						
Other revenue and fees	6.7	7.5	11.9	10.6	45.9	50.0
Net investment income	1027.3	1058.5	683.6	651.8	234.5	243.0
Earnings in Unconsolidated Affiliates					1.3	1.0
	-----	-----	-----	-----	-----	-----
Operating Revenue	1534.4	1620.8	1402.2	1348.4	1433.8	1309.0
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Goodwill amortization	0.5	3.9		0.0	(0.0)	
Interest			161.9	165.8	(72.9)	(67.7)
Operating Benefits and Expenses	174.1	273.4	459.1	481.0	(229.1)	(212.7)
Income from Operations Before Tax	47.8	61.1	(173.7)	(152.0)	4.4	3.0
Federal income taxes	7.1	15.5	(60.9)	(51.5)	1.3	(0.1)
Income from Operations	40.7	45.5	(112.8)	(100.5)	3.0	3.0
Restructuring charges		(40.5)	(1.2)			
Realized gains (losses) on investments	5.7	(0.4)	(2.9)	9.2	(0.2)	(11.6)
Gains (losses) on derivatives						
Income before Accounting Changes	46.4	4.7	(116.9)	(91.3)	2.8	(8.2)
Cumulative effect of accounting changes			(0.3)			
Net Income	46.4	4.7	(117.2)	(91.3)	2.8	(8.2)
Inc. from Oper.-before Goodwill Amort.	41.2	49.4	(112.8)	(100.4)	3.0	3.0

Statement of Consolidated Income  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1996	1997	1998	1999	2000
Operating Revenue					
Life and annuity premiums	728.7	756.2	985.6	1183.0	1401.1
Surrender charges	40.9	45.4	91.5	110.2	111.1
Mortality assessments	180.8	186.4	380.1	496.4	496.4
Expense assessments	491.8	600.3	803.0	930.9	1051.1
Health premiums	790.4	572.6	635.1	698.5	401.1
Investment advisory fees	180.8	204.9	227.1	223.8	211.1
Other revenue and fees	138.2	157.3	261.0	344.5	441.1
Net investment income	2087.9	2250.8	2681.4	2807.5	2741.1
Earnings in Unconsolidated Affiliates	1.4	2.1	3.3	5.8	(1.1)
Operating Revenue	4641.1	4775.9	6068.0	6800.7	6871.1
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	835.7	1090.2	1237.7	1546.6	1541.1
Div accum & div to policyholders	33.4	29.7	78.0	88.4	81.1
Interest credited to policy bal.	1167.2	1238.7	1446.2	1510.4	1471.1

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Health policy benefits	673.6	833.1	566.9	659.7	44
Underwriting, acquisition, insurance and other expenses	1417.0	1557.3	1844.2	2218.5	216
Goodwill amortization	13.9	15.6	44.5	49.2	4
Interest	84.7	92.5	117.1	133.7	13
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	4225.4	4857.2	5334.6	6206.4	591
	-----	-----	-----	-----	-----
Income from Operations Before Tax	415.7	(81.3)	733.4	594.4	96
Federal income taxes	116.9	(30.6)	203.0	118.9	25
	-----	-----	-----	-----	-----
Income from Continuing Operations	298.8	(50.6)	530.4	475.5	71
	-----	-----	-----	-----	-----
Discontinued Operations	157.2	911.8			
Restructuring charges			(34.3)	(18.9)	(8)
Realized gains (losses) on investments	57.6	72.9	13.7	3.8	(1)
Gains(losses) on derivatives					
	-----	-----	-----	-----	-----
Income before Accounting Changes	513.6	934.0	509.8	460.4	62
Cumulative Effect of Accounting Changes					
	-----	-----	-----	-----	-----
Net Income	513.6	934.0	509.8	460.4	62
	=====	=====	=====	=====	=====
For the Quarter Ended	Dec	Mar	Jun	Sep	
	1998	1999	1999	1999	1
	-----	-----	-----	-----	-----
Operating Revenue					
Life and annuity premiums	348.0	284.2	274.0	263.8	36
Surrender charges	26.9	25.5	27.1	28.4	2
Mortality assessments	130.0	137.3	122.2	118.2	11
Expense assessments	198.2	215.3	231.5	245.9	23
Health premiums	164.5	154.9	160.3	149.6	23
Investment advisory fees	57.5	58.8	56.3	54.6	5
Other revenue and fees	76.4	86.4	109.0	77.9	7
Net investment income	714.7	709.5	700.8	697.1	70
Earnings in Unconsolidated Affiliates	1.3	1.6	1.1	1.2	
	-----	-----	-----	-----	-----
Operating Revenue	1717.6	1673.4	1682.4	1636.7	180
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	440.0	344.6	335.5	294.0	57
Div accum & div to policyholders	27.9	21.5	22.5	21.2	2
Interest credited to policy bal.	380.6	375.1	377.1	369.7	38
Health policy benefits	131.0	145.5	166.6	189.8	15
Underwriting, acquisition, insurance and other expenses	491.2	522.4	532.1	533.4	63
Goodwill amortization	16.0	11.8	9.9	12.9	1
Interest	33.5	33.1	32.6	33.3	3
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	1520.3	1454.1	1476.3	1454.1	182
	-----	-----	-----	-----	-----
Income from Operations before Tax/Min Int.	197.4	219.3	206.1	182.6	(1)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Federal income taxes	58.0	63.6	54.2	51.2	(5)
Inc from Operations before Min Int	139.4	155.7	151.8	131.4	3
Minority Interest					
Income from Operations	139.4	155.7	151.8	131.4	3
Restructuring charges	(14.3)	(12.1)		(3.2)	(
Realized gains (losses) on investments	0.5	1.5	(3.5)	4.1	
Gains (losses) on derivatives					
Income before Accounting Changes	125.6	145.1	148.4	132.3	3
Cumulative Effect of Accounting Changes					
Net Income	125.6	145.1	148.4	132.3	3
For the Quarter Ended	Sep 2000	Dec 2000	Mar 2001	Jun 2001	2
Operating Revenue					
Life and annuity premiums	339.0	396.1	402.1	353.9	33
Surrender charges	25.9	30.3	27.8	22.8	2
Mortality assessments	125.9	129.6	133.7	133.7	13
Expense assessments	273.4	257.1	244.9	227.5	22
Health premiums	117.9	89.4	104.8	95.7	10
Investment advisory fees	53.3	53.6	49.4	49.6	4
Other revenue and fees	106.0	144.6	82.0	60.3	9
Net investment income	690.0	672.1	673.7	673.1	68
Earnings in Unconsolidated Affiliates	1.6	0.6	0.9	0.0	
Operating Revenue	1733.1	1773.5	1719.5	1616.5	164
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	390.2	430.0	418.9	373.6	42
Div accum & div to policyholders	18.2	27.4	18.9	20.2	1
Interest credited to policy bal.	362.0	371.5	367.1	369.7	37
Health policy benefits	123.0	91.8	101.8	91.5	8
Underwriting, acquisition, insurance and other expenses	532.4	572.9	524.8	491.4	51
Goodwill amortization	12.0	10.9	10.9	10.9	1
Interest	34.4	33.4	34.4	32.0	2
Operating Benefits and Expenses	1472.2	1537.9	1476.7	1389.3	145
Income from Operations before Tax/Min Int.	260.8	235.6	242.7	227.2	18
Federal income taxes	70.1	50.9	64.1	59.1	4

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inc from Operations before Min Int	190.7	184.7	178.6	168.1	14
Minority Interest	(0.0)	0.0	(0.0)	(0.0)	(
Income from Operations	190.7	184.7	178.6	168.1	14
Restructuring charges	(40.5)	(37.0)	(0.7)	(3.9)	
Realized gains (losses) on investments	(11.6)	1.2	(13.4)	(11.5)	(2
Gains (losses) on derivatives			(0.1)	0.2	(
Income before Accounting Changes	138.6	148.9	164.5	153.0	11
Cumulative Effect of Accounting Changes			(4.3)	(11.3)	
Net Income	138.6	148.9	160.2	141.7	11

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

	Annuities		Life Insurance		Reinsurance	
	Sep 2001	Dec 2000	Sep 2001	Dec 2000	Sep 2001	
ASSETS						
Investments						
Corporate bonds	10295.7	8892.4	7023.9	6353.6	2752.2	25
U.S. government bonds	13.6	25.8	80.6	86.4	290.9	2
Foreign government bonds	122.1	135.5	101.6	125.8	63.3	
Asset/Mortgage backed securities	2106.0	2299.7	777.9	829.3	255.4	2
State and municipal bonds	5.9	6.3	8.1	7.9	0.3	
Preferred stocks-redeemable	73.5	120.5	12.8	24.6	4.3	
Common stocks			12.9	13.6		
Preferred stocks-equity	38.6	45.8	6.7	9.2	1.1	
Mortgage loans	2198.6	2324.0	1618.8	1765.9	345.0	3
Real estate						
Policy loans	503.3	509.9	1431.4	1440.5		
Other long-term investments	14.5	5.2	21.1	16.9	19.3	
Total Investments	15371.8	14365.2	11095.8	10673.8	3731.8	35
Intercompany investments	4629.3	4039.2	1310.9	1598.4	506.7	5
Invest in unconsol affiliates					6.5	
Cash and invested cash	(43.4)	(108.8)	(86.0)	(67.2)	50.9	1
Property and equipment			8.4	7.0	15.2	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Premium and fees receivable	(0.2)	(1.8)	26.1	45.6	204.7	2
Accrued investment income	235.3	210.8	204.6	169.5	59.0	
Assets held in separate accounts	30269.3	39322.1	1159.8	1270.1		
Federal income tax recoverable						
Amount recoverable from reinsurers	1264.5	1309.5	1073.6	989.1	1636.2	16
Deferred acquisition costs	781.2	812.5	1156.0	1079.3	475.1	4
Other intangible assets	155.9	169.2	978.7	1040.5	11.7	
Goodwill	44.3	45.2	861.0	878.7	32.4	
Other	139.0	104.1	322.9	254.3	327.5	3
	-----	-----	-----	-----	-----	-----
Total Assets	52847.0	60267.1	18111.8	17939.1	7057.6	70
	=====	=====	=====	=====	=====	=====

	Lincoln UK		Corporate and Other Operations		Consolidating Adjustments	
	Sep 2001	Dec 2000	Sep 2001	Dec 2000	Sep 2001	
	-----	-----	-----	-----	-----	-----
ASSETS						
Investments						
Corporate bonds	476.1	457.6	2448.2	2639.1		
U.S. government bonds			82.4	154.9		
Foreign government bonds	336.0	444.8	537.4	543.9		
Asset/Mortgage backed securities			581.0	720.1		
State and municipal bonds						
Preferred stocks-redeemable				2.2		
Common stocks	198.2	265.2	100.1	155.6		
Preferred stocks-equity			117.5	54.5		
Mortgage loans	0.3	0.3	412.3	116.3		
Real estate	0.2	0.3	291.5	283.0	(2.8)	
Policy loans	8.7	10.5				
Other long-term investments			1678.6	1666.2	(1250.0)	(12
	-----	-----	-----	-----	-----	-----
Total Investments	1019.5	1178.8	6248.9	6335.8	(1252.9)	(12
	-----	-----	-----	-----	-----	-----
Intercompany investments			(1277.3)	(1245.8)	(5332.5)	(51
Invest in unconsol affiliates						
Cash and invested cash	236.5	253.5	1760.3	1830.5		(1
Property and equipment	39.9	50.8	165.9	134.0		
Premium and fees receivable			1.6	1.4	(7.5)	
Accrued investment income	23.8	22.8	102.0	82.8	(19.5)	
Assets held in separate accounts	5217.9	6440.9			2832.9	35
Federal income tax recoverable					35.3	2
Amount recoverable from reinsurers			36.8	33.0	(192.8)	(2
Deferred acquisition costs	589.7	635.0	2.6	2.9	82.5	
Other intangible assets	252.8	273.6				
Goodwill	12.4	13.0	(0.0)		(1.6)	
Other	53.2	(104.9)	665.5	545.1	(563.5)	(3
	-----	-----	-----	-----	-----	-----
Total Assets	7445.7	8763.7	7706.2	7719.7	(4419.6)	(33
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

LIABILITIES and SHAREHOLDERS' EQUITY	Annuities		Life Insurance		Rein
	Sep 2001	Dec 2000	Sep 2001	Dec 2000	Sep 2001
<b>Liabilities</b>					
<b>Insurance and Inv Contract Liabilities:</b>					
Life and annuity reserves	2658.0	2686.4	13036.3	12783.9	1048.5
Health reserves			0.3	0.1	2489.9
Unpaid claims - life and health	6.7	7.1	92.3	108.1	1062.4
Unearned premiums			0.0	0.1	8.3
Premium deposit funds	17195.3	16331.4	14.7	13.9	676.7
Participating policyholders' funds			118.3	139.4	
Other policyholders' funds	0.4		543.8	515.4	10.1
Liab related to separate accounts	30269.3	39322.1	1159.8	1270.1	
<b>Total Insurance and Inv Contract Liabilities</b>	<b>50129.7</b>	<b>58347.0</b>	<b>14965.5</b>	<b>14830.9</b>	<b>5296.0</b>
Federal income taxes	109.7	(108.7)	(11.1)	(113.7)	66.8
Short-term debt					238.7
Long-term debt					
Minority Interest in pref. securities of sub.					
Other liabilities	441.2	274.4	352.0	567.9	378.5
<b>Total Liabilities</b>	<b>50680.5</b>	<b>58512.7</b>	<b>15306.4</b>	<b>15285.2</b>	<b>5980.0</b>
Net unrealized gains (losses) on securities	144.6	(44.7)	45.0	(44.9)	29.6
Gains (losses) on derivatives	1.7		4.9		0.3
Other shareholders' equity	2017.3	1799.1	2744.7	2698.8	1047.5
Cumulative effect of accounting change	2.8		10.9		0.1
<b>Shareholders' Equity</b>	<b>2166.5</b>	<b>1754.4</b>	<b>2805.4</b>	<b>2653.9</b>	<b>1077.6</b>
<b>Total Liabilities and S/Hs' Equity</b>	<b>52847.0</b>	<b>60267.1</b>	<b>18111.8</b>	<b>17939.1</b>	<b>7057.6</b>

LIABILITIES and SHAREHOLDERS' EQUITY	Lincoln UK		Corporate and Other Operatons		Conso Adju
	Sep 2001	Dec 2000	Sep 2001	Dec 2000	Sep 2001
<b>Liabilities</b>					
<b>Insurance and Inv Contract Liabilities:</b>					
Life and annuity reserves	1364.2	1529.1		0.0	(116.2)
Health reserves	48.2	50.7	34.8	30.9	
Unpaid claims - life and health	44.6	46.6	0.6	0.5	(0.0)
Unearned premiums			(0.3)	(0.0)	
Premium deposit funds	30.4	32.9			592.6
Participating policyholders' funds					



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Other policyholders' funds					
Liab related to separate accounts	5217.9	6440.9			2832.9
	-----	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	6705.2	8100.3	35.2	31.4	3309.3
Federal income taxes	(2.3)	3.1	(234.1)	(47.5)	33.9
Short-term debt			607.9	525.9	(307.5)
Long-term debt			1962.4	1962.2	(1250.0)
Minority Interest in pref. securities of sub.			305.0	745.0	
Other liabilities	148.3	167.4	1506.3	941.2	(856.7)
	-----	-----	-----	-----	-----
Total Liabilities	6851.2	8270.8	4182.6	4158.2	929.1
	-----	-----	-----	-----	-----
Net unrealized gains (losses) on securities	11.7	52.6	8.2	39.7	5.4
Gains (losses) on derivatives			(4.0)		
Other shareholders' equity	582.8	440.2	3515.8	3521.8	(5354.0)
Cumulative effect of accounting change			3.7		
	-----	-----	-----	-----	-----
Shareholders' Equity	594.5	492.8	3523.6	3561.5	(5348.6)
	-----	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	7445.7	8763.7	7706.2	7719.7	(4419.6)
	-----	-----	-----	-----	-----

9/30/01

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

ASSETS	1996	1997	1998
	-----	-----	-----
Investments			
Corporate bonds	15451.0	16633.3	22505.2
U.S. government bonds	1305.1	662.4	1134.6
Foreign government bonds	1781.4	1804.4	1321.2
Mortgage backed securities	5144.5	4529.3	5080.5
State and municipal bonds	237.2	241.4	16.7
Preferred stocks-redeemable	177.4	195.5	174.6
Common stocks	486.3	572.3	463.1
Preferred stocks-equity	71.2	88.2	79.8
Mortgage loans	3240.7	3288.1	4393.1
Real estate	655.0	576.0	488.7
Policy loans	734.8	763.1	1840.0
Other long-term investments	445.3	464.8	432.0
	-----	-----	-----
Total Investments	29730.0	29818.8	37929.5
	-----	-----	-----
Invest in unconsol affiliates	21.0	21.0	18.8

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Cash and invested cash	1144.8	3794.7	2433.4
Property and equipment	196.0	189.8	174.8
Premiums and fees receivable	237.3	197.5	246.2
Accrued investment income	417.6	423.0	528.5
Assets held in separate accounts	28809.1	37138.8	43408.9
Federal income taxes recoverable			204.1
Amounts recoverable from reinsurers	2328.5	2350.8	3127.1
Deferred acquisition costs	1689.7	1623.8	1964.4
Other intangible assets	708.4	613.9	1848.4
Goodwill	351.7	457.7	1484.3
Other	596.4	544.8	468.0
Discontinued operations - assets	5482.7		
	-----	-----	-----
Total Assets	71713.4	77174.7	93836.3
	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY			
Liabilities			
Insurance and Inv Contract Liabilities:			
Life and annuity reserves	7812.4	8228.7	16434.2
Health reserves	2153.0	2300.4	2600.1
Unpaid claims-life and health	438.8	682.0	1043.4
Unearned premiums	53.7	55.3	62.3
Premium deposit funds	20894.6	19803.0	20171.9
Participating policyholders' funds	81.9	79.8	142.7
Other policyholders' funds	188.9	180.6	438.4
Liab related to separate accounts	28809.1	37138.8	43408.9
	-----	-----	-----
Total Ins and Inv Contr Liabilities	60432.4	68468.5	84301.9
Federal income taxes	161.5	487.8	
Short-term debt	189.0	297.2	314.6
Long-term debt	626.3	511.0	712.2
Minority Interest - pref sec of a sub	315.0	315.0	745.0
Other liabilities	1417.4	2112.2	2374.6
Discontinued operations - liabilities	4101.9		
	-----	-----	-----
Total Liabilities	67243.5	72191.8	88448.3
	-----	-----	-----
S/Hs' equity-unrealized gains (losses)-cont op.	276.4	436.0	552.4
S/Hs' equity-unrealized gains (losses)-disc op.	136.4		
S/Hs' equity-foreign currency	66.4	46.2	50.0
S/Hs' equity-other	3990.7	4500.7	4785.6
	-----	-----	-----
Total Shareholders' Equity	4470.0	4982.9	5387.9
	-----	-----	-----
Total Liabilities and Shareholders' Equity	71713.4	77174.7	93836.3
	=====	=====	=====
Shareholders' Equity Per Share			
[Book Value, Securities at Cost]	\$19.51	\$22.48	\$23.86
Common shares outstanding	207.9	202.3	202.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/2001

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

	Dec 1998	Mar 1999	Jun 1999	Sep 1999	
	-----	-----	-----	-----	-----
<b>ASSETS</b>					
Investments					
Corporate bonds	22505.2	22450.1	21888.5	21560.5	21
U.S. government bonds	1134.6	1489.4	1367.8	991.0	
Foreign government bonds	1321.2	1373.7	1339.7	1369.6	1
Mortgage backed securities	5080.5	5068.6	4788.5	4601.2	4
State and municipal bonds	16.7	16.2	19.1	14.8	
Preferred stocks - redeemable	174.6	179.8	175.8	171.3	
Common stocks	463.1	399.5	419.0	423.9	
Preferred stocks-equity	79.8	81.3	86.7	82.7	
Mortgage loans	4393.1	4344.6	4570.5	4772.7	4
Real estate	488.7	471.8	449.8	280.3	
Policy loans	1840.0	1842.4	1847.4	1863.2	1
Other long-term investments	432.0	411.9	409.9	401.2	
	-----	-----	-----	-----	-----
Total Investments	37929.5	38129.4	37362.6	36532.4	35
	-----	-----	-----	-----	-----
Invest in unconsol affiliates	18.8	20.5	22.3	23.4	
Cash and invested cash	2433.4	2327.0	2151.1	2342.9	1
Property and equipment	174.8	178.0	180.7	191.9	
Premiums and fees receivable	246.2	241.8	269.0	296.0	
Accrued investment income	528.5	585.6	569.1	602.9	
Assets held in separate accounts	43408.9	44339.4	47864.3	46228.8	53
Federal income taxes recoverable	204.1	286.0	478.4	457.3	
Amount recoverable from reinsurers	3127.1	3124.5	3121.3	3315.6	3
Deferred acquisition costs	1964.4	2112.2	2398.3	2614.5	2
Other intangible assets	1848.4	1845.4	1764.9	1760.6	1
Goodwill	1484.3	1404.6	1428.3	1435.0	1
Other	468.0	755.8	651.1	699.3	
	-----	-----	-----	-----	-----
Total Assets	93836.3	95350.3	98261.4	96500.7	103
	=====	=====	=====	=====	=====
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	16434.2	16590.3	16536.4	16760.5	17
Health reserves	2600.1	2562.3	2528.2	2511.3	2
Unpaid claims-life and health	1043.4	1022.9	1064.9	1162.6	1
Unearned premiums	62.3	68.8	68.7	62.5	
Premium deposit funds	20171.9	20027.8	20012.6	19988.9	19
Participating policyholders' funds	142.7	132.6	125.7	120.2	
Other policyholders' funds	438.4	440.4	441.2	445.9	
Liab related to separate accounts	43408.9	44339.4	47864.3	46228.8	53
	-----	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	84301.9	85184.6	88642.1	87280.8	94
	-----	-----	-----	-----	-----
Federal income taxes					

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Short-term debt	314.6	281.8	380.2	367.7	
Long-term debt	712.2	712.1	712.1	712.0	
Minority Interest - pref sec of a sub	745.0	745.0	745.0	745.0	
Other liabilities	2374.6	3319.3	2964.7	2733.0	2
	-----	-----	-----	-----	---
Total Liabilities	88448.3	90242.9	93444.1	91838.5	98
	-----	-----	-----	-----	---
S/Hs' equity-unrealized gns (losses)- inv.	552.4	254.6	(1.1)	(103.8)	(
S/Hs' equity- gains (losses)-derivatives					
S/Hs' equity-foreign currency	50.0	30.1	20.6	40.2	
S/Hs' equity-other	4785.6	4822.6	4797.9	4725.8	4
Cumulative effect of accounting change					
	-----	-----	-----	-----	---
Total Shareholders' Equity	5387.9	5107.4	4817.4	4662.2	4
	-----	-----	-----	-----	---
Total Liabilities and Shareholders' Equity	93836.3	95350.3	98261.4	96500.7	103
	=====	=====	=====	=====	===
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$23.86	\$24.04	\$24.18	\$24.28	\$
Common shares outstanding	202.6	201.8	199.3	196.3	

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

	Jun 2000	Sep 2000	Dec 2000	Mar 2001	
	-----	-----	-----	-----	---
ASSETS					
Investments					
Corporate bonds	20719.1	21064.7	21249.7	21855.2	22
U.S. government bonds	566.2	575.5	542.9	536.6	
Foreign government bonds	1377.4	1277.7	1321.1	1240.8	1
Mortgage backed securities	4242.4	4172.5	4160.4	4009.8	3
State and municipal bonds	14.1	14.3	14.6	14.7	
Preferred stocks - redeemable	159.2	159.5	161.2	154.1	
Common stocks	467.8	479.9	436.6	388.6	
Preferred stocks-equity	92.2	90.3	113.1	170.9	
Mortgage loans	4783.8	4767.3	4663.0	4641.2	4
Real estate	282.1	297.6	282.0	308.1	
Policy loans	1914.7	1935.6	1960.9	1947.0	1
Other long-term investments	438.2	470.5	463.3	477.4	
	-----	-----	-----	-----	---
Total Investments	35057.2	35305.4	35368.6	35744.5	35
	-----	-----	-----	-----	---
Invest in unconsol affiliates	(0.9)	5.8	6.4	7.3	
Cash and invested cash	1619.3	1435.9	1927.4	2015.2	1
Property and equipment	205.5	213.8	228.2	242.1	
Premiums and fees receivable	247.8	240.8	296.7	282.8	
Accrued investment income	544.0	569.2	546.4	581.9	
Assets held in separate accounts	54924.2	54410.9	50579.9	44506.2	47
Federal income taxes recoverable	246.1	267.3	207.5	106.6	
Amount recoverable from reinsurers	3775.3	3774.7	3747.7	3706.4	3
Deferred acquisition costs	2968.0	3048.0	3070.5	2963.4	3

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Other intangible assets	1646.7	1598.4	1557.0	1505.3	1
Goodwill	1335.4	1296.6	1286.0	1274.5	1
Other	1279.1	1076.4	1021.6	1186.3	1
	-----	-----	-----	-----	-----
Total Assets	103847.6	103243.1	99844.1	94122.4	96
	=====	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	17247.3	17500.0	17841.2	17733.0	17
Health reserves	2494.2	2520.2	2523.8	2534.8	2
Unpaid claims-life and health	1204.1	1202.8	1316.6	1255.3	1
Unearned premiums	52.8	51.8	46.5	45.9	
Premium deposit funds	18407.2	18072.1	17715.5	17667.1	17
Participating policyholders' funds	130.4	135.4	139.4	145.0	
Other policyholders' funds	490.6	500.7	522.2	532.1	
Liab related to separate accounts	54924.2	54410.9	50579.9	44506.2	47
	-----	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	94950.8	94394.0	90685.1	84419.3	87
Federal income taxes					
Short-term debt	355.7	330.3	312.9	415.3	
Long-term debt	712.1	712.2	712.2	712.3	
Minority Interest - pref sec of a sub	745.0	745.0	745.0	745.0	
Other liabilities	2860.3	2522.9	2434.7	2734.2	2
	-----	-----	-----	-----	-----
Total Liabilities	99623.9	98704.5	94890.0	89026.0	91
	-----	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses)- inv.	(556.6)	(337.7)	12.0	190.4	
S/Hs' equity- gains (losses)-derivatives				5.7	
S/Hs' equity-foreign currency	21.8	19.9	21.9	4.1	
S/Hs' equity-other	4758.5	4856.4	4920.1	4878.6	4
Cumulative effect of accounting change				17.6	
	-----	-----	-----	-----	-----
Total Shareholders' Equity	4223.7	4538.6	4954.1	5096.4	5
	-----	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	103847.6	103243.1	99844.1	94122.4	96
	=====	=====	=====	=====	=====
Shareholders' Equity Per Share					
[Book Value, Securities at Cost]	\$25.01	\$25.43	\$25.85	\$25.96	\$
Common shares outstanding	191.1	191.8	191.2	188.1	

9/30/2001

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

For the Year Ended December 31	1996	1997	1998	1999
-----				
Operating Revenue				
Premiums	69.8	84.2	53.9	65.2
Surrender charges	26.3	29.8	33.5	37.9
Expense assessments	276.7	367.2	459.9	536.2
Other revenue and fees	0.8	1.2	1.7	14.5
Net investment income	1385.9	1477.1	1501.6	1474.2
	-----	-----	-----	-----
Operating Revenue	1759.5	1959.5	2050.6	2128.0
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	270.1	292.6	271.6	259.1
Interest credited to policy bal.	910.3	974.4	955.2	925.2
Underwriting, acquisition, insurance and other expenses	348.5	415.0	498.8	560.8
Goodwill amortization	0.0	0.0	2.2	2.0
	-----	-----	-----	-----
Operating Benefits and Expenses	1528.9	1682.0	1727.8	1747.1
	-----	-----	-----	-----
Income from Operations Before Tax	230.6	277.5	322.8	380.9
Federal income taxes	56.0	54.5	60.4	81.4
	-----	-----	-----	-----
Income from Operations	174.6	223.0	262.4	299.4
	-----	-----	-----	-----
Realized gains (losses) on investments	29.6	40.3	11.4	(7.9)
Gains(losses) on derivatives	0.0	0.0	0.0	0.0
Restructuring Charge	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Income before Accounting Changes	204.3	263.3	273.8	291.5
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Net Income	204.3	263.3	273.8	291.5
	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	174.6	223.0	264.6	301.5
Effective tax rate	24.3%	19.6%	18.7%	21.4%
Operating Revenue	1759.5	1959.5	2050.6	2128.0
Realized gains (losses) on investments	45.6	63.5	17.5	(12.1)
Gains(losses) on derivatives	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Revenue	1805.0	2023.0	2068.1	2115.8
	=====	=====	=====	=====
Average capital	1334.3	1373.0	1592.6	1562.0
Return on average capital	13.1%	16.2%	16.5%	19.2%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/2001

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

	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000	Jun 2000	Sep 2000
Operating Revenue								
Premiums	16.3	14.9	16.2	13.1	21.0	13.3	16.8	18.0
Surrender charges	7.6	8.6	9.3	10.1	9.8	11.1	11.2	10.4
Expense assessments	112.6	119.8	133.3	142.6	140.5	155.1	155.7	163.4
Other revenue and fees	1.2	3.9	3.2	0.9	6.4	2.2	0.6	4.6
Net investment income	372.5	373.4	370.2	364.5	366.0	362.9	345.8	349.8
Operating Revenue	510.2	520.7	532.3	531.2	543.7	544.6	530.1	546.2
Operating Benefits and Expenses								
Benefits paid or provided:								
Benefits	68.9	61.9	65.0	55.0	77.2	61.6	65.7	68.4
Interest credited to policy balances	233.6	228.2	232.9	230.1	234.1	228.2	219.4	205.4
Underwriting, acquisition, insurance and other expenses	128.1	138.5	141.0	146.5	134.7	144.5	139.8	147.9
Goodwill amortization	1.1	0.5	0.4	0.6	0.5	(1.5)	0.3	0.3
Operating Benefits and Expenses	431.6	429.1	439.2	432.2	446.5	432.8	425.2	421.9
Income from Operations Before Tax	78.6	91.6	93.0	99.0	97.2	111.8	104.8	124.2
Federal income taxes	15.4	17.2	17.1	23.6	23.5	23.3	20.7	21.3
Income from Operations	63.2	74.4	75.9	75.4	73.7	88.5	84.1	102.9
Realized gains (losses) on investments	1.8	2.4	0.5	(7.0)	(3.7)	2.7	0.3	(9.1)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before Accounting Changes	64.9	76.8	76.4	68.4	69.9	91.2	84.4	93.8
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	64.9	76.8	76.4	68.4	69.9	91.2	84.4	93.8
Inc from Oper-before Goodwill Amortization	64.3	75.0	76.3	76.0	74.2	87.0	84.4	103.2
Effective tax rate	19.6%	18.8%	18.4%	23.8%	24.2%	20.8%	19.7%	17.1%
Operating Revenue	510.2	520.7	532.3	531.2	543.7	544.6	530.1	546.2

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Realized gains (losses) on investments	2.7	3.7	0.7	(10.7)	(5.8)	4.2	0.4	(14.1)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	512.9	524.4	533.0	520.5	538.0	548.7	530.5	532.1
Average capital	1521.5	1615.3	1602.4	1471.2	1559.0	1438.4	1647.7	1635.2
Return on average capital	16.6%	18.4%	19.0%	20.5%	18.9%	24.6%	20.4%	25.2%

9/30/01

Annuities Segment  
Annuity Account Value Roll Forward  
Unaudited [Billions of Dollars]

	1996	1997	1998	1999	2000
Fixed Annuities- Bal Beg-of-Year	14.645	17.634	17.214	18.111	18.210
Gross Deposits	1.852	1.632	1.452	2.563	2.074
Withdrawals (incl charges) & deaths	(1.916)	(2.220)	(2.468)	(2.521)	(3.283)
Net cash flows	(0.063)	(0.588)	(1.016)	0.042	(1.209)
Transfer from (to) var annuities	(0.688)	(1.336)	(0.356)	(0.783)	(1.329)
Interest credited	0.871	0.978	0.994	0.840	0.944
Acq of new business/companies	2.869	0.527	1.274		
Fixed Annuities-Gross	17.634	17.214	18.111	18.210	16.615
Reinsurance Ceded	(1.816)	(1.757)	(1.606)	(1.419)	(1.173)
Fixed Annuities-Bal End -of-Year	15.818	15.458	16.505	16.791	15.442
Fixed Annuities Incremental Deposits *	1.410	1.412	1.265	2.310	1.918
Variable Annuities-Bal Beg-of-Year	15.673	20.383	27.346	33.358	41.493
Gross Deposits	2.746	2.695	2.791	2.553	3.165
Withdrawals (incl charges) & deaths	(1.454)	(2.038)	(3.019)	(3.760)	(4.830)
Net cash flows	1.292	0.657	(0.228)	(1.207)	(1.665)
Transfer from (to) fixed annuities	0.689	1.335	0.389	0.787	1.320
Invest inc & change in mkt value	2.729	4.971	5.414	8.555	(1.721)
Acq(sale) of new business/companies			0.437		
Var Annuities-Bal End-of-Year	20.383	27.346	33.358	41.493	39.427
Variable Annuities Incremental Deposits *	2.626	2.585	2.641	2.409	2.667



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Annuities - Bal Beg-of-Year	30.318	38.017	44.561	51.469	59.704
Gross Deposits	4.598	4.327	4.244	5.116	5.239
Withdrawals (incl charges) & deaths	(3.369)	(4.258)	(5.487)	(6.281)	(8.113)
Net cash flows	1.229	0.069	(1.244)	(1.165)	(2.874)
Transfers	0.001	(0.001)	0.033	0.004	(0.009)
Interest credited & change in mkt value	3.600	5.949	6.408	9.395	(0.777)
Acq of new business/companies	2.869	0.527	1.711		
Total Gross Annuities-Bal End-of-Year	38.017	44.561	51.469	59.704	56.043
Reinsurance Ceded	(1.816)	(1.757)	(1.606)	(1.419)	(1.173)
Total Annuities (Net of Ceded) - Bal End-of-Year	36.202	42.804	49.863	58.284	54.869
Total Annuities Incremental Deposits *	4.036	3.997	3.906	4.719	4.585
Var Ann Under Agree - Included above			0.649	0.719	0.941

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

9/30/01

Annuities Segment  
Annuity Account Value Roll Forward  
Unaudited [Billions of Dollars]

	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
Fixed Annuities-Bal Beg-of-Quarter	18.123	18.111	18.225	18.303	18.406
Gross Deposits	0.335	0.489	0.654	0.678	0.741
Withdrawals (incl charges) & deaths	(0.608)	(0.579)	(0.593)	(0.567)	(0.782)
Net cash flows	(0.273)	(0.090)	0.061	0.111	(0.040)
Transfer from (to) var annuities	0.011	(0.034)	(0.211)	(0.238)	(0.300)
Interest credited	0.249	0.238	0.228	0.231	0.144
Acq of new business/companies	0.001				
Fixed Annuities-Gross	18.111	18.225	18.303	18.406	18.210
Reinsurance Ceded	(1.606)	(1.569)	(1.524)	(1.473)	(1.419)
Fixed Annuities-Bal End-of-Quarter	16.505	16.656	16.779	16.934	16.791
Fixed Annuities Incremental Deposits *	0.304	0.462	0.622	0.644	0.582
Variable Annuities-Bal Beg-of-Quarter	29.476	33.358	34.148	37.233	35.613
Gross Deposits	0.633	0.635	0.651	0.634	0.634
Withdrawals (incl charges) & deaths	(0.801)	(0.827)	(0.912)	(0.938)	(1.084)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net cash flows	(0.168)	(0.192)	(0.261)	(0.304)	(0.450)
Transfer from (to) fixed annuities	0.028	0.034	0.213	0.237	0.303
Invest inc & change in mkt value	5.405	0.948	3.133	(1.553)	6.027
Acq(sale) of new business/companies	(1.383)				
Var Annuities-Bal End-of-Quarter	33.358	34.148	37.233	35.613	41.493
Variable Annuities Incremental Deposits	0.585	0.606	0.622	0.589	0.592
Total Annuities -Bal Beg-of-Quarter	47.599	51.469	52.373	55.536	54.020
Gross Deposits	0.968	1.124	1.305	1.312	1.375
Withdrawals (incl charges) & deaths	(1.409)	(1.406)	(1.505)	(1.505)	(1.865)
Net cash flows	(0.441)	(0.282)	(0.200)	(0.193)	(0.490)
Transfers	0.039		0.002	(0.001)	0.003
Interest credited & change in mkt value	5.654	1.186	3.361	(1.322)	6.171
Acq of new business/companies	(1.382)				
Total Gross Annuities-Bal End-of-Quarter	51.469	52.373	55.536	54.020	59.704
Reinsurance Ceded	(1.606)	(1.569)	(1.524)	(1.473)	(1.419)
Total Annuities (Net of Ceded) - Bal End-of-Qtr	49.863	50.804	54.012	52.547	58.284
Total Annuities Incremental Deposits *	0.889	1.068	1.244	1.233	1.174
Var Ann Under Agree - Included above	0.649	0.651	0.685	0.639	0.719
* Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Annuity products.					
Fixed Annuities - excluding fixed portion of variable contracts					
Deposits	0.132	0.136	0.151	0.147	0.275
Withdrawals	(0.278)	(0.292)	(0.318)	(0.329)	(0.428)
Net Flows	(0.146)	(0.156)	(0.167)	(0.182)	(0.152)
Variable Annuities - included fixed portion of variable contracts					
Deposits	0.836	0.988	1.154	1.165	1.100
Withdrawals	(1.131)	(1.114)	(1.187)	(1.176)	(1.438)
Net Flows	(0.295)	(0.126)	(0.033)	(0.011)	(0.338)
Fixed Portion of Variable Contracts					
Deposits	0.203	0.353	0.503	0.531	0.466
Withdrawals	(0.330)	(0.287)	(0.275)	(0.238)	(0.354)
Net Flows	(0.127)	0.066	0.228	0.293	0.112

Annuities Segment (Continued)  
Annuity Account Value Roll Forward  
Unaudited [Billions of Dollars]

Jun	Sep	Dec	Mar	Jun
2000	2000	2000	2001	2001
-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Fixed Annuities-Bal Beg-of-Quarter	17.615	17.200	16.930	16.615	16.599
Gross Deposits	0.490	0.513	0.482	0.560	0.668
Withdrawals (incl charges) & deaths	(0.796)	(0.802)	(0.810)	(0.787)	(0.574)
Net cash flows	(0.307)	(0.288)	(0.328)	(0.227)	0.094
Transfer from (to) var annuities	(0.346)	(0.217)	(0.216)	(0.014)	(0.222)
Interest credited	0.238	0.235	0.230	0.225	0.226
Acq of new business/companies					
Fixed Annuities-Gross	17.200	16.930	16.615	16.599	16.697
Reinsurance Ceded	(1.291)	(1.230)	(1.173)	(1.115)	(1.069)
Fixed Annuities-Bal End-of-Quarter	15.909	15.700	15.442	15.484	15.628
Fixed Annuities Incremental Deposits *	0.447	0.464	0.447	0.536	0.611
Variable Annuities-Bal Beg-of-Quarter	44.640	43.097	42.743	39.427	34.733
Gross Deposits	0.793	0.729	0.846	0.887	0.703
Withdrawals (incl charges) & deaths	(1.168)	(1.253)	(1.199)	(1.250)	(0.993)
Net cash flows	(0.375)	(0.524)	(0.353)	(0.363)	(0.290)
Transfer from (to) fixed annuities	0.343	0.216	0.212	0.011	0.227
Invest inc & change in mkt value	(1.511)	(0.046)	(3.175)	(4.342)	2.291
Acq(sale) of new business/companies					
Var Annuities-Bal End-of-Quarter	43.097	42.743	39.427	34.733	36.961
Variable Annuities Incremental Deposits	0.699	0.586	0.650	0.683	0.612
Total Annuities -Bal Beg-of-Quarter	62.255	60.297	59.673	56.043	51.332
Gross Deposits	1.283	1.242	1.328	1.447	1.371
Withdrawals (incl charges) & deaths	(1.964)	(2.055)	(2.009)	(2.037)	(1.567)
Net cash flows	(0.682)	(0.812)	(0.681)	(0.590)	(0.196)
Transfers	(0.003)	(0.001)	(0.004)	(0.003)	0.005
Interest credited & change in mkt value	(1.273)	0.189	(2.945)	(4.117)	2.517
Acq of new business/companies					
Total Gross Annuities-Bal End-of-Quarter	60.297	59.673	56.043	51.332	53.658
Reinsurance Ceded	(1.291)	(1.230)	(1.173)	(1.115)	(1.069)
Total Annuities (Net of Ceded) - Bal End-of-Qtr	59.006	58.443	54.869	50.217	52.589
Total Annuities Incremental Deposits *	1.145	1.050	1.097	1.219	1.223
Var Ann Under Agree - Included above	0.868	0.962	0.941	0.904	0.975
* Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Annuity products.					
Fixed Annuities - excluding fixed portion of variable contracts					
Deposits	0.126	0.114	0.085	0.160	0.329
Withdrawals	(0.557)	(0.532)	(0.570)	(0.556)	(0.356)
Net Flows	(0.431)	(0.417)	(0.485)	(0.396)	(0.027)
Variable Annuities - included fixed					

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

portion of variable contracts					
Deposits	1.157	1.128	1.243	1.287	1.042
Withdrawals	(1.408)	(1.523)	(1.439)	(1.481)	(1.211)
Net Flows	(0.251)	(0.395)	(0.196)	(0.194)	(0.169)
Fixed Portion of Variable Contracts					
Deposits	0.364	0.399	0.397	0.400	0.339
Withdrawals	(0.240)	(0.270)	(0.240)	(0.231)	(0.218)
Net Flows	0.124	0.129	0.157	0.169	0.121

9/30/01

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

	1996	1997	1998	1999	2000
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	62.4	64.8	185.9	235.8	227.3
Surrender charges	10.5	9.8	52.1	66.3	66.4
Mortality assessments	159.7	161.2	350.1	444.6	465.2
Expense assessments	27.8	28.6	146.2	165.8	191.8
Other revenue and fees	6.7	9.0	2.6	9.8	14.2
Net investment income	260.6	268.2	642.6	840.1	871.5
	-----	-----	-----	-----	-----
Operating Revenue	527.6	541.5	1379.5	1762.6	1836.4
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	136.5	143.6	371.2	430.5	411.5
Div accum & div to policyholders	24.1	20.4	70.7	81.5	80.8
Interest credited to policy bal.	151.9	153.0	393.1	493.8	525.4
Underwriting, acquisition, insurance and other expenses	154.1	172.1	293.1	399.1	384.8
Goodwill amortization	0.1	0.1	19.7	23.4	23.7
Interest expense				0.0	0.0
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	466.8	489.3	1147.8	1428.2	1426.3
	-----	-----	-----	-----	-----
Income from Operations Before Tax	60.8	52.3	231.6	334.3	410.1
Federal income taxes	19.6	12.4	82.4	122.3	150.1
	-----	-----	-----	-----	-----
Income from Operations*	41.2	39.9	149.2	212.0	259.9
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	10.5	(0.8)	(1.7)	(0.5)	(10.7)
Gains(losses) on derivatives					
Restructuring charges			(20.0)		
	-----	-----	-----	-----	-----
Income before Accounting Changes	51.8	39.1	127.5	211.5	249.3

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
Net Income*	51.8	39.1	127.5	211.5	249.3
Inc from Oper -before Goodwill Amort.	41.4	40.0	168.9	235.4	283.6
Effective tax rate	32.2%	23.7%	35.6%	36.6%	36.6%
Operating Revenue	527.6	541.5	1,379.5	1762.6	1836.4
Realized gains (losses) on investments	21.6	3.2	(1.0)	(2.2)	(17.4)
Gains(losses) on derivatives					
Total Revenue	549.2	544.8	1,378.5	1760.4	1819.0
Average capital	388.2	384.9	1948.0	2712.3	2640.2
Return on average capital	10.6%	10.4%	7.7%	7.8%	9.8%
First Year Premiums by Product (Billions)					
Lincoln Life					
Universal Life	0.021	0.013	0.125	0.225	0.190
Variable Universal Life	0.054	0.053	0.086	0.129	0.209
Whole Life	0.007	0.005	0.020	0.024	0.022
Term	0.000	0.000	0.003	0.004	0.003
Subtotal	0.082	0.071	0.234	0.381	0.423
Corporate Owned Life Insurance (COLI)	0.000	0.000	0.004	0.015	0.087
Total Lincoln Life	0.082	0.071	0.238	0.396	0.510
First Penn-Pacific					
Universal Life	0.111	0.101	0.108	0.114	0.094
Term	0.023	0.033	0.046	0.047	0.045
Total First Penn-Pacific	0.134	0.134	0.154	0.160	0.139
Total Segment by Product	0.216	0.205	0.391	0.556	0.649
First Year Premiums by Distribution (Billions)					
Lincoln Financial Advisors				0.181	0.195
Lincoln Financial Distributors				0.375	0.455
Total by Distribution	0.216	0.205	0.391	0.556	0.649
Individual Life Insurance In-Force (Billions)					
Universal Life & Other	32.876	32.827	105.837	109.288	115.872
Term Insurance	16.284	30.337	67.076	85.701	100.130
Total Life Segment In-Force	49.160	63.164	172.914	194.988	216.002

\* Year-to-date 2001 income from operations and net income include special charges of \$1.9 million (million pre-tax) recorded in the 3rd quarter of 2001 related to the events of September 11, 2001

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/01

PA

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

For the Quarter Ended	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
Operating Revenue					
Premiums	80.2	54.5	57.8	52.4	71.1
Surrender charges	17.6	14.7	16.5	17.1	18.0
Mortality assessments	121.8	108.8	111.4	110.5	113.9
Expense assessments	50.8	39.6	35.4	42.8	48.0
Other revenue and fees	2.5	1.9	1.6	2.4	3.9
Net investment income	207.5	207.9	207.8	209.6	214.8
Operating Revenue	480.4	427.4	430.6	434.9	469.6
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	134.9	103.6	108.7	105.4	112.8
Div accum & div to policyholders	26.3	20.3	21.0	19.2	21.0
Interest credited to policy bal.	122.0	125.8	123.0	122.8	122.3
Underwriting, acquisition, insurance and other expenses	106.6	95.7	86.5	99.1	117.8
Goodwill amortization	7.1	5.9	5.0	6.4	6.0
Operating Benefits and Expenses	396.9	351.2	344.1	353.0	379.9
Income from Operations Before Tax	83.5	76.1	86.5	82.0	89.8
Federal income taxes	31.6	28.1	32.0	29.4	32.8
Income from Operations*	51.9	48.1	54.4	52.6	57.0
Realized gains (losses) on investments	(6.1)	(1.8)	(2.9)	1.4	2.8
Gains (losses) on derivatives					
Restructuring charges					
Income before Accounting Changes	45.8	46.3	51.5	54.0	59.7
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
Net Income*	45.8	46.3	51.5	54.0	59.7
Inc from Oper -before Goodwill Amortization	59.0	54.0	59.5	59.0	63.0
Effective tax rate	37.9%	36.9%	37.0%	35.9%	36.5%
Operating Revenue	480.4	427.4	430.6	434.9	469.6
Realized gains (losses) on investments	(9.7)	(3.4)	(4.4)	2.1	3.4
Gains (losses) on derivatives					
Total Revenue	470.7	424.0	426.3	437.1	473.1
Average capital	2527.0	2716.6	2739.4	2707.4	2686.0
Return on average capital	8.2%	7.1%	7.9%	7.8%	8.5%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

First Year Premiums by Product (Billions)

Lincoln Life					
Universal Life			0.051	0.044	0.086
Variable Universal Life			0.024	0.027	0.052
Whole Life			0.005	0.006	0.008
Term			0.001	0.001	0.001
			-----	-----	-----
Subtotal			0.081	0.078	0.147
Corporate Owned Life Insurance (COLI)			0.007	0.002	0.004
			-----	-----	-----
Total Lincoln Life	0.103	0.077	0.088	0.081	0.151
	-----	-----	-----	-----	-----
First Penn-Pacific					
Universal Life			0.029	0.030	0.026
Term			0.012	0.011	0.011
			-----	-----	-----
Total First Penn-Pacific	0.043	0.042	0.040	0.041	0.037
	-----	-----	-----	-----	-----
Total Segment by Product	0.147	0.119	0.128	0.121	0.188
	=====	=====	=====	=====	=====

First Year Premiums by Distribution (Billions)

Lincoln Financial Advisors	0.006	0.039	0.033	0.038	0.071
Lincoln Financial Distributors	0.141	0.080	0.095	0.084	0.117
	-----	-----	-----	-----	-----
Total by Distribution	0.147	0.119	0.128	0.121	0.188
	=====	=====	=====	=====	=====

Individual Insurance In-Force (Billions)

Universal Life & Other	105.837	105.090	106.047	106.945	109.288
Term Insurance	67.076	73.452	78.431	81.963	85.701
	-----	-----	-----	-----	-----
Total Segment In-Force	172.914	178.542	184.478	188.908	194.988
	=====	=====	=====	=====	=====

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

For the Quarter Ended	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	56.3	50.9	67.1	50.9	50.7
Surrender charges	16.5	13.8	19.9	17.2	13.5
Mortality assessments	114.5	116.3	122.1	124.3	124.8
Expense assessments	44.1	46.9	55.5	47.4	45.3
Other revenue and fees	3.6	3.8	3.7	5.1	3.8
Net investment income	215.5	220.6	219.7	223.0	227.4
	-----	-----	-----	-----	-----
Operating Revenue	450.5	452.4	488.0	467.9	465.5
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	96.3	95.8	121.0	99.9	103.5

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Div accum & div to policyholders	18.7	16.4	25.3	17.5	19.0
Interest credited to policy bal.	128.7	134.0	136.5	138.3	141.2
Underwriting, acquisition, insurance and other expenses	100.9	94.9	89.6	98.8	92.0
Goodwill amortization	5.9	5.9	5.9	5.9	5.9
Operating Benefits and Expenses	350.6	347.0	378.4	360.5	361.7
Income from Operations Before Tax	99.9	105.4	109.6	107.4	103.8
Federal income taxes	37.4	38.9	39.0	38.8	36.7
Income from Operations*	62.4	66.5	70.6	68.6	67.1
Realized gains (losses) on investments	(4.0)	1.0	(5.2)	(5.4)	(6.4)
Gains (losses) on derivatives				(0.0)	0.1
Restructuring charges					(2.0)
Income before Accounting Changes	58.4	67.4	65.4	63.2	58.8
Cumulative effect of accounting changes	0.0	0.0	0.0	(0.2)	(5.3)
Net Income*	58.4	67.4	65.4	62.9	53.5
Inc from Oper -before Goodwill Amortization	68.4	72.4	76.5	74.5	73.0
Effective tax rate	37.5%	36.9%	35.6%	36.1%	35.3%
Operating Revenue	450.5	452.4	488.0	467.9	465.5
Realized gains (losses) on investments	(6.3)	0.8	(8.1)	(8.2)	(10.0)
Gains (losses) on derivatives				(0.0)	0.2
Total Revenue	444.2	453.2	479.9	459.6	455.7
Average capital	2615.0	2650.5	2640.0	2729.8	2715.7
Return on average capital	9.6%	10.0%	10.7%	10.1%	9.9%
First Year Premiums by Product (Billions)					
Lincoln Life					
Universal Life	0.042	0.047	0.056	0.035	0.045
Variable Universal Life	0.043	0.052	0.072	0.053	0.050
Whole Life	0.005	0.006	0.008	0.004	0.005
Term	0.001	0.000	0.001	0.000	0.000
Subtotal	0.089	0.105	0.137	0.093	0.101
Corporate Owned Life Insurance (COLI)	0.019	0.006	0.049	0.007	0.021
Total Lincoln Life	0.109	0.111	0.186	0.100	0.122
First Penn-Pacific					
Universal Life	0.021	0.024	0.023	0.022	0.023
Term	0.013	0.010	0.009	0.007	0.008
Total First Penn-Pacific	0.034	0.035	0.032	0.029	0.031
Total Segment by Product	0.142	0.145	0.218	0.129	0.154
First Year Premiums by Distribution (Billions)					
Lincoln Financial Advisors	0.035	0.050	0.065	0.035	0.046



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Lincoln Financial Distributors	0.107	0.095	0.153	0.093	0.108	
	-----	-----	-----	-----	-----	---
Total by Distribution	0.142	0.145	0.218	0.129	0.154	
	=====	=====	=====	=====	=====	==
Individual Insurance In-Force (Billions)						
Universal Life & Other	110.448	112.884	115.872	116.747	118.007	11
Term Insurance	97.039	98.424	100.130	102.467	105.265	10
	-----	-----	-----	-----	-----	---
Total Segment In-Force	207.487	211.308	216.002	219.214	223.272	22
	=====	=====	=====	=====	=====	==

\* Third quarter 2001 income from operations and net income include special charges of \$1.9 million tax (\$2.9 million pre-tax) related to the events of September 11, 2001.

9/30/2001

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

	1996	1997	1998	1999
	-----	-----	-----	-----
Lincoln Life				
Universal Life-Bal Beg-of-Year	1.507	1.538	1.479	5.093
Deposits	0.160	0.136	0.527	0.861
Withdrawals & deaths	(0.221)	(0.284)	(0.575)	(0.385)
	-----	-----	-----	-----
Net cash flows	(0.061)	(0.148)	(0.048)	0.475
Policyholder assessments				(0.483)
Interest credited	0.092	0.088	0.285	0.300
Acq of new business/companies	0.000	0.000	3.378	0.000
	-----	-----	-----	-----
Universal Life-Bal End of Year (1)	1.538	1.479	5.093	5.385
Variable Universal Life-Bal Beg-of-Year	0.239	0.339	0.480	1.200
Deposits	0.095	0.106	0.193	0.326
Withdrawals & deaths	(0.030)	(0.040)	(0.100)	(0.099)
	-----	-----	-----	-----
Net cash flows	0.065	0.065	0.093	0.228
Policyholder assessments				(0.084)
Invest inc & chg in mkt value	0.035	0.076	0.105	0.370
Acq of new business/transfers between segments	0.000	0.000	0.522	(0.110)
	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Year	0.339	0.480	1.200	1.605
Interest Sensitive Whole Life - Bal Beg-of-Year				1.784
Deposits			0.340	0.355
Withdrawals & deaths			(0.294)	(0.162)
	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net cash flows			0.046	0.193
Policyholder assessments				(0.168)
Interest credited			0.096	0.109
Acq of new business/companies			1.642	0.045
	-----	-----	-----	-----
Int Sensitive Whole Life-Bal End -of -Year			1.784	1.963
	-----	-----	-----	-----
Total Lincoln Life -Bal Beg-of-Year	1.746	1.877	1.959	8.077
Deposits	0.255	0.242	1.059	1.542
Withdrawals & deaths	(0.251)	(0.324)	(0.968)	(0.646)
	-----	-----	-----	-----
Net cash flows	0.004	(0.082)	0.091	0.896
Policyholder assessments				(0.734)
Invest inc & chg in mkt value	0.127	0.164	0.486	0.778
Acq of new business/transfers between segments			5.542	(0.065)
	-----	-----	-----	-----
Total Lincoln Life - Bal End -of -Year	1.877	1.959	8.077	8.952
	-----	-----	-----	-----
VUL Under Agree -included above			0.631	0.704
First Penn-Pacific (FPP)				
Universal Life-Bal Beg-of-Year	0.883	0.992	1.079	1.166
Deposits	0.150	0.142	0.148	0.156
Withdrawals & deaths	(0.098)	(0.115)	(0.126)	(0.067)
	-----	-----	-----	-----
Net cash flows	0.052	0.027	0.022	0.089
Policyholder assessments				(0.060)
Interest credited	0.056	0.061	0.065	0.071
	-----	-----	-----	-----
FPP Universal Life-Bal End-of-Year	0.992	1.079	1.166	1.265
	-----	-----	-----	-----
Total Segment- Life Insurance Account Values				
Bal Beg-of-Year	2.629	2.869	3.038	9.243
Deposits	0.405	0.384	1.207	1.698
Withdrawals & deaths	(0.349)	(0.439)	(1.095)	(0.713)
	-----	-----	-----	-----
Net cash flows	0.056	(0.056)	0.113	0.985
Policyholder assessments				(0.795)
Invest inc & change in market value	0.183	0.225	0.551	0.849
Acq(sale) of new business/companies			5.542	(0.065)
	-----	-----	-----	-----
Total Segment -Bal End-of-Year	2.869	3.038	9.243	10.217
	=====	=====	=====	=====

9/30/2001

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

For the Quarter Ended

Dec

Mar

Jun

Sep

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	1998	1999	1999	1999
-----				
Lincoln Life				
Universal Life-Bal Beg-of-Quarter	3.013	5.093	5.183	5.219
Deposits	0.223	0.194	0.199	0.198
Withdrawals & deaths	(0.236)	(0.050)	(0.135)	(0.091)
	-----	-----	-----	-----
Net cash flows	(0.013)	0.144	0.064	0.107
Policyholder assessments	0.000	(0.116)	(0.118)	(0.121)
Interest credited	0.152	0.062	0.089	0.073
Acq of new business/companies	1.941			0.000
	-----	-----	-----	-----
Universal Life-Bal End-of-Quarter (1)	5.093	5.183	5.219	5.279
	-----	-----	-----	-----
Variable Universal Life-Bal Beg of Quarter	0.561	1.200	1.177	1.298
Deposits	0.095	0.077	0.068	0.074
Withdrawals & deaths	(0.063)	(0.011)	(0.013)	(0.049)
	-----	-----	-----	-----
Net cash flows	0.032	0.066	0.055	0.025
Policyholder assessments	0.000	(0.020)	(0.020)	(0.020)
Invest inc & chg in mkt value	0.103	0.040	0.087	(0.018)
Acq of new business/transfers between segments	0.504	(0.110)		0.000
	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Quarter	1.200	1.177	1.298	1.285
	-----	-----	-----	-----
Interest Sensitive Whole Life - Bal Beg-of-Quarter	1.730	1.784	1.865	1.895
Deposits	0.116	0.083	0.073	0.086
Withdrawals & deaths	(0.085)	(0.039)	(0.030)	(0.044)
	-----	-----	-----	-----
Net cash flows	0.031	0.044	0.044	0.043
Policyholder assessments		(0.039)	(0.039)	(0.042)
Interest credited	0.024	0.030	0.025	0.027
Acq of new business/companies		0.045		
	-----	-----	-----	-----
Int Sensitive Whole Life-Bal End-of-Quarter	1.784	1.865	1.895	1.922
	-----	-----	-----	-----
Total Lincoln Life -Bal Beg-of-Quarter	5.304	8.077	8.225	8.412
Deposits	0.433	0.354	0.340	0.358
Withdrawals & deaths	(0.383)	(0.100)	(0.178)	(0.184)
	-----	-----	-----	-----
Net cash flows	0.050	0.254	0.163	0.175
Policyholder assessments		(0.174)	(0.176)	(0.183)
Invest inc & chg in mkt value	0.279	0.132	0.201	0.082
Acq of new business/transfers between segments	2.445	(0.065)		
	-----	-----	-----	-----
Total Lincoln Life - Bal End-of-Quarter	8.077	8.225	8.412	8.485
	-----	-----	-----	-----
VUL Under Agree -included above	0.631	0.699	0.770	0.681
	-----	-----	-----	-----
First Penn-Pacific (FPP)				
Universal Life-Bal Beg-of-Quarter	1.140	1.166	1.191	1.215

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Deposits	0.041	0.040	0.039	0.041
Withdrawals & deaths	(0.032)	(0.017)	(0.017)	(0.019)
	-----	-----	-----	-----
Net cash flows	0.009	0.023	0.022	0.022
Policyholder assessments				(0.015)
Interest credited	0.017	0.017	0.017	0.018
	-----	-----	-----	-----
FPP Universal Life-Bal End-of-Quarter	1.166	1.191	1.215	1.240
	-----	-----	-----	-----
Total Segment- Life Insurance Account Values				
Bal Beg-of-Quarter	6.444	9.243	9.416	9.628
Deposits	0.475	0.394	0.379	0.399
Withdrawals & deaths	(0.415)	(0.117)	(0.195)	(0.202)
	-----	-----	-----	-----
Net cash flows	0.060	0.277	0.185	0.197
Policyholder assessments				(0.198)
Invest inc & change in market value	0.295	0.149	0.219	0.100
Acq(sale) of new business/companies	2.445	(0.065)	0.000	0.000
	-----	-----	-----	-----
Total Segment -Bal End-of-Quarter	9.243	9.416	9.628	9.726
	=====	=====	=====	=====
For the Quarter Ended				
	Jun	Sep	Dec	Mar
	2000	2000	2000	2001
-----				
Lincoln Life				
Universal Life-Bal Beg-of-Quarter	5.449	5.486	5.562	5.645
Deposits	0.181	0.192	0.231	0.194
Withdrawals & deaths	(0.093)	(0.064)	(0.093)	(0.069)
	-----	-----	-----	-----
Net cash flows	0.088	0.128	0.139	0.125
Policyholder assessments	(0.127)	(0.129)	(0.133)	(0.131)
Interest credited	0.076	0.077	0.078	0.078
Acq of new business/companies	0.000			
	-----	-----	-----	-----
Universal Life-Bal End-of-Quarter (1)	5.486	5.562	5.645	5.718
	-----	-----	-----	-----
Variable Universal Life-Bal Beg of Quarter	1.771	1.764	1.812	1.808
Deposits	0.128	0.123	0.245	0.136
Withdrawals & deaths	(0.028)	(0.037)	(0.048)	(0.049)
	-----	-----	-----	-----
Net cash flows	0.100	0.085	0.197	0.087
Policyholder assessments	(0.033)	(0.036)	(0.041)	(0.041)
Invest inc & chg in mkt value	(0.074)	(0.001)	(0.160)	(0.221)
Acq of new business/transfers between segments	0.000	0.000		
	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Quarter	1.764	1.812	1.808	1.633
	-----	-----	-----	-----
Interest Sensitive Whole Life - Bal Beg-of-Quarter	1.970	1.993	2.026	2.062
Deposits	0.071	0.079	0.113	0.056
Withdrawals & deaths	(0.037)	(0.033)	(0.056)	(0.041)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net cash flows	0.034	0.045	0.057	0.014
Policyholder assessments	(0.040)	(0.040)	(0.050)	(0.037)
Interest credited	0.028	0.027	0.029	0.028
Acq of new business/companies				
Int Sensitive Whole Life-Bal End-of-Quarter	1.993	2.026	2.062	2.068
Total Lincoln Life -Bal Beg-of-Quarter	9.190	9.242	9.400	9.516
Deposits	0.380	0.393	0.589	0.386
Withdrawals & deaths	(0.158)	(0.135)	(0.196)	(0.159)
Net cash flows	0.222	0.258	0.392	0.226
Policyholder assessments	(0.200)	(0.205)	(0.224)	(0.209)
Invest inc & chg in mkt value	0.030	0.104	(0.053)	(0.114)
Acq of new business/transfers between segments				
Total Lincoln Life - Bal End-of-Quarter	9.242	9.400	9.516	9.419
VUL Under Agree -included above	0.707	0.698	0.609	0.527
First Penn-Pacific (FPP)				
Universal Life-Bal Beg-of-Quarter	1.280	1.296	1.317	1.331
Deposits	0.031	0.035	0.033	0.032
Withdrawals & deaths	(0.018)	(0.016)	(0.021)	(0.022)
Net cash flows	0.013	0.019	0.012	0.011
Policyholder assessments	(0.016)	(0.017)	(0.017)	(0.016)
Interest credited	0.019	0.019	0.019	0.020
FPP Universal Life-Bal End-of-Quarter	1.296	1.317	1.331	1.345
Total Segment- Life Insurance Account Values				
Bal Beg-of-Quarter	10.470	10.538	10.716	10.847
Deposits	0.411	0.428	0.622	0.418
Withdrawals & deaths	(0.176)	(0.151)	(0.218)	(0.181)
Net cash flows	0.235	0.277	0.404	0.237
Policyholder assessments	(0.216)	(0.221)	(0.241)	(0.225)
Invest inc & change in market value	0.048	0.123	(0.033)	(0.094)
Acq(sale) of new business/companies	0.000	0.000	0.000	0.000
Total Segment -Bal End-of-Quarter	10.538	10.716	10.847	10.764

(1) Includes fixed investment option of VUL products.

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/01

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

For the Year Ended December 31	1996	1997	1998	1999
	-----	-----	-----	-----
Operating Revenue				
Life and annuity premiums	472.2	466.7	592.0	743.1
Health premiums	775.6	566.1	628.6	692.3
Surrender charges	2.7	3.4	3.3	2.8
Mortality assessments	0.0	0.0	0.7	0.7
Expense assessments	0.0	0.0	0.3	0.3
Other revenue and fees	28.7	35.5	37.9	62.5
Net investment income	264.2	288.6	315.0	316.6
Equity earnings in unconsol affiliates	0.0	2.1	3.3	5.8
	-----	-----	-----	-----
Operating Revenue	1543.3	1362.3	1581.2	1824.1
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Life and annuity policy benefits	305.7	321.4	452.2	530.6
Div accum & div to policyholders	9.3	9.3	7.3	6.9
Interest credited to policy bal.	40.3	50.3	44.1	47.3
Health policy benefits	658.6	824.4	556.3	646.5
Underwriting, acquisition				
insurance and other expenses	413.0	388.0	359.9	531.7
Goodwill amortization	0.0	0.0	0.0	0.4
Interest on notes payable	2.9		0.0	1.0
	-----	-----	-----	-----
Operating Benefits and Expenses	1429.7	1593.6	1419.7	1764.4
	-----	-----	-----	-----
Income from Operations Before Tax	113.5	(231.3)	161.4	59.7
	-----	-----	-----	-----
Federal income taxes	38.7	(81.2)	56.5	19.6
	-----	-----	-----	-----
Income from Operations (1)	74.8	(150.1)	104.9	40.1
	-----	-----	-----	-----
Realized gains (losses) on investments	12.0	16.3	(2.6)	3.7
Gains(losses) on derivatives				(3.2)
Restructuring charges				(3.2)
	-----	-----	-----	-----
Income before Accounting Changes	86.8	(133.8)	102.3	40.6
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Net Income (1)	86.8	(133.8)	102.3	40.6
	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	74.8	(150.1)	104.9	40.5
Effective tax rate	34.1%	35.1%	35.0%	32.8%
Operating Revenue	1543.3	1362.3	1581.2	1824.1
Realized gains (losses) on investments	18.5	25.3	(3.5)	5.7
Gains(losses) on derivatives				
	-----	-----	-----	-----
Total Revenue	1561.8	1387.5	1577.7	1829.7

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	=====	=====	=====	=====
Revenue by Source				
Individual Markets	468.1	503.9	633.6	814.1
Group Markets	158.7	131.6	130.6	168.0
Financial Reinsurance	531.1	365.2	279.3	344.5
Other	20.0	26.5	8.5	(5.0)
	-----	-----	-----	-----
Total Revenue, Excl Exited Businesses	1177.9	1027.2	1052.0	1321.6
Exited Businesses Under Management (2)	383.9	360.3	525.7	508.1
	-----	-----	-----	-----
Total Revenue	1561.8	1387.5	1577.7	1829.7
	=====	=====	=====	=====
Income from Operations by Source				
Individual Markets	49.8	71.9	83.5	91.9
Group Markets	10.2	3.3	1.6	(1.6)
Financial Reinsurance	17.5	15.5	17.1	21.7
Other	(2.0)	(2.0)	(3.4)	(4.4)
	-----	-----	-----	-----
Inc from Oper, Excl Exited Businesses	75.6	88.7	98.8	107.6
Exited Businesses Under Management (2)	(0.8)	(238.8)	6.1	(67.4)
	-----	-----	-----	-----
Inc from Operations (1)	74.8	(150.1)	104.9	40.1
	=====	=====	=====	=====
Risk Premium (3)	362.4	384.1	451.5	543.7
Individual Life Sales [Billions of Dollars]	26.6	39.5	78.1	116.8
Ind Life In-Force	130.8	153.1	213.6	306.6
Group Life In-Force	30.1	30.4	36.7	34.2
	-----	-----	-----	-----
Total Life In-Force	160.9	183.5	250.3	340.8
	=====	=====	=====	=====
[Billions of Dollars]				
Ratios [Percentages]				
Individual Life Mortality				
Actual to Expected Loss Ratio	93.0	84.9	87.8	88.9
Employer Stop Loss-				
Loss Ratio	67.6	52.8	77.7	84.3
Combined Ratio	93.3	84.7	108.4	115.0
Average Capital	651.7	791.8	966.6	1069.3
Average Capital, Excl Exited Business	389.6	459.1	486.1	603.1
Return on Average Capital, Excl Exited Business	19.4%	19.3%	20.3%	17.8%

- (1) 1999 and 1997 income includes special charges of \$65.4 million and \$243.7 million, respectively from operations and net income include special charges of \$31.3 million after-tax (\$48.2 million) from events of September 11, 2001.
- (2) Exited Businesses Under Mgmt incl. disability inc., HMO excess-of-loss, carrier medical, pers Serfin Lincoln (through March 2000).
- (3) Risk premium is an internal measure used to gauge the earnings power of the Individual Market total operating revenue less commissions, investment income on surplus, and that portion of risk policy reserves.

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/01

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

For the Quarter Ended	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
	-----	-----	-----	-----	-----
Operating Revenue					
Life and annuity premiums	200.1	172.0	173.1	166.2	231.9
Health premiums	163.5	153.3	158.7	148.3	232.0
Surrender charges	0.9	1.2	0.4	0.6	0.7
Mortality assessments	0.7	0.7	0.1	0.0	(0.2)
Expense assessments	0.3	0.4	(0.0)	0.0	(0.2)
Other revenue and fees	12.0	10.6	13.3	6.6	32.0
Net investment income	80.3	79.6	79.2	80.8	77.0
Equity earnings in unconsol affiliates	1.3	1.6	1.1	1.2	1.8
	-----	-----	-----	-----	-----
Operating Revenue	459.1	419.4	425.8	403.7	575.1
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Life and annuity policy benefits	192.4	124.3	123.0	108.8	174.5
Div accum & div to policyholders	1.6	1.3	1.5	1.9	2.2
Interest credited to policy bal.	12.2	8.9	10.9	6.0	21.5
Health policy benefits	129.0	143.5	161.7	187.4	153.9
Underwriting, acquisition, insurance and other expenses	85.2	89.1	92.9	94.9	254.8
Goodwill amortization	0.0	(0.0)	(0.8)	0.8	0.4
Interest on notes payable	0.0	0.0	0.0	0.0	1.0
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	420.5	367.1	389.2	399.7	608.4
	-----	-----	-----	-----	-----
Income from Operations Before Tax	38.6	52.4	36.7	3.9	(33.3)
	-----	-----	-----	-----	-----
Federal income taxes	13.3	18.6	13.0	1.7	(13.7)
	-----	-----	-----	-----	-----
Income from Operations (1)	25.3	33.8	23.7	2.2	(19.5)
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(1.4)	0.7	0.3	0.3	2.4
Gains (losses) on derivatives					
Restructuring charges					
	-----	-----	-----	-----	-----
Income before Accounting Changes	23.9	34.5	24.0	(0.7)	(17.1)
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
Net Income (1)	23.9	34.5	24.0	(0.7)	(17.1)
	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amortization	25.3	33.7	22.8	3.0	(19.1)
Effective tax rate	34.5%	35.5%	35.5%	43.3%	41.3%



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Revenue	459.1	419.4	425.8	403.7	575.1
Realized gains (losses) on investments	(1.8)	1.2	0.4	0.4	3.6
Gains (losses) on derivatives					
	-----	-----	-----	-----	-----
Total Revenue	457.2	420.6	426.2	404.1	578.8
	=====	=====	=====	=====	=====
Revenue by Source (Including Investment Gains/Losses)					
Individual Markets	214.3	187.9	191.4	182.0	252.9
Group Markets	33.0	36.5	37.1	38.4	56.0
Financial Reinsurance	58.4	80.6	81.9	72.5	109.5
Other	(1.4)	(2.7)	(1.6)	(1.0)	0.3
	-----	-----	-----	-----	-----
Total Revenue, Excl Exited Businesses	304.4	302.2	308.8	291.9	418.7
Exited Businesses Under Management (2)	152.9	118.4	117.4	112.2	160.0
	-----	-----	-----	-----	-----
Total Revenue	457.2	420.6	426.2	404.1	578.8
	=====	=====	=====	=====	=====
Income from Operations by Source					
Individual Markets	26.6	25.4	21.3	24.9	20.2
Group Markets	0.1	0.9	0.4	(1.3)	(1.7)
Financial Reinsurance	5.5	7.3	4.7	4.2	5.5
Other	(0.5)	(1.1)	(1.1)	(0.7)	(1.4)
	-----	-----	-----	-----	-----
Inc from Oper, Excl Exited Businesses	31.6	32.5	25.4	27.1	22.6
Exited Businesses Under Management (2)	(6.3)	1.3	(1.7)	(24.8)	(42.2)
	-----	-----	-----	-----	-----
Income from Operations	25.3	33.8	23.7	2.2	(19.5)
	=====	=====	=====	=====	=====
Risk Premium (3)	144.1	130.4	128.4	129.0	155.8
Individual Life Sales					
[Billions of Dollars]	40.2	18.5	20.0	28.8	49.6
Ind Life In-Force	213.6	225.1	240.0	261.5	306.6
Group Life In-Force	36.7	38.3	38.5	35.6	34.2
	-----	-----	-----	-----	-----
Total Life In-Force	250.3	263.4	278.5	297.1	340.8
	=====	=====	=====	=====	=====
[Billions of Dollars]					
Ratios [Percentages]					
Individual Life Mortality					
Actual to Expected Loss Ratio	94.3	85.8	88.9	81.7	97.2
Employer Stop Loss-					
Loss Ratio	114.3	68.5	81.0	100.8	84.5
Combined Ratio	141.8	100.8	119.1	133.1	111.8
Average Capital	1019.6	1094.8	1064.9	1056.6	1060.9
Average Capital, Excl Exited Business	507.8	571.4	577.8	615.1	648.0
Return on Average Capital,					
Excluding Exited Business	24.9%	22.8%	17.6%	17.6%	14.0%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----	-----
Operating Revenue					
Life and annuity premiums	229.1	238.9	273.2	320.0	261.9
Health premiums	142.6	116.5	88.6	104.2	94.9
Surrender charges	1.4	0.9	0.8	0.9	0.4
Mortality assessments	0.0	0.0	0.0	0.0	0.0
Expense assessments	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other revenue and fees	11.9	22.9	20.8	11.3	15.0
Net investment income	73.7	78.5	77.2	77.9	79.2
Equity earnings in unconsol affiliates	0.2	0.2	0.6	0.9	0.0
	-----	-----	-----	-----	-----
Operating Revenue	458.9	457.9	461.0	515.1	451.4
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Life and annuity policy benefits	173.5	178.0	199.2	229.4	181.6
Div accum & div to policyholders	1.5	1.8	2.1	1.4	1.2
Interest credited to policy bal.	8.6	12.8	11.9	9.1	8.7
Health policy benefits	116.8	119.7	88.2	97.5	89.6
Underwriting, acquisition					
insurance and other expenses	117.2	100.1	103.1	103.7	115.8
Goodwill amortization	0.4	0.4	0.4	0.4	0.4
Interest on notes payable	2.7	3.0	3.2	2.8	2.3
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	420.6	415.9	408.1	444.5	399.7
	-----	-----	-----	-----	-----
Income from Operations Before Tax	38.2	42.0	52.9	70.6	51.7
	-----	-----	-----	-----	-----
Federal income taxes	12.4	13.8	16.3	23.8	17.6
	-----	-----	-----	-----	-----
Income from Operations (1)	25.8	28.2	36.6	46.8	34.1
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(1.1)	(2.2)	1.2	(4.6)	(1.7)
Gains (losses) on derivatives				0.0	(0.0)
Restructuring charges			0.7		
	-----	-----	-----	-----	-----
Income before Accounting Changes	24.7	26.0	38.5	42.2	32.4
Cumulative effect of accounting changes	0.0	0.0	0.0	(0.1)	(2.2)
Net Income (1)	24.7	26.0	38.5	42.0	30.2
	=====	=====	=====	=====	=====
Inc from Oper -before					
Goodwill Amortization	26.3	28.6	37.0	47.2	34.6
	-----	-----	-----	-----	-----
Effective tax rate	32.5%	32.9%	30.8%	33.8%	34.0%
	-----	-----	-----	-----	-----
Operating Revenue	458.9	457.9	461.0	515.1	451.4
Realized gains (losses) on investments	(1.7)	(3.5)	2.2	(7.1)	(2.7)
Gains (losses) on derivatives				0.0	0.0
	-----	-----	-----	-----	-----
Total Revenue	457.2	454.4	463.2	508.0	448.7
	=====	=====	=====	=====	=====

Revenue by Source (Including Investment

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Gains/Losses)					
Individual Markets	249.2	262.4	295.0	340.7	284.9
Group Markets	75.6	77.5	77.2	84.9	87.1
Financial Reinsurance	29.8	29.4	33.6	24.8	28.7
Other	2.5	3.9	3.2	3.8	2.9
	-----	-----	-----	-----	-----
Total Revenue, Excl Exited Businesses	357.1	373.1	409.0	454.2	403.5
Exited Businesses Under Management (2)	100.1	81.3	54.2	53.8	45.2
	-----	-----	-----	-----	-----
Total Revenue	457.2	454.4	463.2	508.0	448.7
	=====	=====	=====	=====	=====
 Income from Operations by Source					
Individual Markets	22.6	20.5	28.3	39.5	24.8
Group Markets	1.2	1.5	3.7	2.5	3.2
Financial Reinsurance	4.0	4.5	4.6	3.7	6.8
Other	(1.6)	(1.1)	(3.3)	(1.1)	(1.3)
	-----	-----	-----	-----	-----
Inc from Oper, Excl Exited Businesses	26.3	25.4	33.4	44.6	33.4
Exited Businesses Under Management (2)	(0.4)	2.8	3.2	2.2	0.7
	-----	-----	-----	-----	-----
Income from Operations	25.8	28.2	36.6	46.8	34.1
	=====	=====	=====	=====	=====
 Risk Premium (3)	158.5	179.0	185.1	229.0	194.3
 Individual Life Sales [Billions of Dollars]	37.2	37.2	35.2	30.9	28.3
 Ind Life In-Force	354.0	381.4	407.4	426.2	447.8
Group Life In-Force	30.5	31.2	29.3	27.2	27.9
	-----	-----	-----	-----	-----
Total Life In-Force	384.4	412.6	436.7	453.4	475.7
	=====	=====	=====	=====	=====
[Billions of Dollars]					
 Ratios [Percentages]					
Individual Life Mortality					
Actual to Expected Loss Ratio	96.9	101.2	93.9	88.7	97.4
Employer Stop Loss-					
Loss Ratio	72.6	76.5	72.0	71.4	73.8
Combined Ratio	100.8	100.9	95.9	95.8	96.9
 Average Capital	1039.0	1075.0	1124.3	1100.0	1062.7
Average Capital, Excl Exited Business	732.7	761.1	790.1	773.5	791.1
Return on Average Capital, Excluding Exited Business	14.3%	13.3%	16.9%	23.0%	16.9%

(1) Third quarter 1999 and fourth quarter 1999 income includes special charges of \$25.0 million million, respectively. The first quarter 2001 includes \$25.5 million for a change in estimate of receivable. Third quarter 2001 income from operations and net income include special charges of million after-tax (\$48.2 million pre-tax) related to the events of September 11, 2001.

(2) Exited Businesses Under Mgmt incl. disability inc., HMO excess-of-loss, carrier medical, pers accident and Seguros Serfin Lincoln (through March 2000).

(3) Risk premium is an internal measure used to gauge the earnings power of the Individual Market segment and is equal to total operating revenue less commissions, investment income on surplus, and that portion of revenue required to fund policy reserves. The risk premium for the first quarter 2001, includes the effect of the change in estimate for premiums receivable.

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/2001

PAGE 23

Investment Management  
Income Statements  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1996
-----	
Operating Revenue	
Investment advisory fees - External	199.8
Investment advisory fees - Insurance Assets	65.7
Other revenue and fees	59.3
Net investment income	75.8
	-----
Operating Revenue	400.6
	-----
Operating Benefits and Expenses	
Underwriting, acquisition, insurance and other expenses	350.1
Goodwill amortization	13.7
Interest on notes payable	0.0
	-----
Operating Benefits and Expenses	363.8
	-----
Income from Operations Before Tax	36.8
	-----
Federal income taxes	18.2
	-----
Income from Operations	18.6
	-----
Realized gains (losses) on investments	6.4
Gains(losses) on derivatives	
Restructuring Charges	0.0
	-----
Income before Accounting Changes	25.0
Cumulative effect of accounting changes	
	-----
Net Income	25.0
	=====
Income from Operations- before Goodwill Amortization	32.4
Income from Operations - before Goodwill & Intang. Amort	42.6
	-----
Operating Revenue	400.6
Realized gains (losses) on investments	9.9
Gains(losses) on derivatives	
	-----
Total Revenue	410.5
	=====
Average Capital (Securities at Cost)	646.1
Return on Capital	2.9%
	-----
For the Quarter Ended	Dec      Mar      Jun      Sep      Dec      Mar
	1998    1999    1999    1999    1999    2000
-----	
Operating Revenue	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Investment advisory fees - External	62.5	65.1	62.5	60.7	60.3	60.0
Investment advisory fees - Insurance Assets	20.8	21.0	20.7	19.9	22.1	21.0
Other revenue and fees	24.9	25.6	26.3	24.9	29.8	31.9
Net investment income	16.7	14.9	14.1	13.9	13.9	13.0
Operating Revenue	124.9	126.6	123.6	119.3	126.1	126.0
Operating Benefits and Expenses						
Underwriting, acquisition, insurance and other expenses	98.5	97.8	97.3	92.8	96.3	102.5
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	102.6	101.9	101.4	96.8	100.4	106.6
Income from Operations Before Tax	22.3	24.7	22.2	22.5	25.7	19.4
Federal income taxes	7.7	9.4	7.9	7.7	9.1	7.0
Income from Operations	14.6	15.4	14.3	14.7	16.5	12.4
Realized gains (losses) on investments	1.8	0.2	(0.3)	(0.3)	0.4	(0.1)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring Charges	0.0	(12.1)	0.0	0.0	2.9	0.0
Income before Accounting Changes	16.4	3.4	14.0	14.4	19.8	12.3
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	16.4	3.4	14.0	14.4	19.8	12.3
Inc from Oper -before						
Goodwill Amortization	18.7	19.4	18.4	18.8	20.6	16.5
Inc from Oper -before						
Goodwill & Intang. Amort	21.9	22.4	21.3	21.7	23.3	19.4
Operating Revenue	124.9	126.6	123.6	119.3	126.1	126.0
Realized gains (losses) on investments	3.0	0.2	(0.4)	(0.5)	0.6	(0.2)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	127.9	126.8	123.2	118.8	126.6	125.8
Average Capital (Securities at Cost)	635.3	612.6	591.6	587.2	584.2	581.5
Return on Capital	9.2%	10.0%	9.7%	10.0%	11.3%	8.6%
					YTD	YTD
					Sep	Sep
For the Year Ended December 31	1997	1998	1999	2000	2000	2001
-----						
Operating Revenue						
Investment advisory fees - External	229.9	249.0	248.6	231.6	174.8	147.8
Investment advisory fees - Insurance Assets	68.5	82.5	83.6	88.9	65.8	65.4
Other revenue and fees	76.3	92.5	106.6	115.9	89.4	75.9
Net investment income	72.8	67.0	56.9	57.7	43.9	40.8
Operating Revenue	447.5	491.0	495.6	494.2	374.0	329.9
-----						
Operating Benefits and Expenses						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Underwriting, acquisition, insurance and other expenses	396.1	401.5	384.3	408.7	305.7	301.5
Goodwill amortization	15.5	16.3	16.2	16.2	12.2	12.2
Interest on notes payable	0.2	0.3	0.0	0.0	0.0	0.0
Operating Benefits and Expenses	411.8	418.2	400.5	425.0	317.9	313.6
Income from Operations Before Tax	35.8	72.8	95.1	69.2	56.1	16.2
Federal income taxes	17.7	28.9	34.1	25.1	20.7	6.7
Income from Operations	18.1	43.9	61.0	44.1	35.4	9.6
Realized gains (losses) on investments	7.0	0.5	(0.1)	(2.5)	(2.4)	(1.7)
Gains(losses) on derivatives						
Restructuring Charges	0.0	0.0	(9.2)	(4.6)	(2.7)	0.0
Income before Accounting Changes	25.1	44.4	51.6	37.0	30.4	7.9
Cumulative effect of accounting changes						(0.1)
Net Income	25.1	44.4	51.6	37.0	30.4	7.8
Income from Operations- before Goodwill Amortization	33.6	60.3	77.2	60.3	47.6	21.7
Income from Operations - before Goodwill & Intang.Amort	45.2	72.6	88.7	70.9	55.7	27.3
Operating Revenue	447.5	491.0	495.6	494.2	374.0	329.9
Realized gains (losses) on investments	11.6	0.9	(0.1)	(3.9)	(3.6)	(2.6)
Gains(losses) on derivatives						
Total Revenue	459.1	491.9	495.5	490.3	370.3	327.2
Average Capital (Securities at Cost)	653.3	642.3	593.9	575.2	580.7	544.8
Return on Capital	2.8%	6.8%	10.3%	7.7%	8.1%	2.3%
For the Quarter Ended	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001
Operating Revenue						
Investment advisory fees - External	57.9	56.9	56.7	50.5	51.1	46.2
Investment advisory fees - Insurance Assets	22.3	22.5	23.1	22.1	21.6	21.8
Other revenue and fees	31.0	26.4	26.6	26.3	25.7	23.9
Net investment income	12.6	18.3	13.8	14.1	13.0	13.6
Operating Revenue	123.8	124.1	120.2	113.0	111.4	105.5
Operating Benefits and Expenses						
Underwriting, acquisition, insurance and other expenses	99.3	103.9	103.0	104.7	101.6	95.1
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	103.3	107.9	107.1	108.8	105.7	99.2
Income from Operations Before Tax	20.5	16.2	13.1	4.2	5.7	6.3
Federal income taxes	7.4	6.3	4.4	1.8	2.0	2.9
Income from Operations	13.1	9.9	8.7	2.4	3.7	3.5
Realized gains (losses) on investments	(2.0)	(0.2)	(0.2)	(0.5)	(0.7)	(0.5)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring Charges	(2.7)	0.0	(1.9)	0.0	0.0	0.0
Income before Accounting Changes	8.4	9.7	6.6	2.0	3.0	2.9
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	(0.1)	0.0
Net Income	8.4	9.7	6.6	2.0	2.9	2.9
Inc from Oper -before						
Goodwill Amortization	17.1	14.0	12.7	6.5	7.7	7.5
Inc from Oper -before						
Goodwill & Intang. Amort	19.7	16.6	15.2	9.1	9.2	9.0
Operating Revenue	123.8	124.1	120.2	113.0	111.4	105.5
Realized gains (losses) on investments	(3.1)	(0.4)	(0.3)	(0.7)	(1.1)	(0.8)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	120.7	123.8	120.0	112.3	110.3	104.7
Average Capital (Securities at Cost)	593.0	567.7	558.5	548.3	542.8	543.1
Return on Capital	8.8%	7.0%	6.2%	1.8%	2.7%	2.5%

9/30/01

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

	1996	1997	1998	1999
Retail Fixed - Bal Beg-of-Year	6.094	5.853	8.125	8.217
Fund Sales	0.764	0.961	1.165	0.991
Redemptions	(0.986)	(1.271)	(1.235)	(1.424)
Net Money Market	(0.079)	(0.069)	(0.140)	(0.110)
Transfers	(0.114)	(0.220)	0.132	0.177
Net Cash Flows	(0.415)	(0.599)	(0.078)	(0.366)
Income Retained	0.237	0.276	0.291	0.276
Market Apprec/Deprec	(0.062)	0.049	(0.121)	(0.704)
Acq of New Company/Business		2.547		
Balance End-of-Year	5.853	8.125	8.217	7.424
Retail Equity - Bal Beg-of-Year	9.974	13.152	17.754	22.080
Fund Sales	2.175	2.953	3.581	3.271
Redemptions	(1.037)	(1.926)	(2.460)	(4.971)
Net Money Market		0.000	(0.002)	(0.001)
Transfers	0.188	0.209	0.730	(0.143)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Cash Flows	1.327	1.236	1.849	(1.844)	(
Income Retained	0.039	0.005	0.220	0.120	(
Market Apprec/Deprec	1.812	3.317	2.256	3.028	(
Acq of New Company/Business		0.043			(
Balance at End-of-Year	13.152	17.754	22.080	23.383	2
Total Retail - Bal Beg-of-Year	16.068	19.006	25.879	30.297	3
Retail Sales-Annuities	1.638	2.163	2.238	1.561	
Retail Sales-Mutual Funds	0.849	1.218	1.913	2.153	
Retail Sales-Wrap & Other	0.454	0.533	0.596	0.550	
Total Retail Sales	2.940	3.914	4.745	4.264	
Redemptions	(2.023)	(3.197)	(3.694)	(6.396)	(
Net Money Market	(0.079)	(0.068)	(0.141)	(0.111)	(
Transfers	0.074	(0.011)	0.862	0.034	(
Net Cash Flows	0.912	0.637	1.772	(2.209)	(
Income Retained	0.276	0.281	0.511	0.396	(
Market Apprec/Deprec	1.750	3.366	2.136	2.324	(
Acq of New Company/Business		2.590			(
Balance at End-of-Year	19.006	25.879	30.297	30.807	2
Institutional Fixed - Bal Beg-of-Year	2.956	3.580	5.708	6.955	
Inflows	1.516	2.509	2.169	2.000	
Withdrawals/Terminations	(1.155)	(0.787)	(1.242)	(1.699)	(
Transfers	0.015	0.013	(0.074)	(0.001)	(
Net Cash Flows	0.376	1.735	0.853	0.300	(
Income Retained	0.145	0.225	0.333	0.346	
Market Apprec/Deprec	0.104	0.118	0.061	(0.665)	
Acq of New Company/Business		0.051			
Balance at End-of-Year	3.580	5.708	6.955	6.937	
Institutional Equity - Bal Beg-of-Year	21.619	22.886	24.871	24.235	2
Inflows	1.974	2.465	3.840	5.248	
Withdrawals/Terminations	(4.772)	(6.447)	(7.441)	(7.801)	(
Transfers	(0.007)	(0.068)	0.047	0.011	(
Net Cash Flows	(2.805)	(4.049)	(3.555)	(2.542)	(
Income Retained	0.557	0.491	0.473	0.482	(
Market Apprec/Deprec	3.514	5.544	2.446	1.453	(
Acq of New Company/Business					(
Balance at End-of-Year	22.886	24.871	24.235	23.630	1
Total Institutional - Bal Beg-of-Year	24.575	26.465	30.579	31.191	3
Inflows	3.490	4.975	6.009	7.249	
Withdrawals/Terminations	(5.928)	(7.234)	(8.683)	(9.500)	(
Transfers	0.008	(0.055)	(0.027)	0.011	(



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Cash Flows	(2.429)	(2.314)	(2.702)	(2.240)	(
Income Retained	0.702	0.716	0.806	0.829	(
Market Apprec/Deprec	3.618	5.662	2.508	0.789	(
Acq of New Company/Business		0.051			
Balance at End-of-Year	26.465	30.579	31.191	30.567	2
Total Retail/Institutional - At End-of-Year	45.471	56.458	61.488	61.374	5
Insurance Assets - At End-of-Year	37.453	35.684	39.432	35.934	3
Total Assets Under Management At End-of-Year	82.924	92.142	100.920	97.308	8

9/30/01

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

	Dec 1998	Mar 1999	Jun 1999	Sep 1999
Retail Fixed - Bal-Beg-of-Qtr	8.287	8.217	8.233	7.945
Fund Sales	0.246	0.316	0.263	0.231
Redemptions	(0.387)	(0.313)	(0.366)	(0.342)
Net Money Market	(0.000)	(0.019)	(0.033)	(0.029)
Transfers	0.007	0.032	(0.043)	0.034
Net Cash Flows	(0.134)	0.016	(0.179)	(0.106)
Income Retained	0.076	0.066	0.074	0.069
Market Apprec/Deprec	(0.012)	(0.067)	(0.185)	(0.228)
Balance at End-of-Qtr	8.217	8.233	7.945	7.680
Retail Equity - Bal-Beg-of-Qtr	18.785	22.080	21.798	22.340
Fund Sales	0.802	0.856	0.790	0.730
Redemptions	(0.915)	(1.030)	(1.957)	(0.865)
Net Money Market	0.000	0.000	(0.001)	0.000
Transfers	(0.011)	(0.034)	0.036	(0.060)
Net Cash Flows	(0.124)	(0.208)	(1.132)	(0.195)
Income Retained	(0.001)	0.053	0.061	0.007
Market Apprec/Deprec	3.420	(0.128)	1.614	(1.279)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Balance at End-of-Qtr	22.080	21.798	22.340	20.873
Total Retail - Bal-Beg-of-Qtr	27.072	30.297	30.031	30.285
Retail Sales-Annuities	0.507	0.428	0.393	0.332
Retail Sales-Mutual Funds	0.403	0.565	0.487	0.514
Retail Sales-Wrap & Other	0.136	0.182	0.173	0.116
Total Retail Sales	1.046	1.175	1.053	0.962
Redemptions	(1.302)	(1.343)	(2.323)	(1.207)
Net Money Market	0.000	(0.019)	(0.033)	(0.029)
Transfers	(0.004)	(0.001)	(0.006)	(0.027)
Net Cash Flows	(0.260)	(0.188)	(1.309)	(0.301)
Income Retained	0.075	0.119	0.134	0.076
Market Apprec/Deprec	3.409	(0.196)	1.429	(1.507)
Balance at End-of-Qtr	30.297	30.031	30.285	28.553
Institutional Fixed - Bal-Beg-of-Qtr	6.769	6.955	6.984	7.264
Inflows	0.170	0.657	0.478	0.446
Withdrawals/Terminations	(0.225)	(0.415)	(0.210)	(0.294)
Transfers	0.008	(0.003)	0.003	(0.002)
Net Cash Flows	(0.047)	0.239	0.271	0.150
Income Retained	0.060	0.089	0.079	0.110
Market Apprec/Deprec	0.173	(0.300)	(0.070)	(0.306)
Balance at End-of-Qtr	6.955	6.984	7.264	7.218
Institutional Equity - Bal-Beg-of-Qtr	21.702	24.235	22.927	23.962
Inflows	1.165	1.297	1.179	1.839
Withdrawals/Terminations	(2.072)	(2.540)	(2.052)	(1.165)
Transfers	0.013	0.011	0.019	(0.008)
Net Cash Flows	(0.895)	(1.232)	(0.854)	0.666
Income Retained	0.098	0.104	0.118	0.167
Market Apprec/Deprec	3.330	(0.180)	1.771	(1.697)
Balance at End-of-Qtr	24.235	22.927	23.962	23.098
Total Institutional - Bal-Beg-of-Qtr	28.471	31.191	29.910	31.226
Inflows	1.335	1.953	1.656	2.284
Withdrawals/Terminations	(2.297)	(2.955)	(2.262)	(1.458)
Transfers	0.021	0.008	0.022	(0.010)
Net Cash Flows	(0.942)	(0.994)	(0.584)	0.816
Income Retained	0.158	0.193	0.197	0.277
Market Apprec/Deprec	3.504	(0.480)	1.702	(2.003)
Balance at End-of-Qtr	31.191	29.910	31.226	30.316
Total Retail/Inst - At End-of-Qtr	61.488	59.941	61.511	58.869

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	39.432	38.516	37.391	36.820
Insurance Assets-End-of-Qtr				
Total Assets Under Management				
At End-of-Qtr	100.920	98.457	98.902	95.689
	-----	-----	-----	-----
	=====	=====	=====	=====
	Jun	Sep	Dec	Mar
	2000	2000	2000	2001
-----				
Retail Fixed - Bal-Beg-of-Qtr	6.964	6.667	6.531	6.499
Fund Sales	0.152	0.213	0.200	0.235
Redemptions	(0.328)	(0.321)	(0.272)	(0.255)
Net Money Market	(0.058)	(0.031)	(0.051)	0.010
Transfers	(0.045)	(0.033)	0.013	0.042
	-----	-----	-----	-----
Net Cash Flows	(0.279)	(0.171)	(0.109)	0.032
Income Retained	0.063	0.059	0.057	0.054
Market Apprec/Deprec	(0.082)	(0.023)	0.021	0.046
	-----	-----	-----	-----
Balance at End-of-Qtr	6.667	6.531	6.499	6.631
	-----	-----	-----	-----
Retail Equity - Bal-Beg-of-Qtr	24.102	23.129	23.680	21.174
Fund Sales	0.868	0.904	1.055	0.888
Redemptions	(0.971)	(1.027)	(0.820)	(0.899)
Net Money Market	0.000	0.001	0.000	0.000
Transfers	0.018	(0.033)	(0.068)	(0.068)
	-----	-----	-----	-----
Net Cash Flows	(0.085)	(0.154)	0.167	(0.079)
Income Retained	0.021	0.005	0.025	0.007
Market Apprec/Deprec	(0.908)	0.701	(2.698)	(3.168)
	-----	-----	-----	-----
Balance at End-of-Qtr	23.129	23.680	21.174	17.935
	-----	-----	-----	-----
Total Retail - Bal-Beg-of-Qtr	31.066	29.796	30.211	27.673
Retail Sales-Annuities	0.358	0.453	0.536	0.455
Retail Sales-Mutual Funds	0.556	0.521	0.535	0.442
Retail Sales-Wrap & Other	0.106	0.143	0.184	0.227
	-----	-----	-----	-----
Total Retail Sales	1.020	1.118	1.255	1.124
Redemptions	(1.299)	(1.348)	(1.092)	(1.154)
Net Money Market	(0.058)	(0.030)	(0.051)	0.010
Transfers	(0.026)	(0.065)	(0.054)	(0.026)
	-----	-----	-----	-----
Net Cash Flows	(0.363)	(0.326)	0.058	(0.047)
Income Retained	0.083	0.063	0.082	0.061
Market Apprec/Deprec	(0.989)	0.677	(2.677)	(3.122)
	-----	-----	-----	-----
Balance at End-of-Qtr	29.796	30.211	27.674	24.566
	-----	-----	-----	-----
Institutional Fixed - Bal-Beg-of-Qtr	6.873	6.484	6.275	6.111

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inflows	0.148	0.308	0.135	0.310
Withdrawals/Terminations	(0.520)	(0.532)	(0.568)	(0.432)
Transfers	(0.001)	0.000	0.001	0.003
	-----	-----	-----	-----
Net Cash Flows	(0.373)	(0.224)	(0.433)	(0.119)
Income Retained	0.066	0.089	0.050	0.066
Market Apprec/Deprec	(0.081)	(0.074)	0.219	(0.168)
	-----	-----	-----	-----
Balance at End-of-Qtr	6.484	6.275	6.111	5.890
	-----	-----	-----	-----
Institutional Equity - Bal-Beg-of-Qtr	20.303	20.239	19.041	19.111
Inflows	0.669	0.407	0.750	0.881
Withdrawals/Terminations	(1.354)	(1.154)	(1.368)	(1.199)
Transfers	0.002	(0.013)	0.007	0.019
	-----	-----	-----	-----
Net Cash Flows	(0.683)	(0.760)	(0.611)	(0.299)
Income Retained	0.132	0.108	0.102	0.094
Market Apprec/Deprec	0.488	(0.545)	0.579	(1.596)
	-----	-----	-----	-----
Balance at End-of-Qtr	20.239	19.041	19.111	17.311
	-----	-----	-----	-----
Total Institutional - Bal-Beg-of-Qtr	27.175	26.722	25.316	25.222
Inflows	0.817	0.715	0.885	1.191
Withdrawals/Terminations	(1.874)	(1.686)	(1.936)	(1.631)
Transfers	0.000	(0.012)	0.008	0.022
	-----	-----	-----	-----
Net Cash Flows	(1.057)	(0.983)	(1.043)	(0.418)
Income Retained	0.197	0.196	0.151	0.160
Market Apprec/Deprec	0.407	(0.619)	0.798	(1.764)
	-----	-----	-----	-----
Balance at End-of-Qtr	26.722	25.316	25.222	23.201
	-----	-----	-----	-----
Total Retail/Inst - At End-of-Qtr	56.518	55.527	52.895	47.766
Insurance Assets-End-of-Qtr	34.891	34.981	35.686	36.324
Total Assets Under Management				
	-----	-----	-----	-----
At End-of-Qtr	91.409	90.508	88.581	84.090
	=====	=====	=====	=====

9/30/2001

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

	Dec	Dec	Dec	Dec
For the Year Ended December 31	1996	1997	1998	1999

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Revenue				
Premiums	131.8	145.4	156.6	145.1
Surrender charges				
Mortality assessments	21.1	25.2	29.3	27.1
Expense assessments	153.4	166.1	153.6	182.3
Other revenue and fees	5.1	3.3	11.2	13.8
Net investment income	82.0	85.1	87.9	75.3
	-----	-----	-----	-----
Operating Revenue	393.3	425.2	438.6	443.6
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	133.9	339.6	151.0	306.2
Underwriting, acquisition, insurance and other expenses	157.7	184.5	175.6	223.5
Goodwill amortization	0.0	0.0	6.3	7.0
	-----	-----	-----	-----
Operating Benefits and Expenses	291.7	524.1	332.9	536.7
	-----	-----	-----	-----
Income from Operations Before Tax	101.7	(99.0)	105.8	(93.1)
Federal income taxes	35.7	9.3	34.8	(79.2)
	-----	-----	-----	-----
Income from Operations	66.0	(108.3)	70.9	(13.9)
	-----	-----	-----	-----
Realized gains (losses) on investments	0.0	1.5	0.8	2.1
Gains(losses) on derivatives	0.0	0.0	0.0	0.0
Restructuring charges				(6.5)
	-----	-----	-----	-----
Income before Accounting Changes	66.0	(106.8)	71.7	(18.2)
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Net Income	66.0	(106.8)	71.7	(18.2)
	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	66.0	(108.3)	77.2	(6.9)
Effective tax rate	35.1%	(9.4%)	32.9%	85.1%
Operating revenue	393.3	425.2	438.6	443.6
Realized gains (losses) on investments	(0.2)	2.1	1.1	3.0
Gains(losses) on derivatives	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Revenue	393.2	427.3	439.7	446.6
	=====	=====	=====	=====
Average capital	601.1	618.1	517.7	551.2
Return on average capital	11.0%	(17.5%)	13.7%	(2.5%)
Unit Linked Assets - Beg-of-Year	4.307	5.074	5.643	6.265
Deposits	0.446	0.569	0.473	0.537
Withdrawals (incl. chgs) & Deaths	(0.420)	(0.503)	(0.547)	(0.566)
	-----	-----	-----	-----
Net Cash Flows	0.026	0.066	(0.074)	(0.029)
Inv Inc & Chg in Mkt Val	0.269	0.682	0.662	1.154

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Acq of new business/companies	0.000	0.000	0.000	0.000
Foreign currency adjustment	0.472	(0.179)	0.035	(0.170)
	-----	-----	-----	-----
Unit Linked Assets - End-of-Year	5.074	5.643	6.265	7.220
	=====	=====	=====	=====
Individual Life In-force (Billions)	23.835	25.026	25.002	25.698
Exchange Rate - Dollars to Pounds				
For-the-Year	1.567	1.644	1.658	1.617
End-of-Year	1.713	1.651	1.660	1.615

9/30/2001

PAGE

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

For the Quarter Ended	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999	M 2000
-----	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	52.3	43.9	29.0	33.5	38.7	39.0
Surrender charges						
Mortality assessments	7.6	6.7	7.7	7.7	5.0	6.0
Expense assessments	23.7	43.9	51.9	49.3	37.2	46.0
Other revenue and fees	1.6	2.9	3.5	3.6	3.8	2.0
Net investment income	23.6	21.7	19.6	16.2	17.7	18.0
	-----	-----	-----	-----	-----	-----
Operating Revenue	108.7	119.2	111.8	110.3	102.4	113.0
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	45.7	35.7	31.5	27.2	211.8	35.0
Underwriting, acquisition, insurance and other expenses	33.6	55.3	55.2	61.6	51.4	56.0
Goodwill amortization	3.7	1.2	1.2	1.2	3.3	1.0
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	83.0	92.2	87.9	90.1	266.6	92.0
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	25.7	27.0	23.9	20.2	(164.2)	20.0
	-----	-----	-----	-----	-----	-----
Federal income taxes	6.9	8.9	4.9	4.0	(97.1)	4.0
	-----	-----	-----	-----	-----	-----
Income from Operations	18.8	18.1	19.0	16.2	(67.1)	15.0
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	0.4	(0.0)	1.0	0.2	1.0	(0.0)
Gains (losses) on derivatives						
Restructuring charges					(6.5)	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	19.2	18.0	20.0	16.4	(72.6)	15.0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Net Income	19.2	18.0	20.0	16.4	(72.6)	15.0
	=====	=====	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inc from Oper -before						
Goodwill Amortization	22.5	19.3	20.2	17.4	(63.8)	17.4
Effective tax rate	27.0%	33.0%	20.4%	20.0%	59.1%	22.4%
Operating revenue	108.7	119.2	111.8	110.3	102.4	113.1
Realized gains (losses) on investments	0.5	(0.1)	1.4	0.3	1.4	(0.1)
Gains (losses) on derivatives						
Total Revenue	109.2	119.1	113.1	110.5	103.8	112.9
Average capital	533.8	519.2	526.9	573.5	585.0	516.4
Return on average capital	14.1%	13.9%	14.4%	11.3%	(45.9%)	12.2%
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	5.711	6.265	6.348	6.503	6.568	7.200
Deposits	0.136	0.131	0.119	0.130	0.156	0.130
Withdrawals (incl. chgs) & Deaths	(0.139)	(0.136)	(0.137)	(0.136)	(0.158)	(0.130)
Net Cash Flows	(0.003)	(0.005)	(0.017)	(0.005)	(0.002)	(0.010)
Inv Inc & Chg in Mkt Val	0.696	0.271	0.314	(0.214)	0.784	(0.000)
Acq of new business/companies	0.000	0.000	0.000	0.000	0.000	0.000
Foreign currency adjustment	(0.139)	(0.184)	(0.141)	0.284	(0.130)	(0.130)
Unit Linked Assets - End-of-Quarter	6.265	6.348	6.503	6.568	7.220	7.000
Individual Life In-force (Billions)	25.002	25.246	25.107	26.235	25.698	26.500
Exchange Rate - Dollars to Pounds						
For-the-Quarter	1.661	1.631	1.602	1.614	1.625	1.580
End-of-Quarter	1.660	1.612	1.577	1.647	1.615	1.580
For the Quarter Ended	Jun	Sep	Dec	Mar	Jun	Sep
	2000	2000	2000	2001	2001	2001
Operating Revenue						
Premiums	36.3	32.5	40.5	12.8	9.6	11.0
Surrender charges						
Mortality assessments	8.0	9.6	7.5	9.4	8.9	8.0
Expense assessments	44.3	52.6	34.6	43.7	31.4	35.0
Other revenue and fees	1.3	2.0	1.3	0.6	0.1	0.0
Net investment income	18.5	16.1	16.7	17.9	16.9	14.0
Operating Revenue	108.4	112.8	100.6	84.4	66.9	70.0
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	37.4	51.9	54.2	24.0	17.9	20.0
Underwriting, acquisition, insurance and other expenses	43.5	45.2	34.9	41.1	29.7	40.0
Goodwill amortization	1.3	1.2	0.2	0.2	0.2	0.0
Operating Benefits and Expenses	82.2	98.3	89.3	65.3	47.7	61.0
Income from Operations Before Tax	26.2	14.5	11.3	19.1	19.1	9.0
Federal income taxes	6.9	3.9	(4.2)	4.7	2.9	(0.0)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income from Operations	19.3	10.6	15.5	14.4	16.2	10.0
Realized gains (losses) on investments	(0.1)	(0.0)	2.6	0.4	1.4	3.0
Gains (losses) on derivatives						
Restructuring charges		(40.5)	(36.1)			
Income before Accounting Changes	19.1	(29.9)	(17.9)	14.8	17.6	14.0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	19.1	(29.9)	(17.9)	14.8	17.6	14.0
Inc from Oper -before						
Goodwill Amortization	20.5	11.8	15.7	14.5	16.4	10.0
Effective tax rate	26.4%	27.2%	(37.1%)	(37.1%)	15.3%	(5.0%)
Operating revenue	108.4	112.8	100.6	84.4	66.9	70.0
Realized gains (losses) on investments	(0.2)	(0.0)	3.8	0.6	2.0	5.0
Gains (losses) on derivatives						
Total Revenue	108.2	112.8	104.3	84.9	68.9	76.0
Average capital	500.8	486.5	448.9	548.7	553.2	575.0
Return on average capital	15.4%	8.7%	13.8%	10.5%	11.7%	7.0%
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	7.031	6.726	6.499	6.441	5.677	5.700
Deposits	0.134	0.145	0.116	0.132	0.111	0.100
Withdrawals (incl. chgs) & Deaths	(0.162)	(0.159)	(0.153)	(0.147)	(0.131)	(0.100)
Net Cash Flows	(0.028)	(0.014)	(0.037)	(0.015)	(0.020)	(0.000)
Inv Inc & Chg in Mkt Val	0.047	(0.025)	(0.100)	(0.421)	0.115	(0.700)
Acq of new business/companies	0.000	0.000	0.000	0.000	0.000	0.000
Foreign currency adjustment	(0.324)	(0.189)	0.078	(0.328)	(0.004)	0.200
Unit Linked Assets - End-of-Quarter	6.726	6.499	6.441	5.677	5.768	5.200
Individual Life In-force (Billions)	25.225	24.535	24.290	21.894	21.519	21.200
Exchange Rate - Dollars to Pounds						
For-the-Quarter	1.536	1.482	1.454	1.455	1.421	1.400
End-of-Quarter	1.517	1.475	1.493	1.416	1.415	1.400

9/30/01

PAGE

Other Operations  
Unaudited [Millions of Dollars]

For the Year Ended December 31

199

Revenue



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Lincoln Financial Advisors	111.
Lincoln Financial Distributors	25.
	-----
Total Distribution	136.
Other [Including Consolidating Adjustments]	(119.)
	-----
Operating Revenue	16.
	-----
Realized gains (losses) on investments	(3.)
	-----
Total Revenue	13.
	=====
Income (Loss)	
Lincoln Financial Advisors	(10.)
Lincoln Financial Distributors	(4.)
	-----
Total Distribution	(14.)
LNC Financing	(49.)
LNC Operations *	(14.)
Other Corporate	2.
	-----
Inc (Loss) from Operations	(76.)
	-----
Realized gains (losses) on investments	(1.)
Gains(losses) on derivatives	
Restructuring charges	
	-----
Income before Accounting Changes	(77.)
Cumulative effect of accounting changes	
	-----
Total Net Income (Loss)	(77.)
	=====

Other Operations (Continued)  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	2000	YTD Sep 2000	YTD Sep 2000
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Financial Advisors	130.1	292.9	325.2	394.2	276.3	244.
Lincoln Financial Distributors	20.5	33.5	107.5	119.9	84.9	88.
	-----	-----	-----	-----	-----	-----
Total Distribution	150.6	326.4	432.6	514.0	361.1	332.
Other [Including Consolidating Adjustments]	(110.7)	(199.2)	(285.7)	(309.2)	(242.0)	(271.)
	-----	-----	-----	-----	-----	-----
Operating Revenue	39.9	127.2	147.0	204.8	119.2	60.
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Realized gains (losses) on investments	16.9	4.0	8.7	(3.7)	(1.9)	(4.0)
	-----	-----	-----	-----	-----	-----
Total Revenue	56.8	131.1	155.7	201.1	117.3	55.0
	=====	=====	=====	=====	=====	=====
Income (Loss)						
Lincoln Financial Advisors	(5.3)	(23.7)	(20.8)	(11.7)	(13.4)	(23.0)
Lincoln Financial Distributors	(11.2)	(8.2)	(14.0)	(18.5)	(13.4)	(26.0)
	-----	-----	-----	-----	-----	-----
Total Distribution	(16.5)	(31.9)	(34.8)	(30.2)	(26.8)	(49.0)
LNC Financing	(31.6)	(51.5)	(83.5)	(84.9)	(65.1)	(63.0)
LNC Operations *	(18.4)	(18.5)				
Other Corporate	(6.7)	1.0	(5.0)	(15.4)	(5.5)	3.0
	-----	-----	-----	-----	-----	-----
Inc (Loss) from Operations	(73.2)	(100.9)	(123.2)	(130.5)	(97.4)	(109.0)
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	8.6	5.3	6.5	(2.3)	(2.3)	(3.0)
Gains(losses) on derivatives						0.0
Restructuring charges		(14.3)		0.3		(1.0)
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(64.6)	(109.9)	(116.7)	(132.5)	(99.7)	(114.0)
Cumulative effect of accounting changes						(0.0)
	-----	-----	-----	-----	-----	-----
Total Net Income (Loss)	(64.6)	(109.9)	(116.7)	(132.5)	(99.7)	(114.0)
	=====	=====	=====	=====	=====	=====
	Dec	Mar	Jun	Sep	Dec	Ma
For the Quarter Ended	1998	1999	1999	1999	1999	2000
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Financial Advisors	81.7	67.0	73.9	78.0	106.3	89.0
Lincoln Financial Distributors	9.8	20.7	26.2	26.4	34.2	29.0
	-----	-----	-----	-----	-----	-----
Total Distribution	91.5	87.6	100.1	104.4	140.5	118.0
Other [Including						
Consolidating Adjustments]	(57.2)	(27.5)	(41.9)	(67.1)	(149.2)	(70.0)
	-----	-----	-----	-----	-----	-----
Operating Revenue	34.3	60.1	58.2	37.3	(8.7)	48.0
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	1.6	0.2	(1.7)	13.8	(3.6)	(2.0)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Total Revenue	35.9	60.4	56.6	51.1	(12.4)	45.0
	=====	=====	=====	=====	=====	=====
Income (Loss)						
Lincoln Financial Advisors	(6.4)	(8.4)	(9.7)	(5.3)	2.7	(7.0)
Lincoln Financial Distributors	(1.6)	(3.0)	(5.3)	(2.1)	(3.7)	(3.0)
	-----	-----	-----	-----	-----	-----
Total Distribution	(8.0)	(11.4)	(15.0)	(7.4)	(1.0)	(10.0)
LNC Financing	(19.3)	(20.5)	(21.4)	(19.9)	(21.6)	(21.0)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

LNC Operations *	(4.9)	0.0	0.0	0.0	0.0	0.0
Other Corporate	(2.1)	(2.1)	0.9	(2.4)	(1.4)	(5.1)
	-----	-----	-----	-----	-----	-----
Inc (Loss) from Oper	(34.3)	(34.0)	(35.6)	(29.7)	(23.9)	(38.1)
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	4.1	0.1	(2.0)	9.5	(1.1)	(1.1)
Gains (losses) on derivatives						
Restructuring charges	(14.3)					
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(44.6)	(33.9)	(37.6)	(20.2)	(25.1)	(39.1)
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Total Net Income (Loss)	(44.6)	(33.9)	(37.6)	(20.2)	(25.1)	(39.1)
	=====	=====	=====	=====	=====	=====
For the Quarter Ended	Jun	Sep	Dec	Mar	Jun	Se
	2000	2000	2000	2001	2001	2000
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Financial Advisors	92.9	93.9	117.9	81.2	83.8	78.0
Lincoln Financial Distributors	28.1	27.5	35.0	25.7	32.1	30.0
	-----	-----	-----	-----	-----	-----
Total Distribution	121.0	121.4	152.9	106.9	115.9	109.0
Other [Including						
Consolidating Adjustments]	(89.6)	(81.8)	(67.2)	(80.5)	(116.6)	(74.0)
	-----	-----	-----	-----	-----	-----
Operating Revenue	31.4	39.6	85.6	26.4	(0.7)	35.0
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	0.4	0.1	(1.8)	(2.9)	4.1	(6.0)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	(0.1)	0.0
	-----	-----	-----	-----	-----	-----
Total Revenue	31.9	39.7	83.8	23.5	3.3	29.0
	=====	=====	=====	=====	=====	=====
Income (Loss)						
Lincoln Financial Advisors	(2.9)	(3.1)	1.6	(6.8)	(12.3)	(4.0)
Lincoln Financial Distributors	(5.2)	(5.0)	(5.1)	(6.9)	(11.5)	(7.0)
	-----	-----	-----	-----	-----	-----
Total Distribution	(8.1)	(8.0)	(3.4)	(13.8)	(23.8)	(12.0)
LNC Financing	(22.2)	(20.9)	(19.8)	(21.7)	(22.0)	(19.0)
LNC Operations *	0.0	0.0	0.0	0.0	0.0	0.0
Other Corporate	(1.5)	1.6	(9.8)	(0.5)	2.0	1.0
	-----	-----	-----	-----	-----	-----
Inc (Loss) from Oper	(31.7)	(27.3)	(33.1)	(35.9)	(43.8)	(30.0)
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	0.3	(1.0)	0.0	(1.9)	2.7	(3.0)
Gains (losses) on derivatives				0.0	(0.1)	0.0
Restructuring charges			0.3		(1.2)	0.0
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(31.4)	(28.3)	(32.8)	(37.8)	(42.4)	(33.0)
Cumulative effect of accounting changes				(0.3)		
	-----	-----	-----	-----	-----	-----
Total Net Income (Loss)	(31.4)	(28.3)	(32.8)	(38.1)	(42.4)	(33.0)
	=====	=====	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

\* Starting with the first quarter of 1999, 100% of "LNC Operations" is allocated to the business segments. Prior periods have not been restated.

9/30/01

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

	1996	1997	1998	1999	2000	
	-----	-----	-----	-----	-----	-----
Deposits - For the Year						
Annuities Segment - Fixed Annuities	1.852	1.632	1.452	2.563	2.074	1
Annuities Segment - Variable Annuities	2.746	2.695	2.791	2.553	3.165	2
Annuities Segment - Life Insurance	0.000	0.000	0.000	0.017	0.014	0
Life Insurance Segment - Life Insurance	0.405	0.384	1.207	1.698	1.884	1
Inv Mgmt - Annuities	1.638	2.163	2.238	1.561	1.726	1
Inv Mgmt - Mutual Funds	0.849	1.218	1.913	2.153	2.452	1
Inv Mgmt - Wrap Fee & Other	0.454	0.533	0.596	0.550	0.581	0
Consolidating Adjustments	(0.684)	(0.966)	(1.041)	(0.499)	(0.406)	(0
	-----	-----	-----	-----	-----	-----
Gross Deposits	7.259	7.658	9.157	10.597	11.491	8
Account Balances - End of Year						
Annuities Segment - Fixed Annuities	15.818	15.458	16.505	16.791	15.442	
Annuities Segment - Variable Annuities	20.383	27.346	33.358	41.493	39.427	
Annuities Segment - Life Insurance				0.155	0.160	
Life Insurance Segment - Life Insurance	2.869	3.038	9.243	10.217	10.847	
Inv Mgmt - Annuities	7.915	10.991	14.257	15.526	13.494	
Inv Mgmt - Mutual Funds	9.017	12.484	13.528	13.632	12.805	
Inv Mgmt - Wrap Fee & Other	2.074	2.403	2.512	1.649	1.375	
Consolidating Adjustments	(5.098)	(6.806)	(8.891)	(9.175)	(7.753)	
	-----	-----	-----	-----	-----	-----
Account Balances	52.978	64.914	80.512	90.288	85.797	

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

	Dec	Mar	Jun	Sep	Dec	
	1998	1999	1999	1999	1999	
	-----	-----	-----	-----	-----	-----
Deposits - For the Quarter						
Annuities Segment - Fixed Annuities	0.335	0.489	0.654	0.678	0.741	
Annuities Segment - Variable Annuities	0.633	0.635	0.651	0.634	0.634	
Annuities Segment - Life Insurance		0.003	0.005	0.004	0.005	
Life Insurance Segment - Life Insurance	0.475	0.394	0.379	0.399	0.526	
Inv Mgmt - Annuities	0.507	0.428	0.393	0.332	0.409	
Inv Mgmt - Mutual Funds	0.403	0.565	0.487	0.514	0.587	
Inv Mgmt - Wrap Fee & Other	0.136	0.182	0.173	0.116	0.079	
Consolidating Adjustments	(0.254)	(0.142)	(0.143)	(0.096)	(0.118)	(

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Gross Deposits	2.234	2.554	2.599	2.581	2.864
Account Balances - End of Quarter					
Annuities Segment - Fixed Annuities	16.505	16.656	16.779	16.934	16.791
Annuities Segment - Variable Annuities	33.358	34.148	37.233	35.613	41.493
Annuities Segment - Life Insurance		0.115	0.130	0.128	0.155
Life Insurance Segment - Life Insurance	9.243	9.416	9.628	9.726	10.217
Inv Mgmt - Annuities	14.257	14.166	14.981	14.004	15.526
Inv Mgmt - Mutual Funds	13.528	13.442	13.654	12.938	13.632
Inv Mgmt - Wrap Fee & Other	2.512	2.424	1.650	1.611	1.649
Consolidating Adjustments	(8.891)	(8.798)	(9.050)	(8.387)	(9.175)
Account Balances	80.512	81.570	85.004	82.567	90.288

Consolidated Domestic Retail Deposits/Account Balances (Continued)

Unaudited [Billions of Dollars]

	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
Deposits - For the Quarter					
Annuities Segment - Fixed Annuities	0.490	0.513	0.482	0.560	0.668
Annuities Segment - Variable Annuities	0.793	0.729	0.846	0.887	0.703
Annuities Segment - Life Insurance	0.003	0.004	0.004	0.003	0.004
Life Insurance Segment - Life Insurance	0.411	0.428	0.622	0.418	0.477
Inv Mgmt - Annuities	0.358	0.453	0.536	0.455	0.373
Inv Mgmt - Mutual Funds	0.556	0.521	0.535	0.442	0.324
Inv Mgmt - Wrap Fee & Other	0.106	0.143	0.184	0.227	0.157
Consolidating Adjustments	(0.062)	(0.100)	(0.145)	(0.262)	(0.202)
Gross Deposits	2.655	2.691	3.064	2.729	2.504
Account Balances - End of Quarter					
Annuities Segment - Fixed Annuities	15.909	15.700	15.442	15.484	15.628
Annuities Segment - Variable Annuities	43.097	42.743	39.427	34.733	36.961
Annuities Segment - Life Insurance	0.165	0.166	0.160	0.147	0.157
Life Insurance Segment - Life Insurance	10.538	10.716	10.847	10.764	11.066
Inv Mgmt - Annuities	14.861	14.824	13.494	11.787	12.483
Inv Mgmt - Mutual Funds	13.604	14.102	12.805	11.091	11.748
Inv Mgmt - Wrap Fee & Other	1.331	1.285	1.375	1.688	1.823
Consolidating Adjustments	(8.419)	(8.644)	(7.753)	(6.834)	(7.007)
Account Balances	91.086	90.893	85.797	78.860	82.860

Annuities & Investment Management  
Net Flows  
Unaudited [Billions of Dollars]

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----	-----	-----
Annuities Segment	(0.700)	(0.682)	(0.812)	(0.681)	(0.590)	(0.196)
Investment Management Segment	(3.497)	(1.420)	(1.309)	(0.985)	(0.465)	0.285
Consolidating Adjustments	0.717	0.342	0.194	0.152	0.019	(0.034)
	-----	-----	-----	-----	-----	-----
Total Net Flows	(3.480)	(1.761)	(1.927)	(1.514)	(1.037)	0.055
	=====	=====	=====	=====	=====	=====

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

9/30/01

Consolidated Information - Individual Life Insurance In-Force  
Unaudited [Billions of Dollars]

December 31	1996	1997	1998	1999
	-----	-----	-----	-----
Annuities Segment				0
Life Insurance Segment	49.2	63.2	172.9	195.1
Reinsurance	130.8	153.1	213.6	306.1
Lincoln UK	23.8	25.0	25.0	25.0
Consolidating Adjustment		(5.6)	(9.9)	(11.4)
	-----	-----	-----	-----
Total	203.8	235.7	401.6	516.6
	=====	=====	=====	=====

  

End of Quarter	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
	-----	-----	-----	-----	-----
Annuities Segment				0.5	0.5
Life Insurance Segment	172.9	178.5	184.5	188.9	195.1
Reinsurance	213.6	225.1	240.0	261.5	306.1
Lincoln UK	25.0	25.2	25.1	26.2	25.0
Consolidating Adjustment	(9.9)	(10.3)	(10.6)	(10.9)	(11.4)
	-----	-----	-----	-----	-----
Total	401.6	418.6	439.0	466.3	516.6
	=====	=====	=====	=====	=====

  

End of Quarter	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----	-----
Annuities Segment	0.6	0.6	0.7	0.7	0.7
Life Insurance Segment	207.5	211.3	216.0	219.2	223.3
Reinsurance	354.0	381.4	407.4	426.2	447.8
Lincoln UK	25.2	24.5	24.3	21.9	21.5
Consolidating Adjustment	(11.5)	(11.4)	(11.4)	(13.1)	(12.7)
	-----	-----	-----	-----	-----
Total	575.8	606.5	637.0	654.9	680.5
	=====	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

December 31	Dec 1996	Dec 1997	Dec 1998	Dec 1999
Assets Managed by Source				
LNC's Investments and Cash:				
Fixed maturity securities	24.097	24.066	30.233	27.689
Equity securities	0.558	0.660	0.543	0.604
Other investments	5.076	5.092	7.154	7.286
Total LNC Investments	29.730	29.819	37.929	35.578
Separate accounts	28.809	37.139	43.409	53.654
Cash and Invested Cash	1.145	3.795	2.433	1.896
Discontinued Operations	4.402			
Total LNC	64.086	70.752	83.772	91.128
Non-affiliate assets managed	40.968	48.331	50.061	49.314
Total Assets Managed	105.054	119.083	133.833	140.443
Assets Managed by Advisor				
Investment Management segment (See page 24 for additional detail)	45.471	56.457	61.488	61.374
DLIA-Corp (Assets managed internally-see page 24)	37.453	35.684	39.432	35.934
Lincoln (UK)	6.107	6.775	7.573	8.589
Policy Loans (within business units)	0.758	0.763	1.840	1.892
Non-LNC Affiliates	15.265	19.404	23.500	32.654
Total Assets Managed	105.054	119.083	133.833	140.443

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

End of Quarter	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	30.233	30.578	29.579	28.708	27.689
Equity securities	0.543	0.481	0.506	0.507	0.604
Other investments	7.154	7.071	7.278	7.317	7.286
Total LNC Investments	37.929	38.129	37.363	36.532	35.578
Separate accounts	43.409	44.339	47.864	46.229	53.654
Cash and invested cash	2.433	2.327	2.151	2.343	1.896

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total LNC	83.772	84.796	87.378	85.104	91.128	94.128
Non-affiliate assets managed	50.061	48.690	49.827	48.068	49.314	47.814
Total Assets Managed	133.833	133.486	137.205	133.172	140.443	141.942
Assets Managed by Advisor						
Investment Management segment (See page 25 for additional detail)	61.488	59.941	61.511	58.869	61.374	58.869
DLIA-Corp (Assets managed internally-see page 25)	39.432	38.516	37.391	36.820	35.934	35.934
Lincoln (UK)	7.573	7.631	7.746	7.849	8.589	8.589
Policy Loans (within business units)	1.840	1.842	1.847	1.863	1.892	1.892
Non-LNC Affiliates	23.499	25.555	28.710	27.771	32.654	37.374
Total Assets Managed	133.833	133.486	137.205	133.172	140.443	141.942

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

End of Quarter	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001	2001
Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	27.078	27.264	27.450	27.811	27.874	28.874
Equity securities	0.560	0.570	0.550	0.560	0.534	0.534
Other investments	7.419	7.471	7.369	7.374	7.388	7.388
Total LNC Investments	35.057	35.305	35.369	35.744	35.796	36.796
Separate accounts	54.924	54.411	50.580	44.506	47.140	39.140
Cash and invested cash	1.619	1.436	1.927	2.015	1.502	1.502
Total LNC	91.601	91.152	87.876	82.266	84.438	78.438
Non-affiliate assets managed	45.945	45.119	43.397	41.904	44.069	39.069
Total Assets Managed	137.546	136.271	131.273	124.170	128.507	117.507
Assets Managed by Advisor						
Investment Management segment (See page 25 for additional detail)	56.518	55.527	52.895	47.766	50.268	44.268
DLIA-Corp (Assets managed internally-see page 25)	34.891	34.981	35.686	36.324	36.018	37.018
Lincoln (UK)	8.058	7.838	7.873	7.012	7.027	6.027
Policy Loans (within business units)	1.915	1.936	1.961	1.947	1.947	1.947
Non-LNC Affiliates	36.164	35.989	32.858	31.122	33.246	27.246
Total Assets Managed	137.546	136.271	131.273	124.170	128.507	117.507



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

9/30/2001

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

For the Year Ended December 31	1996	1997	1998	1999	2000
	-----	-----	-----	-----	-----
Net Investment Income					
Fixed Maturity Securities	1690.1	1832.1	2065.8	2232.9	2140.0
Equity Securities	14.4	19.1	22.8	20.1	10.0
Mortgage loans on real estate	292.7	279.2	383.6	369.2	370.0
Real estate	125.4	99.4	86.8	64.1	50.0
Policy loans	40.7	44.5	99.5	116.5	120.0
Invested cash	69.2	102.4	156.8	110.3	80.0
Other investments	14.7	20.6	88.4	51.8	60.0
	-----	-----	-----	-----	-----
Investment revenue	2247.2	2397.3	2903.7	2964.8	2870.0
Investment expense	159.2	146.6	222.3	157.3	120.0
	-----	-----	-----	-----	-----
Net Investment Income	2087.9	2250.8	2681.4	2807.5	2740.0
	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	9.7	12.7	11.6	8.1	0.0
	-----	-----	-----	-----	-----
Adjusted Net Invest Income	2097.7	2263.5	2693.0	2815.6	2750.0
	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	27906.2	30337.3	36573.8	39027.5	37470.0
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.52%	7.46%	7.36%	7.21%	7.34%
Investment Gains					
Realized Gains (Losses) on Investments	57.6	72.9	13.7	3.8	(1.0)
Gains(Losses) on Derivatives	0.0	0.0	0.0	0.0	0.0
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	(208.8)	159.6	116.4	(1018.1)	470.0
Incr (Decr) on Derivatives					
Incr (Decr) in Foreign Exchange	53.0	(20.3)	3.8	(19.9)	(0.0)
Securities Available-for-Sale [Billions of Dollars at End of Year]					
Fixed Maturity Sec (Market)	24.097	24.066	30.233	27.689	27.000
Fixed Maturity Sec (Adjusted Cost)	23.200	22.624	28.640	28.357	27.000
Equity Securities (Market)	0.558	0.660	0.543	0.604	0.000
Equity Securities (Adjusted Cost)	0.434	0.518	0.437	0.482	0.000
% of Fixed Maturity Securities (Based on Market)					
Treasuries and AAA	32.8%	27.6%	25.6%	22.8%	22.0%
AA or better	41.9%	35.1%	32.6%	29.8%	29.0%
BB or less	7.0%	7.3%	7.0%	8.0%	6.0%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

For the Quarter Ended	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
	-----	-----	-----	-----	-----
Net Investment Income					
Fixed Maturity Securities	544.5	557.8	575.8	551.2	5.48
Equity Securities	8.9	4.4	4.9	3.9	6.9
Mortgage loans on real estate	107.4	94.5	85.5	94.7	94.5
Real estate	18.4	19.4	18.4	13.7	12.5
Policy loans	29.8	28.6	28.6	29.4	29.9
Invested cash	44.0	32.4	23.4	32.4	22.0
Other investments	19.3	7.5	13.4	9.9	20.9
	-----	-----	-----	-----	-----
Investment revenue	772.4	744.6	750.1	735.2	734.9
Investment expense	57.7	35.1	49.3	38.1	34.8
	-----	-----	-----	-----	-----
Net Investment Income	714.7	709.5	700.8	697.1	700.1
	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	3.0	1.8	2.0	1.7	2.6
	-----	-----	-----	-----	-----
Adjusted Net Invest Income	717.7	711.3	702.8	698.7	702.7
	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	37619.5	39174.2	39385.3	39111.8	38438.6
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.63%	7.26%	7.14%	7.15%	7.31%
Investment Gains					
Realized Gains (Losses) on Investments	0.5	1.5	(3.5)	4.1	1.6
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	0.0
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	(221.4)	(297.7)	(255.8)	(102.7)	(361.9)
Incr (Decr) on Derivatives					
Incr (Decr) in Foreign Exchange	(9.8)	(19.9)	(9.5)	19.6	(10.2)
Securities Available-for-Sale [Billions of Dollars at End of Year]					
Fixed Maturity Sec (Market)	30.233	30.578	29.579	28.708	27.689
Fixed Maturity Sec (Adjusted Cost)	28.640	29.681	29.494	28.974	28.357
Equity Securities (Market)	0.543	0.481	0.506	0.507	0.604
Equity Securities (Adjusted Cost)	0.437	0.380	0.385	0.414	0.482
% of Fixed Maturity Securities (Based on Market)					
Treasuries and AAA	25.6%	26.3%	25.5%	24.2%	22.8%
AA or better	32.6%	33.2%	32.5%	31.1%	29.8%
BB or less	7.0%	7.1%	7.0%	7.5%	8.0%

For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	2001
	-----	-----	-----	-----	-----	-----
Net Investment Income						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Fixed Maturity Securities	541.3	544.4	525.3	537.7	522.7	53
Equity Securities	3.7	5.7	3.6	6.5	1.0	
Mortgage loans on real estate	92.0	95.1	94.4	92.3	95.7	9
Real estate	11.2	12.5	11.8	16.3	12.8	1
Policy loans	30.7	30.9	30.5	32.9	31.4	3
Invested cash	27.2	15.1	26.5	18.4	26.7	1
Other investments	35.1	2.0	26.9	2.9	19.6	1
	-----	-----	-----	-----	-----	-----
Investment revenue	741.1	705.7	719.1	706.9	709.9	70
Investment expense	30.0	31.8	29.0	34.8	36.1	3
	-----	-----	-----	-----	-----	-----
Net Investment Income	711.1	673.8	690.0	672.1	673.7	67
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	1.5	2.3	1.4	2.6	0.5	
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	712.6	676.1	691.5	674.7	674.2	67
	=====	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	38237.4	37306.1	37250.8	37090.8	37238.0	3709
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.45%	7.25%	7.43%	7.28%	7.24%	7.
Investment Gains						
Realized Gains (Losses) on Investments	(0.4)	(6.7)	(11.6)	1.2	(13.4)	(1
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	(0.1)	
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	54.5	(145.4)	218.8	349.8	178.4	(11
Incr (Decr) on Derivatives					23.3	
Incr (Decr) in Foreign Exchange	(7.3)	(0.9)	(2.0)	2.0	(17.8)	(1
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	27.745	27.078	27.264	27.450	27.811	27.
Fixed Maturity Sec (Adjusted Cost)	28.295	27.788	27.727	27.373	27.367	27.
Equity Securities (Market)	0.588	0.560	0.570	0.550	0.560	0.
Equity Securities (Adjusted Cost)	0.475	0.446	0.450	0.458	0.507	0.
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	22.7%	22.3%	22.3%	22.1%	20.3%	19
AA or better	29.5%	29.3%	29.4%	29.2%	27.1%	26
BB or less	7.4%	7.4%	6.8%	6.7%	7.2%	7

9/30/01

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

For the Year Ended December 31	1990	1991	1992	1993	1994	1995	199
-----	-----	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Common Stock [1]

Highest Price	15.338	13.813	19.032	24.125	22.188	26.875	28.50
Lowest Price	7.688	9.500	12.625	17.344	17.313	17.313	20.37
Closing Price	10.750	13.688	18.500	21.750	17.500	26.875	26.25

Dividend Payout Ratio [2]	63.4%	63.5%	38.9%	52.6%	51.0%	39.7%	38.2%
Yield [3]	6.3%	5.3%	4.1%	3.8%	4.9%	3.4%	3.7%

Preferred Stock Dividend (Millions)	9.143	13.033	17.246	17.212	17.119	8.644	0.11
-------------------------------------	-------	--------	--------	--------	--------	-------	------

Debt: (End of Period)

Senior Debt Ratings

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

Ratios

Debt to Total Capitalization [4]			25.7%	21.1%	19.9%	22.8%	18.8%
Debt to Equity [4]			34.7%	26.7%	24.9%	29.5%	23.1%

	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Se
For the Quarter Ended	1998	1999	1999	1999	1999	2000	2000	2000

Common Stock:

Highest Price	43.344	50.250	53.438	57.500	48.313	41.375	40.063	56.37
Lowest Price	33.500	39.281	45.688	36.000	36.500	22.625	29.000	35.62
Closing Price	40.906	49.438	52.313	37.563	40.000	33.500	36.125	48.12

Yield [3]	2.7%	2.2%	2.1%	2.9%	2.9%	3.5%	3.2%	2.4%
-----------	------	------	------	------	------	------	------	------

Preferred Stock Dividend (Millions)	0.023	0.024	0.024	0.027	0.014	0.022	0.022	0.02
-------------------------------------	-------	-------	-------	-------	-------	-------	-------	------

Debt: (End of Period)

Senior Debt Ratings

A.M. Best							
Fitch	A+	A+	A+	A+	A+	A+	A+
Moody's	A2	A2	A2	A2	A2	A2	A2
Standard and Poors	A-	A-	A-	A-	A-	A-	A-

Claims Paying Ratings:

## Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

### Ratios

Debt to Total Capitalization [4]	21.2%	20.7%	22.0%	22.0%	23.2%	23.3%	21.8%	21.2%
Debt to Equity [4]	26.9%	26.2%	28.2%	28.3%	30.3%	30.4%	28.0%	27.0%

\* 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 three separate Return on Equity of this Statistical Report. "Net Income Divided by Average Shareholders' Equity" tends to fluctuate due to the realization of gains on the sale of investments or subsidiaries during one period and losses in another period for purposes of recovering Federal Taxes previously paid. "Income from Operations Divided by Average Shareholders' Equity" is less volatile but leaves out an important element of earnings for a company that is focused on enhancing shareholder value by realizing investment gains. "Adjusted Income from Operations Divided by Average Shareholders' Equity" amortizes:

1) realized security gains on investments 2) unrealized gains on equity securities over appreciation less amortization of goodwill related to acquisitions.

Return on capital measures the effectiveness of LNC's use of its total capital, which is made up of debt and equity securities. Return on capital is calculated by dividing income from operations (after adding back depreciation and amortization) by average capital. The difference between return on capital and return on equity presents the consolidated results.