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LINCOLN NATIONAL CORP
 Form 8-K
 April 30, 2002

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

FORM 8-K

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

Date of Report: March 31, 2002

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

Registrant's telephone number 219-448-1400

Item 5
 Financial Report for the quarter ended March 31, 2002.

3/31/02

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

| | For the Quarter Ended March | | |
|--|-----------------------------|----------------|--------|
| | 2002 Amount | 2001 Amount | Change |
| Income from Operations | | | |
| Lincoln Retirement* | 80.4 | 82.3 | (1.9) |
| Life Insurance | 71.1 | 68.6 | 2.5 |
| Investment Management | 8.0 | 2.4 | 5.6 |
| Lincoln UK | 14.4 | 14.4 | 0.0 |
| Corporate & Other** | (12.0) | 10.9 | (22.9) |
| Total Income from Operations | 162.0 | 178.6 | (16.6) |
| Realized gains (losses) on investments | (67.6) | (13.3) | (54.3) |
| Gains (losses) on derivatives | 0.1 | (0.1) | 0.2 |

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| | | | |
|--|----------|----------|----------|
| Restructuring charges | 0.0 | (0.7) | 0.7 |
| | ----- | ----- | ----- |
| Income before Accounting Changes | 94.5 | 164.5 | (70.0) |
| Cumulative effect of accounting changes*** | 0.0 | (4.3) | 4.3 |
| | ----- | ----- | ----- |
| Net Income | 94.5 | 160.2 | (65.7) |
| | ===== | ===== | ===== |
| Earnings per share (diluted) | | | |
| Income from Operations | \$0.84 | \$0.92 | (\$0.08) |
| Realized gain (losses) on investments | (\$0.35) | (\$0.07) | (\$0.28) |
| Gains (losses) on derivatives | \$0.00 | \$0.00 | \$0.00 |
| Restructuring charges | \$0.00 | \$0.00 | \$0.00 |
| | ----- | ----- | ----- |
| Income before Accounting Changes | \$0.49 | \$0.85 | (\$0.36) |
| Cumulative effect of accounting changes*** | \$0.00 | (\$0.02) | -- |
| | ----- | ----- | ----- |
| Net Income | \$0.49 | \$0.83 | (\$0.34) |
| | ===== | ===== | ===== |
| Inc. from Oper.- before Goodwill Amort. | | | |
| Lincoln Retirement* | 80.4 | 82.6 | (2.2) |
| Life Insurance | 71.1 | 74.5 | (3.4) |
| Investment Management | 8.0 | 6.5 | 1.5 |
| Lincoln UK | 14.4 | 14.5 | (0.1) |
| Corporate & Other** | (12.0) | 11.3 | (23.2) |
| | ----- | ----- | ----- |
| Total | 162.0 | 189.5 | (27.5) |
| | ===== | ===== | ===== |
| Earnings per share (diluted) | | | |
| Inc. from Oper.- before Goodwill Amort. | \$0.84 | \$0.98 | (\$0.14) |
| Net Income - before Goodwill Amort. | | | |
| Lincoln Retirement* | 47.6 | 76.9 | (29.3) |
| Life Insurance | 44.2 | 68.9 | (24.6) |
| Investment Management | 7.0 | 6.0 | 1.0 |
| Lincoln UK | 10.8 | 14.9 | (4.1) |
| Corporate & Other** | (15.2) | 4.4 | (19.6) |
| | ----- | ----- | ----- |
| Total | 94.5 | 171.1 | (76.6) |
| | ===== | ===== | ===== |
| Earnings per share (diluted) | | | |
| Net Income - before Goodwill Amort. | \$0.49 | \$0.88 | (\$0.39) |
| Operating Revenue | | | |
| Lincoln Retirement* | 503.5 | 512.8 | (9.2) |
| Life Insurance | 465.3 | 467.9 | (2.6) |
| Investment Management | 105.1 | 113.0 | (7.9) |
| Lincoln UK | 58.8 | 84.4 | (25.6) |
| Corporate & Other** | 97.1 | 541.5 | (444.3) |
| | ----- | ----- | ----- |
| Total Operating Revenue | 1229.8 | 1719.5 | (489.7) |
| | ===== | ===== | ===== |
| Total Revenue | | | |
| Lincoln Retirement* | 453.0 | 510.4 | (57.4) |
| Life Insurance | 423.9 | 459.6 | (35.7) |
| Investment Management | 103.5 | 112.3 | (8.7) |
| Lincoln UK | 53.6 | 84.9 | (31.3) |
| Corporate & Other** | 92.3 | 531.6 | (439.3) |

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| | ----- 1126.4 ===== | ----- 1698.8 ===== | ----- (572.4) ===== |
|--|--------------------------|--------------------------|---------------------------|
| Total Revenue | | | |
| Operational Data by Segment: (Billions except where noted) | | | |
| Lincoln Retirement* | | | |
| Gross Deposits | 1.714 | 1.447 | 0.267 |
| Net Cash Flows | 0.088 | (0.590) | 0.678 |
| Account Values (Gross) | 53.329 | 51.332 | 1.997 |
| Account Values (Net of Reinsurance) | 51.684 | 50.163 | 1.521 |
| Life Insurance Segment | | | |
| First Year Premium- Retail (in millions) | 139.377 | 124.240 | 15.137 |
| First Year Premium- COLI (in millions) | 6.873 | 7.055 | (0.182) |
| First Year Premium- Total (in millions) | 146.251 | 131.296 | 14.955 |
| In-force | 240.068 | 219.214 | 20.854 |
| Account Values | 11.667 | 10.764 | 0.903 |
| Investment Management Segment | | | |
| Retail Deposits | 1.093 | 1.124 | (0.031) |
| Retail Net Cash Flows | (0.001) | (0.047) | 0.046 |
| Institutional In-flows | 1.476 | 1.191 | 0.285 |
| Institutional Net Cash Flows | 0.731 | (0.418) | 1.149 |
| Total Net Cash Flows | 0.730 | (0.465) | 1.195 |
| Assets Under Management- Retail and Inst'l | 49.415 | 47.765 | 1.651 |
| Assets Under Management- Insurance Assets | 37.171 | 36.324 | 0.847 |
| Assets Under Management- Total Segment | 86.586 | 84.089 | 2.498 |
| Consolidated | | | |
| Consolidated Domestic Retail Deposits | 2.938 | 2.729 | 0.209 |
| Consolidated Domestic Retail Account Balances | 81.420 | 78.806 | 2.614 |
| Total Retail Net Cash Flows | 0.287 | (0.382) | 0.668 |
| Total Net Cash Flows | 1.018 | (0.800) | 1.817 |
| Total Assets Under Management | 126.687 | 124.170 | 2.517 |

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

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

*** The cumulative effect of accounting changes relates to the adjustment recorded upon adoption in the 1st qtr. 2001.

3/31/2002

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

| | For the Quarter E | |
|---|-------------------|----------------|
| | 2002 Amount | 2001 Amount |
| | ----- | ----- |
| Consolidated Operational Data: (Millions) | | |

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| | | |
|---|---------|---------|
| Balance Sheet Assets - End of Period | 97846.4 | 94122.4 |
| Shareholders' Equity | | |
| Beg of Period (Securities at Market) | 5263.5 | 4954.1 |
| End of Period (Securities at Market) | 5131.1 | 5096.4 |
| End of Period (Securities at Cost) | 5076.6 | 4882.7 |
| Average Equity (Securities at Cost) | 5083.3 | 4953.7 |
| Return on Equity | | |
| Inc from Operations/Average Equity | 12.7% | 14.4% |
| Net Income/Average Equity | 7.4% | 12.9% |
| Return on Capital | | |
| Inc from Operations/Average Capital | 10.5% | 11.9% |
| Common Stock Outstanding | | |
| Average for the Period - Diluted | 191.7 | 193.7 |
| End of Period - Assuming Conv of Pref. | 187.9 | 188.1 |
| End of Period - Diluted | 191.7 | 191.3 |
| Book Value (Securities at Market) | \$27.30 | \$27.09 |
| Book Value (Securities at Cost) | \$27.02 | \$25.96 |
| Cash Returned to Shareholders | | |
| Share Repurchase - dollar amount | 50.9 | 151.8 |
| Dividends Declared to Shareholders | 60.1 | 57.9 |
| | ----- | ----- |
| Total Cash Returned to Shareholders | 111.0 | 209.7 |
| | ===== | ===== |
| Share Repurchase - number of shares | 1.000 | 3.550 |
| Dividend Declared on Common Stock - per share | \$0.320 | \$0.305 |

| | For the Quarter Ended March 31 | |
|---|--------------------------------|--------|
| | 2002 | 2001 |
| Comprehensive Income (millions) | Amount | Amount |
| | ----- | ----- |
| Net Income | 94.5 | 160.2 |
| Foreign Currency Translation | (12.8) | (17.8) |
| Net Unrealized Gains (Losses) on Securities | (163.9) | 178.4 |
| Gains (Losses) on Derivatives | 1.1 | 5.7 |
| Cumulative Effect of Accounting Change | 0.0 | 17.6 |
| Minimum Pension Liability Adjustment | 0.7 | 0.0 |
| | ----- | ----- |
| Comprehensive Income | (80.4) | 344.1 |
| | ===== | ===== |

3/31/02

Financial Highlights
Unaudited [Amounts in Millions]

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| | For the Quarter | |
|---|-----------------|----------------|
| | 2002 Amount | 2001 Amount |
| | ----- | ----- |
| Consolidated Condensed Statements of Income | | |
| Revenue: | | |
| Insurance Premiums and Fees | 438.2 | 913.4 |
| Investment Advisory Fees | 48.0 | 49.4 |
| Net Investment Income | 648.1 | 673.7 |
| Realized Gains (Losses) on Investments | (103.5) | (20.5) |
| Gains (Losses) on Derivatives | 0.1 | (0.2) |
| Other | 95.5 | 82.9 |
| | ----- | ----- |
| Total Revenue | 1,126.4 | 1,698.8 |
| Benefits and Expenses: | | |
| Benefits | 603.4 | 906.7 |
| Underwriting, Acquisition, Insurance and Other Expenses | 417.0 | 571.1 |
| | ----- | ----- |
| Total Benefits and Expenses | 1,020.4 | 1,477.7 |
| | ----- | ----- |
| Net Income | | |
| before Federal Taxes | 106.0 | 221.1 |
| Federal Income Taxes | 11.6 | 56.6 |
| | ----- | ----- |
| Income before Accounting Changes | 94.5 | 164.5 |
| Cumulative Effect of Accounting Changes | 0.0 | (4.3) |
| | ----- | ----- |
| Net Income | 94.5 | 160.2 |
| | ===== | ===== |
| Income before Tax and Cumulative Effect of Accounting Changes By Segment | | |
| Lincoln Retirement | 46.7 | 95.3 |
| Life Insurance | 63.7 | 99.2 |
| Investment Management | 8.1 | 3.5 |
| Lincoln UK | 10.4 | 19.6 |
| Corporate and Other | (22.9) | 3.5 |
| | ----- | ----- |
| Income before Tax and Cumulative Effect of Accounting Changes | 106.0 | 221.1 |
| Pre-Tax Realized Gains (Losses) by Segment* | | |
| Lincoln Retirement | (50.4) | (2.4) |
| Life Insurance | (41.4) | (8.2) |
| Investment Management | (1.5) | (0.7) |
| Lincoln UK | (5.1) | 0.6 |
| Corporate and Other | (4.9) | (9.9) |
| | ----- | ----- |
| Pre-Tax Realized Gains (Losses) on Investments and Derivatives | (103.3) | (20.6) |
| After-Tax Realized Gains (Losses) by Segment* | | |
| Lincoln Retirement | (32.7) | (1.5) |
| Life Insurance | (26.9) | (5.4) |
| Investment Management | (1.0) | (0.5) |
| Lincoln UK | (3.6) | 0.4 |
| Corporate and Other | (3.2) | (6.4) |
| | ----- | ----- |

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After-Tax Realized Gains (Losses)
on Investments and Derivatives (67.4) (13.4)

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

3/31/02

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

| | As of | | |
|--|-------------------------|----------------------------|---------|
| | March 2002 Amount | December 2001 Amount | Change |
| Consolidated Condensed Balance Sheets | | | |
| Assets: | | | |
| Investments: | | | |
| Securities Available for Sale: | | | |
| Fixed Maturities | 28,840.6 | 28,345.7 | 495.0 |
| Equities | 438.6 | 470.5 | (31.9) |
| Mortgage Loans on Real Estate | 4,448.2 | 4,535.5 | (87.4) |
| Real Estate | 258.2 | 267.9 | (9.7) |
| Policy Loans | 1,918.0 | 1,939.7 | (21.7) |
| Other Long-Term Investments | 459.6 | 553.8 | (94.2) |
| Total Investments | 36,363.1 | 36,113.1 | 250.1 |
| Other Assets: | | | |
| Assets Held in Separate Accounts | 44,916.7 | 44,833.4 | 83.3 |
| Other Assets | 16,566.5 | 17,054.8 | (488.3) |
| Total Assets | 97,846.4 | 98,001.3 | (154.9) |
| Liabilities and Shareholders' Equity | | | |
| Liabilities: | | | |
| Insurance and Investment Contract Liabilities | 41,067.2 | 40,857.2 | 210.0 |
| Liabilities Related to Separate Accounts | 44,916.7 | 44,833.4 | 83.3 |
| Other Liabilities | 6,731.4 | 7,047.2 | (315.9) |
| Total Liabilities | 92,715.3 | 92,737.8 | (22.6) |
| Shareholders' Equity: | | | |
| Net Unrealized Gains(Losses) on Securities and Derivatives | 54.5 | 217.2 | (162.7) |
| Other Shareholders' Equity | 5,076.6 | 5,046.3 | 30.3 |
| Total Shareholders' Equity | 5,131.1 | 5,263.5 | (132.4) |
| Total Liabilities and Shareholders' Equity | 97,846.4 | 98,001.3 | (154.9) |

As of March 31

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| (\$ billions) | 2002 Amount | 2001 Amount | Change |
|--|----------------|----------------|--------------|
| Domestic Retail Account Balances: | | | |
| Lincoln Retirement - Fixed Annuities | 16.533 | 15.430 | 1.104 |
| Lincoln Retirement - Variable Annuities | 35.150 | 34.733 | 0.417 |
| Lincoln Retirement - Life Insurance | 0.000 | 0.147 | (0.147) |
| Life Insurance Segment - Life Insurance | 11.667 | 10.764 | 0.903 |
| Investment Management - Annuities | 11.838 | 11.787 | 0.051 |
| Investment Management - Mutual Funds | 11.012 | 11.091 | (0.079) |
| Investment Management - Wrap Fee & Other | 1.903 | 1.688 | 0.215 |
| Consolidating Adjustments | (6.684) | (6.834) | |
| Total Domestic Account Balance | 81.420 | 78.806 | 2.614 |
| Assets Managed by Advisor: | | | |
| Investment Management Segment | 86.586 | 84.089 | 2.497 |
| Lincoln UK | 6.772 | 7.012 | (0.240) |
| Policy Loans (within business units) | 1.918 | 1.947 | (0.029) |
| Non-LNC Affiliates | 31.411 | 31.122 | 0.289 |
| Total Assets Managed | 126.687 | 124.170 | 2.517 |

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

| For the Year Ended December 31 | 2001 | 2000 | 1999 |
|------------------------------------|---------------|---------------|---------------|
| Revenue | | | |
| Lincoln Retirement | 1968.3 | 2133.7 | 2115.8 |
| Life Insurance | 1840.6 | 1819.0 | 1760.4 |
| Investment Management | 433.7 | 490.3 | 495.5 |
| Lincoln UK | 293.3 | 438.2 | 446.6 |
| Corporate & Other | 1844.7 | 1970.4 | 1985.4 |
| Total Revenue | 6380.6 | 6851.5 | 6803.7 |
| Income from Operations* | | | |
| Lincoln Retirement | 320.3 | 362.0 | 299.4 |
| Life Insurance | 279.0 | 259.9 | 212.0 |
| Investment Management | 14.6 | 44.1 | 61.0 |
| Lincoln UK | 60.2 | 61.0 | (13.9) |
| Corporate & Other | 14.8 | (8.0) | (83.1) |
| Total Income from Cont Oper | 689.0 | 719.1 | 475.5 |
| Discontinued Operations | | | |
| Income from Operations | 689.0 | 719.1 | 475.5 |

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| | | | | |
|--|----------|----------|----------|-------|
| Net Income | | | | |
| Lincoln Retirement | 269.2 | 358.6 | 291.5 | |
| Life Insurance | 233.1 | 249.3 | 211.5 | |
| Investment Management | 11.8 | 37.0 | 51.6 | |
| Lincoln UK | 68.9 | (13.2) | (18.2) | |
| Corporate & Other | 7.2 | (10.2) | (76.1) | |
| | ----- | ----- | ----- | |
| Total Net Inc from Cont Oper | 590.2 | 621.4 | 460.4 | |
| Discontinued Operations | | | | |
| | ----- | ----- | ----- | |
| Total Net Income | 590.2 | 621.4 | 460.4 | |
| | ===== | ===== | ===== | |
| OTHER DATA | | | | |
| Assets | 98001.3 | 99844.1 | 103095.7 | 93 |
| Shareholders' Equity: | | | | |
| Securities and Derivatives at Market | 5263.5 | 4954.1 | 4263.9 | 5 |
| Securities and Derivatives at Cost | 5046.3 | 4942.0 | 4729.6 | 4 |
| Average Equity (Sec & Deriv at Cost) | 5022.6 | 4831.9 | 4818.7 | 4 |
| Common Shares Outstanding: (millions) | | | | |
| End of Period - Diluted | 191.1 | 195.2 | 197.0 | |
| Average for the Period - Diluted | 193.3 | 194.9 | 200.4 | |
| Per Share Data (Diluted) | | | | |
| Income (Loss) from Continuing Operations | \$3.56 | \$3.69 | \$2.37 | |
| Income from Operations * | \$3.56 | \$3.69 | \$2.37 | |
| Net Income from Continuing Operations | \$3.05 | \$3.19 | \$2.30 | |
| Net Income | \$3.05 | \$3.19 | \$2.30 | |
| Shareholders' Equity: | | | | |
| Shareholders' Equity (Sec & Deriv at Market) | \$28.10 | \$25.92 | \$21.76 | \$ |
| Shareholders' Equity (Sec & Deriv at Cost) | \$26.94 | \$25.85 | \$24.14 | \$ |
| Dividends Declared (Common Stock) | \$1.235 | \$1.175 | \$1.115 | \$ |
| Return on Equity (see page 30) | | | | |
| Net Income/Average Equity | 11.8% | 12.9% | 9.6% | |
| Inc from Operations/Average Equity | 13.7% | 14.9% | 9.9% | |
| Market Value of Common Stock | | | | |
| High for the Year | \$52.750 | \$56.375 | \$57.500 | \$4 |
| Low for the Year | \$38.000 | \$22.625 | \$36.000 | \$3 |
| Close for the Year | \$48.570 | \$47.313 | \$40.000 | \$4 |
| For the Year Ended December 31 | | | | |
| | 1995 | 1994 | 1993 | 199 |
| | ----- | ----- | ----- | ----- |
| Revenue | | | | |
| Lincoln Retirement | 1877.1 | 1506.2 | 1603.8 | 1336 |
| Life Insurance | 514.9 | 466.2 | 477.5 | 444 |
| Investment Management | 290.5 | | | |
| Lincoln UK | 351.5 | 216.0 | 174.9 | 180 |
| Corporate & Other | 1552.5 | 1744.1 | 2680.9 | 2780 |
| | ----- | ----- | ----- | ----- |
| Total Revenue | 4586.5 | 3932.5 | 4937.1 | 4742 |
| | ===== | ===== | ===== | ===== |

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| | | | | |
|--|----------|----------|----------|----------|
| Income from Operations* | | | | |
| Lincoln Retirement | 175.2 | 142.4 | 127.1 | 89.6 |
| Life Insurance | 35.4 | 34.2 | 37.8 | 46.3 |
| Investment Management | 20.6 | | | |
| Lincoln UK | 45.9 | 17.2 | 11.9 | 9.1 |
| Corporate & Other | (136.2) | 24.8 | 20.8 | 6.1 |
| | ----- | ----- | ----- | ----- |
| Total Income from Cont Oper | 140.8 | 218.6 | 197.6 | 151.1 |
| Discontinued Operations | 165.6 | 171.1 | 145.9 | 88.1 |
| | ----- | ----- | ----- | ----- |
| Income from Operations | 306.5 | 389.7 | 343.5 | 240.1 |
| | ===== | ===== | ===== | ===== |
| Net Income | | | | |
| Lincoln Retirement | 248.8 | 142.4 | 127.1 | 89.6 |
| Life Insurance | 40.6 | 34.2 | 37.8 | 46.3 |
| Investment Management | 27.4 | | | |
| Lincoln UK | 45.7 | 18.5 | 12.6 | 9.1 |
| Corporate & Other | (61.1) | (29.6) | (101.1) | 125.1 |
| | ----- | ----- | ----- | ----- |
| Total Net Inc from Cont Oper | 301.4 | 165.5 | 76.4 | 270.1 |
| Discontinued Operations | 180.8 | 184.4 | 242.5 | 88.1 |
| | ----- | ----- | ----- | ----- |
| Total Net Income | 482.2 | 349.9 | 318.9 | 359.1 |
| | ===== | ===== | ===== | ===== |
| OTHER DATA | | | | |
| Assets | 63257.7 | 48864.8 | 47825.1 | 39042.1 |
| Shareholders' Equity: | | | | |
| Securities and Derivatives at Market | 4378.1 | 3042.1 | 4072.3 | 2826.1 |
| Securities and Derivatives at Cost | 3679.9 | 3353.1 | 3157.6 | 2664.1 |
| Average Equity (Sec & Deriv at Cost) | 3550.5 | 3288.6 | 3009.0 | 2575.1 |
| Common Shares Outstanding: (millions) | | | | |
| End of Period - Diluted | 210.3 | 208.3 | 208.3 | 187.1 |
| Average for the Period - Diluted | 209.5 | 208.7 | 206.1 | 186.1 |
| Per Share Data (Diluted) | | | | |
| Income (Loss) from Continuing Operations | \$0.67 | \$1.05 | \$0.96 | \$0.67 |
| Income from Operations * | \$1.46 | \$1.87 | \$1.67 | \$1.46 |
| Net Income from Continuing Operations | \$1.44 | \$0.79 | \$0.37 | \$1.44 |
| Net Income | \$2.30 | \$1.68 | \$1.55 | \$1.68 |
| Shareholders' Equity: | | | | |
| Shareholders' Equity (Sec & Deriv at Market) | \$20.95 | \$14.67 | \$19.69 | \$15.67 |
| Shareholders' Equity (Sec & Deriv at Cost) | \$17.61 | \$16.17 | \$15.27 | \$14.67 |
| Dividends Declared (Common Stock) | \$0.875 | \$0.830 | \$0.775 | \$0.775 |
| Return on Equity (see page 30) | | | | |
| Net Income/Average Equity | 13.6% | 10.6% | 10.6% | 13.6% |
| Inc from Operations/Average Equity | 8.6% | 11.8% | 11.4% | 9.1% |
| Market Value of Common Stock | | | | |
| High for the Year | \$26.875 | \$22.188 | \$24.125 | \$19.062 |
| Low for the Year | \$17.313 | \$17.313 | \$17.344 | \$12.625 |
| Close for the Year | \$26.875 | \$17.500 | \$21.750 | \$18.562 |

* "Income from Operations" is defined as "Net income less realized gain (loss) on investments,

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derivative instruments and associated items, gain (loss) on sale of subsidiaries, restructuring charges, and cumulative effect of accounting changes, all net of taxes." Income from operations also excludes the recognition of losses and related changes to the deferred gain amortization under indemnity reinsurance resulting from future developments in the business reinsured.

| Quarterly Summary | | | | |
|---|-------------|-------------|-------------|-------|
| Unaudited [Millions of Dollars except Per Share Data] | | | | |
| For the Quarter Ended | Jun 1999 | Sep 1999 | Dec 1999 | ----- |
| Revenue | | | | |
| Lincoln Retirement | 533.0 | 520.5 | 538.0 | 5 |
| Life Insurance | 426.3 | 437.1 | 473.1 | 4 |
| Investment Management | 123.2 | 118.8 | 126.6 | 1 |
| Lincoln UK | 113.1 | 110.5 | 103.8 | 1 |
| Corporate & Other | 482.8 | 455.2 | 566.4 | 4 |
| | ----- | ----- | ----- | ----- |
| Total Revenue | 1678.3 | 1642.1 | 1807.9 | 16 |
| | ===== | ===== | ===== | ===== |
| Income from Operations* | | | | |
| Lincoln Retirement | 75.9 | 75.4 | 73.7 | |
| Life Insurance | 54.4 | 52.6 | 57.0 | |
| Investment Management | 14.3 | 14.7 | 16.5 | |
| Lincoln UK | 19.0 | 16.2 | (67.1) | |
| Corporate & Other | (11.9) | (27.5) | (43.5) | |
| | ----- | ----- | ----- | ----- |
| Income from Operations | 151.8 | 131.4 | 36.6 | 1 |
| | ===== | ===== | ===== | ===== |
| Net Income | | | | |
| Lincoln Retirement | 76.4 | 68.4 | 69.9 | |
| Life Insurance | 51.5 | 54.0 | 59.7 | |
| Investment Management | 14.0 | 14.4 | 19.8 | |
| Lincoln UK | 20.0 | 16.4 | (72.6) | |
| Corporate & Other | (13.6) | (20.9) | (42.2) | |
| | ----- | ----- | ----- | ----- |
| Total Net Income | 148.4 | 132.3 | 34.6 | 1 |
| | ===== | ===== | ===== | ===== |
| OTHER DATA | | | | |
| Assets | 98261.4 | 96500.7 | 103095.7 | 1063 |
| Shareholders' Equity | | | | |
| Beg of Period (Sec & Deriv at Market) | 5107.4 | 4817.4 | 4662.2 | 42 |
| End of Period (Sec & Deriv at Market) | 4817.4 | 4662.2 | 4263.9 | 43 |
| End of Period (Sec & Deriv at Cost) | 4818.5 | 4766.0 | 4729.6 | 47 |
| Average Equity (Sec & Deriv at Cost) | 4834.2 | 4793.9 | 4774.2 | 47 |
| Common Shares Outstanding | | | | |

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| | | | | |
|--|----------|----------|----------|------|
| Average for the Period - Diluted | 201.9 | 199.0 | 197.1 | 1 |
| End of Period - Diluted | 200.9 | 196.9 | 197.0 | 1 |
| Per Share Data (Diluted) | | | | |
| Income from Operations * | \$0.75 | \$0.66 | \$0.19 | \$ |
| Net Income | \$0.73 | \$0.66 | \$0.18 | \$ |
| Shareholders' Equity | | | | |
| Shareholders' Equity (Sec & Deriv at Market) | \$24.18 | \$23.76 | \$21.76 | \$2 |
| Shareholders' Equity (Sec & Deriv at Cost) | \$24.18 | \$24.28 | \$24.14 | \$2 |
| Dividends Declared (Com Stk) | \$0.275 | \$0.275 | \$0.290 | \$0 |
| Return on Equity (see page 30) | | | | |
| Net Income/Average Equity | 12.3% | 11.0% | 2.9% | 1 |
| Inc from Operations/Average Equity | 12.6% | 11.0% | 3.1% | 1 |
| Market Value of Common Stock | | | | |
| Highest Price | \$53.438 | \$57.500 | \$48.313 | \$41 |
| Lowest Price | \$45.688 | \$36.000 | \$36.500 | \$22 |
| Closing Price | \$52.313 | \$37.563 | \$40.000 | \$33 |
| | Dec | Mar | Jun | |
| For the Quarter Ended | 2000 | 2001 | 2001 | |
| | ----- | ----- | ----- | --- |
| Revenue | | | | |
| Lincoln Retirement | 522.3 | 510.4 | 512.1 | 4 |
| Life Insurance | 479.9 | 459.6 | 455.7 | 4 |
| Investment Management | 120.0 | 112.3 | 110.3 | 1 |
| Lincoln UK | 104.3 | 84.9 | 68.9 | |
| Corporate & Other | 547.0 | 531.6 | 452.0 | 4 |
| | ----- | ----- | ----- | --- |
| Total Revenue | 1773.5 | 1698.8 | 1599.0 | 16 |
| | ===== | ===== | ===== | == |
| Income from Operations* | | | | |
| Lincoln Retirement | 86.4 | 82.3 | 90.8 | |
| Life Insurance | 70.6 | 68.6 | 67.1 | |
| Investment Management | 8.7 | 2.4 | 3.7 | |
| Lincoln UK | 15.5 | 14.4 | 16.2 | |
| Corporate & Other | 3.5 | 10.9 | (9.7) | (|
| | ----- | ----- | ----- | --- |
| Income from Operations | 184.7 | 178.6 | 168.1 | 1 |
| | ===== | ===== | ===== | == |
| Net Income | | | | |
| Lincoln Retirement | 89.2 | 76.6 | 79.9 | |
| Life Insurance | 65.4 | 62.9 | 53.5 | |
| Investment Management | 6.6 | 2.0 | 2.9 | |
| Lincoln UK | (17.9) | 14.8 | 17.6 | |
| Corporate & Other | 5.7 | 4.0 | (12.2) | (|
| | ----- | ----- | ----- | --- |
| Total Net Income | 148.9 | 160.2 | 141.7 | 1 |
| | ===== | ===== | ===== | == |
| OTHER DATA | | | | |
| Assets | 99844.1 | 94122.4 | 96431.2 | 902 |
| Shareholders' Equity | | | | |

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| | | | | |
|--|----------|----------|----------|------|
| Beg of Period (Sec & Deriv at Market) | 4538.6 | 4954.1 | 5096.4 | 50 |
| End of Period (Sec & Deriv at Market) | 4954.1 | 5096.4 | 5055.9 | 53 |
| End of Period (Sec & Deriv at Cost) | 4942.0 | 4882.7 | 4952.8 | 51 |
| Average Equity (Sec & Deriv at Cost) | 4915.7 | 4953.7 | 4920.2 | 50 |
| Common Shares Outstanding | | | | |
| Average for the Period - Diluted | 195.6 | 193.7 | 192.0 | 1 |
| End of Period - Diluted | 195.2 | 191.3 | 192.9 | 1 |
| Per Share Data (Diluted) | | | | |
| Income from Operations * | \$0.94 | \$0.92 | \$0.88 | \$ |
| Net Income | \$0.76 | \$0.83 | \$0.74 | \$ |
| Shareholders' Equity | | | | |
| Shareholders' Equity (Sec & Deriv at Market) | \$25.92 | \$27.09 | \$26.87 | \$2 |
| Shareholders' Equity (Sec & Deriv at Cost) | \$25.85 | \$25.96 | \$26.32 | \$2 |
| Dividends Declared (Com Stk) | \$0.305 | \$0.305 | \$0.305 | \$0 |
| Return on Equity (see page 30) | | | | |
| Net Income/Average Equity | 12.1% | 12.9% | 11.5% | |
| Inc from Operations/Average Equity | 15.0% | 14.4% | 13.7% | 1 |
| Market Value of Common Stock | | | | |
| Highest Price | \$50.938 | \$48.250 | \$52.300 | \$52 |
| Lowest Price | \$40.875 | \$38.000 | \$41.280 | \$41 |
| Closing Price | \$47.313 | \$42.470 | \$51.750 | \$46 |

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

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

| For the Quarter Ended March 31 | Lincoln Retirement | | Life Insurance | | Inve Mana |
|--------------------------------|--------------------|-------------|----------------|-------------|--------------|
| | Mar 2002 | Mar 2001 | Mar 2002 | Mar 2001 | Mar 2002 |
| Operating Revenue | | | | | |
| Life and annuity premiums | 12.2 | 19.1 | 51.1 | 50.9 | |
| Surrender charges | 7.9 | 9.1 | 11.7 | 17.2 | |
| Mortality assessments | | | 123.9 | 124.3 | |
| Expense assessments | 127.7 | 141.6 | 46.9 | 47.4 | |
| Health premiums | | | 0.0 | 0.0 | |

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| | | | | | |
|---|--------|-------|--------|-------|-------|
| Investment advisory fees | | | | | 69.2 |
| Other revenue and fees | 5.8 | 1.7 | 5.7 | 5.1 | 23.0 |
| Net investment income | 349.9 | 341.3 | 226.0 | 223.0 | 12.8 |
| Earnings in Unconsolidated Affiliates | | | | | |
| Operating Revenue | 503.5 | 512.8 | 465.3 | 467.9 | 105.1 |
| Operating Benefits and Expenses | | | | | |
| Ins. benefits paid or provided: | | | | | |
| Life and annuity policy benefits | 55.4 | 69.8 | 104.1 | 99.9 | |
| Div accum & div to policyholders | | | 17.8 | 17.5 | |
| Interest credited to policy bal. | 226.1 | 209.4 | 146.3 | 138.3 | |
| Health policy benefits | | | 0.0 | 0.0 | |
| Underwriting, acquisition, insurance and other expenses | 124.9 | 134.6 | 92.1 | 98.8 | 95.4 |
| Goodwill amortization | | 0.3 | | 5.9 | |
| Interest | | | 0.0 | | |
| Operating Benefits and Expenses | 406.4 | 414.1 | 360.2 | 360.5 | 95.4 |
| Income from Operations Before Tax | 97.1 | 98.7 | 105.1 | 107.4 | 9.7 |
| Federal income taxes | 16.7 | 16.3 | 34.0 | 38.8 | 1.7 |
| Income from Operations | 80.4 | 82.3 | 71.1 | 68.6 | 8.0 |
| Restructuring charges | | (0.7) | | | |
| Realized gains (losses) on investments | (32.8) | (1.4) | (26.9) | (5.4) | (1.0) |
| Gains (losses) on derivatives | 0.0 | (0.1) | 0.0 | (0.0) | |
| Gain on sale of subsidiaries | | | | | |
| Income before Accounting Changes | 47.6 | 80.2 | 44.2 | 63.2 | 7.0 |
| Cumulative effect of accounting changes | | (3.6) | | (0.2) | |
| Net Income | 47.6 | 76.6 | 44.2 | 62.9 | 7.0 |
| Inc. from Oper.-before Goodwill Amort. | 80.4 | 82.6 | 71.1 | 74.5 | 8.0 |
| Net Income-before Goodwill Amort. | 47.6 | 76.9 | 44.2 | 68.9 | 7.0 |

| | Corporate and Other Operations | | Consolidating Adjustments | |
|---------------------------------------|-----------------------------------|-------------|------------------------------|-------------|
| | Mar 2002 | Mar 2001 | Mar 2002 | Mar 2001 |
| Operating Revenue | | | | |
| Life and annuity premiums | | 320.0 | | |
| Surrender charges | | 0.9 | 0.5 | 0.7 |
| Mortality assessments | | 0.0 | | |
| Expense assessments | | (0.0) | 10.6 | 12.2 |
| Health premiums | 1.8 | 104.2 | | |
| Investment advisory fees | | | (21.2) | (23.2) |
| Other revenue and fees | 101.4 | 86.2 | (40.7) | (37.9) |
| Net investment income | 66.4 | 101.1 | (21.7) | (23.7) |
| Earnings in Unconsolidated Affiliates | | 0.9 | | |

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| | | | | |
|--|--------|-------|--------|--------|
| Operating Revenue | 169.6 | 613.2 | (72.4) | (71.8) |
| | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | |
| Ins. benefits paid or provided: | | | | |
| Life and annuity policy benefits | 1.6 | 229.4 | | |
| Div accum & div to policyholders | | 1.4 | | |
| Interest credited to policy bal. | 25.7 | 9.1 | 8.1 | 10.2 |
| Health policy benefits | 0.1 | 97.5 | | |
| Underwriting, acquisition, insurance and other expenses | 113.8 | 208.1 | (58.9) | (62.6) |
| Goodwill amortization | | 0.4 | | (0.0) |
| Interest | 46.5 | 58.1 | (21.7) | (23.7) |
| | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 187.6 | 604.2 | (72.4) | (76.1) |
| | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | (18.1) | 9.0 | | 4.3 |
| Federal income taxes | (6.1) | 1.2 | | 1.3 |
| | ----- | ----- | | ----- |
| Income from Operations | (12.0) | 7.9 | | 3.0 |
| Restructuring charges | | | | |
| Realized gains (losses) on investments | (3.3) | (6.5) | | 0.0 |
| Gains (losses) on derivatives | 0.1 | 0.1 | | |
| Gain on sale of subsidiaries | | | | |
| | ----- | ----- | | ----- |
| Income before Accounting Changes | (15.2) | 1.4 | | 3.0 |
| Cumulative effect of accounting changes | | (0.4) | | |
| | ----- | ----- | | ----- |
| Net Income | (15.2) | 0.9 | | 3.0 |
| | ===== | ===== | | ===== |
| Inc. from Oper.-before Goodwill Amort. | (12.0) | 8.3 | | 3.0 |
| | ----- | ----- | | ----- |
| Net Income-before Goodwill Amort. | (15.2) | 1.4 | | 3.0 |
| | ----- | ----- | | ----- |

Statement of Consolidated Income
Unaudited [Millions of Dollars]

| For the Year Ended December 31 | 1997 | 1998 | 1999 | |
|---------------------------------------|--------|--------|--------|-------|
| | ----- | ----- | ----- | ----- |
| Operating Revenue | | | | |
| Life and annuity premiums | 756.2 | 985.6 | 1183.0 | 14 |
| Surrender charges | 45.4 | 91.5 | 110.2 | 1 |
| Mortality assessments | 186.4 | 380.1 | 496.4 | 4 |
| Expense assessments | 600.3 | 803.0 | 930.9 | 10 |
| Health premiums | 572.6 | 635.1 | 698.5 | 4 |
| Investment advisory fees | 204.9 | 227.1 | 223.8 | 2 |
| Other revenue and fees | 157.3 | 261.0 | 344.5 | 4 |
| Net investment income | 2250.8 | 2681.4 | 2807.5 | 27 |
| Earnings in Unconsolidated Affiliates | 2.1 | 3.3 | 5.8 | |

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| | | | | |
|---|--------|--------|--------|--------|
| Operating Revenue | 4775.9 | 6068.0 | 6800.7 | 68 |
| Operating Benefits and Expenses | | | | |
| Ins. benefits paid or provided: | | | | |
| Life and annuity policy benefits | 1090.2 | 1237.7 | 1546.6 | 15 |
| Div accum & div to policyholders | 29.7 | 78.0 | 88.4 | |
| Interest credited to policy bal. | 1238.7 | 1446.2 | 1510.4 | 14 |
| Health policy benefits | 833.1 | 566.9 | 659.7 | 4 |
| Underwriting, acquisition, insurance and other expenses | 1557.3 | 1844.2 | 2218.5 | 21 |
| Goodwill amortization | 15.6 | 44.5 | 49.2 | |
| Interest | 92.5 | 117.1 | 133.7 | 1 |
| Operating Benefits and Expenses | 4857.2 | 5334.6 | 6206.4 | 59 |
| Income from Operations Before Tax | (81.3) | 733.4 | 594.4 | 9 |
| Federal income taxes | (30.6) | 203.0 | 118.9 | 2 |
| Income from Continuing Operations | (50.6) | 530.4 | 475.5 | 7 |
| Discontinued Operations | 911.8 | | | |
| Restructuring charges | | (34.3) | (18.9) | (|
| Realized gains (losses) on investments | 72.9 | 13.7 | 3.8 | (|
| Gains (losses) on derivatives | | | | |
| Gain on sale of subsidiaries | | | | |
| Income before Accounting Changes | 934.0 | 509.8 | 460.4 | 6 |
| Cumulative Effect of Accounting Changes | | | | |
| Net Income | 934.0 | 509.8 | 460.4 | 6 |
| | ===== | ===== | ===== | == |
| For the Quarter Ended | Jun | Sep | Dec | Mar |
| | 1999 | 1999 | 1999 | 2000 |
| Operating Revenue | | | | |
| Life and annuity premiums | 274.0 | 263.8 | 361.1 | 331.2 |
| Surrender charges | 27.1 | 28.4 | 29.2 | 28.7 |
| Mortality assessments | 122.2 | 118.2 | 118.7 | 118.5 |
| Expense assessments | 231.5 | 245.9 | 238.3 | 261.1 |
| Health premiums | 160.3 | 149.6 | 233.6 | 58.4 |
| Investment advisory fees | 56.3 | 54.6 | 54.1 | 54.0 |
| Other revenue and fees | 109.0 | 77.9 | 71.2 | 106.1 |
| Net investment income | 700.8 | 697.1 | 700.1 | 711.1 |
| Earnings in Unconsolidated Affiliates | 1.1 | 1.2 | 1.8 | 1.0 |
| Operating Revenue | 1682.4 | 1636.7 | 1808.2 | 1670.2 |
| Operating Benefits and Expenses | | | | |
| Ins. benefits paid or provided: | | | | |
| Life and annuity policy benefits | 335.5 | 294.0 | 572.5 | 356.1 |
| Div accum & div to policyholders | 22.5 | 21.2 | 23.3 | 21.7 |
| Interest credited to policy bal. | 377.1 | 369.7 | 388.5 | 373.9 |
| Health policy benefits | 166.6 | 189.8 | 157.8 | 114.3 |
| Underwriting, acquisition, insurance and other expenses | 532.1 | 533.4 | 630.5 | 525.7 |

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| | | | | | |
|--|--------|--------|--------|--------|-------|
| Goodwill amortization | 9.9 | 12.9 | 14.6 | 10.2 | |
| Interest | 32.6 | 33.3 | 34.7 | 36.3 | |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 1476.3 | 1454.1 | 1821.8 | 1438.2 | 14 |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations before Tax/Min Int. | 206.1 | 182.6 | (13.6) | 232.0 | 2 |
| Federal income taxes | 54.2 | 51.2 | (50.2) | 61.6 | |
| | ----- | ----- | ----- | ----- | ----- |
| Inc from Operations before Min Int | 151.8 | 131.4 | 36.6 | 170.4 | 1 |
| | ----- | ----- | ----- | ----- | ----- |
| Minority Interest | | | | (0.2) | |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations | 151.8 | 131.4 | 36.6 | 170.6 | 1 |
| | ----- | ----- | ----- | ----- | ----- |
| Restructuring charges | | (3.2) | (3.6) | | |
| Realized gains (losses) on investments | (3.5) | 4.1 | 1.6 | (0.4) | |
| Gains (losses) on derivatives | | | | | |
| Gain on sale of subsidiaries | | | | | |
| | ----- | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | 148.4 | 132.3 | 34.6 | 170.2 | 1 |
| Cumulative Effect of Accounting Changes | | | | | |
| | ----- | ----- | ----- | ----- | ----- |
| Net Income | 148.4 | 132.3 | 34.6 | 170.2 | 1 |
| | ===== | ===== | ===== | ===== | ===== |

3/31/02

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

| ASSETS | Lincoln Retirement | | Life Insurance | | Inv Man |
|----------------------------------|--------------------|-------------|----------------|-------------|-------------|
| | Mar 2002 | Dec 2001 | Mar 2002 | Dec 2001 | Mar 2002 |
| | ----- | ----- | ----- | ----- | ----- |
| Investments | | | | | |
| Corporate bonds | 11223.9 | 10956.5 | 7012.0 | 7088.2 | 432.5 |
| U.S. government bonds | 30.0 | 13.2 | 75.9 | 78.2 | 0.1 |
| Foreign government bonds | 172.8 | 145.8 | 121.6 | 114.6 | 2.0 |
| Asset/Mortgage backed securities | 1920.0 | 1945.8 | 754.6 | 779.1 | 37.3 |
| State and municipal bonds | 24.6 | 24.3 | 22.8 | 17.4 | |
| Preferred stocks-redeemable | 61.6 | 62.7 | 12.8 | 13.0 | 8.8 |
| Common stocks | | | 6.5 | 7.6 | |
| Preferred stocks-equity | 36.4 | 38.5 | 0.6 | 5.6 | 2.6 |
| Mortgage loans | 2323.1 | 2378.1 | 1674.7 | 1701.6 | 93.4 |
| Real estate | | | | | |
| Policy loans | 481.5 | 491.4 | 1428.5 | 1439.7 | |
| Other long-term investments | 12.1 | 11.7 | 19.9 | 20.9 | |

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| | | | | | |
|------------------------------------|---------|---------|---------|---------|--------|
| Total Investments | 16286.1 | 16068.0 | 11129.9 | 11265.9 | 576.6 |
| Allocated investments | 3862.5 | 3481.0 | 1304.2 | 1154.7 | 121.1 |
| Notes receivable from LNC | 362.8 | 333.3 | 83.6 | 27.6 | 30.7 |
| Invest in unconsol affiliates | | | | | |
| Cash and invested cash | (19.7) | (24.7) | (89.1) | (36.4) | 42.6 |
| Property and equipment | | | 8.3 | 8.5 | 44.4 |
| Premium and fees receivable | 0.1 | 0.0 | (10.7) | 8.2 | 36.0 |
| Accrued investment income | 245.6 | 245.0 | 192.4 | 187.6 | 10.0 |
| Assets held in separate accounts | 34672.2 | 34324.6 | 1423.3 | 1491.0 | |
| Federal income tax recoverable | | | | | |
| Amount recoverable from reinsurers | 1180.0 | 1211.6 | 859.3 | 859.5 | |
| Deferred acquisition costs | 1031.0 | 912.8 | 1385.3 | 1265.6 | |
| Other intangible assets | 150.7 | 154.5 | 947.1 | 964.0 | 47.9 |
| Goodwill | 43.9 | 43.9 | 855.1 | 855.1 | 300.7 |
| Other | 148.3 | 138.1 | 361.8 | 358.4 | 203.1 |
| Total Assets | 57963.6 | 56888.2 | 18450.5 | 18409.7 | 1413.2 |

| ASSETS | Corporate and Other Operations | | Consolidating Adjustments | |
|------------------------------------|-----------------------------------|-------------|------------------------------|-------------|
| | Mar 2002 | Dec 2001 | Mar 2002 | Dec 2001 |
| Investments | | | | |
| Corporate bonds | 4299.1 | 4123.9 | | |
| U.S. government bonds | 323.0 | 318.9 | | |
| Foreign government bonds | 608.1 | 586.2 | | |
| Asset/Mortgage backed securities | 902.0 | 757.3 | | |
| State and municipal bonds | 15.2 | 3.0 | | |
| Preferred stocks-redeemable | 1.5 | 1.4 | | |
| Common stocks | 99.2 | 100.5 | | |
| Preferred stocks-equity | 114.7 | 104.5 | | |
| Mortgage loans | 356.6 | 363.0 | | |
| Real estate | 259.3 | 269.0 | (1.3) | (1.3) |
| Policy loans | | | | |
| Other long-term investments | 1677.7 | 1771.3 | (1250.0) | (1250.0) |
| Total Investments | 8656.3 | 8399.1 | (1251.3) | (1251.3) |
| Allocated investments | (42.7) | 50.0 | (5245.0) | (4788.2) |
| Notes receivable from LNC | (476.4) | (443.7) | (0.7) | (0.1) |
| Invest in unconsol affiliates | 8.1 | 8.1 | | |
| Cash and invested cash | 1577.4 | 3130.5 | | (210.5) |
| Property and equipment | 175.8 | 173.2 | | |
| Premium and fees receivable | 365.0 | 365.6 | (14.2) | (12.2) |
| Accrued investment income | 126.3 | 101.0 | (19.5) | |
| Assets held in separate accounts | | | 3203.1 | 3410.5 |
| Federal income tax recoverable | | | 551.3 | 15.1 |
| Amount recoverable from reinsurers | 4239.9 | 4150.6 | (182.8) | (191.4) |
| Deferred acquisition costs | 38.4 | 33.9 | 90.9 | 85.6 |
| Other intangible assets | | | | |
| Goodwill | (0.0) | (0.0) | | |

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| | | | | |
|--------------|----------|---------|----------|----------|
| Other | 1113.5 | 1032.7 | (610.4) | (604.7) |
| | ----- | ----- | ----- | ----- |
| Total Assets | 15,781.7 | 17001.1 | (3478.7) | (3547.1) |
| | ===== | ===== | ===== | ===== |

3/31/2002

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

| LIABILITIES and SHAREHOLDERS' EQUITY | Lincoln Retirement | | Life Insur |
|---|--------------------|-------------|-------------|
| | Mar 2002 | Dec 2001 | Mar 2002 |
| | ----- | ----- | ----- |
| Liabilities | | | |
| Insurance and Inv Contract Liabilities: | | | |
| Life and annuity reserves | 2665.6 | 2622.7 | 13066.1 |
| Health reserves | | | 0.3 |
| Unpaid claims - life and health | 38.5 | 31.3 | 90.5 |
| Unearned premiums | | | 0.0 |
| Premium deposit funds | 18016.1 | 17838.9 | 10.1 |
| Participating policyholders' funds | | | 98.6 |
| Other policyholders' funds | | | 564.4 |
| Liab related to separate accounts | 34672.2 | 34324.6 | 1423.3 |
| | ----- | ----- | ----- |
| Total Insurance and Inv Contract Liabilities | 55392.5 | 54817.5 | 15253.3 |
| Federal income taxes | (1.1) | (5.7) | (35.1) |
| Short-term debt | | | (0.1) |
| Long-term debt | | | |
| Minority Interest in pref. securities of sub. | | | |
| Notes payable to LNC | | | |
| Other liabilities | 188.5 | 168.4 | 357.4 |
| Deferred gain on indemnity reinsurance | | | |
| | ----- | ----- | ----- |
| Total Liabilities | 55579.9 | 54980.3 | 15575.5 |
| Net unrealized gains (losses) on securities | 2.7 | 79.9 | (30.7) |
| Gains (losses) on derivatives* | 3.8 | 0.3 | 14.8 |
| Other shareholders' equity | 2377.2 | 1824.9 | 2890.9 |
| S/Hs' equity-minimum pension liability adjustment | | | |
| Cumulative effect of accounting change | | 2.8 | |
| | ----- | ----- | ----- |
| Shareholders' Equity | 2383.7 | 1907.9 | 2875.0 |
| | ----- | ----- | ----- |
| Total Liabilities and S/Hs' Equity | 57963.6 | 56888.2 | 18450.5 |
| | ===== | ===== | ===== |

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| LIABILITIES and SHAREHOLDERS' EQUITY | Corporate and Other Operations | | Consolida Adjustme |
|---|-----------------------------------|-------------|-----------------------|
| | Mar 2002 | Dec 2001 | Mar 2002 |
| Liabilities | | | |
| Insurance and Inv Contract Liabilities: | | | |
| Life and annuity reserves | 1120.4 | 1122.8 | (118.3) |
| Health reserves | 2447.1 | 2491.5 | |
| Unpaid claims - life and health | 980.0 | 920.9 | |
| Unearned premiums | 66.5 | 66.9 | |
| Premium deposit funds | 36.5 | 105.5 | 578.7 |
| Participating policyholders' funds | | | |
| Other policyholders' funds | 7.4 | 7.4 | |
| Liab related to separate accounts | | | 3203.1 |
| Total Insurance and Inv Contract Liabilities | 4657.8 | 4715.0 | 3663.5 |
| Federal income taxes | (556.5) | (26.3) | 550.5 |
| Short-term debt | 510.3 | 550.7 | |
| Long-term debt | 2111.8 | 2111.8 | (1250.0) |
| Minority Interest in pref. securities of sub. | 376.2 | 474.7 | |
| Notes payable to LNC | 344.8 | 335.0 | (344.8) |
| Other liabilities | 3157.6 | 3392.6 | (835.4) |
| Deferred gain on indemnity reinsurance | 1118.6 | 1144.5 | |
| Total Liabilities | 11720.6 | 12698.0 | 1783.8 |
| Net unrealized gains (losses) on securities | 40.2 | 77.2 | 8.2 |
| Gains (losses) on derivatives* | 4.0 | (0.8) | |
| Other shareholders' equity | 4016.9 | 4222.9 | (5270.7) |
| S/Hs' equity-minimum pension liability adjustment | | | |
| Cumulative effect of accounting change | | 3.9 | |
| Shareholders' Equity | 4061.1 | 4303.1 | (5262.5) |
| Total Liabilities and S/Hs' Equity | 15781.7 | 17001.1 | (3478.7) |

| LIABILITIES and SHAREHOLDERS' EQUITY | Investment Management | | Lincoln |
|---|--------------------------|-------------|-------------|
| | Mar 2002 | Dec 2001 | Mar 2002 |
| Liabilities | | | |
| Insurance and Inv Contract Liabilities: | | | |
| Life and annuity reserves | | | 1280.8 |
| Health reserves | | | 45.0 |
| Unpaid claims - life and health | | | 44.7 |
| Unearned premiums | | | |
| Premium deposit funds | | | 28.1 |

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| | | | |
|---|--------|--------|--------|
| Participating policyholders' funds | | | |
| Other policyholders' funds | | | |
| Liab related to separate accounts | | | 5618.1 |
| | | | ----- |
| Total Insurance and Inv Contract Liabilities | | | 7016.7 |
| | | | |
| Federal income taxes | 42.6 | 43.3 | (0.3) |
| Short-term debt | | | |
| Long-term debt | | | |
| Minority Interest in pref. securities of sub. | | | |
| Notes payable to LNC | | | |
| Other liabilities | 807.6 | 866.2 | 188.9 |
| Deferred gain on indemnity reinsurance | | | |
| | ----- | ----- | ----- |
| Total Liabilities | 850.2 | 918.8 | 7205.3 |
| | ----- | ----- | ----- |
| | | | |
| Net unrealized gains (losses) on securities | (1.6) | 1.5 | 13.0 |
| Gains (losses) on derivatives* | | | |
| Other shareholders' equity | 564.6 | 540.3 | 533.0 |
| S/Hs' equity-minimum pension liability adjustment | | | (35.2) |
| Cumulative effect of accounting change | | | |
| | ----- | ----- | ----- |
| Shareholders' Equity | 563.0 | 541.7 | 510.8 |
| | ----- | ----- | ----- |
| | | | |
| Total Liabilities and S/Hs' Equity | 1413.2 | 1460.5 | 7716.1 |
| | ===== | ===== | ===== |

| | | | |
|---|--|--|----------|
| | | | Consolid |
| | | | ----- |
| LIABILITIES and SHAREHOLDERS' EQUITY | | | Mar |
| | | | 2002 |
| | | | ----- |
| | | | |
| Liabilities | | | |
| Insurance and Inv Contract Liabilities: | | | |
| Life and annuity reserves | | | 18014.6 |
| Health reserves | | | 2492.4 |
| Unpaid claims - life and health | | | 1153.6 |
| Unearned premiums | | | 66.5 |
| Premium deposit funds | | | 18669.6 |
| Participating policyholders' funds | | | 98.5 |
| Other policyholders' funds | | | 571.9 |
| Liab related to separate accounts | | | 44916.7 |
| | | | ----- |
| Total Insurance and Inv Contract Liabilities | | | 85983.9 |
| | | | |
| Federal income taxes | | | |
| Short-term debt | | | 510.2 |
| Long-term debt | | | 861.8 |
| Minority Interest in pref. securities of sub. | | | 376.2 |
| Notes payable to LNC | | | (0.0) |
| Other liabilities | | | 3864.6 |
| Deferred gain on indemnity reinsurance | | | 1118.6 |
| | | | ----- |
| Total Liabilities | | | 92715.3 |

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| | |
|---|---------|
| Net unrealized gains (losses) on securities | 31.8 |
| Gains (losses) on derivatives* | 22.6 |
| Other shareholders' equity | 5111.8 |
| S/Hs' equity-minimum pension liability adjustment | (35.2) |
| Cumulative effect of accounting change | |
| Shareholders' Equity | 5131.1 |
| Total Liabilities and S/Hs' Equity | 97846.4 |

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

3/31/2002

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

| ASSETS | 1997 | 1998 | 1999 |
|-------------------------------------|---------|---------|----------|
| | ----- | ----- | ----- |
| Investments | | | |
| Corporate bonds | 16633.3 | 22505.2 | 21119.5 |
| U.S. government bonds | 662.4 | 1134.6 | 538.3 |
| Foreign government bonds | 1804.4 | 1321.2 | 1447.5 |
| Mortgage backed securities | 4529.3 | 5080.5 | 4404.0 |
| State and municipal bonds | 241.4 | 16.7 | 14.7 |
| Preferred stocks-redeemable | 195.5 | 174.6 | 164.7 |
| Common stocks | 572.3 | 463.1 | 514.5 |
| Preferred stocks-equity | 88.2 | 79.8 | 89.5 |
| Mortgage loans | 3288.1 | 4393.1 | 4735.4 |
| Real estate | 576.0 | 488.7 | 256.2 |
| Policy loans | 763.1 | 1840.0 | 1892.4 |
| Other long-term investments | 464.8 | 432.0 | 401.8 |
| Total Investments | 29818.8 | 37929.5 | 35578.4 |
| Invest in unconsol affiliates | 21.0 | 18.8 | 25.8 |
| Cash and invested cash | 3794.7 | 2433.4 | 1895.9 |
| Property and equipment | 189.8 | 174.8 | 203.8 |
| Premiums and fees receivable | 197.5 | 246.2 | 259.6 |
| Accrued investment income | 423.0 | 528.5 | 533.2 |
| Assets held in separate accounts | 37138.8 | 43408.9 | 53654.2 |
| Federal income taxes recoverable | | 204.1 | 345.0 |
| Amounts recoverable from reinsurers | 2350.8 | 3127.1 | 3954.3 |
| Deferred acquisition costs | 1623.8 | 1964.4 | 2800.3 |
| Other intangible assets | 613.9 | 1848.4 | 1746.5 |
| Goodwill | 457.7 | 1484.3 | 1423.0 |
| Other | 544.8 | 468.0 | 675.7 |
| Total Assets | 77174.7 | 93836.3 | 103095.7 |

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| | ===== | ===== | ===== |
|---|---------|---------|----------|
| LIABILITIES and SHAREHOLDERS' EQUITY | | | |
| Liabilities | | | |
| Insurance and Inv Contract Liabilities: | | | |
| Life and annuity reserves | 8228.7 | 16434.2 | 17071.4 |
| Health reserves | 2300.4 | 2600.1 | 2507.8 |
| Unpaid claims-life and health | 682.0 | 1043.4 | 1269.8 |
| Unearned premiums | 55.3 | 62.3 | 75.8 |
| Premium deposit funds | 19803.0 | 20171.9 | 19624.1 |
| Participating policyholders' funds | 79.8 | 142.7 | 132.0 |
| Other policyholders' funds | 180.6 | 438.4 | 472.6 |
| Liab related to separate accounts | 37138.8 | 43408.9 | 53654.2 |
| | ----- | ----- | ----- |
| Total Ins and Inv Contr Liabilities | 68468.5 | 84301.9 | 94807.7 |
| Federal income taxes | 487.8 | | |
| Short-term debt | 297.2 | 314.6 | 460.2 |
| Long-term debt | 511.0 | 712.2 | 712.0 |
| Minority Interest - pref sec of a sub | 315.0 | 745.0 | 745.0 |
| Other liabilities | 2112.2 | 2374.6 | 2107.0 |
| Deferred gain on indemnity reinsurance | | | |
| | ----- | ----- | ----- |
| Total Liabilities | 72191.8 | 88448.3 | 98831.9 |
| S/Hs' equity-unrealized gains (losses)-cont op. | 436.0 | 552.4 | (465.7) |
| S/Hs' equity-foreign currency | 46.2 | 50.0 | 30.0 |
| S/Hs' equity-minimum pension liability adjustment | | | |
| S/Hs' equity-other | 4500.7 | 4785.5 | 4699.6 |
| Cumulative effect of accounting change | | | |
| | ----- | ----- | ----- |
| Total Shareholders' Equity | 4982.9 | 5387.9 | 4263.9 |
| | ----- | ----- | ----- |
| Total Liabilities and Shareholders' Equity | 77174.7 | 93836.3 | 103095.7 |
| | ===== | ===== | ===== |
| Shareholders' Equity Per Share | | | |
| [Book Value, Securities at Cost] | \$22.48 | \$23.86 | \$24.14 |
| Common shares outstanding | 202.3 | 202.6 | 196.0 |

3/31/2002

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

| | Jun | Sep | Dec | Mar | J |
|-----------------------|---------|---------|---------|---------|-------|
| | 1999 | 1999 | 1999 | 2000 | 20 |
| | ----- | ----- | ----- | ----- | ----- |
| ASSETS | | | | | |
| Investments | | | | | |
| Corporate bonds | 21888.5 | 21560.5 | 21119.5 | 21188.0 | 20719 |
| U.S. government bonds | 1367.8 | 991.0 | 538.3 | 572.4 | 566 |

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| | | | | | |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| Foreign government bonds | 1339.7 | 1369.6 | 1447.5 | 1416.4 | 1377.0 |
| Mortgage backed securities | 4788.5 | 4601.2 | 4404.0 | 4393.4 | 4242.0 |
| State and municipal bonds | 19.1 | 14.8 | 14.7 | 14.7 | 14.0 |
| Preferred stocks - redeemable | 175.8 | 171.3 | 164.7 | 159.7 | 159.0 |
| Common stocks | 419.0 | 423.9 | 514.5 | 496.4 | 467.0 |
| Preferred stocks-equity | 86.7 | 82.7 | 89.5 | 91.3 | 92.0 |
| Mortgage loans | 4570.5 | 4772.7 | 4735.4 | 4833.9 | 4783.0 |
| Real estate | 449.8 | 280.3 | 256.2 | 283.4 | 282.0 |
| Policy loans | 1847.4 | 1863.2 | 1892.4 | 1896.3 | 1914.0 |
| Other long-term investments | 409.9 | 401.2 | 401.8 | 428.8 | 438.0 |
| Total Investments | 37362.6 | 36532.4 | 35578.4 | 35774.6 | 35057.0 |
| Invest in unconsol affiliates | 22.3 | 23.4 | 25.8 | | (0.0) |
| Cash and invested cash | 2151.1 | 2342.9 | 1895.9 | 1510.1 | 1619.0 |
| Property and equipment | 180.7 | 191.9 | 203.8 | 207.7 | 205.0 |
| Premiums and fees receivable | 269.0 | 296.0 | 259.6 | 190.2 | 247.0 |
| Accrued investment income | 569.1 | 602.9 | 533.2 | 575.0 | 544.0 |
| Assets held in separate accounts | 47864.3 | 46228.8 | 53654.2 | 56907.6 | 54924.0 |
| Federal income taxes recoverable | 478.4 | 457.3 | 345.0 | 300.4 | 246.0 |
| Amount recoverable from reinsurers | 3121.3 | 3315.6 | 3954.3 | 3851.0 | 3775.0 |
| Deferred acquisition costs | 2398.3 | 2614.5 | 2800.3 | 2870.4 | 2968.0 |
| Other intangible assets | 1764.9 | 1760.6 | 1746.5 | 1705.5 | 1646.0 |
| Goodwill | 1428.3 | 1435.0 | 1423.0 | 1349.6 | 1335.0 |
| Other | 651.1 | 699.3 | 675.7 | 1097.8 | 1279.0 |
| Total Assets | 98261.4 | 96500.7 | 103095.7 | 106340.0 | 103847.0 |
| LIABILITIES and SHAREHOLDERS' EQUITY | | | | | |
| Liabilities | | | | | |
| Insurance and Inv Contract Liabilities: | | | | | |
| Life and annuity reserves | 16536.4 | 16760.5 | 17071.4 | 17172.1 | 17247.0 |
| Health reserves | 2528.2 | 2511.3 | 2507.8 | 2547.4 | 2494.0 |
| Unpaid claims-life and health | 1064.9 | 1162.6 | 1269.8 | 1177.3 | 1204.0 |
| Unearned premiums | 68.7 | 62.5 | 75.8 | 57.1 | 52.0 |
| Premium deposit funds | 20012.6 | 19988.9 | 19624.1 | 18899.3 | 18407.0 |
| Participating policyholders' funds | 125.7 | 120.2 | 132.0 | 130.7 | 130.0 |
| Other policyholders' funds | 441.2 | 445.9 | 472.6 | 478.9 | 490.0 |
| Liab related to separate accounts | 47864.3 | 46228.8 | 53654.2 | 56907.6 | 54924.0 |
| Total Ins and Inv Contr Liabilities | 88642.1 | 87280.8 | 94807.7 | 97370.5 | 94950.0 |
| Federal income taxes | | | | | |
| Short-term debt | 380.2 | 367.7 | 460.2 | 474.2 | 355.0 |
| Long-term debt | 712.1 | 712.0 | 712.0 | 712.0 | 712.0 |
| Minority Interest - pref sec of a sub | 745.0 | 745.0 | 745.0 | 745.0 | 745.0 |
| Notes payable to LNC | | | | | |
| Other liabilities | 2964.7 | 2733.0 | 2107.0 | 2697.9 | 2860.0 |
| Deferred gain on indemnity reinsurance | | | | | |
| Total Liabilities | 93444.1 | 91838.5 | 98831.9 | 101999.6 | 99623.0 |
| S/Hs' equity-unrealized gns (losses)- inv. | (1.1) | (103.8) | (465.7) | (411.2) | (556.0) |
| S/Hs' equity- gains (losses)-derivatives* | | | | | |
| S/Hs' equity-foreign currency | 20.6 | 40.2 | 30.0 | 22.8 | 21.0 |
| S/Hs' equity-minimum pension liability adj | | | | | |
| S/Hs' equity-other | 4797.9 | 4725.8 | 4699.6 | 4728.9 | 4758.0 |
| Cumulative effect of accounting change | | | | | |

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| | Dec 2000 | Mar 2001 | Jun 2001 | Sep 2001 | D 20 |
|--|-------------|-------------|-------------|-------------|---------|
| Total Shareholders' Equity | 4817.4 | 4662.2 | 4263.9 | 4340.4 | 4223 |
| Total Liabilities and Shareholders' Equity | 98261.4 | 96500.7 | 103095.7 | 106340.0 | 103847 |
| Shareholders' Equity Per Share [Book Value, Securities at Cost] | \$24.18 | \$24.28 | \$24.14 | \$24.58 | \$25. |
| Common shares outstanding | 199.3 | 196.3 | 196.0 | 193.3 | 191 |
| | Dec 2000 | Mar 2001 | Jun 2001 | Sep 2001 | D 20 |
| ASSETS | | | | | |
| Investments | | | | | |
| Corporate bonds | 21249.7 | 21855.2 | 22116.6 | 23424.3 | 23105 |
| U.S. government bonds | 542.9 | 536.6 | 510.0 | 467.7 | 410 |
| Foreign government bonds | 1321.1 | 1240.8 | 1236.3 | 1160.3 | 1174 |
| Mortgage backed securities | 4160.4 | 4009.8 | 3844.6 | 3765.6 | 3524 |
| State and municipal bonds | 14.6 | 14.7 | 14.1 | 14.4 | 44 |
| Preferred stocks - redeemable | 161.2 | 154.1 | 152.2 | 99.3 | 85 |
| Common stocks | 436.6 | 388.6 | 373.3 | 311.2 | 319 |
| Preferred stocks-equity | 113.1 | 170.9 | 160.8 | 166.5 | 151 |
| Mortgage loans | 4663.0 | 4641.2 | 4652.8 | 4663.1 | 4535 |
| Real estate | 282.0 | 308.1 | 306.9 | 288.8 | 267 |
| Policy loans | 1960.9 | 1947.0 | 1947.4 | 1943.4 | 1939 |
| Other long-term investments | 463.3 | 477.4 | 480.9 | 483.4 | 553 |
| Total Investments | 35368.6 | 35744.5 | 35796.0 | 36788.0 | 36113 |
| Invest in unconsol affiliates | 6.4 | 7.3 | 6.1 | 6.5 | 8 |
| Cash and invested cash | 1927.4 | 2015.2 | 1501.9 | 1996.3 | 3095 |
| Property and equipment | 228.2 | 242.1 | 251.4 | 261.0 | 257 |
| Premiums and fees receivable | 296.7 | 282.8 | 303.7 | 264.5 | 400 |
| Accrued investment income | 546.4 | 581.9 | 573.2 | 615.1 | 563 |
| Assets held in separate accounts | 50579.9 | 44506.2 | 47140.2 | 39479.8 | 44833 |
| Federal income taxes recoverable | 207.5 | 106.6 | 177.5 | 35.3 | 15 |
| Amount recoverable from reinsurers | 3747.7 | 3706.4 | 3662.0 | 3818.3 | 6030 |
| Deferred acquisition costs | 3070.5 | 2963.4 | 3129.1 | 3087.2 | 2885 |
| Other intangible assets | 1557.0 | 1505.3 | 1479.0 | 1451.5 | 1412 |
| Goodwill | 1286.0 | 1274.5 | 1263.6 | 1253.2 | 1211 |
| Other | 1021.6 | 1186.3 | 1147.7 | 1149.4 | 1174 |
| Total Assets | 99844.1 | 94122.4 | 96431.2 | 90206.0 | 98001 |
| LIABILITIES and SHAREHOLDERS' EQUITY | | | | | |
| Liabilities | | | | | |
| Insurance and Inv Contract Liabilities: | | | | | |
| Life and annuity reserves | 17841.2 | 17733.0 | 17865.3 | 17990.8 | 17917 |
| Health reserves | 2523.8 | 2534.8 | 2533.9 | 2573.2 | 2537 |
| Unpaid claims-life and health | 1316.6 | 1255.3 | 1136.5 | 1206.6 | 1087 |
| Unearned premiums | 46.5 | 45.9 | 19.0 | 8.1 | 66 |
| Premium deposit funds | 17715.5 | 17667.1 | 17715.9 | 18509.7 | 18585 |
| Participating policyholders' funds | 139.4 | 145.0 | 135.2 | 118.3 | 100 |

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| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Other policyholders' funds | 522.2 | 532.1 | 541.4 | 554.3 | 562.0 |
| Liab related to separate accounts | 50579.9 | 44506.2 | 47140.2 | 39479.8 | 44833.0 |
| Total Ins and Inv Contr Liabilities | 90685.1 | 84419.3 | 87087.2 | 80440.8 | 85690.0 |
| Federal income taxes | | | | | |
| Short-term debt | 312.9 | 415.3 | 351.3 | 539.0 | 350.0 |
| Long-term debt | 712.2 | 712.3 | 712.4 | 712.4 | 861.0 |
| Minority Interest - pref sec of a sub | 745.0 | 745.0 | 745.0 | 305.0 | 474.0 |
| Notes payable to LNC | | | | | |
| Other liabilities | 2434.7 | 2734.2 | 2479.4 | 2840.2 | 4216.0 |
| Deferred gain on indemnity reinsurance | | | | | 1144.0 |
| Total Liabilities | 94890.0 | 89026.0 | 91375.3 | 84837.4 | 92737.0 |
| S/Hs' equity-unrealized gns (losses)- inv. | 12.0 | 190.4 | 76.2 | 247.9 | 195.0 |
| S/Hs' equity- gains (losses)-derivatives* | | 5.7 | 9.4 | 2.8 | 3.0 |
| S/Hs' equity-foreign currency | 21.9 | 4.1 | (15.3) | 6.9 | (8.0) |
| S/Hs' equity-minimum pension liability adj | | | | | (36.0) |
| S/Hs' equity-other | 4920.1 | 4878.5 | 4968.2 | 5093.4 | 5090.0 |
| Cumulative effect of accounting change | | 17.6 | 17.6 | 17.6 | 17.0 |
| Total Shareholders' Equity | 4954.1 | 5096.4 | 5055.9 | 5368.6 | 5263.0 |
| Total Liabilities and Shareholders' Equity | 99844.1 | 94122.4 | 96431.2 | 90206.0 | 98001.0 |
| Shareholders' Equity Per Share [Book Value, Securities at Cost] | \$25.85 | \$25.96 | \$26.32 | \$26.87 | \$26.87 |
| Common shares outstanding | 191.2 | 188.1 | 188.2 | 189.8 | 187.0 |

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

3/31/2002

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

| For the Year Ended December 31 | Dec 1997 | Dec 1998 | Dec 1999 | D 2000 |
|--------------------------------|---------------|---------------|---------------|---------------|
| Operating Revenue | | | | |
| Premiums | 84.2 | 53.9 | 65.2 | 64.0 |
| Surrender charges | 29.8 | 33.5 | 37.9 | 41.0 |
| Expense assessments | 367.2 | 459.9 | 536.2 | 628.0 |
| Other revenue and fees | 1.2 | 1.7 | 14.5 | 11.0 |
| Net investment income | 1477.1 | 1501.6 | 1474.2 | 1393.0 |
| Operating Revenue | 1959.5 | 2050.6 | 2128.0 | 2138.0 |

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| | | | | |
|--|--------|--------|--------|--------|
| Operating Benefits and Expenses | | | | |
| Benefits paid or provided: | | | | |
| Benefits | 292.6 | 271.6 | 259.1 | 254.4 |
| Interest credited to policy bal. | 974.4 | 955.2 | 925.2 | 866.0 |
| Underwriting, acquisition, insurance and other expenses | 415.0 | 498.8 | 560.8 | 575.0 |
| Goodwill amortization | 0.0 | 2.2 | 2.0 | (0.0) |
| | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 1682.0 | 1727.8 | 1747.1 | 1695.0 |
| | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | 277.5 | 322.8 | 380.9 | 443.0 |
| Federal income taxes | 54.5 | 60.4 | 81.4 | 81.0 |
| | ----- | ----- | ----- | ----- |
| Income from Operations | 223.0 | 262.4 | 299.4 | 362.0 |
| | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | 40.3 | 11.4 | (7.9) | (3.0) |
| Gains (losses) on derivatives | | | | |
| Restructuring charges | | | | |
| | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | 263.3 | 273.8 | 291.5 | 358.0 |
| Cumulative effect of accounting changes | | | | |
| | ----- | ----- | ----- | ----- |
| Net Income | 263.3 | 273.8 | 291.5 | 358.0 |
| | ===== | ===== | ===== | ===== |
| Inc from Oper -before Goodwill Amort. | 223.0 | 264.6 | 301.5 | 361.0 |
| Net Income -before Goodwill Amort. | 263.3 | 276.0 | 293.6 | 358.0 |
| Effective tax rate | 19.6% | 18.7% | 21.4% | 18.7% |
| Operating Revenue | 1959.5 | 2050.6 | 2128.0 | 2138.0 |
| Realized gains (losses) on investments | 63.5 | 17.5 | (12.1) | (5.0) |
| Gains (losses) on derivatives | | | | |
| | ----- | ----- | ----- | ----- |
| Total Revenue | 2023.0 | 2068.1 | 2115.8 | 2133.0 |
| | ===== | ===== | ===== | ===== |
| Average capital | 1373.0 | 1592.6 | 1562.0 | 1601.0 |
| Return on average capital | 16.2% | 16.5% | 19.2% | 22.4% |

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

| | Jun 1999 | Sep 1999 | Dec 1999 | Mar 2000 | Jun 2000 | Sep 2000 |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | | | | | | |
| Premiums | 16.2 | 13.1 | 21.0 | 13.3 | 16.8 | 18.0 |

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| | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| Surrender charges | 9.3 | 10.1 | 9.8 | 11.1 | 11.2 | 10.4 |
| Expense assessments | 133.3 | 142.6 | 140.5 | 155.1 | 155.7 | 163.4 |
| Other revenue and fees | 3.2 | 0.9 | 6.4 | 2.2 | 0.6 | 4.6 |
| Net investment income | 370.2 | 364.5 | 366.0 | 362.9 | 345.8 | 349.8 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | 532.3 | 531.2 | 543.7 | 544.6 | 530.1 | 546.2 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | | | |
| Benefits paid or provided: | | | | | | |
| Benefits | 65.0 | 55.0 | 77.2 | 61.6 | 65.7 | 68.4 |
| Interest credited to policy balances | 232.9 | 230.1 | 234.1 | 228.2 | 219.4 | 205.4 |
| Underwriting, acquisition, insurance and other expenses | 141.0 | 146.5 | 134.7 | 144.5 | 139.8 | 147.9 |
| Goodwill amortization | 0.4 | 0.6 | 0.5 | (1.5) | 0.3 | 0.3 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 439.2 | 432.2 | 446.5 | 432.8 | 425.2 | 421.9 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | 93.0 | 99.0 | 97.2 | 111.8 | 104.8 | 124.2 |
| Federal income taxes | 17.1 | 23.6 | 23.5 | 23.3 | 20.7 | 21.3 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income from Operations | 75.9 | 75.4 | 73.7 | 88.5 | 84.1 | 102.9 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | 0.5 | (7.0) | (3.7) | 2.7 | 0.3 | (9.1) |
| Gains (losses) on derivatives | | | | | | |
| Restructuring charges | | | | | | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | 76.4 | 68.4 | 69.9 | 91.2 | 84.4 | 93.8 |
| Cumulative effect of accounting changes | | | | | | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Net Income | 76.4 | 68.4 | 69.9 | 91.2 | 84.4 | 93.8 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Inc from Oper -before Goodwill Amort. | 76.3 | 76.0 | 74.2 | 87.0 | 84.4 | 103.2 |
| Net Income -before Goodwill Amort. | 76.8 | 69.1 | 70.4 | 89.7 | 84.7 | 94.1 |
| Effective tax rate | 18.4% | 23.8% | 24.2% | 20.8% | 19.7% | 17.1% |
| Operating Revenue | 532.3 | 531.2 | 543.7 | 544.6 | 530.1 | 546.2 |
| Realized gains (losses) on investments | 0.7 | (10.7) | (5.8) | 4.2 | 0.4 | (14.1) |
| Gains (losses) on derivatives | | | | | | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total Revenue | 533.0 | 520.5 | 538.0 | 548.7 | 530.5 | 532.1 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Average capital | 1602.4 | 1471.2 | 1559.0 | 1438.4 | 1647.7 | 1635.2 |
| Return on average capital | 19.0% | 20.5% | 18.9% | 24.6% | 20.4% | 25.2% |
| | | | | | | |
| | Dec | Mar | Jun | Sep | Dec | Mar |
| | 2000 | 2001 | 2001 | 2001 | 2001 | 2002 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| C> | | | | | | |
| Operating Revenue | | | | | | |
| Premiums | 16.2 | 19.1 | 32.5 | 13.2 | 12.7 | 12.2 |
| Surrender charges | 9.1 | 9.1 | 8.5 | 6.5 | 7.2 | 7.9 |
| Expense assessments | 154.2 | 141.6 | 138.0 | 132.0 | 126.2 | 127.7 |
| Other revenue and fees | 3.5 | 1.7 | 3.9 | 1.2 | 10.0 | 5.8 |

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| | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| Net investment income | 335.0 | 341.3 | 339.3 | 346.6 | 342.6 | 349.9 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | 518.1 | 512.8 | 522.1 | 499.5 | 498.7 | 503.5 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | | | |
| Benefits paid or provided: | | | | | | |
| Benefits | 59.0 | 69.8 | 72.6 | 66.3 | 55.3 | 55.4 |
| Interest credited to policy balances | 213.2 | 209.4 | 209.7 | 217.2 | 227.5 | 226.1 |
| Underwriting, acquisition, insurance and other expenses | 143.2 | 134.6 | 126.0 | 132.8 | 131.1 | 124.9 |
| Goodwill amortization | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 415.7 | 414.1 | 408.6 | 416.6 | 414.2 | 406.4 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | 102.3 | 98.7 | 113.6 | 82.9 | 84.5 | 97.1 |
| Federal income taxes | 15.9 | 16.3 | 22.8 | 10.4 | 9.7 | 16.7 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income from Operations | 86.4 | 82.3 | 90.8 | 72.4 | 74.8 | 80.4 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | 2.8 | (1.4) | (6.7) | (13.5) | (20.7) | (32.8) |
| Gains (losses) on derivatives | | (0.1) | 0.1 | (0.3) | 0.1 | 0.0 |
| Restructuring charges | | (0.7) | (0.6) | 0.0 | 0.0 | 0.0 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | 89.2 | 80.2 | 83.6 | 58.6 | 54.2 | 47.6 |
| Cumulative effect of accounting changes | | (3.6) | (3.7) | 0.0 | 0.0 | 0.0 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Net Income | 89.2 | 76.6 | 79.9 | 58.6 | 54.2 | 47.6 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Inc from Oper -before Goodwill Amort. | 86.7 | 82.6 | 91.1 | 72.7 | 75.1 | 80.4 |
| Net Income -before Goodwill Amort. | 89.5 | 76.9 | 80.2 | 58.9 | 54.5 | 47.6 |
| Effective tax rate | 15.6% | 16.6% | 20.1% | 12.6% | 11.5% | 17.2% |
| Operating Revenue | 518.1 | 512.8 | 522.1 | 499.5 | 498.7 | 503.5 |
| Realized gains (losses) on investments | 4.2 | (2.2) | (10.3) | (20.8) | (31.3) | (50.5) |
| Gains (losses) on derivatives | | (0.2) | 0.2 | (0.5) | 0.2 | 0.0 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total Revenue | 522.3 | 510.4 | 512.1 | 478.2 | 467.5 | 453.0 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Average capital | 1686.0 | 1797.9 | 1787.1 | 1902.9 | 1824.9 | 2041.6 |
| Return on average capital | 20.5% | 18.3% | 20.3% | 15.2% | 16.4% | 15.8% |
| | ----- | ----- | ----- | ----- | ----- | ----- |

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

1997

1998

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| | | | |
|---|---------|---------|---|
| Fixed Annuities- Bal Beg-of-Year | 17.634 | 17.214 | 1 |
| Gross Deposits | 1.632 | 1.452 | |
| Withdrawals (incl charges) & deaths | (2.220) | (2.468) | (|
| Net cash flows | (0.588) | (1.016) | (|
| Transfer from (to) var annuities | (1.336) | (0.356) | (|
| Interest credited | 0.978 | 0.994 | |
| Acq of new business/companies | 0.527 | 1.274 | |
| Fixed Annuities-Gross | 17.214 | 18.111 | 1 |
| Reinsurance Ceded | (1.757) | (1.606) | (|
| Fixed Annuities-Bal End -of-Year | 15.458 | 16.505 | 1 |
| Fixed Annuities Incremental Deposits * | 1.412 | 1.265 | |
| Variable Annuities-Bal Beg-of-Year | 20.383 | 27.346 | 3 |
| Gross Deposits | 2.695 | 2.791 | |
| Withdrawals (incl charges) & deaths | (2.038) | (3.019) | (|
| Net cash flows | 0.657 | (0.228) | (|
| Transfer from (to) fixed annuities | 1.335 | 0.389 | |
| Invest inc & change in mkt value | 4.971 | 5.414 | |
| Acq(sale) of new business/companies | | 0.437 | |
| Var Annuities-Bal End-of-Year | 27.346 | 33.358 | 4 |
| Variable Annuities Incremental Deposits * | 2.585 | 2.641 | |
| Total Annuities - Bal Beg-of-Year | 38.017 | 44.561 | 5 |
| Gross Deposits | 4.327 | 4.244 | |
| Withdrawals (incl charges) & deaths | (4.258) | (5.487) | (|
| Net cash flows | 0.069 | (1.244) | (|
| Transfers | (0.001) | 0.033 | |
| Interest credited & change in mkt value | 5.949 | 6.408 | |
| Acq of new business/companies | 0.527 | 1.711 | |
| Total Gross Annuities-Bal End-of-Year | 44.561 | 51.469 | 5 |
| Reinsurance Ceded | (1.757) | (1.606) | (|
| Total Annuities (Net of Ceded) - Bal End-of-Year | 42.804 | 49.863 | 5 |
| Total Annuities Incremental Deposits * | 3.997 | 3.906 | |
| Var Ann Under Agree - Included above | | 0.649 | |
| Fixed Annuities - excluding fixed portion of variable contracts | | | |
| Deposits | | | |
| Withdrawals | | | (|
| Net Flows | | | (|

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Variable Annuities - including fixed portion of variable contracts
 Deposits
 Withdrawals
 Net Flows

Fixed Portion of Variable Contracts
 Deposits
 Withdrawals
 Net Flows

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

3/31/02

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

| | Jun 1999 | Sep 1999 | Dec 1999 | M 20 |
|--|-------------|-------------|-------------|---------|
| | ----- | ----- | ----- | ----- |
| Fixed Annuities-Bal Beg-of-Quarter | 18.225 | 18.303 | 18.406 | 18.2 |
| Gross Deposits | 0.654 | 0.678 | 0.741 | 0.5 |
| Withdrawals (incl charges) & deaths | (0.593) | (0.567) | (0.782) | (0.8 |
| Net cash flows | 0.061 | 0.111 | (0.040) | (0.2 |
| Transfer from (to) var annuities | (0.211) | (0.238) | (0.300) | (0.5 |
| Interest credited | 0.228 | 0.231 | 0.144 | 0.2 |
| Acq of new business/companies | | | | |
| Fixed Annuities-Gross | 18.303 | 18.406 | 18.210 | 17.6 |
| Reinsurance Ceded | (1.524) | (1.473) | (1.419) | (1.3 |
| Fixed Annuities-Bal End-of-Quarter | 16.779 | 16.934 | 16.791 | 16.2 |
| Fixed Annuities Incremental Deposits * | 0.622 | 0.644 | 0.582 | 0.5 |
| Variable Annuities-Bal Beg-of-Quarter | 34.148 | 37.233 | 35.613 | 41.4 |
| Gross Deposits | 0.651 | 0.634 | 0.634 | 0.7 |
| Withdrawals (incl charges) & deaths | (0.912) | (0.938) | (1.084) | (1.2 |
| Net cash flows | (0.261) | (0.304) | (0.450) | (0.4 |
| Transfer from (to) fixed annuities | 0.213 | 0.237 | 0.303 | 0.5 |
| Invest inc & change in mkt value | 3.133 | (1.553) | 6.027 | 3.0 |
| Acq(sale) of new business/companies | | | | |
| Var Annuities-Bal End-of-Quarter | 37.233 | 35.613 | 41.493 | 44.6 |

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| | | | | |
|---|---------|---------|---------|-------|
| Variable Annuities Incremental Deposits | 0.622 | 0.589 | 0.592 | 0.7 |
| Total Annuities -Bal Beg-of-Quarter | 52.373 | 55.536 | 54.020 | 59.7 |
| Gross Deposits | 1.305 | 1.312 | 1.375 | 1.3 |
| Withdrawals (incl charges) & deaths | (1.505) | (1.505) | (1.865) | (2.0) |
| Net cash flows | (0.200) | (0.193) | (0.490) | (0.7) |
| Transfers | 0.002 | (0.001) | 0.003 | (0.0) |
| Interest credited & change in mkt value | 3.361 | (1.322) | 6.171 | 3.2 |
| Acq of new business/companies | | | | |
| Total Gross Annuities-Bal End-of-Quarter | 55.536 | 54.020 | 59.704 | 62.2 |
| Reinsurance Ceded | (1.524) | (1.473) | (1.419) | (1.3) |
| Total Annuities (Net of Ceded) - Bal End-of-Qtr | 54.012 | 52.547 | 58.284 | 60.8 |
| Total Annuities Incremental Deposits * | 1.244 | 1.233 | 1.174 | 1.2 |
| Var Ann Under Agree - Included above | 0.685 | 0.639 | 0.719 | 0.8 |
| | Dec | Mar | Jun | S |
| | 2000 | 2001 | 2001 | 20 |
| Fixed Annuities-Bal Beg-of-Quarter | 16.930 | 16.615 | 16.599 | 16.6 |
| Gross Deposits | 0.482 | 0.560 | 0.668 | 0.8 |
| Withdrawals (incl charges) & deaths | (0.810) | (0.787) | (0.574) | (0.5) |
| Net cash flows | (0.328) | (0.227) | 0.094 | 0.3 |
| Transfer from (to) var annuities | (0.216) | (0.014) | (0.222) | 0.0 |
| Interest credited | 0.230 | 0.225 | 0.226 | 0.2 |
| Acq of new business/companies | | | | |
| Fixed Annuities-Gross | 16.615 | 16.599 | 16.697 | 17.3 |
| Reinsurance Ceded | (1.221) | (1.169) | (1.146) | (1.2) |
| Fixed Annuities-Bal End-of-Quarter | 15.394 | 15.430 | 15.551 | 16.0 |
| Fixed Annuities Incremental Deposits * | 0.447 | 0.536 | 0.611 | 0.8 |
| Variable Annuities-Bal Beg-of-Quarter | 42.743 | 39.427 | 34.733 | 36.9 |
| Gross Deposits | 0.846 | 0.887 | 0.703 | 0.6 |
| Withdrawals (incl charges) & deaths | (1.199) | (1.250) | (0.993) | (0.7) |
| Net cash flows | (0.353) | (0.363) | (0.290) | (0.1) |
| Transfer from (to) fixed annuities | 0.212 | 0.011 | 0.227 | (0.0) |
| Invest inc & change in mkt value | (3.175) | (4.342) | 2.291 | (6.3) |
| Acq(sale) of new business/companies | | | | |
| Var Annuities-Bal End-of-Quarter | 39.427 | 34.733 | 36.961 | 30.5 |

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| | | | | |
|---|---------|---------|---------|------|
| Variable Annuities Incremental Deposits | 0.650 | 0.683 | 0.612 | 0.6 |
| Total Annuities -Bal Beg-of-Quarter | 59.673 | 56.043 | 51.332 | 53.6 |
| Gross Deposits | 1.328 | 1.447 | 1.371 | 1.5 |
| Withdrawals (incl charges) & deaths | (2.009) | (2.037) | (1.567) | (1.3 |
| Net cash flows | (0.681) | (0.590) | (0.196) | 0.2 |
| Transfers | (0.004) | (0.003) | 0.005 | (0.0 |
| Interest credited & change in mkt value | (2.945) | (4.117) | 2.517 | (6.0 |
| Acq of new business/companies | | | | |
| Total Gross Annuities-Bal End-of-Quarter | 56.043 | 51.332 | 53.658 | 47.8 |
| Reinsurance Ceded | (1.221) | (1.169) | (1.146) | (1.2 |
| Total Annuities (Net of Ceded) - Bal End-of-Qtr | 54.821 | 50.163 | 52.512 | 46.5 |
| Total Annuities Incremental Deposits * | 1.097 | 1.219 | 1.223 | 1.4 |
| Var Ann Under Agree - Included above | 0.941 | 0.904 | 0.975 | 0.9 |

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

| | Jun 1999 | Sep 1999 | Dec 1999 | M 20 |
|---|-------------|-------------|-------------|---------|
| Fixed Annuities - excluding fixed portion of variable contracts | | | | |
| Deposits | 0.151 | 0.147 | 0.275 | 0.1 |
| Withdrawals | (0.318) | (0.329) | (0.428) | (0.6 |
| Net Flows | (0.167) | (0.182) | (0.152) | (0.4 |
| Variable Annuities - including fixed portion of variable contracts | | | | |
| Deposits | 1.154 | 1.165 | 1.100 | 1.2 |
| Withdrawals | (1.187) | (1.176) | (1.438) | (1.4 |
| Net Flows | (0.033) | (0.011) | (0.338) | (0.2 |
| Fixed Portion of Variable Contracts | | | | |
| Deposits | 0.503 | 0.531 | 0.466 | 0.4 |
| Withdrawals | (0.275) | (0.238) | (0.354) | (0.2 |
| Net Flows | 0.228 | 0.293 | 0.112 | 0.1 |

| | Dec 2000 | Mar 2001 | Jun 2001 | S 20 |
|---|-------------|-------------|-------------|---------|
| Fixed Annuities - excluding fixed portion of variable contracts | | | | |
| Deposits | 0.085 | 0.160 | 0.329 | 0.4 |
| Withdrawals | (0.570) | (0.556) | (0.356) | (0.3 |
| Net Flows | (0.485) | (0.396) | (0.027) | 0.1 |
| Variable Annuities - including fixed portion of variable contracts | | | | |

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| | | | | |
|-------------------------------------|---------|---------|---------|-------|
| Deposits | 1.243 | 1.287 | 1.042 | 1.0 |
| Withdrawals | (1.439) | (1.481) | (1.211) | (0.9) |
| Net Flows | (0.196) | (0.194) | (0.169) | 0.1 |
| Fixed Portion of Variable Contracts | | | | |
| Deposits | 0.397 | 0.400 | 0.339 | 0.4 |
| Withdrawals | (0.240) | (0.231) | (0.218) | (0.1) |
| Net Flows | 0.157 | 0.169 | 0.121 | 0.2 |

3/31/2002

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

| | Dec 1997 | Dec 1998 | Dec 1999 |
|--|-------------|-------------|-------------|
| | ----- | ----- | ----- |
| Operating Revenue | | | |
| Premiums | 64.8 | 185.9 | 235.8 |
| Surrender charges | 9.8 | 52.1 | 66.3 |
| Mortality assessments | 161.2 | 350.1 | 444.6 |
| Expense assessments | 28.6 | 146.2 | 165.8 |
| Other revenue and fees | 9.0 | 2.6 | 9.8 |
| Net investment income | 268.2 | 642.6 | 840.1 |
| | ----- | ----- | ----- |
| Operating Revenue | 541.5 | 1379.5 | 1762.6 |
| | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | |
| Benefits paid or provided: | | | |
| Benefits | 143.6 | 371.2 | 430.5 |
| Div accum & div to policyholders | 20.4 | 70.7 | 81.5 |
| Interest credited to policy bal. | 153.0 | 393.1 | 493.8 |
| Underwriting, acquisition, insurance and other expenses | 172.1 | 293.1 | 399.1 |
| Goodwill amortization | 0.1 | 19.7 | 23.4 |
| | ----- | ----- | ----- |
| Operating Benefits and Expenses | 489.3 | 1147.8 | 1428.2 |
| | ----- | ----- | ----- |
| Income from Operations Before Tax | 52.3 | 231.6 | 334.3 |
| | ----- | ----- | ----- |
| Federal income taxes | 12.4 | 82.4 | 122.3 |
| | ----- | ----- | ----- |
| Income from Operations | 39.9 | 149.2 | 212.0 |
| | ----- | ----- | ----- |
| Realized gains (losses) on investments | (0.8) | (1.7) | (0.5) |
| Gains (losses) on derivatives | | | |
| Restructuring charges | 0.0 | (20.0) | 0.0 |
| | ----- | ----- | ----- |
| Income before Accounting Changes | 39.1 | 127.5 | 211.5 |
| Cumulative effect of accounting changes | | | |
| | ----- | ----- | ----- |

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| | | | |
|--|--------|---------|---------|
| Net Income | 39.1 | 127.5 | 211.5 |
| | ===== | ===== | ===== |
| Inc from Oper -before Goodwill Amort. | 40.0 | 168.9 | 235.4 |
| Net Income -before Goodwill Amort. | 39.2 | 147.1 | 234.9 |
| Effective tax rate | 23.7% | 35.6% | 36.6% |
| Operating Revenue | 541.5 | 1,379.5 | 1,762.6 |
| Realized gains (losses) on investments | 3.2 | (1.0) | (2.2) |
| Gains (losses) on derivatives | | | |
| | ----- | ----- | ----- |
| Total Revenue | 544.8 | 1378.5 | 1760.4 |
| | ===== | ===== | ===== |
| Average capital | 384.9 | 1948.0 | 2712.3 |
| Return on average capital | 10.4% | 7.7% | 7.8% |
| First Year Premiums by Product (Millions) | | | |
| Universal Life | 114.0 | 233.0 | 342.9 |
| Variable Universal Life | 52.9 | 101.3 | 142.2 |
| Whole Life | 5.4 | 20.0 | 23.9 |
| Term | 33.0 | 48.0 | 45.9 |
| | ----- | ----- | ----- |
| Total Retail | 205.3 | 402.3 | 555.0 |
| Corporate Owned Life Insurance (COLI) | 0.0 | 4.0 | 14.7 |
| | ----- | ----- | ----- |
| Total | 205.3 | 406.3 | 569.7 |
| | ----- | ----- | ----- |
| First Year Premiums by Distribution (Millions) | | | |
| Lincoln Financial Advisors | 71.0 | 35.0 | 188.3 |
| Lincoln Financial Distributors | 134.3 | 356.3 | 367.9 |
| Other* | 0.0 | 15.0 | 13.5 |
| | ----- | ----- | ----- |
| Total by Distribution | 205.3 | 406.3 | 569.7 |
| | ===== | ===== | ===== |
| Life Insurance In-Force (Billions) | | | |
| Universal Life & Other | 32.827 | 105.837 | 109.288 |
| Term Insurance | 30.337 | 67.076 | 85.701 |
| | ----- | ----- | ----- |
| Total Life Segment In-Force | 63.164 | 172.914 | 194.988 |
| | ===== | ===== | ===== |

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

3/31/2002

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

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

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| | | | | | |
|---|--------|--------|--------|--------|--------|
| Operating Revenue | | | | | |
| Premiums | 57.8 | 52.4 | 71.1 | 53.0 | 56.3 |
| Surrender charges | 16.5 | 17.1 | 18.0 | 16.2 | 16.5 |
| Mortality assessments | 111.4 | 110.5 | 113.9 | 112.2 | 114.5 |
| Expense assessments | 35.4 | 42.8 | 48.0 | 45.3 | 44.1 |
| Other revenue and fees | 1.6 | 2.4 | 3.9 | 3.2 | 3.6 |
| Net investment income | 207.8 | 209.6 | 214.8 | 215.6 | 215.5 |
| Operating Revenue | 430.6 | 434.9 | 469.6 | 445.5 | 450.5 |
| Operating Benefits and Expenses | | | | | |
| Benefits paid or provided: | | | | | |
| Benefits | 108.7 | 105.4 | 112.8 | 98.4 | 96.3 |
| Div accum & div to policyholders | 21.0 | 19.2 | 21.0 | 20.4 | 18.7 |
| Interest credited to policy bal. | 123.0 | 122.8 | 122.3 | 126.3 | 128.7 |
| Underwriting, acquisition, insurance and other expenses | 86.5 | 99.1 | 117.8 | 99.4 | 100.9 |
| Goodwill amortization | 5.0 | 6.4 | 6.0 | 5.9 | 5.9 |
| Operating Benefits and Expenses | 344.1 | 353.0 | 379.9 | 350.3 | 350.6 |
| Income from Operations Before Tax | 86.5 | 82.0 | 89.8 | 95.2 | 99.9 |
| Federal income taxes | 32.0 | 29.4 | 32.8 | 34.8 | 37.4 |
| Income from Operations | 54.4 | 52.6 | 57.0 | 60.4 | 62.4 |
| Realized gains (losses) on investments | (2.9) | 1.4 | 2.8 | (2.4) | (4.0) |
| Gains (losses) on derivatives | | | | | |
| Restructuring charges | | | | | |
| Income before Accounting Changes | 51.5 | 54.0 | 59.7 | 58.1 | 58.4 |
| Cumulative effect of accounting changes | | | | | |
| Net Income | 51.5 | 54.0 | 59.7 | 58.1 | 58.4 |
| Inc from Oper -before Goodwill Amort. | 59.5 | 59.0 | 63.0 | 66.3 | 68.4 |
| Net Income -before Goodwill Amort. | 56.6 | 60.4 | 65.8 | 64.0 | 64.4 |
| Effective tax rate | 37.0% | 35.9% | 36.5% | 36.5% | 37.5% |
| Operating Revenue | 430.6 | 434.9 | 469.6 | 445.5 | 450.5 |
| Realized gains (losses) on investments | (4.4) | 2.1 | 3.4 | (3.8) | (6.3) |
| Gains (losses) on derivatives | | | | | |
| Total Revenue | 426.3 | 437.1 | 473.1 | 441.7 | 444.2 |
| Average capital | 2739.4 | 2707.4 | 2686.0 | 2655.3 | 2615.0 |
| Return on average capital | 7.9% | 7.8% | 8.5% | 9.1% | 9.6% |
| First Year Premiums by Product (Millions) | | | | | |
| Universal Life | 81.2 | 75.6 | 113.2 | 72.3 | 63.7 |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Variable Universal Life | 26.9 | 30.0 | 55.6 | 44.0 | 44.5 |
| Whole Life | 5.2 | 6.4 | 8.0 | 3.9 | 4.5 |
| Term | 11.9 | 10.5 | 11.0 | 13.1 | 12.1 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Retail | 125.2 | 122.5 | 187.8 | 133.3 | 124.8 |
| Corporate Owned Life Insurance (COLI) | 6.6 | 2.3 | 4.0 | 12.7 | 19.5 |
| | ----- | ----- | ----- | ----- | ----- |
| Total | 131.8 | 124.8 | 191.9 | 146.0 | 144.3 |
| | ----- | ----- | ----- | ----- | ----- |
| First Year Premiums by Distribution (Millions) | | | | | |
| Lincoln Financial Advisors | 35.1 | 39.4 | 72.8 | 46.1 | 37.0 |
| Lincoln Financial Distributors | 93.3 | 82.0 | 115.0 | 96.8 | 104.4 |
| Other* | 3.3 | 3.4 | 4.1 | 3.0 | 2.9 |
| | ----- | ----- | ----- | ----- | ----- |
| Total by Distribution | 131.8 | 124.8 | 191.9 | 146.0 | 144.3 |
| | ===== | ===== | ===== | ===== | ===== |
| Insurance In-Force (Billions) | | | | | |
| Universal Life & Other | 106.047 | 106.945 | 109.288 | 108.817 | 110.448 |
| Term Insurance | 78.431 | 81.963 | 85.701 | 92.857 | 97.039 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Segment In-Force | 184.478 | 188.908 | 194.988 | 201.674 | 207.487 |
| | ===== | ===== | ===== | ===== | ===== |
| For the Quarter Ended | | | | | |
| | Dec | Mar | Jun | Sep | Dec |
| | 2000 | 2001 | 2001 | 2001 | 2001 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | | | | | |
| Premiums | 67.1 | 50.9 | 50.7 | 46.4 | 64.4 |
| Surrender charges | 19.9 | 17.2 | 13.5 | 15.6 | 19.9 |
| Mortality assessments | 122.1 | 124.3 | 124.8 | 124.7 | 125.5 |
| Expense assessments | 55.5 | 47.4 | 45.3 | 46.0 | 52.8 |
| Other revenue and fees | 3.7 | 5.1 | 3.8 | 3.0 | 6.0 |
| Net investment income | 219.7 | 223.0 | 227.4 | 233.2 | 226.6 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | 488.0 | 467.9 | 465.5 | 468.9 | 495.2 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | | |
| Benefits paid or provided: | | | | | |
| Benefits | 121.0 | 99.9 | 103.5 | 102.3 | 112.9 |
| Div accum & div to policyholders | 25.3 | 17.5 | 19.0 | 16.5 | 25.4 |
| Interest credited to policy bal. | 136.5 | 138.3 | 141.2 | 143.5 | 146.9 |
| Underwriting, acquisition, insurance and other expenses | 89.6 | 98.8 | 92.0 | 92.5 | 91.4 |
| Goodwill amortization | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 378.4 | 360.5 | 361.7 | 360.8 | 382.5 |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | 109.6 | 107.4 | 103.8 | 108.1 | 112.7 |
| Federal income taxes | 39.0 | 38.8 | 36.7 | 38.1 | 39.5 |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations | 70.6 | 68.6 | 67.1 | 70.1 | 73.2 |
| | ----- | ----- | ----- | ----- | ----- |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Realized gains (losses) on investments | (5.2) | (5.4) | (6.4) | (5.3) | (21.3) |
| Gains (losses) on derivatives | | (0.0) | 0.1 | (0.0) | 1.5 |
| Restructuring charges | | | (2.0) | | (1.5) |
| Income before Accounting Changes | 65.4 | 63.2 | 58.8 | 64.7 | 51.9 |
| Cumulative effect of accounting changes | | (0.2) | (5.3) | 0.0 | (0.0) |
| Net Income | 65.4 | 62.9 | 53.5 | 64.7 | 51.9 |
| Inc from Oper -before Goodwill Amort. | 76.5 | 74.5 | 73.0 | 76.0 | 79.1 |
| Net Income -before Goodwill Amort. | 71.3 | 68.9 | 59.5 | 70.6 | 57.8 |
| Effective tax rate | 35.6% | 36.1% | 35.3% | 35.2% | 35.0% |
| Operating Revenue | 488.0 | 467.9 | 465.5 | 468.9 | 495.2 |
| Realized gains (losses) on investments | (8.1) | (8.2) | (10.0) | (8.2) | (31.1) |
| Gains (losses) on derivatives | | (0.0) | 0.2 | (0.1) | 0.6 |
| Total Revenue | 479.9 | 459.6 | 455.7 | 460.6 | 464.7 |
| Average capital | 2640.0 | 2729.8 | 2715.7 | 2736.3 | 2744.4 |
| Return on average capital | 10.7% | 10.1% | 9.9% | 10.2% | 10.7% |
| First Year Premiums by Product (Millions) | | | | | |
| Universal Life | 80.9 | 57.7 | 70.0 | 67.4 | 97.5 |
| Variable Universal Life | 75.1 | 56.0 | 52.2 | 50.1 | 70.2 |
| Whole Life | 8.0 | 4.1 | 5.1 | 6.7 | 10.4 |
| Term | 7.6 | 6.5 | 7.2 | 8.1 | 9.1 |
| Total Retail | 171.6 | 124.2 | 134.6 | 132.4 | 187.2 |
| Corporate Owned Life Insurance (COLI) | 49.0 | 7.1 | 21.0 | 5.1 | 14.2 |
| Total | 220.7 | 131.3 | 155.6 | 137.4 | 201.3 |
| First Year Premiums by Distribution (Millions) | | | | | |
| Lincoln Financial Advisors | 66.2 | 38.1 | 48.2 | 41.8 | 68.0 |
| Lincoln Financial Distributors | 150.6 | 89.1 | 104.0 | 90.4 | 129.5 |
| Other* | 3.9 | 4.2 | 3.4 | 5.2 | 3.8 |
| Total by Distribution | 220.7 | 131.3 | 155.6 | 137.4 | 201.3 |
| Insurance In-Force (Billions) | | | | | |
| Universal Life & Other | 115.872 | 116.747 | 118.007 | 119.029 | 121.168 |
| Term Insurance | 100.130 | 102.467 | 105.265 | 108.723 | 113.226 |
| Total Segment In-Force | 216.002 | 219.214 | 223.272 | 227.751 | 234.394 |

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

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3/31/2002

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

| | 1997 | 1998 | 1999 | |
|---|---------|---------|---------|-------|
| | ----- | ----- | ----- | ----- |
| Universal Life-Bal Beg-of-Year | 2.530 | 2.558 | 6.259 | 6 |
| Deposits | 0.278 | 0.675 | 1.017 | 0 |
| Withdrawals & deaths | (0.399) | (0.701) | (0.452) | (0) |
| Net cash flows | (0.121) | (0.026) | 0.564 | 0 |
| Policyholder assessments | | | (0.544) | (0) |
| Interest credited | 0.149 | 0.350 | 0.370 | 0 |
| Acq of new business/transfers between segments | 0.000 | 3.378 | 0.000 | 0 |
| Universal Life-Bal End of Year (1) | 2.558 | 6.259 | 6.650 | 6 |
| Variable Universal Life-Bal Beg-of-Year | 0.339 | 0.480 | 1.200 | 1 |
| Deposits | 0.106 | 0.193 | 0.326 | 0 |
| Withdrawals & deaths | (0.040) | (0.100) | (0.099) | (0) |
| Net cash flows | 0.065 | 0.093 | 0.228 | 0 |
| Policyholder assessments | | 0.000 | (0.084) | (0) |
| Invest inc & chg in mkt value | 0.076 | 0.105 | 0.370 | (0) |
| Acq of new business/transfers between segments | 0.000 | 0.522 | (0.110) | 0 |
| Variable Universal Life-Bal End-of-Year | 0.480 | 1.200 | 1.605 | 1 |
| Interest Sensitive Whole Life-Bal Beg-of-Year | | | 1.784 | 1 |
| Deposits | | 0.340 | 0.355 | 0 |
| Withdrawals & deaths | | (0.294) | (0.162) | (0) |
| Net cash flows | | 0.046 | 0.193 | 0 |
| Policyholder assessments | | | (0.168) | (0) |
| Interest credited | | 0.096 | 0.109 | 0 |
| Acq of new business/transfers between segments | | 1.642 | 0.045 | 0 |
| Int Sensitive Whole Life-Bal End-of-Year | | 1.784 | 1.963 | 2 |
| Total Segment- Life Insurance Account Values Bal Beg-of-Year | 2.869 | 3.038 | 9.243 | 10 |
| Deposits | 0.384 | 1.207 | 1.698 | 1 |
| Withdrawals & deaths | (0.439) | (1.095) | (0.713) | (0) |
| Net cash flows | (0.056) | 0.113 | 0.985 | 1 |
| Policyholder assessments | | | (0.795) | (0) |
| Invest inc & change in market value | 0.225 | 0.551 | 0.849 | 0 |
| Acq of new business/transfers between segments | | 5.542 | (0.065) | 0 |
| Total Segment-Bal End-of-Year | 3.038 | 9.243 | 10.217 | 10 |

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(1) Includes fixed investment option of VUL products.

3/31/2002

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

| For the Quarter Ended | Jun 1999 | Sep 1999 | Dec 1999 | Mar 2000 | Jun 2000 |
|---|-------------|-------------|-------------|-------------|-------------|
| Universal Life-Bal Beg-of-Quarter | 6.374 | 6.434 | 6.519 | 6.650 | 6.729 |
| Deposits | 0.238 | 0.239 | 0.306 | 0.252 | 0.212 |
| Withdrawals & deaths | (0.152) | (0.109) | (0.124) | (0.121) | (0.111) |
| Net cash flows | 0.086 | 0.129 | 0.182 | 0.131 | 0.101 |
| Policyholder assessments | (0.133) | (0.136) | (0.145) | (0.145) | (0.143) |
| Interest credited | 0.107 | 0.091 | 0.093 | 0.093 | 0.095 |
| Acq of new business/transfers between segments | | | | 0.000 | |
| Universal Life-Bal End-of-Quarter (1) | 6.434 | 6.519 | 6.650 | 6.729 | 6.782 |
| Variable Universal Life-Bal Beg of Quarter | 1.177 | 1.298 | 1.285 | 1.605 | 1.771 |
| Deposits | 0.068 | 0.074 | 0.107 | 0.112 | 0.128 |
| Withdrawals & deaths | (0.013) | (0.049) | (0.025) | (0.019) | (0.028) |
| Net cash flows | 0.055 | 0.025 | 0.082 | 0.093 | 0.100 |
| Policyholder assessments | (0.020) | (0.020) | (0.024) | (0.032) | (0.033) |
| Invest inc & chg in mkt value | 0.087 | (0.018) | 0.262 | 0.105 | (0.074) |
| Acq of new business/transfers between segments | | | | 0.000 | |
| Variable Universal Life-Bal End-of-Quarter | 1.298 | 1.285 | 1.605 | 1.771 | 1.764 |
| Interest Sensitive Whole Life-Bal Beg-of-Quarter | 1.865 | 1.895 | 1.922 | 1.963 | 1.970 |
| Deposits | 0.073 | 0.086 | 0.113 | 0.060 | 0.071 |
| Withdrawals & deaths | (0.030) | (0.044) | (0.050) | (0.042) | (0.037) |
| Net cash flows | 0.044 | 0.043 | 0.062 | 0.018 | 0.034 |
| Policyholder assessments | (0.039) | (0.042) | (0.048) | (0.039) | (0.040) |
| Interest credited | 0.025 | 0.027 | 0.026 | 0.028 | 0.028 |
| Acq of new business/transfers between segments | | | | | |
| Int Sensitive Whole Life-Bal End-of-Quarter | 1.895 | 1.922 | 1.963 | 1.970 | 1.993 |
| Total Segment-Life Insurance Account Values Bal Beg-of-Quarter | 9.416 | 9.628 | 9.726 | 10.217 | 10.470 |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Deposits | 0.379 | 0.399 | 0.526 | 0.424 | 0.411 |
| Withdrawals & deaths | (0.195) | (0.202) | (0.199) | (0.182) | (0.176) |
| Net cash flows | 0.185 | 0.197 | 0.327 | 0.242 | 0.235 |
| Policyholder assessments | (0.192) | (0.198) | (0.216) | (0.215) | (0.216) |
| Invest inc & change in market value | 0.219 | 0.100 | 0.381 | 0.227 | 0.048 |
| Acq of new business/transfers between segments | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Segment-Bal End-of-Quarter | 9.628 | 9.726 | 10.217 | 10.470 | 10.538 |
| For the Quarter Ended | Dec | Mar | Jun | Sep | Dec |
| | 2000 | 2001 | 2001 | 2001 | 2001 |
| Universal Life-Bal Beg-of-Quarter | 6.878 | 6.976 | 7.063 | 7.216 | 7.315 |
| Deposits | 0.265 | 0.227 | 0.270 | 0.233 | 0.314 |
| Withdrawals & deaths | (0.114) | (0.091) | (0.071) | (0.085) | (0.073) |
| Net cash flows | 0.151 | 0.136 | 0.199 | 0.147 | 0.241 |
| Policyholder assessments | (0.150) | (0.147) | (0.147) | (0.150) | (0.153) |
| Interest credited | 0.097 | 0.098 | 0.100 | 0.102 | 0.105 |
| Acq of new business/transfers between segments | 0.000 | | | | |
| Universal Life-Bal End-of-Quarter (1) | 6.976 | 7.063 | 7.216 | 7.315 | 7.508 |
| Variable Universal Life-Bal Beg of Quarter | 1.812 | 1.808 | 1.633 | 1.766 | 1.527 |
| Deposits | 0.245 | 0.136 | 0.138 | 0.124 | 0.186 |
| Withdrawals & deaths | (0.048) | (0.049) | (0.060) | (0.055) | (0.088) |
| Net cash flows | 0.197 | 0.087 | 0.078 | 0.069 | 0.098 |
| Policyholder assessments | (0.041) | (0.041) | (0.041) | (0.042) | (0.045) |
| Invest inc & chg in mkt value | (0.160) | (0.221) | 0.096 | (0.266) | 0.166 |
| Acq of new business/transfers between segments | 0.000 | 0.000 | | | |
| Variable Universal Life-Bal End-of-Quarter | 1.808 | 1.633 | 1.766 | 1.527 | 1.746 |
| Interest Sensitive Whole Life-Bal Beg-of-Quarter | 2.026 | 2.062 | 2.068 | 2.084 | 2.096 |
| Deposits | 0.113 | 0.056 | 0.069 | 0.077 | 0.105 |
| Withdrawals & deaths | (0.056) | (0.041) | (0.043) | (0.054) | (0.061) |
| Net cash flows | 0.057 | 0.014 | 0.027 | 0.022 | 0.044 |
| Policyholder assessments | (0.050) | (0.037) | (0.040) | (0.041) | (0.047) |
| Interest credited | 0.029 | 0.028 | 0.030 | 0.030 | 0.030 |
| Acq of new business/transfers between segments | | | | | |
| Int Sensitive Whole Life-Bal End-of-Quarter | 2.062 | 2.068 | 2.084 | 2.096 | 2.123 |
| Total Segment- Life Insurance Account Values | | | | | |
| Bal Beg-of-Quarter | 10.716 | 10.847 | 10.764 | 11.066 | 10.939 |
| Deposits | 0.622 | 0.418 | 0.477 | 0.434 | 0.605 |
| Withdrawals & deaths | (0.218) | (0.181) | (0.173) | (0.195) | (0.222) |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Net cash flows | 0.404 | 0.237 | 0.304 | 0.239 | 0.383 |
| Policyholder assessments | (0.241) | (0.225) | (0.228) | (0.232) | (0.246) |
| Invest inc & change in market value | (0.033) | (0.094) | 0.226 | (0.134) | 0.301 |
| Acq of new business/transfers between segments | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total Segment-Bal End-of-Quarter | 10.847 | 10.764 | 11.066 | 10.939 | 11.377 |

(1) Includes fixed investment option of VUL products.

Investment Management
Income Statements
Unaudited [Millions of Dollars]

| For the Year Ended December 31 | 1997 | 1998 | 1999 | 2000 |
|---|-------|-------|-------|-------|
| Operating Revenue | | | | |
| Investment advisory fees - External | 229.9 | 249.0 | 248.6 | 231.1 |
| Investment advisory fees - Insurance Assets | 68.5 | 82.5 | 83.6 | 88.1 |
| Other revenue and fees | 76.3 | 92.5 | 106.6 | 115.1 |
| Net investment income | 72.8 | 67.0 | 56.9 | 57.1 |
| Operating Revenue | 447.5 | 491.0 | 495.6 | 494.4 |
| Operating Benefits and Expenses | | | | |
| Underwriting, acquisition, insurance and other expenses | 396.1 | 401.5 | 384.3 | 408.1 |
| Goodwill amortization | 15.5 | 16.3 | 16.2 | 16.1 |
| Interest on notes payable | 0.1 | 0.4 | 0.0 | 0.1 |
| Operating Benefits and Expenses | 411.8 | 418.2 | 400.5 | 425.3 |
| Income from Operations Before Tax | 35.8 | 72.8 | 95.1 | 69.1 |
| Federal income taxes | 17.7 | 28.9 | 34.1 | 25.1 |
| Income from Operations | 18.1 | 43.9 | 61.0 | 44.0 |
| Realized gains (losses) on investments | 7.0 | 0.5 | (0.1) | (2.1) |
| Gains (losses) on derivatives | | | | |
| Restructuring charges | 0.0 | 0.0 | (9.2) | (4.1) |
| Income before Accounting Changes | 25.1 | 44.4 | 51.6 | 37.0 |
| Cumulative effect of accounting changes | | | | |
| Net Income | 25.1 | 44.4 | 51.6 | 37.0 |

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| | | | | |
|--|-------|-------|-------|-------|
| Income from Operations - before Goodwill Amortization | 33.6 | 60.3 | 77.2 | 60.3 |
| Income from Operations - before Goodwill & Intang. Amort | 45.2 | 72.6 | 88.7 | 70.0 |
| Net Income - before Goodwill Amortization | 40.6 | 60.8 | 67.9 | 53.3 |
| Net Income - before Goodwill & Intang. Amort. | 52.2 | 73.1 | 79.4 | 63.0 |
| Operating Revenue | 447.5 | 491.0 | 495.6 | 494.0 |
| Realized gains (losses) on investments | 11.6 | 0.9 | (0.1) | (3.0) |
| Gains (losses) on derivatives | | | | |
| | ----- | ----- | ----- | ----- |
| Total Revenue | 459.1 | 491.9 | 495.5 | 490.0 |
| | ===== | ===== | ===== | ===== |
| Average Capital (Securities at Cost) | 653.3 | 642.3 | 593.9 | 575.0 |
| Return on Capital | 2.8% | 6.8% | 10.3% | 7.0% |
| | | | | |
| For the Quarter Ended | Jun | Sep | Dec | Ma |
| | 1999 | 1999 | 1999 | 2000 |
| | ----- | ----- | ----- | ----- |
| Operating Revenue | | | | |
| Investment advisory fees - External | 62.5 | 60.7 | 60.3 | 60.0 |
| Investment advisory fees - Insurance Assets | 20.7 | 19.9 | 22.1 | 21.0 |
| Other revenue and fees | 26.3 | 24.9 | 29.8 | 31.0 |
| Net investment income | 14.1 | 13.9 | 13.9 | 13.0 |
| | ----- | ----- | ----- | ----- |
| Operating Revenue | 123.6 | 119.3 | 126.1 | 126.0 |
| | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | |
| Underwriting, acquisition, insurance and other expenses | 97.3 | 92.8 | 96.3 | 102.0 |
| Goodwill amortization | 4.1 | 4.1 | 4.1 | 4.0 |
| Interest on notes payable | 0.0 | 0.0 | 0.0 | 0.0 |
| | ----- | ----- | ----- | ----- |
| Operating Benefits & Expenses | 101.4 | 96.8 | 100.4 | 106.0 |
| | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | 22.2 | 22.5 | 25.7 | 19.0 |
| Federal income taxes | 7.9 | 7.7 | 9.1 | 7.0 |
| | ----- | ----- | ----- | ----- |
| Income from Operations | 14.3 | 14.7 | 16.5 | 12.0 |
| | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | (0.3) | (0.3) | 0.4 | (0.0) |
| Gains (losses) on derivatives | | | | |
| Restructuring charges | 0.0 | 0.0 | 2.9 | 0.0 |
| | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | 14.0 | 14.4 | 19.8 | 12.0 |
| Cumulative effect of accounting changes | | | | |
| | ----- | ----- | ----- | ----- |
| Net Income | 14.0 | 14.4 | 19.8 | 12.0 |
| | ===== | ===== | ===== | ===== |
| Inc from Oper - before Goodwill Amortization | 18.4 | 18.8 | 20.6 | 16.0 |
| Inc from Oper - before Goodwill & Intang. Amort | 21.3 | 21.7 | 23.3 | 19.0 |
| Net Income - before | | | | |

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| | | | | |
|---|-------|-------|-------|-------|
| Goodwill Amortization | 18.1 | 18.5 | 23.9 | 16.0 |
| Net Income - before | | | | |
| Goodwill & Intang. Amort | 21.0 | 21.3 | 26.6 | 19.0 |
| Operating Revenue | 123.6 | 119.3 | 126.1 | 126.0 |
| Realized gains (losses) on investments | (0.4) | (0.5) | 0.6 | (0.6) |
| Gains (losses) on derivatives | | | | |
| Total Revenue | 123.2 | 118.8 | 126.6 | 125.0 |
| Average Capital (Securities at Cost) | 591.6 | 587.2 | 584.2 | 581.0 |
| Return on Capital | 9.7% | 10.0% | 11.3% | 8.6% |
| For the Quarter Ended | Dec | Mar | Jun | Se |
| | 2000 | 2001 | 2001 | 2000 |
| Operating Revenue | | | | |
| Investment advisory fees - External | 56.7 | 50.5 | 51.1 | 46.0 |
| Investment advisory fees - Insurance Assets | 23.1 | 22.1 | 21.6 | 21.0 |
| Other revenue and fees | 26.6 | 26.3 | 25.7 | 23.0 |
| Net investment income | 13.8 | 14.1 | 13.0 | 13.0 |
| Operating Revenue | 120.2 | 113.0 | 111.4 | 105.0 |
| Operating Benefits and Expenses | | | | |
| Underwriting, acquisition, insurance and other expenses | 103.0 | 104.7 | 101.6 | 95.0 |
| Goodwill amortization | 4.1 | 4.1 | 4.1 | 4.0 |
| Interest on notes payable | (0.0) | 0.0 | 0.0 | 0.0 |
| Operating Benefits & Expenses | 107.1 | 108.8 | 105.7 | 99.0 |
| Income from Operations Before Tax | 13.1 | 4.2 | 5.7 | 6.0 |
| Federal income taxes | 4.4 | 1.8 | 2.0 | 2.0 |
| Income from Operations | 8.7 | 2.4 | 3.7 | 3.0 |
| Realized gains (losses) on investments | (0.2) | (0.5) | (0.7) | (0.6) |
| Gains (losses) on derivatives | | | 0.0 | 0.0 |
| Restructuring charges | (1.9) | 0.0 | 0.0 | 0.0 |
| Income before Accounting Changes | 6.6 | 2.0 | 3.0 | 2.0 |
| Cumulative effect of accounting changes | | | (0.1) | 0.0 |
| Net Income | 6.6 | 2.0 | 2.9 | 2.0 |
| Inc from Oper - before | | | | |
| Goodwill Amortization | 12.7 | 6.5 | 7.7 | 7.0 |
| Inc from Oper - before | | | | |
| Goodwill & Intang. Amort | 15.2 | 9.1 | 9.2 | 9.0 |
| Net Income - before | | | | |
| Goodwill Amortization | 10.6 | 6.0 | 6.9 | 7.0 |
| Net Income - before | | | | |

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| | | | | |
|--|--------------|--------------|--------------|-------------|
| Goodwill & Intang. Amort | 13.1 | 8.6 | 8.4 | 8. |
| Operating Revenue | 120.2 | 113.0 | 111.4 | 105. |
| Realized gains (losses) on investments | (0.3) | (0.7) | (1.1) | (0. |
| Gains (losses) on derivatives | | | | |
| Total Revenue | <u>120.0</u> | <u>112.3</u> | <u>110.3</u> | <u>104.</u> |
| Average Capital (Securities at Cost) | 558.5 | 548.3 | 542.8 | 543. |
| Return on Capital | 6.2% | 1.8% | 2.7% | 2.5 |

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

| | 1997 | 1998 | 1999 |
|---------------------------------|---------------|---------------|---------------|
| | ----- | ----- | ----- |
| Retail Fixed - Bal Beg-of-Year | 5.853 | 8.125 | 8.217 |
| Fund Sales | 0.961 | 1.165 | 0.991 |
| Redemptions | (1.271) | (1.235) | (1.424) |
| Net Money Market | (0.069) | (0.140) | (0.110) |
| Transfers | (0.220) | 0.132 | 0.177 |
| Net Cash Flows | (0.599) | (0.078) | (0.366) |
| Income Retained | 0.276 | 0.291 | 0.276 |
| Market Apprec/Deprec | 0.049 | (0.121) | (0.704) |
| Acq of New Company/Business | 2.547 | | |
| Balance End-of-Year | <u>8.125</u> | <u>8.217</u> | <u>7.424</u> |
| Retail Equity - Bal Beg-of-Year | 13.152 | 17.754 | 22.080 |
| Fund Sales | 2.953 | 3.581 | 3.271 |
| Redemptions | (1.926) | (2.460) | (4.971) |
| Net Money Market | 0.000 | (0.002) | (0.001) |
| Transfers | 0.209 | 0.730 | (0.143) |
| Net Cash Flows | 1.236 | 1.849 | (1.844) |
| Income Retained | 0.005 | 0.220 | 0.120 |
| Market Apprec/Deprec | 3.317 | 2.256 | 3.028 |
| Acq of New Company/Business | 0.043 | | |
| Balance at End-of-Year | <u>17.754</u> | <u>22.080</u> | <u>23.383</u> |
| Total Retail - Bal Beg-of-Year | 19.006 | 25.879 | 30.297 |
| Retail Sales-Annuities | 2.163 | 2.238 | 1.561 |
| Retail Sales-Mutual Funds | 1.218 | 1.913 | 2.153 |
| Retail Sales-Wrap & Other | 0.533 | 0.596 | 0.550 |

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| | | | |
|---|---------|---------|---------|
| Total Retail Sales | 3.914 | 4.745 | 4.264 |
| Redemptions | (3.197) | (3.694) | (6.396) |
| Net Money Market | (0.068) | (0.141) | (0.111) |
| Transfers | (0.011) | 0.862 | 0.034 |
| | ----- | ----- | ----- |
| Net Cash Flows | 0.637 | 1.772 | (2.209) |
| Income Retained | 0.281 | 0.511 | 0.396 |
| Market Apprec/Deprec | 3.366 | 2.136 | 2.324 |
| Acq of New Company/Business | 2.590 | | |
| | ----- | ----- | ----- |
| Balance at End-of-Year | 25.879 | 30.297 | 30.807 |
| | ----- | ----- | ----- |
| Institutional Fixed - Bal Beg-of-Year | 3.580 | 5.708 | 6.955 |
| | | | |
| Inflows | 2.509 | 2.169 | 2.000 |
| Withdrawals/Terminations | (0.787) | (1.242) | (1.699) |
| Transfers | 0.013 | (0.074) | (0.001) |
| | ----- | ----- | ----- |
| Net Cash Flows | 1.735 | 0.853 | 0.300 |
| Income Retained | 0.225 | 0.333 | 0.346 |
| Market Apprec/Deprec | 0.118 | 0.061 | (0.665) |
| Acq of New Company/Business | 0.051 | | |
| | ----- | ----- | ----- |
| Balance at End-of-Year | 5.708 | 6.955 | 6.937 |
| | ----- | ----- | ----- |
| Institutional Equity - Bal Beg-of-Year | 22.886 | 24.871 | 24.235 |
| | | | |
| Inflows | 2.465 | 3.840 | 5.248 |
| Withdrawals/Terminations | (6.447) | (7.441) | (7.801) |
| Transfers | (0.068) | 0.047 | 0.011 |
| | ----- | ----- | ----- |
| Net Cash Flows | (4.049) | (3.555) | (2.542) |
| Income Retained | 0.491 | 0.473 | 0.482 |
| Market Apprec/Deprec | 5.544 | 2.446 | 1.453 |
| Acq of New Company/Business | | | |
| | ----- | ----- | ----- |
| Balance at End-of-Year | 24.871 | 24.235 | 23.630 |
| | ----- | ----- | ----- |
| Total Institutional - Bal Beg-of-Year | 26.465 | 30.579 | 31.191 |
| | | | |
| Inflows | 4.975 | 6.009 | 7.249 |
| Withdrawals/Terminations | (7.234) | (8.683) | (9.500) |
| Transfers | (0.055) | (0.027) | 0.011 |
| | ----- | ----- | ----- |
| Net Cash Flows | (2.314) | (2.702) | (2.240) |
| Income Retained | 0.716 | 0.806 | 0.829 |
| Market Apprec/Deprec | 5.662 | 2.508 | 0.789 |
| Acq of New Company/Business | 0.051 | | |
| | ----- | ----- | ----- |
| Balance at End-of-Year | 30.579 | 31.191 | 30.567 |
| | ----- | ----- | ----- |
| Total Retail/Institutional - At End-of-Year | 56.458 | 61.488 | 61.374 |
| | ----- | ----- | ----- |
| Insurance Assets - At End-of-Year | 35.684 | 39.432 | 35.934 |
| | ----- | ----- | ----- |
| Total Assets Under Management | | | |

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| | | | |
|----------------|--------|---------|--------|
| At End-of-Year | 92.142 | 100.920 | 97.308 |
|----------------|--------|---------|--------|

3/31/2002

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

| | Jun 1999 | Sep 1999 | Dec 1999 | |
|--------------------------------|-------------|-------------|-------------|-----|
| Retail Fixed - Bal-Beg-of-Qtr | 8.233 | 7.945 | 7.680 | 7 |
| Fund Sales | 0.263 | 0.231 | 0.181 | 0 |
| Redemptions | (0.366) | (0.342) | (0.403) | (0) |
| Net Money Market | (0.033) | (0.029) | (0.030) | (0) |
| Transfers | (0.043) | 0.034 | 0.154 | (0) |
| Net Cash Flows | (0.179) | (0.106) | (0.098) | (0) |
| Income Retained | 0.074 | 0.069 | 0.067 | 0 |
| Market Apprec/Deprec | (0.185) | (0.228) | (0.225) | (0) |
| Balance at End-of-Qtr | 7.945 | 7.680 | 7.424 | 6 |
| Retail Equity - Bal-Beg-of-Qtr | 21.798 | 22.340 | 20.873 | 23 |
| Fund Sales | 0.790 | 0.730 | 0.894 | 1 |
| Redemptions | (1.957) | (0.865) | (1.120) | (1) |
| Net Money Market | (0.001) | 0.000 | 0.000 | 0 |
| Transfers | 0.036 | (0.060) | (0.086) | (0) |
| Net Cash Flows | (1.132) | (0.195) | (0.312) | (0) |
| Income Retained | 0.061 | 0.007 | 0.000 | 0 |
| Market Apprec/Deprec | 1.614 | (1.279) | 2.822 | 1 |
| Balance at End-of-Qtr | 22.340 | 20.873 | 23.383 | 24 |
| Total Retail - Bal-Beg-of-Qtr | 30.031 | 30.285 | 28.553 | 30 |
| Retail Sales-Annuities | 0.393 | 0.332 | 0.409 | 0 |
| Retail Sales-Mutual Funds | 0.487 | 0.514 | 0.587 | 0 |
| Retail Sales-Wrap & Other | 0.173 | 0.116 | 0.079 | 0 |
| Total Retail Sales | 1.053 | 0.962 | 1.075 | 1 |
| Redemptions | (2.323) | (1.207) | (1.523) | (1) |
| Net Money Market | (0.033) | (0.029) | (0.030) | (0) |
| Transfers | (0.006) | (0.027) | 0.068 | (0) |
| Net Cash Flows | (1.309) | (0.301) | (0.410) | (0) |
| Income Retained | 0.134 | 0.076 | 0.067 | 0 |
| Market Apprec/Deprec | 1.429 | (1.507) | 2.597 | 1 |

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| | | | | |
|---------------------------------------|---------|---------|---------|-----|
| Balance at End-of-Qtr | 30.285 | 28.553 | 30.807 | 31 |
| Institutional Fixed - Bal-Beg-of-Qtr | 6.984 | 7.264 | 7.218 | 6 |
| Inflows | 0.478 | 0.446 | 0.420 | 0 |
| Withdrawals/Terminations | (0.210) | (0.294) | (0.781) | (0) |
| Transfers | 0.003 | (0.002) | 0.001 | (0) |
| Net Cash Flows | 0.271 | 0.150 | (0.360) | (0) |
| Income Retained | 0.079 | 0.110 | 0.068 | 0 |
| Market Apprec/Deprec | (0.070) | (0.306) | 0.011 | 0 |
| Balance at End-of-Qtr | 7.264 | 7.218 | 6.937 | 6 |
| Institutional Equity - Bal-Beg-of-Qtr | 22.927 | 23.962 | 23.098 | 23 |
| Inflows | 1.179 | 1.839 | 0.934 | 0 |
| Withdrawals/Terminations | (2.052) | (1.165) | (2.043) | (3) |
| Transfers | 0.019 | (0.008) | (0.010) | (0) |
| Net Cash Flows | (0.854) | 0.666 | (1.119) | (2) |
| Income Retained | 0.118 | 0.167 | 0.093 | 0 |
| Market Apprec/Deprec | 1.771 | (1.697) | 1.559 | (1) |
| Balance at End-of-Qtr | 23.962 | 23.098 | 23.630 | 20 |
| Total Institutional - Bal-Beg-of-Qtr | 29.910 | 31.226 | 30.316 | 30 |
| Inflows | 1.656 | 2.284 | 1.354 | 1 |
| Withdrawals/Terminations | (2.262) | (1.458) | (2.825) | (3) |
| Transfers | 0.022 | (0.010) | (0.009) | (0) |
| Net Cash Flows | (0.584) | 0.816 | (1.480) | (2) |
| Income Retained | 0.197 | 0.277 | 0.161 | 0 |
| Market Apprec/Deprec | 1.702 | (2.003) | 1.569 | (0) |
| Balance at End-of-Qtr | 31.226 | 30.316 | 30.567 | 27 |
| Total Retail/Inst - At End-of-Qtr | 61.511 | 58.869 | 61.374 | 58 |
| Insurance Assets-End-of-Qtr | 37.391 | 36.820 | 35.934 | 35 |
| Total Assets Under Management | | | | |
| At End-of-Qtr | 98.902 | 95.689 | 97.308 | 93 |
| | Dec | Mar | Jun | |
| | 2000 | 2001 | 2001 | |
| Retail Fixed - Bal-Beg-of-Qtr | 6.531 | 6.499 | 6.631 | 6 |
| Fund Sales | 0.200 | 0.235 | 0.195 | 0 |
| Redemptions | (0.272) | (0.255) | (0.280) | (0) |
| Net Money Market | (0.051) | 0.010 | (0.030) | 0 |

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| | | | | |
|---------------------------------------|---------|---------|---------|-------|
| Transfers | 0.013 | 0.042 | (0.002) | 0 |
| | ----- | ----- | ----- | ----- |
| Net Cash Flows | (0.109) | 0.032 | (0.117) | 0 |
| Income Retained | 0.057 | 0.054 | 0.050 | 0 |
| Market Apprec/Deprec | 0.021 | 0.046 | 0.080 | 0 |
| | ----- | ----- | ----- | ----- |
| Balance at End-of-Qtr | 6.499 | 6.631 | 6.643 | 7 |
| | ----- | ----- | ----- | ----- |
| Retail Equity - Bal-Beg-of-Qtr | 23.680 | 21.174 | 17.935 | 19 |
| | | | | |
| Fund Sales | 1.055 | 0.888 | 0.660 | 0 |
| Redemptions | (0.820) | (0.899) | (0.657) | (0) |
| Net Money Market | 0.000 | 0.000 | 0.000 | 0 |
| Transfers | (0.068) | (0.068) | (0.046) | (0) |
| | ----- | ----- | ----- | ----- |
| Net Cash Flows | 0.167 | (0.079) | (0.043) | (0) |
| Income Retained | 0.025 | 0.007 | 0.015 | 0 |
| Market Apprec/Deprec | (2.698) | (3.168) | 1.504 | (3) |
| | ----- | ----- | ----- | ----- |
| Balance at End-of-Qtr | 21.174 | 17.935 | 19.411 | 15 |
| | ----- | ----- | ----- | ----- |
| Total Retail - Bal-Beg-of-Qtr | 30.211 | 27.674 | 24.566 | 26 |
| | | | | |
| Retail Sales-Annuities | 0.536 | 0.455 | 0.373 | 0 |
| Retail Sales-Mutual Funds | 0.535 | 0.442 | 0.324 | 0 |
| Retail Sales-Wrap & Other | 0.184 | 0.227 | 0.157 | 0 |
| | ----- | ----- | ----- | ----- |
| Total Retail Sales | 1.255 | 1.124 | 0.854 | 0 |
| Redemptions | (1.092) | (1.154) | (0.938) | (0) |
| Net Money Market | (0.051) | 0.010 | (0.030) | 0 |
| Transfers | (0.054) | (0.026) | (0.048) | (0) |
| | ----- | ----- | ----- | ----- |
| Net Cash Flows | 0.058 | (0.047) | (0.160) | (0) |
| Income Retained | 0.082 | 0.061 | 0.066 | 0 |
| Market Apprec/Deprec | (2.677) | (3.122) | 1.584 | (3) |
| | ----- | ----- | ----- | ----- |
| Balance at End-of-Qtr | 27.674 | 24.566 | 26.054 | 22 |
| | ----- | ----- | ----- | ----- |
| Institutional Fixed - Bal-Beg-of-Qtr | 6.275 | 6.111 | 5.890 | 5 |
| | | | | |
| Inflows | 0.135 | 0.310 | 0.233 | 0 |
| Withdrawals/Terminations | (0.568) | (0.432) | (0.112) | (0) |
| Transfers | 0.001 | 0.003 | 0.010 | 0 |
| | ----- | ----- | ----- | ----- |
| Net Cash Flows | (0.433) | (0.119) | 0.131 | (0) |
| Income Retained | 0.050 | 0.066 | 0.047 | 0 |
| Market Apprec/Deprec | 0.219 | (0.168) | (0.259) | 0 |
| | ----- | ----- | ----- | ----- |
| Balance at End-of-Qtr | 6.111 | 5.890 | 5.809 | 5 |
| | ----- | ----- | ----- | ----- |
| Institutional Equity - Bal-Beg-of-Qtr | 19.041 | 19.111 | 17.311 | 18 |
| | | | | |
| Inflows | 0.750 | 0.881 | 0.823 | 0 |
| Withdrawals/Terminations | (1.368) | (1.199) | (0.501) | (0) |
| Transfers | 0.007 | 0.019 | (0.008) | 0 |
| | ----- | ----- | ----- | ----- |
| Net Cash Flows | (0.611) | (0.299) | 0.314 | 0 |
| Income Retained | 0.102 | 0.094 | 0.117 | 0 |

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| | | | | |
|--------------------------------------|---------|---------|---------|-------|
| Market Apprec/Deprec | 0.579 | (1.596) | 0.663 | (2) |
| | ----- | ----- | ----- | ----- |
| Balance at End-of-Qtr | 19.111 | 17.311 | 18.405 | 16 |
| | ----- | ----- | ----- | ----- |
| Total Institutional - Bal-Beg-of-Qtr | 25.316 | 25.222 | 23.201 | 24 |
| Inflows | 0.885 | 1.191 | 1.056 | 0 |
| Withdrawals/Terminations | (1.936) | (1.631) | (0.613) | (1) |
| Transfers | 0.008 | 0.022 | 0.002 | 0 |
| | ----- | ----- | ----- | ----- |
| Net Cash Flows | (1.043) | (0.418) | 0.445 | (0) |
| Income Retained | 0.151 | 0.160 | 0.164 | 0 |
| Market Apprec/Deprec | 0.798 | (1.764) | 0.404 | (2) |
| | ----- | ----- | ----- | ----- |
| Balance at End-of-Qtr | 25.222 | 23.201 | 24.214 | 21 |
| | ----- | ----- | ----- | ----- |
| Total Retail/Inst - At End-of-Qtr | 52.895 | 47.766 | 50.268 | 44 |
| Insurance Assets-End-of-Qtr | 35.686 | 36.324 | 36.018 | 37 |
| Total Assets Under Management | | | | |
| | ----- | ----- | ----- | ----- |
| At End-of-Qtr | 88.581 | 84.090 | 86.286 | 81 |
| | ===== | ===== | ===== | ===== |

3/31/2002

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

| For the Year Ended December 31 | 1997 | 1998 | 1999 | 2000 |
|--|--------|-------|--------|-------|
| | ----- | ----- | ----- | ----- |
| Operating Revenue | | | | |
| Premiums | 145.4 | 156.6 | 145.1 | 148. |
| Mortality assessments | 25.2 | 29.3 | 27.1 | 31. |
| Expense assessments | 166.1 | 153.6 | 182.3 | 178. |
| Other revenue and fees | 3.3 | 11.2 | 13.8 | 6. |
| Net investment income | 85.1 | 87.9 | 75.3 | 70. |
| | ----- | ----- | ----- | ----- |
| Operating Revenue | 425.2 | 438.6 | 443.6 | 435. |
| | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | |
| Benefits paid or provided: | | | | |
| Benefits | 339.6 | 151.0 | 306.2 | 178. |
| Underwriting, acquisition, insurance and other expenses | 184.5 | 175.6 | 223.5 | 180. |
| Goodwill amortization | 0.0 | 6.3 | 7.0 | 4. |
| | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 524.1 | 332.9 | 536.7 | 362. |
| | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | (99.0) | 105.8 | (93.1) | 72. |

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| | | | | |
|---|---------|---------|---------|--------|
| Federal income taxes | 9.3 | 34.8 | (79.2) | 11. |
| | ----- | ----- | ----- | ----- |
| Income from Operations | (108.3) | 70.9 | (13.9) | 61. |
| | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | 1.5 | 0.8 | 2.1 | 2. |
| Restructuring charges | 0.0 | 0.0 | (6.5) | (76.) |
| | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | (106.8) | 71.7 | (18.2) | (13.) |
| Cumulative effect of accounting changes | | | | |
| | ----- | ----- | ----- | ----- |
| Net Income | (106.8) | 71.7 | (18.2) | (13.) |
| | ===== | ===== | ===== | ===== |
| Inc from Oper - before Goodwill Amort. | (108.3) | 77.2 | (6.9) | 65. |
| Net Income - before Goodwill Amort. | (106.8) | 78.0 | (11.3) | (9.) |
| Effective tax rate | (9.4%) | 32.9% | 85.1% | 15.7% |
| Operating revenue | 425.2 | 438.6 | 443.6 | 435. |
| Realized gains (losses) on investments | 2.1 | 1.1 | 3.0 | 3. |
| | ----- | ----- | ----- | ----- |
| Total Revenue | 427.3 | 439.7 | 446.6 | 438. |
| | ===== | ===== | ===== | ===== |
| Average capital | 618.1 | 517.7 | 551.2 | 488. |
| Return on average capital | (17.5%) | 13.7% | (2.5%) | 12.5% |
| Unit Linked Assets - Beg-of-Year | 5.074 | 5.643 | 6.265 | 7.220 |
| Deposits | 0.569 | 0.473 | 0.537 | 0.55 |
| Withdrawals (incl. chgs) & Deaths | (0.503) | (0.547) | (0.566) | (0.64) |
| | ----- | ----- | ----- | ----- |
| Net Cash Flows | 0.066 | (0.074) | (0.029) | (0.09) |
| Inv Inc & Chg in Mkt Val | 0.682 | 0.662 | 1.154 | (0.15) |
| Acq of new business/companies | 0.000 | 0.000 | 0.000 | 0.00 |
| Foreign currency adjustment | (0.179) | 0.035 | (0.170) | (0.53) |
| | ----- | ----- | ----- | ----- |
| Unit Linked Assets - End-of-Year | 5.643 | 6.265 | 7.220 | 6.44 |
| | ===== | ===== | ===== | ===== |
| Individual Life In-force (Billions) | 25.026 | 25.002 | 25.698 | 24.29 |
| Exchange Rate - Dollars to Pounds | | | | |
| For-the-Year | 1.644 | 1.658 | 1.617 | 1.51 |
| End-of-Year | 1.651 | 1.660 | 1.615 | 1.49 |

3/31/2002

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

For the Quarter Ended Jun Sep Dec Mar Jun

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| | 1999 | 1999 | 1999 | 2000 | 2000 |
|--|---------|---------|---------|---------|---------|
| | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | | | | | |
| Premiums | 29.0 | 33.5 | 38.7 | 39.0 | 36.3 |
| Mortality assessments | 7.7 | 7.7 | 5.0 | 6.3 | 8.0 |
| Expense assessments | 51.9 | 49.3 | 37.2 | 46.5 | 44.3 |
| Other revenue and fees | 3.5 | 3.6 | 3.8 | 2.4 | 1.3 |
| Net investment income | 19.6 | 16.2 | 17.7 | 18.9 | 18.5 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | 111.8 | 110.3 | 102.4 | 113.2 | 108.4 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | | |
| Benefits paid or provided: | | | | | |
| Benefits | 31.5 | 27.2 | 211.8 | 35.0 | 37.4 |
| Underwriting, acquisition, insurance and other expenses | 55.2 | 61.6 | 51.4 | 56.4 | 43.5 |
| Goodwill amortization | 1.2 | 1.2 | 3.3 | 1.3 | 1.3 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 87.9 | 90.1 | 266.6 | 92.8 | 82.2 |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | 23.9 | 20.2 | (164.2) | 20.4 | 26.2 |
| | ----- | ----- | ----- | ----- | ----- |
| Federal income taxes | 4.9 | 4.0 | (97.1) | 4.7 | 6.9 |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations | 19.0 | 16.2 | (67.1) | 15.7 | 19.3 |
| | ----- | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | 1.0 | 0.2 | 1.0 | (0.2) | (0.1) |
| Restructuring charges | 0.0 | 0.0 | (6.5) | 0.0 | 0.0 |
| | ----- | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | 20.0 | 16.4 | (72.6) | 15.5 | 19.1 |
| Cumulative effect of accounting changes | | | | | |
| | ----- | ----- | ----- | ----- | ----- |
| Net Income | 20.0 | 16.4 | (72.6) | 15.5 | 19.1 |
| | ===== | ===== | ===== | ===== | ===== |
| Inc from Oper -before Goodwill Amort. | 20.2 | 17.4 | (63.8) | 17.1 | 20.5 |
| Net Income -before Goodwill Amort. | 21.2 | 17.6 | (69.3) | 16.8 | 20.4 |
| Effective tax rate | 20.4% | 20.0% | 59.1% | 22.9% | 26.4% |
| Operating revenue | 111.8 | 110.3 | 102.4 | 113.2 | 108.4 |
| Realized gains (losses) on investments | 1.4 | 0.3 | 1.4 | (0.4) | (0.2) |
| | ----- | ----- | ----- | ----- | ----- |
| Total Revenue | 113.1 | 110.5 | 103.8 | 112.8 | 108.2 |
| | ===== | ===== | ===== | ===== | ===== |
| Average capital | 526.9 | 573.5 | 585.0 | 516.4 | 500.8 |
| Return on average capital | 14.4% | 11.3% | (45.9%) | 12.2% | 15.4% |
| Unit Linked Assets | | | | | |
| Balance-Beg-of-Quarter (Billions) | 6.348 | 6.503 | 6.568 | 7.220 | 7.031 |
| Deposits | 0.119 | 0.130 | 0.156 | 0.159 | 0.134 |
| Withdrawals (incl. chgs) & Deaths | (0.137) | (0.136) | (0.158) | (0.170) | (0.162) |
| | ----- | ----- | ----- | ----- | ----- |
| Net Cash Flows | (0.017) | (0.005) | (0.002) | (0.011) | (0.028) |

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| | | | | | |
|--|---------|---------|---------|---------|-----------|
| Inv Inc & Chg in Mkt Val | 0.314 | (0.214) | 0.784 | (0.077) | 0.047 |
| Acq of new business/companies | | | | | |
| Foreign currency adjustment | (0.141) | 0.284 | (0.130) | (0.101) | (0.324) |
| | ----- | ----- | ----- | ----- | ----- |
| Unit Linked Assets - End-of-Quarter | 6.503 | 6.568 | 7.220 | 7.031 | 6.726 |
| | ===== | ===== | ===== | ===== | ===== |
| Individual Life In-force (Billions) | 25.107 | 26.235 | 25.698 | 26.514 | 25.225 |
| Exchange Rate - Dollars to Pounds | | | | | |
| For-the-Quarter | 1.602 | 1.614 | 1.625 | 1.599 | 1.536 |
| End-of-Quarter | 1.577 | 1.647 | 1.615 | 1.591 | 1.517 |
| | | | | | |
| For the Quarter Ended | Dec | Mar | Jun | Sep | Dec |
| | 2000 | 2001 | 2001 | 2001 | 2001 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | | | | | |
| Premiums | 40.5 | 12.8 | 9.6 | 11.8 | 11.9 |
| Mortality assessments | 7.5 | 9.4 | 8.9 | 8.5 | 7.1 |
| Expense assessments | 34.6 | 43.7 | 31.4 | 35.5 | 24.1 |
| Other revenue and fees | 1.3 | 0.6 | 0.1 | 0.0 | 0.6 |
| Net investment income | 16.7 | 17.9 | 16.9 | 14.8 | 15.2 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Revenue | 100.6 | 84.4 | 66.9 | 70.7 | 58.9 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | | | | | |
| Benefits paid or provided: | | | | | |
| Benefits | 54.2 | 24.0 | 17.9 | 20.7 | 20.8 |
| Underwriting, acquisition, insurance and other expenses | 34.9 | 41.1 | 29.7 | 40.3 | 36.5 |
| Goodwill amortization | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| | ----- | ----- | ----- | ----- | ----- |
| Operating Benefits and Expenses | 89.3 | 65.3 | 47.7 | 61.1 | 57.5 |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations Before Tax | 11.3 | 19.1 | 19.1 | 9.6 | 1.4 |
| Federal income taxes | (4.2) | 4.7 | 2.9 | (0.5) | (18.1) |
| | ----- | ----- | ----- | ----- | ----- |
| Income from Operations | 15.5 | 14.4 | 16.2 | 10.1 | 19.5 |
| | ----- | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | 2.6 | 0.4 | 1.4 | 3.9 | 3.0 |
| Restructuring charges | (36.1) | 0.0 | 0.0 | 0.0 | 0.0 |
| | ----- | ----- | ----- | ----- | ----- |
| Income before Accounting Changes | (17.9) | 14.8 | 17.6 | 14.0 | 22.5 |
| Cumulative effect of accounting changes | | | | | |
| | ----- | ----- | ----- | ----- | ----- |
| Net Income | (17.9) | 14.8 | 17.6 | 14.0 | 22.5 |
| | ===== | ===== | ===== | ===== | ===== |
| Inc from Oper - before Goodwill Amort. | 15.7 | 14.5 | 16.4 | 10.3 | 19.7 |
| Net Income - before Goodwill Amort. | (17.8) | 14.9 | 17.8 | 14.2 | 22.7 |
| Effective tax rate | (37.1%) | 24.6% | 15.3% | (5.7%) | (1337.4%) |
| Operating revenue | 100.6 | 84.4 | 66.9 | 70.7 | 58.9 |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| Realized gains (losses) on investments | 3.8 | 0.6 | 2.0 | 5.5 | 4.3 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Revenue | 104.3 | 84.9 | 68.9 | 76.3 | 63.2 |
| | ===== | ===== | ===== | ===== | ===== |
| Average capital | 448.9 | 548.7 | 553.2 | 575.4 | 561.3 |
| Return on average capital | 13.8% | 10.5% | 11.7% | 7.0% | 13.9% |
| Unit Linked Assets | | | | | |
| Balance-Beg-of-Quarter (Billions) | 6.499 | 6.441 | 5.677 | 5.768 | 5.218 |
| Deposits | 0.116 | 0.132 | 0.111 | 0.128 | 0.111 |
| Withdrawals (incl. chgs) & Deaths | (0.153) | (0.147) | (0.131) | (0.136) | (0.115) |
| | ----- | ----- | ----- | ----- | ----- |
| Net Cash Flows | (0.037) | (0.015) | (0.020) | (0.009) | (0.004) |
| Inv Inc & Chg in Mkt Val | (0.100) | (0.421) | 0.115 | (0.768) | 0.457 |
| Acq of new business/companies | | | | | |
| Foreign currency adjustment | 0.078 | (0.328) | (0.004) | 0.226 | (0.063) |
| | ----- | ----- | ----- | ----- | ----- |
| Unit Linked Assets - End-of-Quarter | 6.441 | 5.677 | 5.768 | 5.218 | 5.607 |
| | ===== | ===== | ===== | ===== | ===== |
| Individual Life In-force (Billions) | 24.290 | 21.894 | 21.519 | 21.299 | 20.878 |
| Exchange Rate - Dollars to Pounds | | | | | |
| For-the-Quarter | 1.454 | 1.455 | 1.421 | 1.442 | 1.448 |
| End-of-Quarter | 1.493 | 1.416 | 1.415 | 1.474 | 1.456 |

Other Operations
Unaudited [Millions of Dollars]

| For the Year Ended December 31 | 1997 | 1998 | 1999 |
|---|---------|---------|--------|
| | ----- | ----- | ----- |
| Revenue | | | |
| Lincoln Financial Advisors | 125.3 | 286.4 | 311.1 |
| Lincoln Financial Distributors | 20.5 | 33.5 | 10.0 |
| | ----- | ----- | ----- |
| Total Distribution | 145.8 | 319.9 | 421.1 |
| Reinsurance | 1362.3 | 1581.2 | 1821.1 |
| Amortization of deferred gain on indemnity reinsurance* | | | |
| Other [Including | | | |
| Consolidating Adjustments] | (105.9) | (192.7) | (27.1) |
| | ----- | ----- | ----- |
| Operating Revenue | 1402.2 | 1708.3 | 1974.0 |
| | ----- | ----- | ----- |
| Realized gains (losses) on investments | 42.1 | 0.5 | 1.1 |
| Gains (losses) on derivatives | | | |
| Gain on sale of reinsurance subsidiaries | | | |
| | ----- | ----- | ----- |
| Total Revenue | 1444.3 | 1708.9 | 1985.2 |
| | ===== | ===== | ===== |

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Income (Loss)

| | | | |
|---|---------|--------|-------|
| Lincoln Financial Advisors | (5.3) | (23.7) | (2 |
| Lincoln Financial Distributors | (11.2) | (8.2) | (1 |
| | ----- | ----- | ----- |
| Total Distribution | (16.5) | (31.9) | (3 |
| Reinsurance | (150.1) | 104.9 | 4 |
| Amortization of deferred gain on indemnity reinsurance* | | | |
| LNC Financing | (31.6) | (51.5) | (8 |
| Other Corporate | (25.1) | (17.5) | (|
| | ----- | ----- | ----- |
| Inc (Loss) from Operations | (223.3) | 4.0 | (8 |
| | ----- | ----- | ----- |
| Realized gains (losses) on investments | 24.9 | 2.7 | 1 |
| Gains (losses) on derivatives | | | |
| Gain on sale of reinsurance subsidiaries | | | |
| Restructuring charges | 0.0 | (14.3) | (|
| | ----- | ----- | ----- |
| Income before Accounting Changes | (198.4) | (7.6) | (7 |
| Cumulative effect of accounting changes | | | |
| | ----- | ----- | ----- |
| Total Net Income (Loss) | (198.4) | (7.6) | (7 |
| | ===== | ===== | ===== |

| For the Quarter Ended | Jun 1999 | Sep 1999 | Dec 1999 | 2 |
|--|-------------|-------------|-------------|-------|
| | ----- | ----- | ----- | ----- |
| Revenue | | | | |
| Lincoln Financial Advisors | 71.8 | 75.7 | 104.0 | 8 |
| Lincoln Financial Distributors | 26.2 | 26.4 | 34.2 | 2 |
| | ----- | ----- | ----- | ----- |
| Total Distribution | 98.0 | 102.1 | 138.2 | 11 |
| Reinsurance | 425.8 | 403.7 | 575.1 | 39 |
| Amortization of deferred gain on indemnity reinsurance* | | | | |
| Other [Including Consolidating Adjustments] | (39.8) | (64.8) | (147.0) | (6 |
| | ----- | ----- | ----- | ----- |
| Operating Revenue | 484.1 | 441.0 | 566.4 | 44 |
| | ----- | ----- | ----- | ----- |
| Realized gains (losses) on investments | (1.3) | 14.2 | 0.0 | (|
| Gains (losses) on derivatives | | | | |
| Gain on sale of reinsurance subsidiaries | | | | |
| | ----- | ----- | ----- | ----- |
| Total Revenue | 482.8 | 455.2 | 566.4 | 44 |
| | ===== | ===== | ===== | ===== |

Income (Loss)

| | | | | |
|--|--------|--------|--------|-------|
| Lincoln Financial Advisors | (9.7) | (5.3) | 2.7 | (|
| Lincoln Financial Distributors | (5.3) | (2.1) | (3.7) | (|
| | ----- | ----- | ----- | ----- |
| Total Distribution | (15.0) | (7.4) | (1.0) | (1 |
| Reinsurance | 23.7 | 2.2 | (19.5) | 3 |
| Amortization of deferred gain on indemnity reinsurance* | | | | |
| LNC Financing | (21.4) | (19.9) | (21.6) | (2 |

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| | | | | |
|--|--------|--------|---------|------|
| Other Corporate | 0.9 | (2.4) | (1.4) | (|
| | ----- | ----- | ----- | --- |
| Inc (Loss) from Oper | (11.9) | (27.5) | (43.5) | (|
| | ----- | ----- | ----- | --- |
| Realized gains (losses) on investments | (1.7) | 9.8 | 1.3 | (|
| Gains (losses) on derivatives | | | | |
| Gain on sale of reinsurance subsidiaries | | | | |
| Restructuring charges | 0.0 | (3.2) | 0.0 | |
| | ----- | ----- | ----- | --- |
| Income before Accounting Changes | (13.6) | (20.9) | (42.2) | (|
| Cumulative effect of accounting changes | | | | |
| | ===== | ===== | ===== | ==== |
| Total Net Income (Loss) | (13.6) | (20.9) | (42.2) | (|
| | ----- | ----- | ----- | --- |
| | Dec | Mar | Jun | S |
| For the Quarter Ended | 2000 | 2001 | 2001 | 20 |
| | ----- | ----- | ----- | --- |
| Revenue | | | | |
| Lincoln Financial Advisors | 109.8 | 81.2 | 83.8 | 78 |
| Lincoln Financial Distributors | 35.0 | 25.7 | 32.1 | 30 |
| | ----- | ----- | ----- | --- |
| Total Distribution | 144.8 | 106.9 | 115.9 | 109 |
| Reinsurance | 461.0 | 515.1 | 451.4 | 467 |
| Amortization of deferred gain on indemnity reinsurance* | | | | |
| Other [Including Consolidating Adjustments] | (59.2) | (80.5) | (116.6) | (74 |
| | ----- | ----- | ----- | --- |
| Operating Revenue | 546.6 | 541.5 | 450.7 | 502 |
| | ----- | ----- | ----- | --- |
| Realized gains (losses) on investments | 0.4 | (10.0) | 1.4 | (12 |
| Gains (losses) on derivatives | | 0.1 | (0.1) | (0 |
| Gain on sale of reinsurance subsidiaries | | | | |
| | ----- | ----- | ----- | --- |
| Total Revenue | 547.0 | 531.6 | 452.0 | 489 |
| | ===== | ===== | ===== | ==== |
| Income (Loss) | | | | |
| Lincoln Financial Advisors | 1.6 | (6.8) | (12.3) | (4 |
| Lincoln Financial Distributors | (5.1) | (6.9) | (11.5) | (7 |
| | ----- | ----- | ----- | --- |
| Total Distribution | (3.4) | (13.8) | (23.8) | (12 |
| Reinsurance | 36.6 | 46.8 | 34.1 | 17 |
| Amortization of deferred gain on indemnity reinsurance* | | | | |
| LNC Financing | (19.8) | (21.7) | (22.0) | (19 |
| Other Corporate | (9.8) | (0.5) | 2.0 | 1 |
| | ----- | ----- | ----- | --- |
| Inc (Loss) from Oper | 3.5 | 10.9 | (9.7) | (12 |
| | ----- | ----- | ----- | --- |
| Realized gains (losses) on investments | 1.2 | (6.5) | 1.0 | (8 |
| Gains (losses) on derivatives | | 0.1 | (0.1) | (0 |
| Gain on sale of reinsurance subsidiaries | | 0.0 | 0.0 | 0 |
| Restructuring charges | 1.0 | 0.0 | (1.2) | 0 |
| | ----- | ----- | ----- | --- |

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| | | | | |
|---|-------|-------|--------|-------|
| Income before Accounting Changes | 5.7 | 4.4 | (10.0) | (21) |
| Cumulative effect of accounting changes | | (0.4) | (2.2) | 0 |
| | ===== | ===== | ===== | ===== |
| Total Net Income (Loss) | 5.7 | 4.0 | (12.2) | (21) |

* The amortization of deferred gain on sale of reinsurance business represents the amortization of deferred gain recognized on the indemnity reinsurance portion of the transaction with Swiss Re along with the recognition of amortization of gain on reinsurance business to Swiss Re that was novated after December 7, 2001. Included in the amount for the fourth quarter of 2001 and first quarter of 2002 was \$7.9 million after-tax and \$1.3 million after-tax, respectively, of amortization of gain on reinsurance business to Swiss Re that was novated after December 7, 2001.

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

| | 1997 | 1998 | 1999 | 2000 |
|---|---------|---------|---------|--------|
| | ----- | ----- | ----- | ----- |
| Deposits - For the Year | | | | |
| Lincoln Retirement - Fixed Annuities | 1.632 | 1.452 | 2.563 | 2.07 |
| Lincoln Retirement - Variable Annuities | 2.695 | 2.791 | 2.553 | 3.16 |
| Lincoln Retirement - Life Insurance | 0.000 | 0.000 | 0.017 | 0.01 |
| Life Insurance Segment - Life Insurance | 0.384 | 1.207 | 1.698 | 1.88 |
| Inv Mgmt - Annuities | 2.163 | 2.238 | 1.561 | 1.72 |
| Inv Mgmt - Mutual Funds | 1.218 | 1.913 | 2.153 | 2.45 |
| Inv Mgmt - Wrap Fee & Other | 0.533 | 0.596 | 0.550 | 0.58 |
| Consolidating Adjustments | (0.966) | (1.041) | (0.499) | (0.40) |
| | ----- | ----- | ----- | ----- |
| Gross Deposits | 7.658 | 9.157 | 10.597 | 11.49 |
| Account Balances - End of Year | | | | |
| Lincoln Retirement - Fixed Annuities | 15.458 | 16.505 | 16.791 | 15.39 |
| Lincoln Retirement - Variable Annuities | 27.346 | 33.358 | 41.493 | 39.42 |
| Lincoln Retirement - Life Insurance | | | 0.155 | 0.16 |
| Life Insurance Segment - Life Insurance | 3.038 | 9.243 | 10.217 | 10.84 |
| Inv Mgmt - Annuities | 10.991 | 14.257 | 15.526 | 13.49 |
| Inv Mgmt - Mutual Funds | 12.484 | 13.528 | 13.632 | 12.80 |
| Inv Mgmt - Wrap Fee & Other | 2.403 | 2.512 | 1.649 | 1.37 |
| Consolidating Adjustments | (6.806) | (8.891) | (9.175) | (7.75) |
| | ----- | ----- | ----- | ----- |
| Account Balances | 64.914 | 80.512 | 90.288 | 85.74 |
| | | | | |
| | Jun | Sep | Dec | Mar |
| | 1999 | 1999 | 1999 | 2000 |
| | ----- | ----- | ----- | ----- |
| Deposits - For the Quarter | | | | |
| Lincoln Retirement - Fixed Annuities | 0.654 | 0.678 | 0.741 | 0.589 |
| | | | | 0.49 |

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| | | | | | |
|---|---------|---------|---------|---------|--------|
| Lincoln Retirement - Variable Annuities | 0.651 | 0.634 | 0.634 | 0.797 | 0.79 |
| Lincoln Retirement - Life Insurance | 0.005 | 0.004 | 0.005 | 0.003 | 0.00 |
| Life Insurance Segment - Life Insurance | 0.379 | 0.399 | 0.526 | 0.424 | 0.41 |
| Inv Mgmt - Annuities | 0.393 | 0.332 | 0.409 | 0.379 | 0.35 |
| Inv Mgmt - Mutual Funds | 0.487 | 0.514 | 0.587 | 0.840 | 0.55 |
| Inv Mgmt - Wrap Fee & Other | 0.173 | 0.116 | 0.079 | 0.148 | 0.10 |
| Consolidating Adjustments | (0.143) | (0.096) | (0.118) | (0.099) | (0.06) |
| | ----- | ----- | ----- | ----- | ----- |
| Gross Deposits | 2.599 | 2.581 | 2.864 | 3.081 | 2.65 |
| | ----- | ----- | ----- | ----- | ----- |
| Account Balances - End of Quarter | | | | | |
| Lincoln Retirement - Fixed Annuities | 16.779 | 16.934 | 16.791 | 16.244 | 15.88 |
| Lincoln Retirement - Variable Annuities | 37.233 | 35.613 | 41.493 | 44.640 | 43.09 |
| Lincoln Retirement - Life Insurance | 0.130 | 0.128 | 0.155 | 0.169 | 0.16 |
| Life Insurance Segment - Life Insurance | 9.628 | 9.726 | 10.217 | 10.470 | 10.53 |
| Inv Mgmt - Annuities | 14.981 | 14.004 | 15.526 | 15.531 | 14.86 |
| Inv Mgmt - Mutual Funds | 13.654 | 12.938 | 13.632 | 14.201 | 13.60 |
| Inv Mgmt - Wrap Fee & Other | 1.650 | 1.611 | 1.649 | 1.335 | 1.33 |
| Consolidating Adjustments | (9.050) | (8.387) | (9.175) | (8.768) | (8.41) |
| | ----- | ----- | ----- | ----- | ----- |
| Account Balances | 85.004 | 82.567 | 90.288 | 93.822 | 91.06 |
| | ----- | ----- | ----- | ----- | ----- |
| | | | | | |
| | Dec | Mar | Jun | Sep | De |
| | 2000 | 2001 | 2001 | 2001 | 200 |
| | ----- | ----- | ----- | ----- | ----- |
| Deposits - For the Quarter | | | | | |
| Lincoln Retirement - Fixed Annuities | 0.482 | 0.560 | 0.668 | 0.896 | 1.21 |
| Lincoln Retirement - Variable Annuities | 0.846 | 0.887 | 0.703 | 0.684 | 0.79 |
| Lincoln Retirement - Life Insurance | 0.004 | 0.003 | 0.004 | 0.003 | 0.00 |
| Life Insurance Segment - Life Insurance | 0.622 | 0.418 | 0.477 | 0.434 | 0.60 |
| Inv Mgmt - Annuities | 0.536 | 0.455 | 0.373 | 0.340 | 0.28 |
| Inv Mgmt - Mutual Funds | 0.535 | 0.442 | 0.324 | 0.292 | 0.29 |
| Inv Mgmt - Wrap Fee & Other | 0.184 | 0.227 | 0.157 | 0.168 | 0.16 |
| Consolidating Adjustments | (0.145) | (0.262) | (0.202) | (0.295) | (0.27) |
| | ----- | ----- | ----- | ----- | ----- |
| Gross Deposits | 3.064 | 2.729 | 2.504 | 2.522 | 3.08 |
| | ----- | ----- | ----- | ----- | ----- |
| Account Balances - End of Quarter | | | | | |
| Lincoln Retirement - Fixed Annuities | 15.394 | 15.430 | 15.551 | 16.051 | 16.49 |
| Lincoln Retirement - Variable Annuities | 39.427 | 34.733 | 36.961 | 30.506 | 34.63 |
| Lincoln Retirement - Life Insurance | 0.160 | 0.147 | 0.157 | 0.134 | 0.14 |
| Life Insurance Segment - Life Insurance | 10.847 | 10.764 | 11.066 | 10.939 | 11.37 |
| Inv Mgmt - Annuities | 13.494 | 11.787 | 12.483 | 10.665 | 11.77 |
| Inv Mgmt - Mutual Funds | 12.805 | 11.091 | 11.748 | 10.301 | 11.06 |
| Inv Mgmt - Wrap Fee & Other | 1.375 | 1.688 | 1.823 | 1.684 | 1.78 |
| Consolidating Adjustments | (7.753) | (6.834) | (7.007) | (6.023) | (6.71) |
| | ----- | ----- | ----- | ----- | ----- |
| Account Balances | 85.749 | 78.806 | 82.783 | 74.257 | 80.55 |
| | ----- | ----- | ----- | ----- | ----- |

Total Domestic Net Flows
Unaudited [Billions of Dollars]

For the Year 1998 1999 2000

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| | ----- | ----- | ----- |
|--|---------|---------|--------|
| Lincoln Retirement | (1.244) | (1.165) | (2.87) |
| Life Insurance Segment | 0.113 | 0.985 | 1.15 |
| Investment Management Segment- Retail | 1.772 | (2.209) | (1.51) |
| Consolidating Adjustments | (0.158) | 1.276 | 1.40 |
| | ----- | ----- | ----- |
| Total Retail Net Flows | 0.483 | (1.114) | (1.82) |
| Investment Management Segment- Institutional | (2.702) | (2.240) | (5.69) |
| | ----- | ----- | ----- |
| Total Net Flows | (2.219) | (3.354) | (7.52) |
| | ----- | ----- | ----- |

| For the Quarter | Jun 1999 | Sep 1999 | Dec 1999 | Mar 2000 | Jun 2000 |
|--|-------------|-------------|-------------|-------------|-------------|
| | ----- | ----- | ----- | ----- | ----- |
| Lincoln Retirement | (0.200) | (0.193) | (0.490) | (0.700) | (0.68) |
| Life Insurance Segment | 0.185 | 0.197 | 0.327 | 0.242 | 0.23 |
| Investment Management Segment- Retail | (1.309) | (0.301) | (0.410) | (0.886) | (0.36) |
| Consolidating Adjustments | 0.295 | 0.313 | 0.463 | 0.717 | 0.34 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Retail Net Flows | (1.030) | 0.015 | (0.111) | (0.627) | (0.46) |
| Investment Management Segment- Instit. | (0.584) | 0.816 | (1.480) | (2.611) | (1.05) |
| | ----- | ----- | ----- | ----- | ----- |
| Total Net Flows | (1.614) | 0.831 | (1.591) | (3.238) | (1.52) |
| | ----- | ----- | ----- | ----- | ----- |

| For the Quarter | Dec 2000 | Mar 2001 | Jun 2001 | Sep 2001 | Dec 2001 |
|--|-------------|-------------|-------------|-------------|-------------|
| | ----- | ----- | ----- | ----- | ----- |
| Lincoln Retirement | (0.681) | (0.590) | (0.196) | 0.261 | 0.63 |
| Life Insurance Segment | 0.404 | 0.237 | 0.304 | 0.239 | 0.38 |
| Investment Management Segment- Retail | 0.058 | (0.047) | (0.160) | (0.126) | (0.12) |
| Consolidating Adjustments | 0.152 | 0.019 | (0.034) | (0.081) | (0.05) |
| | ----- | ----- | ----- | ----- | ----- |
| Total Retail Net Flows | (0.066) | (0.382) | (0.086) | 0.293 | 0.83 |
| Investment Management Segment- Instit. | (1.043) | (0.418) | 0.445 | (0.155) | (0.10) |
| | ----- | ----- | ----- | ----- | ----- |
| Total Net Flows | (1.110) | (0.800) | 0.359 | 0.138 | 0.73 |
| | ----- | ----- | ----- | ----- | ----- |

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

3/31/2002

PAGE 2

Consolidated Investment Data - Assets Managed

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Unaudited [Billions of Dollars]

| December 31 | 1997 | 1998 | 1999 | 2000 | 2000 |
|---|---------|---------|---------|---------|---------|
| | ----- | ----- | ----- | ----- | ----- |
| Assets Managed by Source | | | | | |
| LNC's Investments and Cash: | | | | | |
| Fixed maturity securities | 24.066 | 30.233 | 27.689 | 27.450 | 28.34 |
| Equity securities | 0.660 | 0.543 | 0.604 | 0.550 | 0.47 |
| Other investments | 5.092 | 7.154 | 7.286 | 7.369 | 7.29 |
| | ----- | ----- | ----- | ----- | ----- |
| Total LNC Investments | 29.819 | 37.929 | 35.578 | 35.369 | 36.11 |
| Separate accounts | 37.139 | 43.409 | 53.654 | 50.580 | 44.83 |
| Cash and Invested Cash | 3.795 | 2.433 | 1.896 | 1.927 | 3.09 |
| Discontinued Operations | | | | | |
| | ----- | ----- | ----- | ----- | ----- |
| Total LNC | 70.752 | 83.772 | 91.128 | 87.876 | 84.04 |
| | ----- | ----- | ----- | ----- | ----- |
| Non-affiliate assets managed | 48.331 | 50.061 | 49.314 | 43.397 | 42.19 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Assets Managed | 119.083 | 133.833 | 140.443 | 131.273 | 126.24 |
| | ===== | ===== | ===== | ===== | ===== |
| Assets Managed by Advisor | | | | | |
| Investment Management segment | | | | | |
| (See page 22 for additional detail) | | | | | |
| DLIA-Corp | 35.684 | 39.432 | 35.934 | 35.686 | 38.11 |
| (Assets managed internally-see page 22) | | | | | |
| Lincoln (UK) | 6.775 | 7.573 | 8.589 | 7.873 | 6.84 |
| Policy Loans (within business units) | 0.763 | 1.840 | 1.892 | 1.961 | 1.94 |
| Non-LNC Affiliates | 19.404 | 23.500 | 32.654 | 32.858 | 31.41 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Assets Managed | 119.083 | 133.833 | 140.443 | 131.273 | 126.24 |
| | ===== | ===== | ===== | ===== | ===== |
| | Jun | Sep | Dec | Mar | Jun |
| End of Quarter | 1999 | 1999 | 1999 | 2000 | 2000 |
| | ----- | ----- | ----- | ----- | ----- |
| Assets Managed by Source | | | | | |
| LNC's Investments and Cash: | | | | | |
| Fixed maturity securities | 29.579 | 28.708 | 27.689 | 27.745 | 27.078 |
| Equity securities | 0.506 | 0.507 | 0.604 | 0.588 | 0.57 |
| Other investments | 7.278 | 7.317 | 7.286 | 7.442 | 7.47 |
| | ----- | ----- | ----- | ----- | ----- |
| Total LNC Investments | 37.363 | 36.532 | 35.578 | 35.775 | 35.057 |
| Separate accounts | 47.864 | 46.229 | 53.654 | 56.908 | 54.924 |
| Cash and invested cash | 2.151 | 2.343 | 1.896 | 1.510 | 1.43 |
| | ----- | ----- | ----- | ----- | ----- |
| Total LNC | 87.378 | 85.104 | 91.128 | 94.192 | 91.601 |
| | ----- | ----- | ----- | ----- | ----- |
| Non-affiliate assets managed | 49.827 | 48.068 | 49.314 | 47.150 | 45.945 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Assets Managed | 137.205 | 133.172 | 140.443 | 141.342 | 137.546 |
| | ===== | ===== | ===== | ===== | ===== |

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| | | | | | | |
|--|---------|---------|---------|---------|---------|--------|
| Assets Managed by Advisor | | | | | | |
| Investment Management segment (See page 23 for additional detail) | 61.511 | 58.869 | 61.374 | 58.241 | 56.518 | 55.52 |
| DLIA-Corp (Assets managed internally-see page 23) | 37.391 | 36.820 | 35.934 | 35.541 | 34.891 | 34.98 |
| Lincoln (UK) | 7.746 | 7.849 | 8.589 | 8.423 | 8.058 | 7.83 |
| Policy Loans (within business units) | 1.847 | 1.863 | 1.892 | 1.896 | 1.915 | 1.93 |
| Non-LNC Affiliates | 28.710 | 27.771 | 32.654 | 37.241 | 36.164 | 35.98 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total Assets Managed | 137.205 | 133.172 | 140.443 | 141.342 | 137.546 | 136.27 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

| | Dec | Mar | Jun | Sep | Dec | Ma |
|----------------|-------|-------|-------|-------|-------|-------|
| End of Quarter | 2000 | 2001 | 2001 | 2001 | 2001 | 200 |
| | ----- | ----- | ----- | ----- | ----- | ----- |

| | | | | | | |
|------------------------------|---------|---------|---------|---------|---------|--------|
| Assets Managed by Source | | | | | | |
| LNC's Investments and Cash: | | | | | | |
| Fixed maturity securities | 27.450 | 27.811 | 27.874 | 28.932 | 28.346 | 28.84 |
| Equity securities | 0.550 | 0.560 | 0.534 | 0.478 | 0.470 | 0.43 |
| Other investments | 7.369 | 7.374 | 7.388 | 7.379 | 7.297 | 7.08 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total LNC Investments | 35.369 | 35.744 | 35.796 | 36.788 | 36.113 | 36.36 |
| Separate accounts | 50.580 | 44.506 | 47.140 | 39.480 | 44.833 | 44.91 |
| Cash and invested cash | 1.927 | 2.015 | 1.502 | 1.996 | 3.095 | 1.70 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total LNC | 87.876 | 82.266 | 84.438 | 78.264 | 84.042 | 82.97 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Non-affiliate assets managed | 43.397 | 41.904 | 44.069 | 39.198 | 42.199 | 43.70 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total Assets Managed | 131.273 | 124.170 | 128.507 | 117.462 | 126.241 | 126.68 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

| | | | | | | |
|--|---------|---------|---------|---------|---------|--------|
| Assets Managed by Advisor | | | | | | |
| Investment Management segment (See page 23 for additional detail) | 52.895 | 47.766 | 50.268 | 44.530 | 47.922 | 49.41 |
| DLIA-Corp (Assets managed internally-see page 23) | 35.686 | 36.324 | 36.018 | 37.337 | 38.119 | 37.17 |
| Lincoln (UK) | 7.873 | 7.012 | 7.027 | 6.474 | 6.847 | 6.77 |
| Policy Loans (within business units) | 1.961 | 1.947 | 1.947 | 1.943 | 1.940 | 1.91 |
| Non-LNC Affiliates | 32.858 | 31.122 | 33.246 | 27.177 | 31.413 | 31.41 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total Assets Managed | 131.273 | 124.170 | 128.507 | 117.462 | 126.241 | 126.68 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

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

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| For the Year Ended December 31 | 1997 | 1998 | 1999 | 2000 |
|---|-------------|-------------|-------------|----------------------------|
| | ----- | ----- | ----- | ----- |
| Net Investment Income | | | | |
| Fixed Maturity Securities | 1832.1 | 2065.8 | 2232.9 | 2148.7 |
| Equity Securities | 19.1 | 22.8 | 20.1 | 19.5 |
| Mortgage loans on real estate | 279.2 | 383.6 | 369.2 | 373.8 |
| Real estate | 99.4 | 86.8 | 64.1 | 51.8 |
| Policy loans | 44.5 | 99.5 | 116.5 | 125.0 |
| Invested cash | 102.4 | 156.8 | 110.3 | 87.2 |
| Other investments | 20.6 | 88.4 | 51.8 | 66.8 |
| | ----- | ----- | ----- | ----- |
| Investment revenue | 2397.3 | 2903.7 | 2964.8 | 2872.8 |
| Investment expense | 146.6 | 222.3 | 157.3 | 125.7 |
| | ----- | ----- | ----- | ----- |
| Net Investment Income | 2250.8 | 2681.4 | 2807.5 | 2747.1 |
| | ----- | ----- | ----- | ----- |
| Gross-up of Tax Exempt Income | 12.7 | 11.6 | 8.1 | 7.8 |
| | ----- | ----- | ----- | ----- |
| Adjusted Net Invest Income | 2263.5 | 2693.0 | 2815.6 | 2754.9 |
| | ===== | ===== | ===== | ===== |
| Mean Invested Assets (Cost Basis) | 30337.3 | 36573.8 | 39027.5 | 37471.3 |
| Ratio of Adjusted Net Invest Inc Over Mean Invested Assets | 7.46% | 7.36% | 7.21% | 7.35% |
| Investment Gains | | | | |
| Realized Gains (Losses) on Investments | 72.9 | 13.7 | 3.8 | (17.5) |
| Gains(Losses) on Derivatives | 0.0 | 0.0 | 0.0 | 0.0 |
| Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax) | 159.6 | 116.4 | (1018.1) | 477.7 |
| Incr (Decr) on Derivatives | | | | |
| Incr (Decr) in Foreign Exchange | (20.3) | 3.8 | (19.9) | (8.1) |
| Incr (Decr) in minimum pension liability | | | | |
| Securities Available-for-Sale [Billions of Dollars at End of Year] | | | | |
| Fixed Maturity Sec (Market) | 24.066 | 30.233 | 27.689 | 27.450 |
| Fixed Maturity Sec (Adjusted Cost) | 22.624 | 28.640 | 28.357 | 27.373 |
| Equity Securities (Market) | 0.660 | 0.543 | 0.604 | 0.550 |
| Equity Securities (Adjusted Cost) | 0.518 | 0.437 | 0.482 | 0.458 |
| % of Fixed Maturity Securities (Based on Market) | | | | |
| Treasuries and AAA | 27.6% | 25.6% | 22.8% | 22.1% |
| AA or better | 35.1% | 32.6% | 29.8% | 29.2% |
| BB or less | 7.3% | 7.0% | 8.0% | 6.7% |
| | ----- | ----- | ----- | ----- |
| For the Quarter Ended | Jun 1999 | Sep 1999 | Dec 1999 | Mar 2000 Jun 2000 |
| | ----- | ----- | ----- | ----- |

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Net Investment Income

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| Fixed Maturity Securities | 575.8 | 551.2 | 548.0 | 541.3 | 544.4 |
| Equity Securities | 4.9 | 3.9 | 6.9 | 3.7 | 5.7 |
| Mortgage loans on real estate | 85.5 | 94.7 | 94.5 | 92.0 | 95.1 |
| Real estate | 18.4 | 13.7 | 12.5 | 11.2 | 12.5 |
| Policy loans | 28.6 | 29.4 | 29.9 | 30.7 | 30.9 |
| Invested cash | 23.4 | 32.4 | 22.0 | 27.2 | 15.1 |
| Other investments | 13.4 | 9.9 | 20.9 | 35.1 | 2.0 |
| | ----- | ----- | ----- | ----- | ----- |
| Investment revenue | 750.1 | 735.2 | 734.9 | 741.1 | 705.7 |
| Investment expense | 49.3 | 38.1 | 34.8 | 30.0 | 31.8 |
| | ----- | ----- | ----- | ----- | ----- |
| Net Investment Income | 700.8 | 697.1 | 700.1 | 711.1 | 673.8 |
| | ----- | ----- | ----- | ----- | ----- |
| Gross-up of Tax Exempt Income | 2.0 | 1.7 | 2.6 | 1.5 | 2.3 |
| | ----- | ----- | ----- | ----- | ----- |
| Adjusted Net Invest Income | 702.8 | 698.7 | 702.7 | 712.6 | 676.1 |
| | ===== | ===== | ===== | ===== | ===== |

Mean Invested Assets (Cost Basis) 39385.3 39111.8 38438.6 38237.4 37306.1 3

Ratio of Adjusted Net Invest Inc
Over Mean Invested Assets 7.14% 7.15% 7.31% 7.45% 7.25%

Investment Gains

| | | | | | |
|--|---------|---------|---------|-------|---------|
| Realized Gains (Losses) on Investments | (3.5) | 4.1 | 1.6 | (0.4) | (6.7) |
| 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) | (255.8) | (102.7) | (361.9) | 54.5 | (145.4) |
| Incr (Decr) on Derivatives | | | | | |
| Incr (Decr) in Foreign Exchange | (9.5) | 19.6 | (10.2) | (7.3) | (0.9) |
| Incr (Decr) in minimum pension liability | | | | | |

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

Fixed Maturity Sec (Market) 29.579 28.708 27.689 27.745 27.078
Fixed Maturity Sec (Adjusted Cost) 29.494 28.974 28.357 28.295 27.788

Equity Securities (Market) 0.506 0.507 0.604 0.588 0.560
Equity Securities (Adjusted Cost) 0.385 0.414 0.482 0.475 0.446

% of Fixed Maturity Securities (Based on Market)

Treasuries and AAA 25.5% 24.2% 22.8% 22.7% 22.3%
AA or better 32.5% 31.1% 29.8% 29.5% 29.3%
BB or less 7.0% 7.5% 8.0% 7.4% 7.4%

For the Quarter Ended Dec Mar Jun Sep Dec
2000 2001 2001 2001 2001

Net Investment Income

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| Fixed Maturity Securities | 537.7 | 526.9 | 527.0 | 536.9 | 530.1 |
| Equity Securities | 6.5 | 1.0 | 7.8 | 3.7 | 5.1 |
| Mortgage loans on real estate | 92.3 | 95.7 | 92.4 | 94.2 | 92.4 |

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| | | | | | |
|---|---------|---------|---------|---------|---------|
| Real estate | 16.3 | 12.8 | 13.1 | 12.7 | 10.9 |
| Policy loans | 32.9 | 31.4 | 31.4 | 31.0 | 31.6 |
| Invested cash | 18.4 | 22.5 | 19.8 | 14.8 | 11.3 |
| Other investments | 2.9 | 19.6 | 18.2 | 28.2 | 3.5 |
| | ----- | ----- | ----- | ----- | ----- |
| Investment revenue | 706.9 | 709.9 | 709.7 | 721.4 | 684.8 |
| Investment expense | 34.8 | 36.1 | 36.6 | 35.2 | 38.2 |
| | ----- | ----- | ----- | ----- | ----- |
| Net Investment Income | 672.1 | 673.7 | 673.1 | 686.2 | 646.6 |
| | ----- | ----- | ----- | ----- | ----- |
| Gross-up of Tax Exempt Income | 2.6 | 0.5 | 3.0 | 1.5 | 2.1 |
| | ----- | ----- | ----- | ----- | ----- |
| Adjusted Net Invest Income | 674.7 | 674.2 | 676.1 | 687.7 | 648.7 |
| | ===== | ===== | ===== | ===== | ===== |
| Mean Invested Assets (Cost Basis) | 37090.8 | 37238.0 | 37094.5 | 37685.8 | 38449.3 |
| Ratio of Adjusted Net Invest Inc Over Mean Invested Assets | 7.28% | 7.24% | 7.29% | 7.30% | 6.75% |
| Investment Gains | | | | | |
| Realized Gains (Losses) on Investments | 1.2 | (13.4) | (11.5) | (23.8) | (20.0) |
| Gains (Losses) on Derivatives | 0.0 | (0.1) | 0.2 | (0.4) | (4.6) |
| Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax) | 349.8 | 178.4 | (114.2) | 171.8 | (52.2) |
| Incr (Decr) on Derivatives | | 23.3 | 3.7 | (6.7) | 1.2 |
| Incr (Decr) in Foreign Exchange | 2.0 | (17.8) | (19.5) | 22.2 | (14.9) |
| Incr (Decr) in minimum pension liability | | | | | (36.0) |
| Securities Available-for-Sale [Billions of Dollars at End of Year] | | | | | |
| Fixed Maturity Sec (Market) | 27.450 | 27.811 | 27.874 | 28.932 | 28.346 |
| Fixed Maturity Sec (Adjusted Cost) | 27.373 | 27.367 | 27.681 | 28.253 | 27.956 |
| Equity Securities (Market) | 0.550 | 0.560 | 0.534 | 0.478 | 0.470 |
| Equity Securities (Adjusted Cost) | 0.458 | 0.507 | 0.477 | 0.453 | 0.444 |
| % of Fixed Maturity Securities (Based on Market) | | | | | |
| Treasuries and AAA | 22.1% | 20.3% | 19.3% | 17.9% | 17.2% |
| AA or better | 29.2% | 27.1% | 26.0% | 24.3% | 23.6% |
| BB or less | 6.7% | 7.2% | 7.8% | 7.2% | 8.3% |

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

| For the Year Ended December 31 | 1991 | 1992 | 1993 | 1994 | 1995 |
|--------------------------------|--------|--------|--------|--------|--------|
| | ---- | ---- | ---- | ---- | ---- |
| Common Stock [1] | | | | | |
| Highest Price | 13.813 | 19.032 | 24.125 | 22.188 | 26.875 |

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| | | | | | |
|---------------|--------|--------|--------|--------|--------|
| Lowest Price | 9.500 | 12.625 | 17.344 | 17.313 | 17.313 |
| Closing Price | 13.688 | 18.500 | 21.750 | 17.500 | 26.875 |

| | | | | | |
|---------------------------|-------|-------|-------|-------|-------|
| Dividend Payout Ratio [2] | 63.5% | 38.9% | 52.6% | 51.0% | 39.7% |
| Yield [3] | 5.3% | 4.1% | 3.8% | 4.9% | 3.4% |

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

Debt: (End of Period)

Senior Debt Ratings

| | | | | | |
|--------------------|--|----|-----|-----|-----|
| A.M. Best | | | | | |
| Fitch | | AA | AA- | AA- | AA- |
| Moody's | | A2 | A2 | A1 | A2 |
| Standard and Poors | | A+ | A+ | A+ | A |

Claims Paying Ratings:

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

Ratios

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

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

| | | | | | | |
|---------------|--------|--------|--------|--------|--------|--------|
| Common Stock: | | | | | | |
| Highest Price | 53.438 | 57.500 | 48.313 | 41.375 | 40.063 | 56.375 |
| Lowest Price | 45.688 | 36.000 | 36.500 | 22.625 | 29.000 | 35.625 |
| Closing Price | 52.313 | 37.563 | 40.000 | 33.500 | 36.125 | 48.125 |

| | | | | | | |
|-----------|------|------|------|------|------|------|
| Yield [3] | 2.1% | 2.9% | 2.9% | 3.5% | 3.2% | 2.4% |
|-----------|------|------|------|------|------|------|

| | | | | | | |
|-------------------------------------|-------|-------|-------|-------|-------|-------|
| Preferred Stock Dividend (Millions) | 0.024 | 0.027 | 0.014 | 0.022 | 0.022 | 0.021 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|

Debt: (End of Period)

Senior Debt Ratings

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

Claims Paying Ratings:

| | | | | | | |
|--------------------------|-----|-----|-----|-----|-----|-----|
| Lincoln Life - A.M. Best | A | A | A | A | A | A |
| Lincoln Life - Fitch | AA+ | AA+ | AA+ | AA+ | AA+ | AA+ |

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| | | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------|--------|
| Lincoln Life - Moody's | Aa3 | Aa3 | Aa3 | Aa3 | Aa3 | Aa3 |
| Lincoln Life - Standard & Poors | AA- | AA- | AA- | AA- | AA- | AA- |
| First Penn - A.M. Best* | A | A | A | A | A | A |
| First Penn - Fitch | AA+ | AA+ | AA+ | AA+ | AA+ | AA+ |
| First Penn - Moody's | A1 | A1 | A1 | A1 | A1 | A1 |
| First Penn - Standard & Poors* | AA- | AA- | AA- | AA- | AA- | AA- |
| LLA of New York - A.M. Best* | A | A | A | A | A | A |
| LLA of New York - Fitch* | AA+ | AA+ | AA+ | AA+ | AA+ | AA+ |
| LLA of New York - Moody's | A1 | A1 | A1 | A1 | A1 | A1 |
| LLA of New York - Standard & Poors* | AA- | AA- | AA- | AA- | AA- | AA- |
| Ratios | | | | | | |
| Debt to Total Capitalization [4] | 22.0% | 22.0% | 23.2% | 23.3% | 21.8% | 21.2% |
| Debt to Equity [4] | 28.2% | 28.3% | 30.3% | 30.4% | 28.0% | 27.0% |
| For the Year Ended December 31 | | | | | | |
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| | ---- | ---- | ---- | ---- | ---- | ---- |
| Common Stock [1] | | | | | | |
| Highest Price | 28.500 | 39.063 | 49.438 | 57.500 | 56.375 | 52.750 |
| Lowest Price | 20.375 | 24.500 | 33.500 | 36.000 | 22.625 | 38.000 |
| Closing Price | 26.250 | 39.063 | 40.907 | 40.000 | 47.313 | 48.570 |
| Dividend Payout Ratio [2] | 38.2% | 22.8% | 43.9% | 50.5% | 38.3% | 41.9% |
| Yield [3] | 3.7% | 2.7% | 2.7% | 2.9% | 2.6% | 2.6% |
| Preferred Stock Dividend (Millions) | 0.112 | 0.106 | 0.100 | 0.089 | 0.078 | 0.071 |
| Debt: (End of Period) | | | | | | |
| Senior Debt Ratings | | | | | | |
| A.M. Best | | | | | | |
| Fitch | AA- | AA- | A+ | A+ | A+ | A+ |
| Moody's | A2 | A2 | A2 | A2 | A3 | A3 |
| Standard and Poors | A | A | A- | A- | A- | A- |
| Claims Paying Ratings: | | | | | | |
| Lincoln Life - A.M. Best | A+ | A+ | A | A | A | A |
| Lincoln Life - Fitch | AA+ | AA+ | AA+ | AA+ | AA | AA |
| Lincoln Life - Moody's | Aa3 | Aa3 | Aa3 | Aa3 | Aa3 | Aa3 |
| Lincoln Life - Standard & Poors | AA- | AA- | AA- | AA- | AA- | AA- |
| First Penn - A.M. Best* | A+ | A+ | A | A | A | A |
| First Penn - Fitch | | AA+ | AA+ | AA+ | AA | AA |
| First Penn - Moody's | | A1 | A1 | A1 | A1 | A1 |
| First Penn - Standard & Poors* | AA- | AA- | AA- | AA- | AA- | AA- |
| LLA of New York - A.M. Best* | A+ | A+ | A | A | A | A |
| LLA of New York - Fitch* | | AA+ | AA+ | AA+ | AA | AA |
| LLA of New York - Moody's | A1 | A1 | A1 | A1 | A1 | A1 |
| LLA of New York - Standard & Poors* | AA- | AA- | AA- | AA- | AA- | AA- |
| Ratios | | | | | | |
| Debt to Total Capitalization [4] | 18.8% | 17.0% | 21.2% | 23.2% | 20.8% | 21.4% |
| Debt to Equity [4] | 23.1% | 20.5% | 26.9% | 30.3% | 26.3% | 27.2% |
| For the Quarter Ended | | | | | | |
| | Dec | Mar | Jun | Sep | Dec | Mar |
| | 2000 | 2001 | 2001 | 2001 | 2001 | 2002 |
| | ---- | ---- | ---- | ---- | ---- | ---- |

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| | | | | | | |
|---------------|--------|--------|--------|--------|--------|--------|
| Common Stock: | | | | | | |
| Highest Price | 50.938 | 48.250 | 52.300 | 52.750 | 49.450 | 53.650 |
| Lowest Price | 40.875 | 38.000 | 41.280 | 41.000 | 40.000 | 47.200 |
| Closing Price | 47.313 | 42.470 | 51.750 | 46.630 | 48.570 | 50.730 |

| | | | | | | |
|-----------|------|------|------|------|------|------|
| Yield [3] | 2.6% | 2.9% | 2.4% | 2.6% | 2.6% | 2.5% |
|-----------|------|------|------|------|------|------|

| | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| Preferred Stock Dividend (Millions) | 0.013 | 0.019 | 0.018 | 0.017 | 0.017 | 0.017 |
|--|-------|-------|-------|-------|-------|-------|

Debt: (End of Period)

Senior Debt Ratings

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

Claims Paying Ratings:

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

Ratios

| | | | | | | |
|----------------------------------|-------|-------|-------|-------|-------|-------|
| Debt to Total Capitalization [4] | 20.8% | 22.2% | 21.2% | 21.1% | 21.4% | 22.7% |
| Debt to Equity [4] | 26.3% | 28.5% | 27.0% | 26.7% | 27.2% | 29.4% |

* Rating based on affiliation with Lincoln Life

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

[2] Indicated dividend divided by net income

[3] Indicated dividend divided by the closing price

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

Return on Equity/Return on Capital:

In order to accommodate the various perspectives, LNC presents two separate Return on Equity numbers on pages 2 and 3 of this Statistical Report. "Net Income Divided by Average Shareholders' Equity" tends to fluctuate from period to period due to the realization of gains on the sale of investments or subsidiaries during one period and the planned generation of 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 has a long-term goal of enhancing shareholder value by realizing investment gains.

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

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The difference between return on capital and return on equity presents the effect of leveraging on LNC's consolidated results.