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LINCOLN NATIONAL CORP
Form 8-K
August 07, 2003

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

FORM 8-K

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

Date of Report: June 30, 2003

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

Registrant's telephone number 219-448-1400

Item 9. Regulation FD Disclosure (Also being provided under new
Item 12 Results of Operations and Financial Condition).

The information in this Report, including the attached Exhibit, is
"furnished" pursuant to Item 9 and Item 12 of this Form 8-K.
Consequently, it is not deemed "filed" for the purposes of Section 18 of
the Securities and Exchange Act of 1934, or otherwise subject to the
liabilities of that section. It may only be incorporated by reference in
another filing under the Securities Exchange Act of 1934 or the
Securities Act of 1933 if such subsequent filing specifically references
this Form 8-K or specific parts of it. The furnishing of the
information contained in the attached exhibit (statistical supplement)
is not intended and should not be construed to imply that such
information is material.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit Number	Description
99.1	Lincoln National Corporation Statistical Supplement for the Quarter Ended June 30, 2003

Item 12. Results of Operations and Financial Condition

See Item 9, Regulation FD Disclosure, above.

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Lincoln Statistical Report Second Quarter 2003

Lincoln Financial Group

This document is dated August 7, 2003. It may not be accurate after such date and LNC does not undertake to update or keep it accurate after such date.

Table of Contents

LFG Analyst Coverage

Notes

Financial Highlights	1 - 4
Eleven-Year Summary	5
Quarterly Summary	6
Reconciliation of Business Segments to Consolidated Income Statement	7 - 8
Statement of Consolidated Income	9 - 10
Reconciliation of Business Segments to Consolidated Balance Sheets	11 - 12
Five-Year Comparative Balance Sheet	13
Quarterly Balance Sheet	14
Lincoln Retirement -----	
Income Statement & Operational Data	15 - 16
Account Value Roll Forward	17 - 18
Life Insurance -----	
Income Statement	19 - 20
Operational Data	21
Account Value Roll Forward	22 - 23
Investment Management -----	
Income Statement	24 - 25
Assets Under Management Roll Forward	26 - 27
Lincoln UK -----	
Income Statement	28 - 29
Operational Data	30
Other Operations -----	31
Consolidated -----	
Domestic Retail Deposits / Account Balances	32
Total Domestic Net Flows	32
Assets Managed	33
Investment Data	34
Common Stock / Debt Information	35

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Retroactive Adoption of FAS 123

36

6/30/03

ii

NOTES

Definitions and Presentation

- * Operating income represents after-tax results excluding, as applicable, realized gains or losses on investments and derivatives, restructuring charges, the cumulative effect of accounting changes, reserve changes on business sold through reinsurance, gains or losses on sale of subsidiaries and certain other items. Operating income is an internal measure used by LNC in the management of its operations. Management believes that this performance measure explains the results of operations of the LNC's ongoing operations in a manner that allows for a better understanding of the underlying trends in LNC's current business.
- * 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 interest expense) by average capital. The difference between return on capital and return on shareholders' equity represents the affect of leveraging on LNC's consolidated results.
- * Accumulated other comprehensive income (AOCI) represents unrealized gains (losses) on investments, net gains (losses) derivative instruments, cumulative translation adjustments and minimum pension liability adjustments, net of tax.
- * Certain operating and statistical measures are included in this report to provide supplemental data that indicate trends in LNC's current business. These measures include deposits, net flows, first year premium, inforce and assets under management.
- * Certain reclassifications have been made to the prior periods to conform to the June 30, 2003 presentation.

Accounting Changes

- * Effective January 1, 2003, LNC adopted the fair value recognition method of accounting for its stock option incentive plans under Statement of Financial Accounting Standards (FAS) No. 123, Accounting for Stock-based Compensation (FAS 123). LNC adopted the retroactive restatement method under FAS No. 148, Accounting for Stock-based Compensation - Transition and Disclosure. As a result, LNC has chosen to restate 2001 and 2002 to reflect stock-based compensation cost under the fair value method in FAS 123 for all employee awards granted, modified or settled in fiscal years beginning after December 31, 1994. See page 36 for details on the restatement by segment.

Financial Highlights
Unaudited [Amounts in Millions
except Per Share]

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	For the Quarter Ended June 30				For th
	2003 Amount	2002 Amount	Change	% Change	2003 Amount
Net Income	142.7	48.5	94.2	194.0%	184.3
Less:					
Realized gains (losses) on investments	(1.1)	(52.7)	51.5		(59.4)
Gains (losses) on derivatives	(0.6)	0.3	(0.9)		(1.8)
Amortization of deferred gain-reserve development	(0.1)	(14.4)	14.3		(0.2)
Restructuring charges	(8.8)	(1.0)	(7.7)		(12.4)
Income from Operations	153.3	116.4	37.0	31.8%	258.1
Net Income - By Segment					
Lincoln Retirement	81.7	9.2	72.5	789.5%	88.6
Life Insurance	65.6	56.7	8.9	15.7%	114.1
Investment Management	4.6	(0.8)	5.3	(695.1%)	5.6
Lincoln UK	12.4	9.3	3.2	34.6%	19.3
Corporate & Other	(21.6)	(25.8)	4.2		(43.3)
Total	142.7	48.5	94.2	194.0%	184.3
Income from Operations - By Segment					
Lincoln Retirement	86.1	46.8	39.3	84.0%	143.5
Life Insurance	71.8	72.8	(1.0)	(1.4%)	132.4
Investment Management	4.5	(0.3)	4.8	(1483.1%)	5.8
Lincoln UK	12.4	6.1	6.4	105.4%	19.3
Corporate & Other	(21.5)	(8.9)	(12.6)		(43.0)
Total	153.3	116.4	37.0	31.8%	258.1
Earnings per share (diluted)					
Net Income	\$0.80	\$0.26	\$0.54	209.7%	\$1.03
Less:					
Realized gains (losses) on investments	(\$0.01)	(\$0.27)	\$0.26		(\$0.33)
Gains (losses) on derivatives	\$0.00	\$0.00	\$0.00		(\$0.01)
Amortizatiion of deferred gain-reserve development	\$0.00	(\$0.08)	\$0.08		\$0.00
Restructuring charges	(\$0.05)	(\$0.01)	(\$0.04)		(\$0.07)
Income from Operations	\$0.86	\$0.62	\$0.24	38.9%	\$1.44
Revenue	1,213.2	1,157.5	55.7	4.8%	2,312.5
Less:					
Realized Gains (Losses) on Investments	(1.7)	(81.5)	79.8	(97.9%)	(91.3)
Gains (Losses) on Derivatives	(1.0)	0.4	(1.4)		(2.8)
Amortizatiion of deferred gain-reserve development	(0.2)	0.0	(0.2)		(0.4)
Operating Revenue	1,216.0	1,238.5	(22.5)	(1.8%)	2,407.0

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Revenue - By Segment					
Lincoln Retirement	486.4	442.6	43.8	9.9%	884.2
Life Insurance	474.0	439.8	34.2	7.8%	931.6
Investment Management	116.4	106.1	10.4	9.8%	218.5
Lincoln UK	60.2	80.5	(20.3)	(25.2%)	129.1
Corporate & Other	76.1	88.5	(12.4)	(14.0%)	149.2
	-----	-----	-----	-----	-----
Total	1,213.2	1,157.5	55.7	4.8%	2,312.5
	=====	=====	=====	=====	=====

Operating Revenue - By Segment					
Lincoln Retirement	487.0	498.8	(11.9)	(2.4%)	962.5
Life Insurance	476.2	464.6	11.6	2.5%	947.0
Investment Management	116.3	106.7	9.6	9.0%	218.8
Lincoln UK	60.2	75.9	(15.8)	(20.7%)	129.1
Corporate & Other	76.3	92.4	(16.1)	(17.5%)	149.6
	-----	-----	-----	-----	-----
Total	1,216.0	1,238.5	(22.5)	(1.8%)	2,407.0
	=====	=====	=====	=====	=====

Operational Data by Segment (Billions, except where noted):

Lincoln Retirement					
Gross Deposits	1.363	1.640	(0.277)	(16.9%)	2.787
Net Flows	0.099	0.223	(0.124)	(55.6%)	0.195
Account Values (Gross)	51.320	49.885	1.435	2.9%	51.320
Account Values (Net of Reinsurance)	49.151	48.115	1.036	2.2%	49.151
Life Insurance Segment					
First Year Premium - Retail (in millions)	173.479	155.801	17.678	11.3%	344.183
First Year Premium - COLI (in millions)	61.786	46.631	15.155	32.5%	72.357
First Year Premium - Total (in millions)	235.265	202.432	32.834	16.2%	416.540
In-force	266.467	244.750	21.717	8.9%	266.467
Account Values	12.663	11.759	0.904	7.7%	12.663
Investment Management Segment					
Retail Deposits	1.282	1.356	(0.074)	(5.5%)	2.423
Retail Net Flows	0.302	0.167	0.135	81.0%	0.316
Institutional In-flows	0.853	1.232	(0.380)	(30.8%)	1.939
Institutional Net Flows	0.289	0.455	(0.166)	(36.5%)	0.618
Total Net Flows	0.591	0.622	(0.031)	(5.0%)	0.935
Assets Under Management - Retail and Inst'l	52.457	48.741	3.716	7.6%	52.457
Assets Under Management - Insurance Assets	43.857	38.476	5.381	14.0%	43.857
Assets Under Management - Total Segment	96.314	87.217	9.097	10.4%	96.314
Consolidated					
Consolidated Domestic Retail Deposits	2.960	3.240	(0.280)	(8.6%)	5.839
Consolidated Domestic Retail Account Balances	81.284	77.651	3.633	4.7%	81.284
Total Retail Net Flows	0.723	0.737	(0.014)	(1.9%)	1.291
Total Net Flows	1.021	1.166	(0.145)	(12.4%)	1.889

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Total Assets Under Management	127.397	119.536	7.861	6.6%	127.397
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Financial Highlights Unaudited [Amounts in Millions, except Per Share]

	For the Quarter Ended June 30				For the Six Months Ended June 30	
	2003 Amount	2002 Amount	Change	% Change	2003 Amount	2002 Amount
Consolidated Operational Data:						
Balance Sheet Assets - End of Period	99,532.8	95,114.2	4,418.6	4.6%	99,532.8	95,114.2
Shareholders' Equity						
Beg of Period (including AOCI)	5,450.0	5,173.2	276.8		5,347.5	5,303.8
End of Period (including AOCI)	5,815.9	5,352.8	463.1		5,815.9	5,352.8
End of Period (excluding AOCI)	4,699.8	5,020.3	(320.5)		4,699.8	5,020.3
Average Equity (excluding AOCI)	4,672.0	5,165.8	(493.8)		4,677.0	5,172.8
Return on Equity						
Net Income/Average Equity (excluding AOCI)	12.2%	3.8%	8.5%		7.9%	5.2%
Inc from Operations/Average Equity (excluding AOCI)	13.1%	9.0%	4.1%		11.0%	10.4%
Return on Capital						
Inc from Operations/Average Capital	10.7%	7.7%	3.0%		9.2%	8.8%
Common Stock Outstanding						
Average for the Period - Diluted	179.2	188.5	(9.3)	(4.9%)	178.8	189.2
End of Period - Assuming Conv of Pref.	178.0	184.5	(6.5)	(3.5%)	178.0	184.5
End of Period - Diluted	179.5	186.1	(6.6)	(3.5%)	179.5	186.1
Book Value (including AOCI)	32.68	29.01	3.67	12.6%	32.68	29.01
Book Value (excluding AOCI)	26.41	27.21	(0.80)	(2.9%)	26.41	27.21
Cash Returned to Shareholders						
Share Repurchase - dollar amount	0.0	175.7	(175.7)		0.0	226.7
Dividends Declared to Shareholders	61.5	59.6	1.9		120.8	119.6
Total Cash Returned to Shareholders	61.5	235.3	(173.8)		120.8	346.3
Share Repurchase - number of shares	0.000	3.885	(3.885)		0.000	4.885
Dividend Declared on Common Stock - per share	\$0.335	\$0.320	\$0.015	4.7%	\$0.670	\$0.640

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	For the Quarter Ended June 30		For the Six Months Ended June 30	
	2003 Amount	2002 Amount	2003 Amount	2002 Amount
Comprehensive Income				
Net Income	142.7	48.5	184.3	134.2
Foreign Currency Translation	28.5	42.8	17.5	30.0
Net Unrealized Gains (Losses) on Securities	245.9	293.8	364.5	130.0
Gains (Losses) on Derivatives	3.8	0.1	0.4	1.2
Minimum Pension Liability Adjustment	(1.5)	(2.6)	(0.9)	(1.9)
Comprehensive Income	419.5	382.6	565.9	293.5

Financial Highlights
Unaudited [Amounts in Millions]

	For the Quarter Ended June 30				For the Six Months Ended June 30
	2003 Amount	2002 Amount	Change	% Change	2003 Amount
Consolidated Condensed Statements of Income					
Revenue:					
Insurance Premiums and Fees	413.8	436.8	(23.1)	(5.3%)	816.9
Investment Advisory Fees	49.4	47.8	1.6	3.3%	93.5
Net Investment Income	660.2	657.4	2.8	0.4%	1,314.9
Realized Gains (Losses) on Investments	(1.7)	(81.5)	79.8		(91.3)
Gains (Losses) on Derivatives	(1.0)	0.4	(1.4)		(2.8)
Amortization of Deferred Gain on Indemnity Reinsurance	18.2	22.0	(3.8)	(17.3%)	36.6
Other	74.3	74.5	(0.2)	(0.3%)	144.7
Total Revenue	1,213.2	1,157.5	55.7	4.8%	2,312.5
Benefits and Expenses:					
Benefits	593.2	648.3	(55.1)	(8.5%)	1,206.2
Underwriting, Acquisition, Insurance and Other Expenses	432.3	462.2	(29.9)	(6.5%)	883.1
Total Benefits and Expenses	1,025.5	1,110.5	(85.1)	(7.7%)	2,089.4
Income before Federal Taxes	187.7	46.9	140.7		223.1
Federal Income Taxes	45.0	(1.6)	46.6		38.8
Net Income	142.7	48.5	94.2	193.9%	184.3

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Income before Tax By Segment				
Lincoln Retirement	99.0	(2.2)	101.1	85.7
Life Insurance	95.7	79.4	16.2	164.4
Investment Management	7.2	(1.0)	8.2	9.1
Lincoln UK	19.1	9.0	10.1	29.6
Corporate and Other	(33.2)	(38.3)	5.1	(65.7)
	-----	-----	-----	-----
Income before Tax	187.7	46.9	140.7	223.1

Pre-Tax Realized Gains (Losses) by Segment*				
Lincoln Retirement	(0.6)	(56.3)	55.7	(78.3)
Life Insurance	(2.2)	(24.8)	22.5	(15.4)
Investment Management	0.1	(0.7)	0.7	(0.4)
Lincoln UK	0.0	4.5	(4.5)	(0.0)
Corporate and Other	0.0	(3.9)	3.9	0.0
	-----	-----	-----	-----
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(2.7)	(81.1)	78.4	(94.1)
After-Tax Realized Gains (Losses) by Segment*				
Lincoln Retirement	(0.4)	(36.5)	36.1	(50.9)
Life Insurance	(1.5)	(16.1)	14.6	(10.0)
Investment Management	0.0	(0.4)	0.5	(0.2)
Lincoln UK	0.0	3.2	(3.2)	(0.0)
Corporate and Other	0.0	(2.4)	2.5	0.0
	-----	-----	-----	-----
After-Tax Realized Gains (Losses) on Investments and Derivatives	(1.8)	(52.4)	50.6	(61.2)

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

Financial Highlights Unaudited [Amounts in Millions]

	As of		
	June 2003 Amount	December 2002 Amount	Change

Consolidated Condensed Balance Sheets			
Assets:			
Investments:			
Securities Available for Sale:			
Fixed Maturities	35,354.5	32,767.5	2,587.0
Equities	257.3	337.2	(79.9)
Mortgage Loans on Real Estate	4,314.3	4,205.5	108.8
Real Estate	240.3	279.7	(39.4)

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Policy Loans	1,919.6	1,945.6	(26.0)
Other Long-Term Investments	505.6	464.4	41.2
	-----	-----	-----
Total Investments	42,591.6	39,999.9	2,591.7
Other Assets:			
Assets Held in Separate Accounts	39,942.8	36,178.3	3,764.5
Other Assets	16,998.4	17,006.5	(8.1)
	-----	-----	-----
Total Assets	99,532.8	93,184.6	6,348.2
	=====	=====	=====
Liabilities and Shareholders' Equity			
Liabilities:			
Insurance and Investment			
Contract Liabilities	46,172.1	44,845.3	1,326.8
Liabilities Related to Separate Accounts	39,942.8	36,178.3	3,764.5
Other Liabilities	7,601.9	6,813.6	788.4
	-----	-----	-----
Total Liabilities	93,716.9	87,837.2	5,879.7
Shareholders' Equity:			
Net Unrealized Gains(Losses) on Securities and Derivatives	1,146.6	781.6	365.0
Minimum Pension Liability Adjustment	(98.8)	(97.8)	(0.9)
Foreign Currency Translation Adjustment	68.4	50.8	17.5
Other Shareholders' Equity	4,699.8	4,612.9	86.9
	-----	-----	-----
Total Shareholders' Equity	5,815.9	5,347.5	468.4
	-----	-----	-----
Total Liabilities and Shareholders' Equity	99,532.8	93,184.6	6,348.2
	=====	=====	=====

	As of		
	June 2003 Amount	December 2002 Amount	Change
	-----	-----	-----
Roll Forward of Deferred Acquisition Costs			
Balance at beginning-of-year	2,970.9	2,885.3	85.6
Deferral	289.1	627.3	(338.2)
Amortization	(164.1)	(346.7)	182.6
	-----	-----	-----
Included in Total Benefits and Expenses	124.9	280.6	(155.7)
Adjustment related to realized (gains)			
losses on securities available-for-sale	38.3	115.0	(76.7)
Adjustment related to unrealized (gains)			
losses on securities available-for-sale	(453.5)	(338.5)	(115.0)
Foreign currency translation adjustment	16.3	56.9	(40.6)
Other	--	(28.4)	28.4
	-----	-----	-----
Balance at end-of-period	2,697.0	2,970.9	(273.9)
	=====	=====	=====
Roll Forward of Present Value of In-Force			
Balance at beginning-of-year	1,250.1	1,362.5	(112.4)
Amortization	(36.3)	(136.5)	100.2
Foreign currency translation adjustment	6.9	24.1	(17.2)
	-----	-----	-----
Balance at end-of-period	1,220.8	1,250.1	(29.4)

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

For the Year Ended December 31	2002	2001	2000	1999	1998
	-----	-----	-----	-----	-----
Revenue					
Lincoln Retirement	1,787.7	1,968.3	2,133.7	2,115.8	2,068.1
Life Insurance	1,785.0	1,840.6	1,819.0	1,760.4	1,378.5
Investment Management	413.1	451.2	513.7	514.9	509.6
Lincoln UK	277.2	290.7	433.8	446.6	439.7
Corporate & Other	372.4	1,827.3	1,946.9	1,966.0	1,691.1
	-----	-----	-----	-----	-----
Total Revenue	4,635.5	6,378.0	6,847.1	6,803.7	6,087.1
	=====	=====	=====	=====	=====
Net Income					
Lincoln Retirement	53.7	265.1	358.6	291.5	273.8
Life Insurance	206.1	229.3	249.3	211.5	127.5
Investment Management	(1.4)	(9.0)	37.0	51.6	44.4
Lincoln UK	37.7	66.8	(13.2)	(18.2)	71.7
Corporate & Other	(247.3)	(6.6)	(10.2)	(76.1)	(7.6)
	-----	-----	-----	-----	-----
Total Net Inc from Cont Oper	48.8	545.7	621.4	460.4	509.8
Discontinued Operations	-	-	-	-	-
	-----	-----	-----	-----	-----
Total Net Income	48.8	545.7	621.4	460.4	509.8
	=====	=====	=====	=====	=====
Income from Operations					
Lincoln Retirement	183.4	316.2	362.0	299.4	262.4
Life Insurance	269.0	275.3	259.9	212.0	149.2
Investment Management	1.8	(6.1)	44.1	61.0	43.9
Lincoln UK	34.6	58.1	61.0	(13.9)	70.9
Corporate & Other	(57.2)	1.0	(8.0)	(83.1)	4.0
	-----	-----	-----	-----	-----
Total Income from Cont Oper	431.6	644.4	719.1	475.5	530.4
Discontinued Operations	-	-	-	-	-
	-----	-----	-----	-----	-----
Income from Operations	431.6	644.4	719.1	475.5	530.4
	=====	=====	=====	=====	=====
OTHER DATA					
Assets	93,184.6	98,041.6	99,844.1	103,095.7	93,836.3
Shareholders' Equity					
Including AOCI	5,347.5	5,303.8	4,954.1	4,263.9	5,387.9
Excluding AOCI	4,612.9	5,130.6	4,920.1	4,699.5	4,785.5
Average Equity (excluding AOCI)	4,983.3	5,056.0	4,811.8	4,786.2	4,636.3
Common Shares Outstanding (millions)					
End of Period - Diluted	178.5	189.3	195.2	197.0	203.4
Average for the Period - Diluted	184.6	191.5	194.9	200.4	203.3

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Per Share Data (Diluted)

Net Income from Continuing Operations	\$0.26	\$2.85	\$3.19	\$2.30	\$2.51
Net Income	\$0.26	\$2.85	\$3.19	\$2.30	\$2.51
Income (Loss) from Continuing Operations	\$2.34	\$3.37	\$3.69	\$2.37	\$2.61
Income from Operations *	\$2.34	\$3.37	\$3.69	\$2.37	\$2.61

Shareholders' Equity Per Share

Shareholders' Equity (Includes AOCI)	\$30.10	\$28.32	\$25.92	\$21.76	\$26.59
Shareholders' Equity (Excludes accum AOCI)	\$25.97	\$27.39	\$25.74	\$23.98	\$23.62
Dividends Declared (Common Stock)	\$1.30	\$1.24	\$1.18	\$1.12	\$1.06

Return on Equity

Net Income/Average Equity	1.0%	10.8%	12.9%	9.6%	11.0%
Inc from Operations/Average Equity	8.7%	12.7%	14.9%	9.9%	11.4%

Market Value of Common Stock

High for the Year	\$53.650	\$52.75	\$56.38	\$57.50	\$49.44
Low for the Year	\$25.150	\$38.00	\$22.63	\$36.00	\$33.50
Close for the Year	\$31.580	\$48.57	\$47.31	\$40.00	\$40.91

For the Year Ended December 31

	1996	1995	1994	1993	1992
	-----	-----	-----	-----	-----
Revenue					
Lincoln Retirement	1,805.0	1,877.1	1,506.2	1,603.8	1,336.2
Life Insurance	549.2	514.9	466.2	477.5	444.4
Investment Management	410.5	290.5			
Lincoln UK	393.2	351.5	216.0	174.9	180.6
Corporate & Other	1,575.6	1,552.5	1,744.1	2,680.9	2,780.9
	-----	-----	-----	-----	-----
Total Revenue	4,733.6	4,586.5	3,932.5	4,937.1	4,742.1
	=====	=====	=====	=====	=====
Net Income					
Lincoln Retirement	204.3	248.8	142.4	127.1	89.4
Life Insurance	51.8	40.6	34.2	37.8	46.8
Investment Management	25.0	27.4			
Lincoln UK	66.0	45.7	18.5	12.6	9.2
Corporate & Other	9.3	(61.0)	(29.6)	(101.1)	125.1
	-----	-----	-----	-----	-----
Total Net Inc from Cont Oper	356.4	301.4	165.5	76.4	270.5
Discontinued Operations	157.2	180.8	184.4	242.5	88.7
	-----	-----	-----	-----	-----
Total Net Income	513.6	482.2	349.9	318.9	359.2
	=====	=====	=====	=====	=====
Income from Operations					
Lincoln Retirement	174.6	175.2	142.4	127.1	89.4
Life Insurance	41.2	35.4	34.2	37.8	46.8
Investment Management	18.6	20.6			
Lincoln UK	66.0	45.9	17.2	11.9	9.2
Corporate & Other	(1.7)	(136.2)	24.8	20.8	6.5
	-----	-----	-----	-----	-----
Total Income from Cont Oper	298.8	140.8	218.6	197.6	151.9
Discontinued Operations	135.3	165.6	171.1	145.9	88.7
	-----	-----	-----	-----	-----
Income from Operations	434.1	306.5	389.7	343.5	240.6
	=====	=====	=====	=====	=====

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OTHER DATA

Assets	71,713.4	63,257.7	48,864.8	47,825.1	39,042.2
Shareholders' Equity					
Including AOCI	4,470.0	4,378.1	3,042.1	4,072.3	2,826.8
Excluding AOCI	3,990.6	3,669.2	3,353.1	3,157.6	2,664.1
Average Equity (excluding AOCI)	3,851.7	3,400.3	3,288.6	3,009.0	2,575.0
Common Shares Outstanding (millions)					
End of Period - Diluted	209.5	210.3	208.3	208.3	187.7
Average for the Period - Diluted	210.7	209.5	208.7	206.1	186.8
Per Share Data (Diluted)					
Net Income from Continuing Operations	\$1.69	\$1.44	\$0.79	\$0.37	\$1.45
Net Income	\$2.44	\$2.30	\$1.68	\$1.55	\$1.92
Income (Loss) from Continuing Operations	\$1.42	\$0.67	\$1.05	\$0.96	\$0.81
Income from Operations *	\$2.06	\$1.46	\$1.87	\$1.67	\$1.29
Shareholders' Equity Per Share					
Shareholders' Equity (Includes AOCI)	\$21.50	\$20.95	\$14.67	\$19.69	\$15.13
Shareholders' Equity (Excludes accum AOCI)	\$19.19	\$17.55	\$16.17	\$15.27	\$14.26
Dividends Declared (Common Stock)	\$0.94	\$0.88	\$0.830	\$0.775	\$0.738
Return on Equity					
Net Income/Average Equity	13.3%	15.5%	10.6%	10.6%	13.9%
Inc from Operations/Average Equity	11.3%	9.8%	11.8%	11.4%	9.3%
Market Value of Common Stock					
High for the Year	\$28.50	\$26.88	\$22.19	\$24.13	\$19.03
Low for the Year	\$20.38	\$17.31	\$17.31	\$17.34	\$12.63
Close for the Year	\$26.25	\$26.88	\$17.50	\$21.75	\$18.50

Note: 2001 and 2002 have been restated for the adoption of the fair value method of accounting for options under FAS 123.

PAGE 6

Quarterly Summary Unaudited [Millions of Dollars except Per Share]

For the Quarter Ended	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
	-----	-----	-----	-----	-----
Revenue					
Lincoln Retirement	512.1	478.2	467.5	453.0	442.6
Life Insurance	455.7	460.6	464.7	423.9	439.8
Investment Management	114.7	108.8	110.8	107.3	106.1
Lincoln UK	63.4	85.0	53.4	53.2	80.5
Corporate & Other	447.6	485.3	367.4	88.5	88.5
	-----	-----	-----	-----	-----
Total Revenue	1,593.5	1,618.0	1,463.8	1,126.0	1,157.5
	=====	=====	=====	=====	=====

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Net Income					
Lincoln Retirement	78.9	57.6	53.1	46.6	9.2
Life Insurance	52.6	63.8	50.9	43.5	56.7
Investment Management	(1.8)	(2.1)	(2.4)	2.1	(0.8)
Lincoln UK	17.1	13.5	22.0	10.3	9.3
Corporate & Other	(15.7)	(24.6)	33.2	(16.8)	(25.8)
	-----	-----	-----	-----	-----
Total Net Income	131.1	108.0	156.9	85.6	48.5
	=====	=====	=====	=====	=====
Income from Operations					
Lincoln Retirement	89.8	71.4	73.7	79.4	46.8
Life Insurance	66.2	69.1	72.3	70.4	72.8
Investment Management	(1.0)	(1.6)	(1.3)	3.1	(0.3)
Lincoln UK	15.7	9.6	19.0	13.8	6.1
Corporate & Other	(13.1)	(16.3)	23.0	(13.6)	(8.9)
	-----	-----	-----	-----	-----
Income from Operations	157.5	132.2	186.7	153.1	116.4
	=====	=====	=====	=====	=====
OTHER DATA					
Assets	96,464.2	90,242.4	98,041.6	97,888.5	95,114.2
Shareholders' Equity					
Beg of Period (including ACOI)	5,126.1	5,088.9	5,405.0	5,303.8	5,173.2
End of Period (including AOCI)	5,088.9	5,405.0	5,303.8	5,173.2	5,352.8
End of Period (excluding AOCI)	5,001.1	5,129.8	5,130.6	5,174.7	5,020.3
Average Equity (excluding AOCI)	4,955.9	5,124.8	5,179.0	5,179.8	5,165.8
Common Shares Outstanding					
Average for the Period - Diluted	190.4	192.8	190.9	190.0	188.5
End of Period - Diluted	190.9	191.2	189.3	190.2	186.1
Per Share Data (Diluted)					
Net Income	\$0.69	\$0.56	\$0.82	\$0.45	\$0.26
Income from Operations	\$0.83	\$0.69	\$0.98	\$0.81	\$0.62
Shareholders' Equity					
Shareholders' Equity (including AOCI)	27.04	28.48	28.32	27.53	29.01
Shareholders' Equity (excluding AOCI)	26.58	27.03	27.39	27.54	27.21
Dividends Declared (Common Stock)	0.305	0.305	0.320	0.320	0.320
Return on Equity					
Net Income/Average Equity	10.6%	8.4%	12.1%	6.6%	3.8%
Inc from Operations/Average Equity	12.7%	10.3%	14.4%	11.8%	9.0%
Market Value of Common Stock					
Highest Price	\$52.300	\$52.750	\$49.450	\$53.650	\$52.540
Lowest Price	\$41.280	\$41.000	\$40.000	\$47.200	\$40.750
Closing Price	\$51.750	\$46.630	\$48.570	\$50.730	\$42.000
	Sep	Dec	Mar	Jun	
For the Quarter Ended	2002	2002	2003	2003	
	-----	-----	-----	-----	
Revenue					
Lincoln Retirement	440.7	451.4	397.8	486.4	
Life Insurance	441.6	479.6	457.5	474.0	
Investment Management	97.5	102.2	102.1	116.4	
Lincoln UK	91.8	51.8	68.9	60.2	

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Corporate & Other	91.8	103.6	73.0	76.1
	-----	-----	-----	-----
Total Revenue	1,163.4	1,188.6	1,099.3	1,213.2
	=====	=====	=====	=====
Net Income				
Lincoln Retirement	(7.0)	5.0	6.9	81.7
Life Insurance	46.4	59.5	48.5	65.6
Investment Management	(3.9)	1.1	1.0	4.6
Lincoln UK	0.2	17.9	6.8	12.4
Corporate & Other	(172.1)	(32.6)	(21.7)	(21.6)
	-----	-----	-----	-----
Total Net Income	(136.4)	51.0	41.6	142.7
	=====	=====	=====	=====
Income from Operations				
Lincoln Retirement	21.8	35.4	57.4	86.1
Life Insurance	62.7	63.1	60.7	71.8
Investment Management	(3.0)	2.1	1.3	4.5
Lincoln UK	(0.6)	15.3	6.8	12.4
Corporate & Other	(18.8)	(15.9)	(21.5)	(21.5)
	-----	-----	-----	-----
Income from Operations	62.1	100.0	104.8	153.3
	=====	=====	=====	=====
OTHER DATA				
Assets	90,483.9	93,184.6	92,497.6	99,532.8
Shareholders' Equity				
Beg of Period (including AOCI)	5,352.8	5,436.8	5,347.5	5,450.0
End of Period (including AOCI)	5,436.8	5,347.5	5,450.0	5,815.9
End of Period (excluding AOCI)	4,591.8	4,612.9	4,610.5	4,699.8
Average Equity (excluding AOCI)	4,944.0	4,643.6	4,682.0	4,672.0
Common Shares Outstanding				
Average for the Period - Diluted	183.2	178.4	178.3	179.2
End of Period - Diluted	178.2	178.5	178.4	179.5
Per Share Data (Diluted)				
Net Income	(\$0.74)	\$0.29	\$0.23	\$0.80
Income from Operations	\$0.34	\$0.56	\$0.59	\$0.86
Shareholders' Equity				
Shareholders' Equity (including AOCI)	30.64	30.10	30.66	32.68
Shareholders' Equity (excluding AOCI)	25.87	25.97	25.94	26.41
Dividends Declared (Common Stock)	0.320	0.335	0.335	0.335
Return on Equity				
Net Income/Average Equity	(11.0%)	4.4%	3.6%	12.2%
Inc from Operations/Average Equity	5.0%	8.6%	8.9%	13.1%
Market Value of Common Stock				
Highest Price	\$42.080	\$35.950	\$35.700	\$37.500
Lowest Price	\$29.120	\$25.150	\$24.730	\$27.870
Closing Price	\$30.550	\$31.580	\$28.000	\$35.630

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

For the Quarter Ended June 30	Lincoln Retirement		Life Insurance		Investment Management
	Jun 2003	Jun 2002	Jun 2003	Jun 2002	Jun 2003
Revenue					
Life and annuity premiums	3.0	13.1	49.6	47.5	
Surrender charges	8.5	7.2	12.4	13.5	
Mortality assessments			128.4	123.9	
Expense assessments	104.3	120.7	49.6	47.2	
Health premiums			0.0	0.1	
Investment advisory fees					74.8
Other revenue and fees	1.3	(1.3)	7.3	6.7	29.5
Net investment income	369.8	359.1	229.0	225.7	12.1
Realized gains (losses) on investments	0.9	(56.2)	(2.6)	(25.4)	0.1
Gains (losses) on derivatives	(1.5)	(0.1)	0.3	0.6	
Total Revenue	486.4	442.6	474.0	439.8	116.4
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	34.8	72.5	110.5	103.6	
Div accum & div to policyholders			17.6	18.2	
Interest credited to policy bal.	217.1	221.8	149.8	148.9	
Health policy benefits			0.0	0.0	
Total insurance benefits	251.9	294.3	277.9	270.8	
Underwriting, acquisition, insurance and other expenses:					
Commissions	74.2	82.5	30.7	34.8	
Other volume related expenses	14.7	16.9	43.2	43.6	
Operating and administrative expenses	56.6	53.8	38.5	38.2	104.4
Restructuring charges	6.2	1.6	7.3		
Taxes, licenses and fees	4.3	4.2	13.8	15.3	2.8
Per policyholder interests					
Foreign exchange					
Subtotal	156.0	159.0	133.4	132.0	107.2
Deferral of acquisition costs	(51.0)	(60.8)	(79.7)	(82.2)	
DAC amortization	28.5	48.3	29.5	23.6	
DAC deferral net of amortization	(22.6)	(12.6)	(50.2)	(58.6)	
PVIF amortization	2.1	3.9	17.2	16.3	
Other intangibles amortization					2.0
Total underwriting, acquisition, insurance and other expenses	135.5	150.4	100.4	89.6	109.2
Goodwill amortization					
Interest	0.0			0.0	
Benefits and Expenses	387.4	444.7	378.3	360.4	109.2
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	99.0	(2.2)	95.7	79.4	7.2
Federal income taxes	17.3	(11.3)	30.1	22.7	2.6

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Income Before Cumulative Effect of Accounting Changes	81.7	9.2	65.6	56.7	4.6
Cumulative effect of accounting changes					
Net Income	81.7	9.2	65.6	56.7	4.6
Less:					
Restructuring charges	(4.0)	(1.0)	(4.7)		
Realized gains (losses) on investments	1.0	(36.6)	(1.9)	(16.4)	0.0
Gains (losses) on derivatives	(1.4)	0.1	0.4	0.3	
Reserve increase on business sold through reinsurance					
Gain on sale of subsidiaries					
Cumulative effect of accounting changes					
Income from Operations	86.1	46.8	71.8	72.8	4.5

PAGE 7

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

For the Quarter Ended June 30	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Jun 2003	Jun 2002	Jun 2003	Jun 2002	Jun 2003	Jun 2002
Revenue						
Life and annuity premiums		(3.4)			65.9	68.7
Surrender charges			0.4	0.6	21.3	21.3
Mortality assessments	(1.9)	(1.7)			135.6	130.5
Expense assessments	1.9	1.7	10.6	10.7	190.9	208.0
Health premiums	(0.5)	7.6			0.1	8.3
Investment advisory fees			(25.4)	(24.3)	49.4	47.8
Amortization of deferred gain	18.2	22.0			18.2	22.0
Amortization of deferred gain-reserve development	(0.2)				(0.2)	
Other revenue and fees	105.4	96.8	(65.1)	(61.6)	74.5	75.1
Net investment income	33.7	46.3	(1.1)	(1.6)	660.2	657.4
Earnings in Unconsolidated Affiliates		(0.6)				(0.6)
Realized gains (losses) on investments	(0.2)	(3.8)			(1.7)	(81.5)
Gains (losses) on derivatives	0.2	(0.1)			(1.0)	0.4
Total Revenue	156.7	164.7	(80.6)	(76.2)	1,213.2	1,157.5
Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	(11.7)	(0.1)			155.1	191.5
Div accum & div to policyholders		0.0			17.6	18.2

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Interest credited to policy bal.	32.9	3.7	6.6	8.0	406.3	382.5
Health policy benefits	11.2	30.4			14.2	33.9
	-----	-----	-----	-----	-----	-----
Total insurance benefits	32.4	34.0	6.6	8.0	593.2	626.1
Underwriting, acquisition, insurance and other expenses:						
Commissions	19.7	22.3	7.4	6.9	132.9	148.6
Other volume related expenses	47.1	46.0	(39.5)	(40.9)	65.4	65.5
Operating and administrative expenses	64.4	53.3	(48.9)	(45.7)	235.5	219.4
Restructuring charges					13.5	1.6
Taxes, licenses and fees	2.2	(0.2)			23.1	23.5
Par policyholder interests						
Foreign exchange		0.6				0.6
	-----	-----	-----	-----	-----	-----
Subtotal	133.4	122.0	(81.0)	(79.6)	470.3	459.2
Deferral of acquisition costs		(1.4)	(9.0)	(10.7)	(140.6)	(156.1)
DAC amortization	0.1	0.0	4.0	7.8	64.0	100.5
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	0.1	(1.4)	(5.1)	(2.9)	(76.5)	(55.5)
PVIF amortization					13.6	31.9
Other intangibles amortization					2.0	2.0
	-----	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	133.5	120.6	(86.1)	(82.6)	409.3	437.6
Goodwill amortization						
Interest	24.1	26.2	(1.1)	(1.6)	23.0	24.6
	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	190.0	203.1	(80.6)	(76.2)	1,025.5	1,110.5
	-----	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	(33.2)	(38.3)	(0.0)		187.7	46.9
Federal income taxes	(11.7)	(12.5)	(0.0)		45.0	(1.6)
Income Before Cumulative Effect of Accounting Changes	(21.6)	(25.8)	0.0		142.7	48.5
	-----	-----	-----	-----	-----	-----
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Net Income	(21.6)	(25.8)	0.0		142.7	48.5
	=====	=====	=====	=====	=====	=====
Less:						
Restructuring charges					(8.8)	(1.0)
Realized gains (losses) on investments	(0.4)	(2.4)	0.0		(1.1)	(52.7)
Gains (losses) on derivatives	0.4	(0.1)			(0.6)	0.3
Reserve increase on business sold through reinsurance	(0.1)	(14.4)			(0.1)	(14.4)
Gain on sale of subsidiaries						
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Income from Operations	(21.5)	(8.9)	(0.0)		153.3	116.4
	=====	=====	=====	=====	=====	=====

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

For the Six Months Ended June 30	Lincoln Retirement		Life Insurance		Investment Management
	Jun 2003	Jun 2002	Jun 2003	Jun 2002	Jun 2003
Revenue					
Life and annuity premiums	8.5	25.3	97.4	98.6	
Surrender charges	15.4	15.1	23.8	25.2	
Mortality assessments			258.1	247.8	
Expense assessments	201.8	241.7	97.9	94.1	
Health premiums			0.1	0.1	
Investment advisory fees					143.1
Other revenue and fees	(0.1)	4.5	13.1	12.4	51.5
Net investment income	736.9	715.7	456.6	451.7	24.2
Realized gains (losses) on investments	(75.8)	(106.7)	(15.2)	(66.8)	(0.4)
Gains (losses) on derivatives	(2.5)	(0.0)	(0.2)	0.6	
Total Revenue	884.2	895.6	931.6	863.8	218.5
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	99.9	127.9	214.3	207.7	
Div accum & div to policyholders			32.0	36.0	
Interest credited to policy bal.	437.2	447.9	299.9	295.2	
Health policy benefits			0.0	0.0	
Total insurance benefits	537.0	575.8	546.2	538.9	
Underwriting, acquisition, insurance and other expenses:					
Commissions	141.0	165.0	63.1	69.4	
Other volume related expenses	28.6	26.9	97.4	86.3	
Operating and administrative expenses	110.7	108.4	79.1	76.4	199.6
Restructuring charges	6.2	1.6	12.8		
Taxes, licenses and fees	10.0	8.9	28.2	28.5	5.8
Par policyholder interests					
Foreign exchange					
Subtotal	296.4	310.7	280.6	260.6	205.4
Deferral of acquisition costs	(98.8)	(122.6)	(170.7)	(156.5)	
DAC amortization	59.4	80.9	76.5	45.7	
DAC deferral net of amortization	(39.4)	(41.6)	(94.3)	(110.8)	
PVIF amortization	4.4	7.7	34.6	33.1	
Other intangibles amortization					4.0
Total underwriting, acquisition, insurance and other expenses	261.4	276.8	220.9	182.8	209.4
Benefits and Expenses	798.5	852.7	767.2	721.7	209.4
Income from Before Federal Income Tax and					

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Cumulative Effect of Accounting Changes	85.7	42.9	164.4	142.1	9.1
Federal income taxes	(2.9)	(12.8)	50.3	41.9	3.5
	-----	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	88.6	55.7	114.1	100.2	5.6
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Net Income	88.6	55.7	114.1	100.2	5.6
	=====	=====	=====	=====	=====
Less:					
Restructuring charges	(4.0)	(1.0)	(8.3)		
Realized gains (losses) on investments	(49.3)	(69.5)	(9.9)	(43.4)	(0.2)
Gains (losses) on derivatives	(1.6)	0.1	(0.1)	0.3	
Reserve increase on business sold through reinsurance					
Gain on sale of subsidiaries					
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Income from Operations	143.5	126.2	132.4	143.2	5.8
	=====	=====	=====	=====	=====

PAGE 8

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

For the Six Months Ended June 30	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Jun 2003	Jun 2002	Jun 2003	Jun 2002	Jun 2003	Jun 2002
	-----	-----	-----	-----	-----	-----
Revenue						
Life and annuity premiums		(3.4)			131.2	143.4
Surrender charges			1.1	1.1	40.2	41.4
Mortality assessments	(1.9)	(1.7)			274.5	260.9
Expense assessments	1.9	1.7	20.2	21.3	368.0	411.9
Health premiums	1.8	9.3			3.1	10.8
Investment advisory fees			(49.6)	(49.4)	93.5	95.8
Amortization of deferred gain	36.6	46.2			36.6	46.2
Amortization of deferred gain-reserve development	(0.4)				(0.4)	
Other revenue and fees	210.9	196.2	(136.7)	(124.5)	145.1	145.9
Net investment income	67.3	92.5	(2.1)	(3.1)	1,314.9	1,312.2
Earnings in Unconsolidated Affiliates		(0.6)				(0.6)
Realized gains (losses) on investments	0.2	(8.7)			(91.3)	(185.0)
Gains (losses) on derivatives	(0.2)	(0.0)			(2.8)	0.6
	-----	-----	-----	-----	-----	-----
Total Revenue	316.3	331.5	(167.1)	(154.4)	2,312.5	2,283.4
	-----	-----	-----	-----	-----	-----
Benefits and Expenses						
Ins. benefits paid or provided:						

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Life and annuity policy benefits	(9.7)	1.5			342.2	367.6
Div accum & div to policyholders		0.0			32.0	36.0
Interest credited to policy bal.	65.4	29.5	13.2	16.1	815.6	788.6
Health policy benefits	11.5	30.4			16.5	37.3
	-----	-----	-----	-----	-----	-----
Total insurance benefits	67.2	61.4	13.2	16.1	1,206.2	1,229.5
Underwriting, acquisition, insurance and other expenses:						
Commissions	38.0	41.5	14.6	13.6	258.6	292.8
Other volume related expenses	98.1	91.0	(87.2)	(83.9)	137.0	120.2
Operating and administrative expenses	120.3	113.2	(95.3)	(92.1)	453.2	440.1
Restructuring charges					19.0	1.6
Taxes, licenses and fees	9.8	14.0			53.8	60.1
Par policyholder interests						
Foreign exchange	(0.0)	0.6			(0.0)	0.6
	-----	-----	-----	-----	-----	-----
Subtotal	266.2	260.3	(167.8)	(162.4)	921.5	915.4
Deferral of acquisition costs		(1.4)	(17.9)	(21.6)	(289.1)	(304.0)
DAC amortization	0.1	0.2	7.5	16.5	164.1	170.9
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	0.1	(1.2)	(10.4)	(5.1)	(124.9)	(133.1)
PVIF amortization					36.3	53.3
Other intangibles amortization					4.0	4.2
	-----	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	266.4	259.1	(178.2)	(167.4)	836.8	839.8
Interest	48.4	52.5	(2.1)	(3.1)	46.3	49.5
	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	382.0	395.2	(167.1)	(154.4)	2,089.4	2,141.0
	-----	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	(65.7)	(63.7)			223.1	142.4
Federal income taxes	(22.5)	(21.1)			38.8	8.3
Income Before Cumulative Effect of Accounting Changes	(43.3)	(42.6)			184.3	134.2
	-----	-----	-----	-----	-----	-----
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Net Income	(43.3)	(42.6)			184.3	134.2
	=====	=====	=====	=====	=====	=====
Less:						
Restructuring charges					(12.3)	(1.0)
Realized gains (losses) on investments	0.1	(5.7)			(59.4)	(120.3)
Gains (losses) on derivatives	(0.1)	(0.0)			(1.8)	0.4
Reserve increase on business sold through reinsurance	(0.2)	(14.4)			(0.2)	(14.4)
Gain on sale of subsidiaries						
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Income from Operations	(43.0)	(22.5)	0.0		258.1	269.5
	=====	=====	=====	=====	=====	=====

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Statement of Consolidated Income
Unaudited [Millions of Dollars]

						YTD June 2001
For the Year Ended December 31	1998	1999	2000	2001	2002	2001
	-----	-----	-----	-----	-----	-----
Revenue						
Life and annuity premiums	985.6	1183.0	1403.3	1363.4	295.6	143.1
Surrender charges	91.5	110.2	114.7	101.5	87.8	41.1
Mortality assessments	380.1	496.4	496.5	533.3	530.3	260.1
Expense assessments	773.8	896.0	1013.1	880.1	792.7	411.1
Health premiums	635.1	698.5	409.8	340.6	20.3	10.1
Investment advisory fees	227.1	223.8	213.1	197.2	183.3	95.1
Amortization of deferred gain				20.4	75.2	46.1
Amortization of deferred gain- reserve development					(0.8)	
Other revenue and fees	261.0	344.5	441.1	328.7	299.5	145.1
Net investment income	2,710.6	2,842.5	2,784.1	2,708.7	2,631.9	1,312.1
Earnings in Unconsolidated Affiliates	3.3	5.8	(0.4)	5.7	(0.6)	(0.1)
Realized gains (losses) on investments	19.0	3.0	(28.3)	(92.4)	(280.9)	(185.1)
Gains (losses) on derivatives				(9.3)	1.2	0.1
	-----	-----	-----	-----	-----	-----
Total Revenue	6,087.1	6,803.7	6,847.1	6,378.0	4,635.5	2,283.1
	-----	-----	-----	-----	-----	-----
Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	1,237.7	1,546.6	1,546.4	1,517.9	811.3	367.1
Div accum & div to policyholders	78.0	88.4	87.6	83.7	76.0	36.1
Interest credited to policy bal.	1,446.2	1,510.4	1,474.2	1,506.0	1,617.1	788.1
Health policy benefits	566.9	659.7	449.0	302.1	49.7	37.1
Reserve developments on Reins. business sold					305.4	22.1
	-----	-----	-----	-----	-----	-----
Total insurance benefits	3,328.9	3,805.0	3,557.2	3,409.7	2,859.5	1,251.1
Underwriting, acquisition, insurance and other expenses:						
Commissions	740.1	961.0	919.1	860.3	579.4	292.1
Other volume related expenses	150.7	197.1	253.8	184.8	256.8	120.1
Operating and administrative expenses	997.9	1165.3	1157.0	1114.5	928.0	440.1
Restructuring charges	52.8	27.4	104.9	38.0	(2.2)	1.1
Taxes, licenses and fees	73.1	77.9	107.5	122.9	106.8	60.1
Per policyholder interests	(4.3)	3.3	1.1			
Foreign exchange	(1.5)	1.9	(2.9)	(1.4)	0.3	0.1
	-----	-----	-----	-----	-----	-----
Subtotal	2,008.8	2,433.8	2,540.6	2,319.1	1,869.0	915.1
Deferral of acquisition costs				(714.1)	(627.3)	(304.1)
DAC amortization				367.8	346.7	170.1
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	(208.2)	(314.6)	(427.5)	(346.3)	(280.6)	(133.1)
PVIF amortization	77.1	102.5	132.6	113.1	136.5	53.1
Other intangibles amortization	18.8	18.0	17.7	12.1	8.2	4.1
	-----	-----	-----	-----	-----	-----

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Total underwriting, acquisition, insurance and other expenses	1,896.5	2,239.7	2,263.5	2,098.0	1,733.2	839.
Goodwill amortization	44.5	49.2	45.1	43.4		
Interest	117.1	133.7	139.5	121.0	96.6	49.
	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	5,386.9	6,227.6	6,005.3	5,672.1	4,689.3	2,141.
	-----	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	700.2	576.1	841.8	705.9	(53.8)	142.
Federal income taxes	190.4	115.7	220.4	144.7	(102.6)	8.
Income Before Cumulative Effect of Accounting Changes	509.8	460.4	621.4	561.2	48.8	134.
	-----	-----	-----	-----	-----	-----
Cumulative effect of accounting changes				(15.6)		
	-----	-----	-----	-----	-----	-----
Net Income	509.8	460.4	621.4	545.7	48.8	134.
	=====	=====	=====	=====	=====	=====
Less:						
Restructuring charges	(34.3)	(18.9)	(80.2)	(24.7)	2.0	(1.
Realized gains (losses) on investments	13.7	3.8	(17.5)	(68.7)	(177.2)	(120.
Gains (losses) on derivatives				(4.9)	0.8	0.
Reserve increase on business sold through reinsurance					(199.1)	(14.
Gain on sale of subsidiaries				15.0	(9.4)	
Cumulative Effect of Accounting Changes				(15.6)		
	-----	-----	-----	-----	-----	-----
Income from Operations	530.4	475.5	719.1	644.4	431.6	269.
	=====	=====	=====	=====	=====	=====

Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-year				3,070.5	2,885.3	2,885.
Deferral				714.1	627.3	304.
Amortization				(367.8)	(346.7)	(170.
				-----	-----	-----
Included in Total Benefits and Expenses				346.3	280.6	133.
Adjustment related to realized (gains) losses on securities available-for-sale				112.9	115.0	74.
Adjustment related to unrealized (gains) losses on securities available-for-sale				(187.2)	(338.5)	(37.
Foreign currency translation adjustment				(16.0)	56.9	29.
Disposition of business				(425.9)	0.0	0.
Other				(15.3)	(28.4)	(28.
				-----	-----	-----
Balance at end-of-year				2,885.3	2,970.9	3,056.
				=====	=====	=====
Roll Forward of Present Value of In-Force						

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Balance at beginning-of-year	1,483.3	1,362.5	1,362.5
Amortization	(113.1)	(136.5)	(53.1)
Foreign currency translation adjustment	(7.0)	24.1	12.1
Other	(0.7)	(0.0)	(0.0)
	-----	-----	-----
Balance at end-of-year	1,362.5	1,250.1	1,321.5
	=====	=====	=====

Note: 2001 and 2002 have been restated for the adoption of the fair value method of accounting for options under FAS 123.

PAGE 10

Statement of Consolidated Income
Unaudited [Millions of Dollars]

For the Quarter Ended	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
	-----	-----	-----	-----	-----
Revenue					
Life and annuity premiums	353.9	336.8	270.7	74.7	68.7
Surrender charges	22.8	23.2	27.7	20.2	21.3
Mortality assessments	133.7	133.3	132.6	130.4	130.5
Expense assessments	219.8	217.4	205.9	203.9	208.0
Health premiums	95.7	103.9	36.1	2.4	8.3
Investment advisory fees	49.6	47.2	50.9	48.0	47.8
Amortization of deferred gain			20.4	24.2	22.0
Amortization of deferred gain-reserve development					
Other revenue and fees	54.9	100.2	87.9	70.8	75.1
Net investment income	680.7	693.3	653.1	654.8	657.4
Earnings in Unconsolidated Affiliates	0.0	0.4	4.3		(0.6)
Realized gains (losses) on investments	(17.9)	(37.1)	(16.8)	(103.5)	(81.5)
Gains (losses) on derivatives	0.3	(0.5)	(8.9)	0.1	0.4
	-----	-----	-----	-----	-----
Total Revenue	1,593.5	1,618.0	1,463.8	1,126.0	1,157.5
	-----	-----	-----	-----	-----
Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	373.6	422.6	302.8	176.1	191.5
Div accum & div to policyholders	20.2	18.0	26.6	17.8	18.2
Interest credited to policy bal.	369.7	378.7	390.6	406.2	382.5
Health policy benefits	91.5	83.8	25.0	3.3	33.9
Reserve developments on Reins. business sold					22.2
	-----	-----	-----	-----	-----
Total insurance benefits	855.0	903.1	744.9	603.4	648.3
Underwriting, acquisition, insurance and other expenses:					
Commissions	217.6	207.9	217.9	144.2	148.6
Other volume related expenses	58.9	53.1	29.1	54.7	65.5
Operating and administrative expenses	257.7	279.7	314.9	220.7	219.4

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Restructuring charges	5.9	(0.0)	31.0		1.6
Taxes, licenses and fees	29.2	30.0	28.4	36.6	23.5
Par policyholder interests	0.0				
Foreign exchange	2.0	(2.5)	1.1	0.0	0.6
	-----	-----	-----	-----	-----
Subtotal	571.4	568.3	622.4	456.2	459.2
Deferral of acquisition costs	(175.1)	(183.4)	(194.5)	(147.9)	(156.1)
DAC amortization	82.9	118.0	56.8	70.4	100.5
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(92.2)	(65.4)	(137.7)	(77.5)	(55.5)
PVIF amortization	23.6	34.4	21.8	21.3	31.9
Other intangibles amortization	2.6	2.6	2.5	2.2	2.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	505.4	539.9	509.0	402.2	437.6
Goodwill amortization	10.9	10.9	10.7		
Interest	32.0	29.6	25.0	24.8	24.6
	-----	-----	-----	-----	-----
Total Benefits and Expenses	1,403.3	1,483.5	1,289.7	1,030.4	1,110.5
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	190.2	134.5	174.2	95.5	46.9
Federal income taxes	47.8	26.4	17.3	9.9	(1.6)
	-----	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	142.4	108.0	156.9	85.6	48.5
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	(11.3)		(0.0)		
	-----	-----	-----	-----	-----
Net Income	131.1	108.0	156.9	85.6	48.5
	-----	-----	-----	-----	-----
Less:					
Restructuring charges	(3.9)	0.0	(20.2)		(1.0)
Realized gains (losses) on investments	(11.5)	(23.8)	(20.0)	(67.6)	(52.7)
Gains (losses) on derivatives	0.2	(0.4)	(4.6)	0.1	0.3
Reserve increase on business sold through reinsurance					(14.4)
Gain on sale of subsidiaries			15.0		
Cumulative Effect of Accounting Changes	(11.3)		(0.0)		
	-----	-----	-----	-----	-----
Income from Operations	157.5	132.2	186.7	153.1	116.4
	=====	=====	=====	=====	=====
Roll Forward of Deferred Acquisition Costs					
Balance at beginning-of-period	2,963.4	3,129.1	3,087.2	2,885.3	3,114.9
Deferral	175.1	183.4	194.5	147.9	156.1
Amortization	(82.9)	(118.0)	(56.8)	(70.4)	(100.5)
	-----	-----	-----	-----	-----
Included in Total Benefits and Expenses	92.2	65.4	137.7	77.5	55.5
Adjustment related to realized (gains) losses on securities available-for-sale	17.8	23.9	49.5	41.9	32.5
Adjustment related to unrealized (gains) losses on securities available-for-sale	55.8	(157.0)	68.1	114.9	(152.1)
Foreign currency translation adjustment	(0.2)	23.8	(7.2)	(12.2)	41.7
Disposition of business			(425.9)		
Other	0.1	2.1	(24.2)	7.5	(35.7)
	-----	-----	-----	-----	-----
Balance at end-of-period	3,129.1	3,087.2	2,885.3	3,114.9	3,056.7
	=====	=====	=====	=====	=====

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Roll Forward of Present Value of In-Force

Balance at beginning-of-period	1,436.0	1,412.3	1,387.4	1,362.5	1,336.1
Amortization	(23.6)	(34.4)	(21.8)	(21.3)	(31.9)
Foreign currency translation adjustment	(0.1)	10.3	(3.2)	(5.1)	17.4
Other		(0.7)			(0.1)
	-----	-----	-----	-----	-----
Balance at end-of-period	1,412.3	1,387.4	1,362.5	1,336.1	1,321.4
	=====	=====	=====	=====	=====

For the Quarter Ended	Sep	Dec	Mar	Jun
	2002	2002	2003	2003
	-----	-----	-----	-----
Revenue				
Life and annuity premiums	71.6	80.7	65.3	65.9
Surrender charges	22.8	23.5	18.9	21.3
Mortality assessments	134.1	135.3	138.9	135.6
Expense assessments	193.2	187.6	177.1	190.9
Health premiums	(9.6)	19.1	3.0	0.1
Investment advisory fees	42.9	44.7	44.2	49.4
Amortization of deferred gain	22.1	6.9	18.4	18.2
Amortization of deferred gain-reserve development	(1.4)	0.5	(0.2)	(0.2)
Other revenue and fees	72.1	81.5	70.6	74.5
Net investment income	652.4	667.3	654.6	660.2
Earnings in Unconsolidated Affiliates				
Realized gains (losses) on investments	(37.1)	(58.9)	(89.6)	(1.7)
Gains (losses) on derivatives	0.3	0.3	(1.9)	(1.0)
	-----	-----	-----	-----
Total Revenue	1,163.4	1,188.6	1,099.3	1,213.2
	-----	-----	-----	-----
Benefits and Expenses				
Ins. benefits paid or provided:				
Life and annuity policy benefits	229.7	214.0	187.1	155.1
Div accum & div to policyholders	17.2	22.8	14.4	17.6
Interest credited to policy bal.	417.4	411.1	409.3	406.3
Health policy benefits	7.3	5.1	2.3	14.2
Reserve developments on Reins. business sold	270.0	13.2		
	-----	-----	-----	-----
Total insurance benefits	941.6	666.2	613.0	593.2
Underwriting, acquisition, insurance and other expenses:				
Commissions	124.6	162.0	125.7	132.9
Other volume related expenses	63.9	72.6	71.5	65.4
Operating and administrative expenses	228.1	259.7	217.8	235.5
Restructuring charges	(2.1)	(1.7)	5.5	13.5
Taxes, licenses and fees	24.1	22.6	30.6	23.1
Par policyholder interests				
Foreign exchange	0.4	(0.6)	(0.0)	
	-----	-----	-----	-----
Subtotal	439.1	514.6	451.2	470.3
Deferral of acquisition costs	(155.5)	(167.8)	(148.5)	(140.6)
DAC amortization	113.0	62.8	100.1	64.0
	-----	-----	-----	-----
DAC deferral net of amortization	(42.5)	(105.0)	(48.4)	(76.5)
PVIF amortization	40.2	43.0	22.7	13.6
Other intangibles amortization	2.0	2.0	2.0	2.0
	-----	-----	-----	-----

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Total underwriting, acquisition, insurance and other expenses	438.8	454.5	427.5	409.3
Goodwill amortization				
Interest	23.7	23.5	23.3	23.0
	-----	-----	-----	-----
Total Benefits and Expenses	1,404.1	1,144.2	1,063.9	1,025.5
	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	(240.7)	44.4	35.4	187.7
Federal income taxes	(104.3)	(6.6)	(6.1)	45.0
	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	(136.4)	51.0	41.6	142.7
	-----	-----	-----	-----
Cumulative effect of accounting changes				
	-----	-----	-----	-----
Net Income	(136.4)	51.0	41.6	142.7
	-----	-----	-----	-----
Less:				
Restructuring charges	1.3	1.7	(3.6)	(8.8)
Realized gains (losses) on investments	(23.6)	(33.3)	(58.2)	(1.1)
Gains (losses) on derivatives	0.1	0.2	(1.2)	(0.6)
Reserve increase on business sold through reinsurance	(176.4)	(8.2)	(0.1)	(0.1)
Gain on sale of subsidiaries		(9.4)		
Cumulative Effect of Accounting Changes				
	-----	-----	-----	-----
Income from Operations	62.1	100.0	104.8	153.3
	=====	=====	=====	=====
Roll Forward of Deferred Acquisition Costs				
Balance at beginning-of-period	3,056.6	2,868.7	2,970.9	2,919.0
Deferral	155.5	167.8	148.5	140.6
Amortization	(113.0)	(62.8)	(100.1)	(64.0)
	-----	-----	-----	-----
Included in Total Benefits and Expenses	42.5	105.0	48.4	76.5
Adjustment related to realized (gains) losses on securities available-for-sale	22.9	17.8	30.0	8.3
Adjustment related to unrealized (gains) losses on securities available-for-sale	(267.1)	(34.2)	(119.4)	(334.0)
Foreign currency translation adjustment	13.8	13.7	(10.9)	27.2
Disposition of business				
Other	(0.0)			
	-----	-----	-----	-----
Balance at end-of-period	2,868.7	2,971.0	2,919.0	2,697.0
	=====	=====	=====	=====
Roll Forward of Present Value of In-Force				
Balance at beginning-of-period	1,321.4	1,286.9	1,250.1	1,223.1
Amortization	(40.2)	(43.0)	(22.7)	(13.6)
Foreign currency translation adjustment	5.7	6.1	(4.3)	11.2
Other		0.1		
	-----	-----	-----	-----
Balance at end-of-period	1,286.9	1,250.1	1,223.1	1,220.7
	=====	=====	=====	=====

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

	Lincoln Retirement		Life Insurance		Investment Management	
ASSETS	Jun 2003	Dec 2002	Jun 2003	Dec 2002	Jun 2003	
Investments						
Corporate bonds	14,154.4	12,928.9	8,567.8	7,879.1	520.7	
U.S. government bonds	55.7	41.1	61.8	87.0	0.1	
Foreign government bonds	351.0	259.2	175.3	136.5	3.9	
Asset/Mortgage backed securities	3,140.8	3,243.5	938.7	937.0	47.4	
State and municipal bonds	93.6	67.8	29.6	30.4	1.3	
Preferred stocks-redeemable	70.7	55.6	31.9	12.5	8.8	
Common stocks	0.1	0.1	0.0	1.5		
Preferred stocks-equity	34.2	33.6			2.9	
Mortgage loans	2,264.1	2,210.3	1,629.2	1,572.6	79.4	
Real estate						
Policy loans	450.6	469.5	1,461.4	1,468.2		
Other long-term investments	38.4	27.9	19.2	23.7		
Total Investments	20,653.7	19,337.5	12,914.7	12,148.5	664.4	
Allocated investments	3,586.1	3,757.4	1,230.4	1,250.7	92.3	
Notes receivable from LNC	426.2	358.8	247.4	207.7	48.9	
Invest in unconsol affiliates						
Cash and invested cash	(111.5)	(76.7)	(23.7)	(22.7)	69.7	
Property and equipment	4.6	1.5	3.4	7.7	41.5	
Premium and fees receivable	(0.3)	0.7	20.1	32.0	44.6	
Accrued investment income	262.0	256.7	184.3	171.7	9.2	
Assets held in separate accounts	29,584.4	26,934.1	1,529.6	1,310.4		
Federal income tax recoverable						
Amount recoverable from reinsurers	1,241.0	1,169.7	967.7	920.5		
Deferred acquisition costs	653.1	855.8	1,381.3	1,424.5		
Other intangible assets					37.9	
Present value of in-force	118.3	122.7	855.5	890.1		
Goodwill	64.1	64.1	855.1	855.1	300.7	
Other	188.1	114.1	417.9	395.6	171.9	
Total Assets	56,669.9	52,896.4	20,583.5	19,591.6	1,481.1	1
	=====	=====	=====	=====	=====	=====
	Corporate and Other Operations		Consolidating Adjustments			
ASSETS	Jun 2003	Dec 2002	Jun 2003	Dec 2002		
Investments						

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Corporate bonds	4,523.2	4,011.1		
U.S. government bonds	404.3	385.4		
Foreign government bonds	481.7	405.6		
Asset/Mortgage backed securities	628.0	787.8		
State and municipal bonds	25.9	16.2		
Preferred stocks-redeemable	7.1	2.1		
Common stocks	88.2	97.4		
Preferred stocks-equity	73.6	72.9		
Mortgage loans	341.3	341.0		
Real estate	240.1	279.5		
Policy loans				
Other long-term investments	448.1	412.8	(0.0)	(0.0)
	-----	-----	-----	-----
Total Investments	7,261.6	6,811.9	(0.0)	(0.0)
	-----	-----	-----	-----
Allocated investments	(45.0)	(468.2)	(4,863.7)	(4,639.9)
Notes receivable from LNC	(721.4)	(617.6)	(1.0)	(0.5)
Invest in unconsol affiliates				
Cash and invested cash	1,875.3	1,530.4		
Property and equipment	170.9	169.3		
Premium and fees receivable	331.7	143.2		
Accrued investment income	76.5	77.0		
Assets held in separate accounts			3,336.3	2,856.0
Federal income tax recoverable				317.7
Amount recoverable from reinsurers	5,423.2	5,450.1	(254.8)	(260.3)
Deferred acquisition costs	2.0	2.2	65.5	90.8
Other intangible assets				
Present value of in-force				
Goodwill	(0.0)	(0.0)		
Other	748.0	853.2	(342.5)	(407.0)
	-----	-----	-----	-----
Total Assets	15,122.8	13,951.4	(2,060.3)	(2,043.4)
	=====	=====	=====	=====

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

	Lincoln Retirement		Life Insurance		Inve Mana
	Jun	Dec	Jun	Dec	Jun
	2003	2002	2003	2002	2003
	-----	-----	-----	-----	-----
LIABILITIES and SHAREHOLDERS' EQUITY					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	2,715.8	2,718.5	14,129.3	13,780.9	
Health reserves			0.3	0.3	
Unpaid claims - life and health	50.8	48.3	110.7	108.3	
Unearned premiums			0.0	0.0	
Premium deposit funds	20,711.1	19,921.6	18.6	18.3	
Participating policyholders' funds			193.8	156.7	
Other policyholders' funds			621.8	603.5	

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Liab related to separate accounts	29,584.4	26,934.1	1,529.6	1,310.4	
	-----	-----	-----	-----	
Total Insurance and Inv Contract Liabilities	53,062.2	49,622.4	16,604.1	15,978.4	
Federal income taxes	438.0	220.7	240.7	97.3	19.2
Short-term debt					
Long-term debt					
Minority Interest in pref. securities of sub.					
Notes payable to LNC	1.6	0.2			
Other liabilities	217.1	94.5	558.9	443.9	880.0
Deferred gain on indemnity reinsurance					
	-----	-----	-----	-----	-----
Total Liabilities	53,718.9	49,937.8	17,403.7	16,519.6	899.2
	-----	-----	-----	-----	-----
Net unrealized gains (losses) on securities	705.2	309.8	359.8	178.0	2.9
Gains (losses) on derivatives*	12.2	10.6	14.5	16.7	
Other shareholders' equity	2,233.7	2,638.2	2,806.1	2,878.0	581.6
S/Hs' equity-minimum pension liability adjustment			(0.7)	(0.7)	(2.6)
Cumulative effect of accounting change					
	-----	-----	-----	-----	-----
Shareholders' Equity	2,951	2,959	3,180	3,072	582
	-----	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	56,669.9	52,896.4	20,583.5	19,591.6	1,481.1
	=====	=====	=====	=====	=====

	Corporate and Other Operations		Consolidating Adjustments	
	-----		-----	
LIABILITIES and SHAREHOLDERS' EQUITY	Jun	Dec	Jun	Dec
	2003	2002	2003	2002
	-----	-----	-----	-----
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves	2,126.1	2,209.4	(94.4)	(94.7)
Health reserves	2,655.0	2,640.2		
Unpaid claims - life and health	788.1	577.1		
Unearned premiums	24.0	141.2		
Premium deposit funds	143.8	40.1	533.4	508.1
Participating policyholders' funds				
Other policyholders' funds		7.4		
Liab related to separate accounts			3,336.3	2,856.0
	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	5,737.0	5,615.4	3,775.3	3,269.4
Federal income taxes	(634.0)	(659.4)	0.8	318.5
Short-term debt	83.4	153.0		
Long-term debt	1,121.4	1,119.2		
Preferred securities of subsidiary trusts	397.1	392.7		
Notes payable to LNC	258.5	308.7	(260.1)	(308.9)
Other liabilities	3,783.0	3,277.6	(711.7)	(681.5)
Deferred gain on indemnity reinsurance	938.9	977.1		
	-----	-----	-----	-----
Total Liabilities	11,685.5	11,184.4	2,804.3	2,597.4
	-----	-----	-----	-----

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Net unrealized gains (losses) on securities	13.8	228.2	5.2	5.2
Gains (losses) on derivatives*	2.2	1.0		
Other shareholders' equity	3,482.9	2,599.3	(4,869.7)	(4,645.9)
Minimum pension liability adjustment	(61.6)	(61.6)		
Cumulative effect of accounting change				
Shareholders' Equity	3,437.3	2,767.0	(4,864.6)	(4,640.7)
Total Liabilities and S/Hs' Equity	15,122.8	13,951.4	(2,060.3)	(2,043.4)

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

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

ASSETS	1998	1999	2000
Investments			
Corporate bonds	22,505.2	21,119.5	21,249.7
U.S. government bonds	1,134.6	538.3	542.9
Foreign government bonds	1,321.2	1,447.5	1,321.1
Mortgage backed securities	5,080.5	4,404.0	4,160.4
State and municipal bonds	16.7	14.7	14.6
Preferred stocks-redeemable	174.6	164.7	161.2
Common stocks	463.1	514.5	436.6
Preferred stocks-equity	79.8	89.5	113.1
Mortgage loans	4,393.1	4,735.4	4,663.0
Real estate	488.7	256.2	282.0
Policy loans	1,840.0	1,892.4	1,960.9
Other long-term investments	432.0	401.8	463.3
Total Investments	37,929.5	35,578.4	35,368.6
Invest in unconsol affiliates	18.8	25.8	6.4
Cash and invested cash	2,433.4	1,895.9	1,927.4
Property and equipment	174.8	203.8	228.2
Premiums and fees receivable	246.2	259.6	296.7
Accrued investment income	528.5	533.2	546.4
Assets held in separate accounts	43,408.9	53,654.2	50,579.9
Federal income taxes recoverable	204.1	345.0	207.5
Amounts recoverable from reinsurers	3,127.1	3,954.3	3,747.7
Deferred acquisition costs	1,964.4	2,800.3	3,070.5
Other intangible assets	95.1	92.3	73.7
Present value of in-force	1,753.3	1,654.2	1,483.3
Goodwill	1,484.3	1,423.0	1,286.0
Other	468.0	675.7	1,021.6

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Total Assets	93,836.3 =====	103,095.7 =====	99,844.1 =====
LIABILITIES and SHAREHOLDERS' EQUITY			
Liabilities			
Insurance and Investment Contract Liabilities:			
Life and annuity reserves	16,434.2	17,071.4	17,841.2
Health reserves	2,600.1	2,507.8	2,523.8
Unpaid claims-life and health	1,043.4	1,269.8	1,316.6
Unearned premiums	62.3	75.8	46.5
Premium deposit funds	20,171.9	19,624.1	17,715.5
Participating policyholders' funds	142.7	132.0	139.4
Other policyholders' funds	438.4	472.6	522.2
Liab related to separate accounts	43,408.9 -----	53,654.2 -----	50,579.9 -----
Total Ins and Inv Contr Liabilities	84,301.9	94,807.7	90,685.1
Federal income taxes			
Short-term debt	314.6	460.2	312.9
Long-term debt	712.2	712.0	712.2
Preferred securities of subsidiary trusts	745.0	745.0	745.0
Other liabilities	2,374.6	2,107.0	2,434.7
Deferred gain on indemnity reinsurance	-----	-----	-----
Total Liabilities	88,448.3 -----	98,831.9 -----	94,890.0 -----
S/Hs' equity-unrealized gains (losses)-cont op.			
	552.4	(465.7)	12.0
S/Hs' equity-foreign currency	50.0	30.0	21.9
S/Hs' equity-minimum pension liability adjustment			
S/Hs' equity-other	4,785.6	4,699.5	4,920.1
Cumulative effect of accounting change	-----	-----	-----
Total Shareholders' Equity	5,387.9 -----	4,263.9 -----	4,954.1 -----
Total Liabilities and Shareholders' Equity			
	93,836.3 =====	103,095.7 =====	99,844.1 =====
Shareholders' Equity Per Share			
Book Value, Excluding AOCI	\$23.62	\$23.98	\$25.74
Common shares outstanding	202.6	196.0	191.2

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

Jun 2001	Sep 2001	Dec 2001	Mar 2002
-------------	-------------	-------------	-------------

PAG

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	-----	-----	-----	-----	-----
ASSETS					
Investments					
Corporate bonds	22,116.6	23,424.3	23,105.1	23,470.4	23,9
U.S. government bonds	510.0	467.7	410.5	429.1	4
Foreign government bonds	1,236.3	1,160.3	1,174.7	1,180.1	1,1
Mortgage backed securities	3,844.6	3,765.6	3,524.7	3,613.9	4,0
State and municipal bonds	14.1	14.4	44.7	62.6	
Preferred stocks - redeemable	152.2	99.3	85.9	84.6	
Common stocks	373.3	311.2	319.3	284.4	2
Preferred stocks - equity	160.8	166.5	151.2	154.2	1
Mortgage loans	4,652.8	4,663.1	4,535.5	4,448.2	4,3
Real estate	306.9	288.8	267.9	258.2	2
Policy loans	1,947.4	1,943.4	1,939.7	1,918.0	1,9
Other long-term investments	480.9	483.4	553.8	459.6	4
	-----	-----	-----	-----	-----
Total Investments	35,796.0	36,788.0	36,113.1	36,363.1	37,1
	-----	-----	-----	-----	-----
Invest in unconsol affiliates	6.1	6.5	8.1	8.1	
Cash and invested cash	1,501.9	1,996.3	3,095.5	1,699.5	2,2
Property and equipment	251.4	261.0	257.5	266.4	2
Premiums and fees receivable	303.7	264.5	400.1	376.3	4
Accrued investment income	573.2	615.1	563.5	577.1	5
Assets held in separate accounts	47,140.2	39,479.8	44,833.4	44,916.7	40,5
Federal income taxes recoverable	210.5	71.6	55.5	593.4	4
Amount recoverable from reinsurers	3,662.0	3,818.3	6,030.4	6,096.3	6,5
Deferred acquisition costs	3,129.1	3,087.2	2,885.3	3,114.9	3,0
Other intangible assets	66.7	64.1	50.1	47.9	
Present value of in-force	1,412.3	1,387.4	1,362.5	1,336.1	1,3
Goodwill	1,263.6	1,253.2	1,211.8	1,211.5	1,2
Other	1,147.7	1,149.4	1,174.9	1,280.9	1,2
	-----	-----	-----	-----	-----
Total Assets	96,464.2	90,242.4	98,041.6	97,888.5	95,1
	=====	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	17,865.3	17,990.8	17,917.0	18,014.6	18,6
Health reserves	2,533.9	2,573.2	2,537.9	2,492.4	2,1
Unpaid claims-life and health	1,136.5	1,206.6	1,087.5	1,153.6	1,0
Unearned premiums	19.0	8.1	66.9	66.5	1
Premium deposit funds	17,715.9	18,509.7	18,585.0	18,669.6	19,1
Participating policyholders' funds	135.2	118.3	100.2	98.6	
Other policyholders' funds	541.4	554.3	562.7	571.9	5
Liab related to separate accounts	47,140.2	39,479.8	44,833.4	44,916.7	40,5
	-----	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	87,087.2	80,440.8	85,690.6	85,983.9	82,4
Federal income taxes					
Short-term debt	351.3	539.0	350.2	510.2	2
Long-term debt	712.4	712.4	861.8	861.8	1,1
Preferred securities of subsidiary trusts	745.0	305.0	474.7	376.2	3
Notes payable to LNC				(0.0)	
Other liabilities	2,479.4	2,840.2	4,216.1	3,864.6	4,5
Deferred gain on indemnity reinsurance			1,144.5	1,118.6	1,1
	-----	-----	-----	-----	-----
Total Liabilities	91,375.3	84,837.4	92,737.8	92,715.3	89,7

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	-----	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses) - inv.	76.2	247.9	195.7	31.8	3
S/Hs' equity-gains (losses) - derivatives*	9.4	2.9	3.9	22.6	
S/Hs' equity-foreign currency	(15.3)	6.9	(8.0)	(20.8)	
S/Hs' equity-minimum pension liability adj			(36.0)	(35.2)	(
S/Hs' equity-other	5,001.1	5,129.8	5,130.6	5,174.7	5,0
Cumulative effect of accounting change	17.6	17.4	17.6		
	-----	-----	-----	-----	-----
Total Shareholders' Equity	5,088.9	5,405.0	5,303.8	5,173.2	5,3
	-----	-----	-----	-----	-----
Total Liabilities					
and Shareholders' Equity	96,464.2	90,242.4	98,041.6	97,888.5	95,1
	=====	=====	=====	=====	=====
Shareholders' Equity Per Share					
Book Value, Excluding AOCI	\$26.58	\$27.03	\$27.39	\$27.54	\$2
Common shares outstanding	188.2	189.8	187.3	187.9	1

	Sep	Dec	Mar	Jun
	2002	2002	2003	2003
	-----	-----	-----	-----

ASSETS

Investments				
Corporate bonds	25,484.6	25,934.7	26,936.1	28,419.3
U.S. government bonds	495.3	513.6	537.0	561.9
Foreign government bonds	1,038.6	1,110.2	1,206.6	1,349.4
Mortgage backed securities	4,843.7	5,015.5	4,960.1	4,754.9
State and municipal bonds	97.8	114.4	134.9	150.4
Preferred stocks - redeemable	76.8	79.0	112.0	118.5
Common stocks	237.2	228.0	145.0	146.6
Preferred stocks - equity	160.3	109.2	104.5	110.7
Mortgage loans	4,285.2	4,205.5	4,235.5	4,314.3
Real estate	286.4	279.7	242.0	240.3
Policy loans	1,899.0	1,945.6	1,928.8	1,919.6
Other long-term investments	457.7	464.4	465.7	505.6
	-----	-----	-----	-----
Total Investments	39,362.6	39,999.9	41,008.4	42,591.6
	-----	-----	-----	-----

Invest in unconsol affiliates				
Cash and invested cash	1,599.9	1,690.5	1,635.5	1,945.8
Property and equipment	252.7	242.1	239.4	239.1
Premiums and fees receivable	577.2	212.9	194.0	396.0
Accrued investment income	568.2	536.7	567.2	555.1
Assets held in separate accounts	34,069.0	36,178.3	34,775.2	39,942.8
Federal income taxes recoverable	340.7	317.7	89.1	
Amount recoverable from reinsurers	7,094.5	7,280.0	7,323.5	7,377.1
Deferred acquisition costs	2,868.7	2,970.9	2,919.0	2,697.1
Other intangible assets	43.8	41.8	39.8	37.9
Present value of in-force	1,286.9	1,250.1	1,223.1	1,220.8
Goodwill	1,232.7	1,233.2	1,233.0	1,233.6
Other	1,187.1	1,230.3	1,250.6	1,295.9
	-----	-----	-----	-----
Total Assets	90,483.9	93,184.6	92,497.6	99,532.8
	=====	=====	=====	=====

LIABILITIES and SHAREHOLDERS' EQUITY

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Liabilities

Insurance and Inv Contract Liabilities:

Life and annuity reserves	19,142.5	19,950.3	20,025.6	20,194.5
Health reserves	2,448.3	2,689.0	2,689.9	2,703.3
Unpaid claims-life and health	1,100.9	778.4	763.1	997.1
Unearned premiums	185.8	141.2	141.1	24.0
Premium deposit funds	20,054.4	20,518.8	21,070.5	21,437.7
Participating policyholders' funds	90.5	156.7	166.3	193.8
Other policyholders' funds	595.7	610.9	607.1	621.8
Liab related to separate accounts	34,069.0	36,178.3	34,775.2	39,942.8
	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	77,687.1	81,023.6	80,238.8	86,115.0

Federal income taxes				72.0
Short-term debt	120.0	153.0	125.4	83.4
Long-term debt	1,118.1	1,119.2	1,118.6	1,121.4
Preferred securities of subsidiary trusts	390.6	392.7	390.8	397.1
Notes payable to LNC	(0.0)	(0.0)	0.2	(0.0)
Other liabilities	4,661.9	4,171.5	4,214.8	4,989.0
Deferred gain on indemnity reinsurance	1,069.5	977.1	959.0	938.9
	-----	-----	-----	-----
Total Liabilities	85,047.1	87,837.2	87,047.6	93,716.9
	-----	-----	-----	-----

S/Hs' equity-unrealized gns (losses) - inv.	817.5	753.3	872.0	1,117.8
S/Hs' equity-gains (losses) - derivatives*	27.3	28.3	25.0	28.8
S/Hs' equity-foreign currency	35.4	50.8	39.8	68.4
S/Hs' equity-minimum pension liability adj	(35.2)	(97.8)	(97.2)	(98.8)
S/Hs' equity-other	4,591.8	4,612.9	4,610.5	4,699.8
Cumulative effect of accounting change	-----	-----	-----	-----
Total Shareholders' Equity	5,436.8	5,347.5	5,450.0	5,815.9
	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	90,483.9	93,184.6	92,497.6	99,532.8
	=====	=====	=====	=====

Shareholders' Equity Per Share

Book Value, Excluding AOCI	\$25.87	\$25.97	\$25.94	\$26.41
Common shares outstanding	177.5	177.6	177.7	178.0

* 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 2002.

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

For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Revenue					
Premiums	53.9	65.2	64.3	77.5	47.1

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Surrender charges	33.5	37.9	41.8	31.2	31.2
Expense assessments	430.7	501.3	591.3	508.6	446.7
Other revenue and fees	1.7	14.5	11.0	16.7	3.1
Net investment income	1,530.8	1,509.1	1,430.5	1,399.1	1,457.1
Realized gains (losses) on investments	17.5	(12.1)	(5.2)	(64.5)	(196.1)
Gains (losses) on derivatives	0.0	0.0	0.0	(0.3)	(1.1)
	-----	-----	-----	-----	-----
Total Revenue	2,068.1	2,115.8	2,133.7	1,968.3	1,787.1
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	271.6	259.1	254.7	263.9	314.1
Interest credited to policy bal.	955.2	925.2	866.1	863.8	903.1
	-----	-----	-----	-----	-----
Total insurance benefits	1,226.8	1,184.3	1,120.8	1,127.7	1,217.1
Underwriting, acquisition, insurance and other expenses					
Commissions	236.7	341.4	326.8	336.3	320.1
Other volume related expenses	33.1	42.8	52.0	49.7	64.1
Operating and administrative expenses	194.0	208.6	200.6	231.8	231.1
Restructuring charges	0.0	0.0	0.0	2.0	1.1
Taxes, licenses and fees	13.8	0.3	9.3	13.7	11.1
Par policyholder interests	0.0	0.0	0.0	0.0	0.1
	-----	-----	-----	-----	-----
Subtotal	477.6	593.2	588.8	633.6	629.1
Deferral of acquisition costs				(240.9)	(243.1)
DAC amortization				125.5	157.1
	-----	-----	-----	-----	-----
DAC deferral net of amortization	9.7	(47.7)	(37.5)	(115.4)	(86.1)
PVIF amortization	11.4	15.3	24.2	14.7	31.1
Other intangibles amortization	0.0	0.0	0.0	0.0	0.1
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	498.8	560.8	575.5	532.8	575.1
Goodwill amortization	2.2	2.0	(0.6)	1.2	0.1
	-----	-----	-----	-----	-----
Total Benefits and Expenses	1,727.8	1,747.1	1,695.7	1,661.8	1,793.1
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes					
	340.3	368.7	438.0	306.5	(5.1)
	-----	-----	-----	-----	-----
Federal income taxes	66.5	77.2	79.4	34.1	(59.1)
	-----	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes					
	273.8	291.5	358.6	272.4	53.1
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	(7.3)	0.1
	-----	-----	-----	-----	-----
Net Income	273.8	291.5	358.6	265.1	53.1
	=====	=====	=====	=====	=====
Less:					
Realized gains (losses) on investments	11.4	(7.9)	(3.4)	(42.3)	(127.1)

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Gains (losses) on derivatives	0.0	0.0	0.0	(0.2)	(0.0)
Restructuring charges	0.0	0.0	0.0	(1.3)	(1.0)
Cumulative effect of accounting changes	0.0	0.0	0.0	(7.3)	0.0
	-----	-----	-----	-----	-----
Income from Operations	262.4	299.4	362.0	316.2	183.0
	=====	=====	=====	=====	=====
Effective tax rate on Income from Operations	18.7%	21.4%	18.3%	15.3%	5.4%
Revenue	2,068.1	2,115.8	2,133.7	1,968.3	1,787.0
Less:					
Realized gains (losses) on investments	17.5	(12.1)	(5.2)	(64.5)	(196.0)
Gains (losses) on derivatives	0.0	0.0	0.0	(0.3)	(1.0)
	-----	-----	-----	-----	-----
Operating Revenue	2,050.6	2,128.0	2,138.9	2,033.1	1,985.0
	=====	=====	=====	=====	=====
Average capital	1,592.6	1,562.0	1,601.8	1,829.3	2,337.0
Net Income return on average capital	17.2%	18.7%	22.4%	14.5%	2.3%
Income from operations return on average capital	16.5%	19.2%	22.6%	17.3%	7.8%

Roll Forward of Deferred Acquisition Costs					
Balance at beginning-of-period				812.5	912.0
Deferral				240.9	243.0
Amortization				(125.5)	(157.0)
				-----	-----
Included in Total Benefits and Expenses				115.4	86.0
Adjustment related to realized (gains) losses on securities available-for-sale				68.2	73.0
Adjustment related to unrealized (gains) losses on securities available-for-sale				(90.0)	(201.0)
Other*				6.7	(14.0)
				-----	-----
Balance at end-of-period				912.8	855.0
				=====	=====
Roll Forward of Present Value of In-Force					
Balance at beginning-of-period				169.2	154.0
Amortization				(14.7)	(31.0)
Other					
				-----	-----
Balance at end-of-period				154.5	122.0
				=====	=====

* Includes the transfer of the Legacy Life block of business to the Life Insurance segment in the

Note: 2001 and 2002 have been restated for the adoption of the fair value method of accounting for

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

For the Quarter Ended	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002
	-----	-----	-----	-----	-----
Revenue					
Premiums	32.5	13.2	12.7	12.2	13.1
Surrender charges	8.5	6.5	7.2	7.9	7.2
Expense assessments	130.3	124.9	119.7	121.0	120.7
Other revenue and fees	3.9	1.2	10.0	5.8	(1.3)
Net investment income	347.0	353.7	349.1	356.6	359.1
Realized gains (losses) on investments	(10.3)	(20.8)	(31.3)	(50.5)	(56.2)
Gains (losses) on derivatives	0.2	(0.5)	0.2	0.0	(0.1)
	-----	-----	-----	-----	-----
Total Revenue	512.1	478.2	467.5	453.0	442.6
	-----	-----	-----	-----	-----
Benefits and Expenses					
Benefits paid or provided:					
Benefits	72.6	66.3	55.3	55.4	72.5
Interest credited to policy balances	209.7	217.2	227.5	226.1	221.8
	-----	-----	-----	-----	-----
Total insurance benefits	282.3	283.5	282.8	281.5	294.3
Underwriting, acquisition, insurance and other expenses:					
Commissions	85.8	81.1	96.7	82.4	82.5
Other volume related expenses	12.8	12.7	13.1	10.0	16.9
Operating and administrative expenses	54.0	56.9	68.0	54.6	53.8
Restructuring charges	1.0	0.0	0.0	0.0	1.6
Taxes, licenses and fees	2.7	2.2	4.5	4.7	4.2
Per policyholder interests	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Subtotal	156.3	152.9	182.3	151.8	159.0
Deferral of acquisition costs	(60.2)	(58.7)	(71.9)	(61.7)	(60.8)
DAC amortization	28.3	35.6	20.9	32.7	48.3
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(31.9)	(23.0)	(51.0)	(29.1)	(12.6)
PVIF amortization	4.1	4.5	1.4	3.8	3.9
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	128.5	134.4	132.7	126.5	150.4
Goodwill amortization	0.3	0.3	0.3	0.0	0.0
	-----	-----	-----	-----	-----
Total Benefits and Expenses	411.1	418.2	415.8	408.0	444.7
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	101.0	60.0	51.8	45.1	(2.2)
Federal income taxes	18.4	2.5	(1.4)	(1.5)	(11.3)

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Income Before Cumulative Effect of Accounting Changes	82.6	57.6	53.1	46.6	9.2
Cumulative effect of accounting changes	(3.7)	0.0	0.0	0.0	0.0
Net Income	78.9	57.6	53.1	46.6	9.2
Less:					
Realized gains (losses) on investments	(6.7)	(13.5)	(20.7)	(32.8)	(36.6)
Gains (losses) on derivatives	0.1	(0.3)	0.1	0.0	0.1
Restructuring charges	(0.6)	0.0	0.0	0.0	(1.0)
Cumulative effect of accounting changes	(3.7)	0.0			
Income from Operations	89.8	71.4	73.7	79.4	46.8
Effective tax rate on Income from Operations	19.8%	12.2%	11.1%	16.9%	16.0%
Revenue	512.1	478.2	467.5	453.0	442.6
Less:					
Realized gains (losses) on investments	(10.3)	(20.8)	(31.3)	(50.5)	(56.2)
Gains (losses) on derivatives	0.2	(0.5)	0.2	0.0	(0.1)
Operating Revenue	522.1	499.5	498.7	503.5	498.8
Average capital	1,787.9	1,904.3	1,826.8	2,044.0	2,394.2
Net Income return on average capital	17.6%	12.1%	11.6%	9.1%	1.5%
Income from operations return on average capital	20.1%	15.0%	16.1%	15.5%	7.8%

Roll Forward of Deferred Acquisition Costs					
Balance at beginning-of-quarter	762.6	831.3	781.2	912.8	1,031.0
Deferral	60.2	58.7	71.9	61.7	60.8
Amortization	(28.3)	(35.6)	(20.9)	(32.7)	(48.3)
Included in Total Benefits and Expenses	31.9	23.0	51.0	29.1	12.6
Adjustment related to realized (gains) losses on securities available-for-sale	4.9	16.4	34.1	25.7	20.9
Adjustment related to unrealized (gains) losses on securities available-for-sale	31.9	(89.7)	46.5	78.2	(96.6)
Other*	(0.0)	0.3	(0.0)	(14.8)	
Balance at end-of-quarter	831.3	781.2	912.8	1,031.0	967.8

Roll Forward of Present Value of In-Force					
Balance at beginning-of-quarter	164.6	160.4	155.9	154.5	150.7
Amortization	(4.1)	(4.5)	(1.4)	(3.8)	(3.9)
Other					
Balance at end-of-quarter	160.4	155.9	154.5	150.7	146.8

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For the Quarter Ended	Sep 2002	Dec 2002	Mar 2003	Jun 2003
	-----	-----	-----	-----
Revenue				
Premiums	13.4	8.7	5.5	3.0
Surrender charges	8.7	7.4	6.9	8.5
Expense assessments	103.9	100.6	97.6	104.3
Other revenue and fees	(4.0)	2.7	(1.4)	1.3
Net investment income	363.5	378.3	367.0	369.8
Realized gains (losses) on investments	(43.8)	(46.1)	(76.8)	0.9
Gains (losses) on derivatives	(1.1)	(0.1)	(1.0)	(1.5)
	-----	-----	-----	-----
Total Revenue	440.7	451.4	397.8	486.4
	-----	-----	-----	-----
Benefits and Expenses				
Benefits paid or provided:				
Benefits	107.8	78.4	65.0	34.8
Interest credited to policy balances	224.2	231.7	220.1	217.1
	-----	-----	-----	-----
Total insurance benefits	332.0	310.1	285.1	251.9
Underwriting, acquisition, insurance and other expenses:				
Commissions	83.0	72.8	66.8	74.2
Other volume related expenses	19.6	18.1	14.0	14.7
Operating and administrative expenses	53.0	69.9	54.0	56.6
Restructuring charges	0.0	0.0	0.0	6.2
Taxes, licenses and fees	3.0	(0.5)	5.7	4.3
Per policyholder interests	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Subtotal	158.6	160.4	140.4	156.0
Deferral of acquisition costs	(66.0)	(55.3)	(47.8)	(51.0)
DAC amortization	47.1	29.6	31.0	28.5
	-----	-----	-----	-----
DAC deferral net of amortization	(18.9)	(25.7)	(16.8)	(22.6)
PVIF amortization	4.1	20.0	2.3	2.1
Other intangibles amortization	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	143.8	154.8	125.9	135.5
Goodwill amortization	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Benefits and Expenses	475.8	464.8	411.0	387.4
	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	(35.1)	(13.4)	(13.3)	99.0
Federal income taxes	(28.0)	(18.4)	(20.1)	17.3
	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	(7.0)	5.0	6.9	81.7
	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Net Income	(7.0)	5.0	6.9	81.7
	=====	=====	=====	=====
Less:				
Realized gains (losses) on investments	(28.0)	(30.4)	(50.3)	1.0

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Gains (losses) on derivatives	(0.8)	(0.0)	(0.2)	(1.4)
Restructuring charges	0.0	0.0	0.0	(4.0)
Cumulative effect of accounting changes				
	-----	-----	-----	-----
Income from Operations	21.8	35.4	57.4	86.1
	=====	=====	=====	=====
Effective tax rate on				
Income from Operations	(121.8%)	(8.1%)	11.0%	18.6%
Revenue	440.7	451.4	397.8	486.4
Less:				
Realized gains (losses) on investments	(43.8)	(46.1)	(76.8)	0.9
Gains (losses) on derivatives	(1.1)	(0.1)	(1.0)	(1.5)
	-----	-----	-----	-----
Operating Revenue	485.6	497.6	475.5	487.0
	=====	=====	=====	=====
Average capital	2,409.0	2,502.8	2,526.3	2,262.3
Net Income return on average capital	(1.2%)	0.8%	1.1%	14.4%
Income from operations return on				
average capital	3.6%	5.7%	9.1%	15.2%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter	967.8	843.9	855.8	820.6
Deferral	66.0	55.3	47.8	51.0
Amortization	(47.1)	(29.6)	(31.0)	(28.5)
	-----	-----	-----	-----
Included in Total Benefits and Expenses	18.9	25.7	16.8	22.6
Adjustment related to realized (gains)				
losses on securities available-for-sale	10.3	16.1	21.8	7.9
Adjustment related to unrealized (gains)				
losses on securities available-for-sale	(153.1)	(29.9)	(73.9)	(197.9)
Other*				
	-----	-----	-----	-----
Balance at end-of-quarter	843.9	855.8	820.6	653.1
	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-quarter	146.8	142.7	122.7	120.4
Amortization	(4.1)	(20.0)	(2.3)	(2.1)
Other				
	-----	-----	-----	-----
Balance at end-of-quarter	142.7	122.7	120.4	118.3
	=====	=====	=====	=====

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

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Unaudited [Billions of Dollars]

	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Fixed Annuities- Bal Beg-of-Year	17.214	18.111	18.210	16.615	18.004
Gross Deposits	1.452	2.563	2.074	3.342	3.672
Withdrawals (incl charges) & deaths	(2.468)	(2.521)	(3.283)	(2.448)	(2.637)
	-----	-----	-----	-----	-----
Net flows	(1.016)	0.042	(1.209)	0.894	1.035
Transfer from (to) var annuities	(0.356)	(0.783)	(1.329)	(0.428)	0.108
Interest credited	0.994	0.840	0.944	0.923	0.940
Acq of new business/companies	1.274				
	-----	-----	-----	-----	-----
Fixed Annuities-Gross	18.111	18.210	16.615	18.004	20.087
	-----	-----	-----	-----	-----
Reinsurance Ceded	(1.606)	(1.419)	(1.221)	(1.514)	(2.003)
	-----	-----	-----	-----	-----
Fixed Annuities-Bal End -of-Year	16.505	16.791	15.394	16.491	18.085
	-----	-----	-----	-----	-----
Fixed Annuities Incremental Deposits *	1.265	2.310	1.918	3.213	3.600
	-----	-----	-----	-----	-----
Variable Annuities-Bal Beg-of-Year	27.346	33.358	41.493	39.427	34.638
Gross Deposits	2.791	2.553	3.165	3.067	2.743
Withdrawals (incl charges) & deaths	(3.019)	(3.760)	(4.830)	(3.856)	(3.325)
	-----	-----	-----	-----	-----
Net flows	(0.228)	(1.207)	(1.665)	(0.789)	(0.582)
Transfer from (to) fixed annuities	0.389	0.787	1.320	0.428	(0.122)
Invest inc & change in mkt value	5.414	8.555	(1.721)	(4.428)	(6.497)
Acq(sale) of new business/companies	0.437				
	-----	-----	-----	-----	-----
Var Annuities-Bal End-of-Year	33.358	41.493	39.427	34.638	27.438
	-----	-----	-----	-----	-----
Variable Annuities Incremental Deposits *	2.641	2.409	2.667	2.624	2.569
	-----	-----	-----	-----	-----
Total Annuities - Bal Beg-of-Year	44.560	51.469	59.703	56.042	52.642
Gross Deposits	4.244	5.116	5.239	6.409	6.415
Withdrawals (incl charges) & deaths	(5.487)	(6.281)	(8.113)	(6.304)	(5.962)
	-----	-----	-----	-----	-----
Net flows	(1.244)	(1.165)	(2.874)	0.105	0.453
Transfers	0.033	0.004	(0.009)		(0.013)
Interest credited & change in mkt value	6.408	9.395	(0.777)	(3.505)	(5.558)
Acq of new business/companies	1.711				
	-----	-----	-----	-----	-----
Total Gross Annuities-Bal End-of-Year	51.469	59.703	56.042	52.642	47.525
	-----	-----	-----	-----	-----
Reinsurance Ceded	(1.606)	(1.419)	(1.221)	(1.514)	(2.003)
	-----	-----	-----	-----	-----
Total Annuities (Net of Ceded) - Bal End-of-Year	49.862	58.284	54.821	51.129	45.522
	=====	=====	=====	=====	=====
Total Annuities Incremental Deposits *	3.906	4.719	4.585	5.837	6.169
	-----	-----	-----	-----	-----
Var Ann Under Agree - Included above	0.649	0.719	0.941	1.077	1.186
	-----	-----	-----	-----	-----

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Fixed Annuities - excluding fixed
portion of variable contracts

Deposits	0.709	0.459	1.712	1.844
Withdrawals	(1.367)	(2.271)	(1.604)	(1.473)
	-----	-----	-----	-----
Net Flows	(0.658)	(1.812)	0.108	0.371
	-----	-----	-----	-----
Gross Fixed Account Values				10.475
Reinsurance Ceded				(2.003)

Net Fixed Account Values				8.473

Variable Annuities - including fixed
portion of variable contracts

Deposits	4.407	4.780	4.697	4.571
Withdrawals	(4.915)	(5.842)	(4.700)	(4.489)
	-----	-----	-----	-----
Net Flows	(0.508)	(1.062)	(0.003)	0.082
	-----	-----	-----	-----
Variable Account Values				37.050

Fixed Portion of Variable Contracts

Deposits	1.853	1.615	1.630	1.828
Withdrawals	(1.154)	(1.012)	(0.844)	(1.164)
	-----	-----	-----	-----
Net Flows	0.699	0.603	0.786	0.664
	-----	-----	-----	-----

Fixed Portion of Variable Account Values 16.491 9.612

Average Daily Variable Account Values 35.932 41.776 35.573 30.826

Annuity Product Spread Information**

Net Investment Income	7.22%	7.38%	7.38%	6.98%
Interest Credited	5.13%	5.24%	5.33%	4.87%
	-----	-----	-----	-----
Spread	2.09%	2.14%	2.05%	2.11%

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

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

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

	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001
	-----	-----	-----	-----	-----
Fixed Annuities-Bal Beg-of-Quarter	17.199	16.929	16.615	16.598	16.696
Gross Deposits	0.513	0.482	0.560	0.668	0.896
Withdrawals (incl charges) & deaths	(0.802)	(0.810)	(0.787)	(0.574)	(0.525)
Net flows	(0.288)	(0.328)	(0.227)	0.094	0.372
Transfer from (to) var annuities	(0.217)	(0.216)	(0.014)	(0.222)	0.021
Interest credited	0.235	0.230	0.225	0.226	0.228
Acq of new business/companies	-----	-----	-----	-----	-----
Fixed Annuities-Gross	16.929	16.615	16.598	16.696	17.317
Reinsurance Ceded	(1.270)	(1.221)	(1.169)	(1.146)	(1.266)
Fixed Annuities-Bal End-of-Quarter	15.660	15.394	15.430	15.551	16.051
Fixed Annuities Incremental Deposits*	0.464	0.447	0.536	0.611	0.873
Variable Annuities-Bal Beg-of-Quarter	43.097	42.743	39.427	34.733	36.961
Gross Deposits	0.729	0.846	0.887	0.703	0.684
Withdrawals (incl charges) & deaths	(1.253)	(1.199)	(1.250)	(0.993)	(0.795)
Net flows	(0.524)	(0.353)	(0.363)	(0.290)	(0.111)
Transfer from (to) fixed annuities	0.216	0.212	0.011	0.227	(0.023)
Invest inc & change in mkt value	(0.046)	(3.175)	(4.342)	2.291	(6.321)
Acq (sale) of new business/companies	-----	-----	-----	-----	-----
Var Annuities-Bal End-of-Quarter	42.743	39.427	34.733	36.961	30.506
Variable Annuities Incremental Deposits	0.586	0.650	0.683	0.612	0.604
Total Annuities-Bal Beg-of-Quarter	60.296	59.673	56.042	51.331	53.657
Gross Deposits	1.242	1.328	1.447	1.371	1.580
Withdrawals (incl charges) & deaths	(2.055)	(2.009)	(2.037)	(1.567)	(1.320)
Net flows	(0.812)	(0.681)	(0.590)	(0.196)	0.261
Transfers	(0.001)	(0.004)	(0.003)	0.005	(0.002)
Interest credited & change in mkt value	0.189	(2.945)	(4.117)	2.517	(6.093)
Acq of new business/companies	-----	-----	-----	-----	-----
Total Gross Annuities-Bal End-of-Quarter	59.673	56.042	51.331	53.657	47.823
Reinsurance Ceded	(1.270)	(1.221)	(1.169)	(1.146)	(1.266)
Total Annuities (Net of Ceded)- Bal End-of-Qtr	58.403	54.821	50.162	52.512	46.557
Total Annuities Incremental Deposits*	1.050	1.097	1.219	1.223	1.477

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Var Ann Under Agree - Included above	0.962	0.941	0.904	0.975	0.907
--------------------------------------	-------	-------	-------	-------	-------

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

Fixed Annuities - excluding fixed
portion of variable contracts

Deposits	0.114	0.085	0.160	0.329	0.489
Withdrawals	(0.532)	(0.570)	(0.556)	(0.356)	(0.340)
Net Flows	(0.417)	(0.485)	(0.396)	(0.027)	0.149

Gross Fixed Account Values
Reinsurance Ceded

Net Fixed Account Values

Variable Annuities - including fixed
portion of variable contracts

Deposits	1.128	1.243	1.287	1.042	1.091
Withdrawals	(1.523)	(1.439)	(1.481)	(1.211)	(0.979)
Net Flows	(0.395)	(0.196)	(0.194)	(0.169)	0.112

Variable Account Values

Fixed Portion of Variable Contracts

Deposits	0.399	0.397	0.400	0.339	0.407
Withdrawals	(0.270)	(0.240)	(0.231)	(0.218)	(0.184)
Net Flows	0.129	0.157	0.169	0.121	0.223

Fixed Portion of Variable Account Values

Average Daily Variable Account Values	43.055	39.682	38.180	36.499	34.399
---------------------------------------	--------	--------	--------	--------	--------

Annuity Product Spread Information**

Net Investment Income	7.40%	7.37%	7.50%	7.45%	7.33%
Interest Credited	5.12%	5.14%	5.40%	5.29%	5.34%
Spread	2.28%	2.23%	2.09%	2.16%	1.99%

	Mar 2002	Jun 2002	Sep 2002	Dec 2002	Mar 2003
Fixed Annuities-Bal Beg-of-Quarter	18.004	18.178	18.679	19.562	20.086
Gross Deposits	0.906	0.853	1.091	0.822	0.776
Withdrawals (incl charges) & deaths	(0.730)	(0.551)	(0.825)	(0.531)	(0.524)

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Net flows	0.176	0.302	0.265	0.291	0.253
Transfer from (to) var annuities	(0.232)	(0.032)	0.379	(0.007)	0.046
Interest credited	0.230	0.231	0.238	0.240	0.226
Acq of new business/companies	-----	-----	-----	-----	-----
Fixed Annuities-Gross	18.178	18.679	19.562	20.086	20.611
Reinsurance Ceded	(1.645)	(1.770)	(1.913)	(2.003)	(2.075)
Fixed Annuities-Bal End-of-Quarter	-----	-----	-----	-----	-----
	16.534	16.910	17.650	18.085	18.537
Fixed Annuities Incremental Deposits*	0.881	0.839	1.072	0.808	0.753
Variable Annuities-Bal Beg-of-Quarter	34.638	35.150	31.206	25.942	27.438
Gross Deposits	0.808	0.787	0.603	0.545	0.648
Withdrawals (incl charges) & deaths	(0.896)	(0.866)	(0.800)	(0.763)	(0.806)
Net flows	(0.088)	(0.079)	(0.197)	(0.217)	(0.158)
Transfer from (to) fixed annuities	0.234	0.032	(0.388)	0.000	(0.048)
Invest inc & change in mkt value	0.366	(3.897)	(4.679)	1.713	(0.759)
Acq (sale) of new business/companies	-----	-----	-----	-----	-----
Var Annuities-Bal End-of-Quarter	-----	-----	-----	-----	-----
	35.150	31.206	25.942	27.438	26.474
Variable Annuities Incremental Deposits	0.725	0.744	0.573	0.528	0.629
Total Annuities-Bal Beg-of-Quarter	52.642	53.328	49.885	45.504	47.524
Gross Deposits	1.714	1.640	1.694	1.368	1.424
Withdrawals (incl charges) & deaths	(1.626)	(1.417)	(1.626)	(1.294)	(1.329)
Net flows	0.088	0.223	0.068	0.074	0.095
Transfers	0.002	0.000	(0.009)	(0.006)	(0.002)
Interest credited & change in mkt value	0.596	(3.666)	(4.441)	1.953	(0.532)
Acq of new business/companies	-----	-----	-----	-----	-----
Total Gross Annuities-Bal End-of-Quarter	53.328	49.885	45.504	47.524	47.085
Reinsurance Ceded	(1.645)	(1.770)	(1.913)	(2.003)	(2.075)
Total Annuities (Net of Ceded)- Bal End-of-Qtr	-----	-----	-----	-----	-----
	51.683	48.115	43.591	45.522	45.010
Total Annuities Incremental Deposits*	1.606	1.583	1.645	1.336	1.382
Var Ann Under Agree - Included above	1.207	1.175	1.083	1.186	1.355

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

Fixed Annuities - excluding fixed portion of variable contracts					
Deposits	0.505	0.430	0.559	0.351	0.368
Withdrawals	(0.463)	(0.267)	(0.516)	(0.228)	(0.208)
Net Flows	0.042	0.163	0.042	0.123	0.160

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Gross Fixed Account Values	9.761	10.048	10.219	10.475	10.759
Reinsurance Ceded	(1.645)	(1.770)	(1.913)	(2.003)	(2.075)
Net Fixed Account Values	8.116	8.278	8.306	8.473	8.684
Variable Annuities - including fixed portion of variable contracts					
Deposits	1.209	1.210	1.135	1.017	1.056
Withdrawals	(1.163)	(1.150)	(1.109)	(1.066)	(1.121)
Net Flows	0.046	0.060	0.026	(0.049)	(0.065)
Variable Account Values	43.568	39.839	35.286	37.050	36.327
Fixed Portion of Variable Contracts					
Deposits	0.401	0.423	0.532	0.472	0.408
Withdrawals	(0.267)	(0.284)	(0.309)	(0.303)	(0.316)
Net Flows	0.134	0.139	0.223	0.169	0.093
Fixed Portion of Variable Account Values	8.418	8.632	9.344	9.612	9.853
Average Daily Variable Account Values	34.341	33.502	28.023	27.431	26.907

----- Annuity Product Spread Information**

Net Investment Income	7.15%	7.11%	6.87%	6.89%	6.61%
Interest Credited	5.14%	4.92%	4.76%	4.72%	4.42%
Spread	2.01%	2.18%	2.11%	2.17%	2.19%

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

** For the annuity products spread, the yield on earning assets.

Life Insurance Segment Income Statements Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	
Revenue					
Premiums	185.9	235.8	227.3	212.4	2
Surrender charges	52.1	66.3	66.4	66.1	
Mortality assessments	350.1	444.6	465.2	499.4	5
Expense assessments	146.2	165.8	191.8	191.4	1

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Other revenue and fees	2.6	9.8	14.2	17.9	
Net investment income	642.6	840.1	871.5	910.2	8
Realized gains (losses) on investments	(1.0)	(2.2)	(17.4)	(57.6)	(
Gains (losses) on derivatives	0.0	0.0	0.0	0.7	
	-----	-----	-----	-----	---
Total Revenue	1,378.5	1,760.4	1,819.0	1,840.6	1,7
	-----	-----	-----	-----	---
Benefits and Expenses					
Benefits paid or provided:					
Benefits	371.3	430.4	411.5	418.6	4
Div accum & div to policyholders	70.7	81.5	80.8	78.5	
Interest credited to policy bal.	393.1	493.8	525.4	569.9	5
	-----	-----	-----	-----	---
Total insurance benefits	835.1	1,005.8	1,017.8	1,067.0	1,1
Underwriting, acquisition, insurance and other expenses:					
Commissions	107.5	163.4	152.8	142.1	1
Other volume related expenses	122.7	185.6	200.9	176.4	1
Operating and administrative expenses	146.0	171.2	164.4	166.8	1
Restructuring Charges	30.8	0.0	0.0	5.4	
Taxes, licenses and fees	29.7	51.8	48.5	49.2	
Par policyholder interests	(4.3)	3.3	1.1	0.0	
Foreign exchange	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	---
Subtotal	432.5	575.2	567.6	539.9	5
Deferral of acquisition costs			0.0	(324.8)	(3
DAC amortization			0.0	95.0	1
	-----	-----	-----	-----	---
DAC deferral net of amortization	(159.3)	(235.0)	(286.5)	(229.8)	(2
PVIF amortization	51.9	58.8	103.7	75.9	
Other intangibles amortization	0.0	0.0	0.0	0.0	
	-----	-----	-----	-----	---
Total underwriting, acquisition, insurance and other expenses	325.0	399.1	384.8	385.9	3
Goodwill amortization	19.7	23.4	23.7	23.7	
	-----	-----	-----	-----	---
Total Benefits and Expenses	1,179.8	1,428.2	1,426.3	1,476.6	1,4
	-----	-----	-----	-----	---
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	198.7	332.2	392.7	364.0	2
Federal income taxes	71.2	120.6	143.4	129.2	
	-----	-----	-----	-----	---
Income Before Cumulative Effect of Accounting Changes	127.5	211.5	249.3	234.8	2
	-----	-----	-----	-----	---
Cumulative effect of accounting changes	0.0	0.0	0.0	(5.5)	
	-----	-----	-----	-----	---
Net Income	127.5	211.5	249.3	229.3	2
	=====	=====	=====	=====	===
Less:					
Realized gains (losses) on investments	(1.7)	(0.5)	(10.7)	(38.5)	(
Gains (losses) on derivatives	0.0	0.0	0.0	1.6	
Restructuring charges	(20.0)	0.0	0.0	(3.5)	
Cumulative effect of accounting changes	0.0	0.0	0.0	(5.5)	
	-----	-----	-----	-----	---
Income from Operations	149.2	212.0	259.9	275.3	2
	=====	=====	=====	=====	===

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Effective tax rate on					
Income from Operations	35.6%	36.6%	36.6%	35.4%	3
Revenue	1,378.5	1,760.4	1,819.0	1,840.6	1,7
Less:					
Realized gains (losses) on investments	(1.0)	(2.2)	(17.4)	(57.6)	(
Gains (losses) on derivatives			0.0	0.7	
	-----	-----	-----	-----	---
Operating Revenue	1,379.5	1,762.6	1,836.4	1,897.5	1,8
	=====	=====	=====	=====	=====
Average capital	1,948.0	2,712.3	2,640.2	2,732.8	2,8
Net Income return on average capital	6.5%	7.8%	9.4%	8.4%	
Income from operations return on					
average capital	7.7%	7.8%	9.8%	10.1%	

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period	1,079.3	1,2
Deferral	324.8	3
Amortization	(95.0)	(1
	-----	---
Included in Total Benefits and Expenses	229.8	2
Adjustment related to realized (gains)		
losses on securities available-for-sale	43.0	
Adjustment related to unrealized (gains)		
losses on securities available-for-sale	(89.0)	(1
Other*	2.5	
	-----	---
Balance at end-of-period	1,265.6	1,4
	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-period	1,040.5	9
Amortization	(75.9)	(
Other	(0.7)	
	-----	---
Balance at end-of-period	964.0	8
	=====	=====

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

Note: 2001 and 2002 have been restated for the adoption of the fair value method of accounting for

PAGE 20

Life Insurance Segment Income Statements Unaudited [Millions of Dollars]

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

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Revenue					
Premiums	50.7	46.4	64.4	51.1	47.6
Surrender charges	13.5	15.6	19.9	11.7	13.5
Mortality assessments	124.8	124.7	125.5	123.9	123.9
Expense assessments	45.3	46.0	52.8	46.9	47.2
Other revenue and fees	3.8	3.0	6.0	5.7	6.7
Net investment income	227.4	233.2	226.6	226.0	225.7
Realized gains (losses) on investments	(10.0)	(8.2)	(31.1)	(41.4)	(25.4)
Gains (losses) on derivatives	0.2	(0.1)	0.6	0.0	0.6
	-----	-----	-----	-----	-----
Total Revenue	455.7	460.6	464.7	423.9	439.8
	-----	-----	-----	-----	-----
Benefits and Expenses					
Benefits paid or provided:					
Benefits	103.5	102.3	112.9	104.1	103.6
Div accum & div to policyholders	19.0	16.5	25.4	17.8	18.2
Interest credited to policy bal.	141.2	143.5	146.9	146.3	148.9
	-----	-----	-----	-----	-----
Total insurance benefits	263.8	262.3	285.1	268.1	270.8
Underwriting, acquisition, insurance and other expenses:					
Commissions	31.1	32.5	45.1	34.6	34.8
Other volume related expenses	43.3	41.4	56.9	42.7	43.6
Operating and administrative expenses	42.1	43.1	39.8	38.2	38.2
Restructuring charges	3.1	0.0	2.3	0.0	0.0
Taxes, licenses and fees	12.3	12.0	12.5	13.2	15.3
Per policyholder interests	0.0	0.0	0.0	0.0	0.0
Foreign exchange	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Subtotal	131.9	129.0	156.5	128.6	132.0
Deferral of acquisition costs	(68.8)	(85.3)	(106.3)	(74.3)	(82.2)
DAC amortization	15.8	29.7	30.2	22.1	23.6
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(53.0)	(55.5)	(76.1)	(52.3)	(58.6)
PVIF amortization	17.7	20.5	14.7	16.9	16.3
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	96.5	94.0	95.1	93.2	89.6
Goodwill amortization	5.9	5.9	5.9	0.0	0.0
	-----	-----	-----	-----	-----
Total Benefits and Expenses	366.3	362.2	386.2	361.3	360.4
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	89.4	98.4	78.4	62.6	79.4
Federal income taxes	31.5	34.7	27.5	19.1	22.7
	-----	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	57.9	63.8	50.9	43.5	56.7
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	(5.3)	0.0	(0.0)	0.0	0.0
	-----	-----	-----	-----	-----
Net Income	52.6	63.8	50.9	43.5	56.7
	=====	=====	=====	=====	=====
Less:					
Realized gains (losses) on investments	(6.4)	(5.3)	(21.3)	(26.9)	(16.4)
Gains (losses) on derivatives	0.1	(0.0)	1.5	0.0	0.3

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Restructuring charges	(2.0)	0.0	(1.5)	0.0	0.0
Cumulative effect of accounting changes	(5.3)	0.0	(0.0)	0.0	0.0
	-----	-----	-----	-----	-----
Income from Operations	66.2	69.1	72.3	70.4	72.8
	=====	=====	=====	=====	=====
Effective tax rate on					
Income from Operations	35.3%	35.2%	35.0%	32.3%	30.1%
Revenue	455.7	460.6	464.7	423.9	439.8
Less:					
Realized gains (losses) on investments	(10.0)	(8.2)	(31.1)	(41.4)	(25.4)
Gains (losses) on derivatives	0.2	(0.1)	0.6	0.0	0.6
	-----	-----	-----	-----	-----
Operating Revenue	465.5	468.9	495.2	465.3	464.6
	=====	=====	=====	=====	=====
Average capital	2,716.7	2,737.7	2,746.5	2,804.3	2,868.5
Net Income return on average capital	7.7%	9.3%	7.4%	6.2%	7.9%
Income from operations return on					
average capital	9.7%	10.1%	10.5%	10.0%	10.2%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter	1,064.1	1,151.1	1,156.0	1,265.6	1,385.3
Deferral	68.8	85.3	106.3	74.3	82.2
Amortization	(15.8)	(29.7)	(30.2)	(22.1)	(23.6)
	-----	-----	-----	-----	-----
Included in Total Benefits and Expenses	53.0	55.5	76.1	52.3	58.6
Adjustment related to realized (gains)					
losses on securities available-for-sale	13.3	7.2	14.7	15.8	11.2
Adjustment related to unrealized (gains)					
losses on securities available-for-sale	20.7	(59.6)	18.5	34.0	(51.9)
Other*	0.1	1.8	0.3	17.6	1.7
	-----	-----	-----	-----	-----
Balance at end-of-quarter	1,151.1	1,156.0	1,265.6	1,385.3	1,404.9
	=====	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-quarter	1,017.6	999.9	978.7	964.0	947.1
Amortization	(17.7)	(20.5)	(14.7)	(16.9)	(16.3)
Other		(0.7)			(0.1)
	-----	-----	-----	-----	-----
Balance at end-of-quarter	999.9	978.7	964.0	947.1	930.7
	=====	=====	=====	=====	=====

For the Quarter Ended

	Sep	Dec	Mar	Jun	
	2002	2002	2003	2003	
	-----	-----	-----	-----	
Revenue					
Premiums	48.6	56.4	47.8	49.7	
Surrender charges	13.4	15.5	11.4	12.4	
Mortality assessments	126.3	127.3	129.7	128.4	
Expense assessments	49.2	56.3	48.3	49.6	
Other revenue and fees	5.1	6.2	5.8	7.3	
Net investment income	224.1	223.3	227.6	229.0	

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Realized gains (losses) on investments	(25.9)	(5.5)	(12.7)	(2.6)
Gains (losses) on derivatives	0.7	0.1	(0.5)	0.3
	-----	-----	-----	-----
Total Revenue	441.6	479.6	457.5	474.0
	-----	-----	-----	-----
Benefits and Expenses				
Benefits paid or provided:				
Benefits	105.2	114.6	103.8	110.5
Div accum & div to policyholders	17.2	22.8	14.4	17.6
Interest credited to policy bal.	152.6	150.7	150.1	149.8
	-----	-----	-----	-----
Total insurance benefits	275.1	288.0	268.3	277.9
Underwriting, acquisition, insurance and other expenses:				
Commissions	31.8	38.6	32.4	30.7
Other volume related expenses	45.8	58.3	54.2	43.2
Operating and administrative expenses	41.1	44.7	40.6	38.5
Restructuring charges	0.0	0.0	5.5	7.3
Taxes, licenses and fees	13.2	11.5	14.4	13.8
Per policyholder interests	0.0	0.0	0.0	0.0
Foreign exchange	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Subtotal	131.8	153.2	147.1	133.4
Deferral of acquisition costs	(78.6)	(101.4)	(91.0)	(79.7)
DAC amortization	23.9	36.3	47.0	29.5
	-----	-----	-----	-----
DAC deferral net of amortization	(54.8)	(65.1)	(44.0)	(50.2)
PVIF amortization	23.3	17.4	17.4	17.2
Other intangibles amortization	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	100.4	105.5	120.5	100.4
Goodwill amortization	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Benefits and Expenses	375.5	393.6	388.8	378.3
	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	66.1	86.0	68.7	95.7
Federal income taxes	19.7	26.5	20.2	30.1
	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	46.4	59.5	48.5	65.6
	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Net Income	46.4	59.5	48.5	65.6
	=====	=====	=====	=====
Less:				
Realized gains (losses) on investments	(16.9)	(3.6)	(8.1)	(1.9)
Gains (losses) on derivatives	0.6	0.1	(0.5)	0.4
Restructuring charges	0.0	0.0	(3.6)	(4.7)
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Income from Operations	62.7	63.1	60.7	71.8
	=====	=====	=====	=====
Effective tax rate on Income from Operations	31.3%	31.0%	30.6%	31.8%

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Revenue	441.6	479.6	457.5	474.0
Less:				
Realized gains (losses) on investments	(25.9)	(5.5)	(12.7)	(2.6)
Gains (losses) on derivatives	0.7	0.1	(0.5)	0.3
	-----	-----	-----	-----
Operating Revenue	466.8	485.0	470.7	476.2
	=====	=====	=====	=====
Average capital	2,856.0	2,849.9	2,863.9	2,792.7
Net Income return on average capital	6.5%	8.4%	6.8%	9.4%
Income from operations return on average capital	8.8%	8.8%	8.5%	10.3%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter	1,404.9	1,362.2	1,424.5	1,447.7
Deferral	78.6	101.4	91.0	79.7
Amortization	(23.9)	(36.3)	(47.0)	(29.5)
	-----	-----	-----	-----
Included in Total Benefits and Expenses	54.8	65.1	44.0	50.2
Adjustment related to realized (gains) losses on securities available-for-sale	11.7	1.0	7.0	(0.3)
Adjustment related to unrealized (gains) losses on securities available-for-sale	(109.3)	(3.7)	(27.9)	(116.3)
Other*				
	-----	-----	-----	-----
Balance at end-of-quarter	1,362.2	1,424.5	1,447.7	1,381.3
	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-quarter	930.7	907.4	890.1	872.7
Amortization	(23.3)	(17.4)	(17.4)	(17.2)
Other		0.1		
	-----	-----	-----	-----
Balance at end-of-quarter	907.4	890.1	872.7	855.5
	=====	=====	=====	=====

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

Life Insurance Segment Operational Data Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
First Year Premiums by Product (Millions)					
Universal Life	233.0	342.9	289.3	292.7	495.3

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Variable Universal Life	101.3	142.2	218.7	228.6	134.5
Whole Life	20.0	23.9	22.4	26.3	30.3
Term	48.0	45.9	41.9	30.8	32.3
	-----	-----	-----	-----	-----
Total Retail	402.3	555.0	572.3	578.4	692.3
Corporate Owned Life Insurance (COLI)	4.0	14.7	87.0	47.3	88.1
	-----	-----	-----	-----	-----
Total	406.3	569.7	659.3	625.6	780.4
	-----	-----	-----	-----	-----

First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	35.0	188.3	200.6	196.1	201.7
Lincoln Financial Distributors	356.3	367.9	444.7	413.0	556.3
Other*	15.0	13.5	14.0	16.6	22.4
	-----	-----	-----	-----	-----
Total by Distribution	406.3	569.7	659.3	625.6	780.4
	=====	=====	=====	=====	=====

Life Insurance In-Force (Billions)					
Universal Life & Other	105.837	109.288	115.872	121.168	126.016
Term Insurance	67.076	85.701	100.130	113.226	127.880
	-----	-----	-----	-----	-----
Total Life Segment In-Force	172.914	194.988	216.002	234.394	253.896
	=====	=====	=====	=====	=====

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

First Year Premiums by Product (Millions)					
Universal Life	72.4	80.9	57.7	70.0	67.4
Variable Universal Life	55.1	75.1	56.0	52.2	50.1
Whole Life	6.0	8.0	4.1	5.1	6.7
Term	9.1	7.6	6.5	7.2	8.1
	-----	-----	-----	-----	-----
Total Retail	142.6	171.6	124.2	134.6	132.4
Corporate Owned Life Insurance (COLI)	5.8	49.0	7.1	21.0	5.1
	-----	-----	-----	-----	-----
Total	148.4	220.7	131.3	155.6	137.4
	-----	-----	-----	-----	-----

First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	51.3	66.2	38.1	48.2	41.8
Lincoln Financial Distributors	92.9	150.6	89.1	104.0	90.4
Other*	4.2	3.9	4.2	3.4	5.2
	-----	-----	-----	-----	-----
Total by Distribution	148.4	220.7	131.3	155.6	137.4
	=====	=====	=====	=====	=====

Insurance In-Force (Billions)					
Universal Life & Other	112.884	115.872	116.747	118.007	119.029
Term Insurance	98.424	100.130	102.467	105.265	108.723
	-----	-----	-----	-----	-----
Total Segment In-Force	211.308	216.002	219.214	223.272	227.751
	=====	=====	=====	=====	=====

For the Quarter Ended	Jun	Sep	Dec	Mar	Jun
	2002	2002	2002	2003	2003

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	-----	-----	-----	-----	-----
First Year Premiums by Product (Millions)					
Universal Life	98.9	132.9	177.1	130.8	142.7
Variable Universal Life	42.4	26.1	27.0	24.4	14.1
Whole Life	6.4	7.7	11.0	6.5	7.1
Term	8.1	7.3	8.1	9.1	9.6
	-----	-----	-----	-----	-----
Total Retail	155.8	174.0	223.2	170.7	173.5
Corporate Owned Life Insurance (COLI)	46.6	7.8	26.8	10.6	61.8
	-----	-----	-----	-----	-----
Total	202.4	181.8	249.9	181.3	235.3
	-----	-----	-----	-----	-----
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	48.3	46.9	64.9	42.1	48.4
Lincoln Financial Distributors	151.6	132.7	171.1	131.6	146.6
Other*	2.6	2.2	13.9	7.5	40.2
	-----	-----	-----	-----	-----
Total by Distribution	202.4	181.8	249.9	181.3	235.3
	=====	=====	=====	=====	=====
Insurance In-Force (Billions)					
Universal Life & Other	123.674	124.085	126.016	126.414	127.276
Term Insurance	121.076	123.945	127.880	133.251	139.191
	-----	-----	-----	-----	-----
Total Segment In-Force	244.750	248.030	253.896	259.666	266.467
	=====	=====	=====	=====	=====

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

Life Insurance Segment Life Insurance Account Value Roll Forward

Unaudited [Billions of Dollars]

	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Universal Life-Bal Beg-of-Year	2.558	6.259	6.650	6.976	7.508
Deposits	0.675	1.017	0.955	1.043	1.332
Withdrawals & deaths	(0.701)	(0.452)	(0.426)	(0.319)	(0.426)
	-----	-----	-----	-----	-----
Net flows	(0.026)	0.564	0.528	0.724	0.906
Policyholder assessments	0.000	(0.544)	(0.584)	(0.598)	(0.648)
Interest credited	0.350	0.370	0.382	0.405	0.428
Acq of new business/transfers between segments	3.378	0.000	0.000	0.000	0.018
	-----	-----	-----	-----	-----
Universal Life-Bal End of Year (1)	6.259	6.650	6.976	7.508	8.211
	-----	-----	-----	-----	-----
Variable Universal Life-Bal Beg-of-Year	0.480	1.200	1.605	1.808	1.746

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Deposits	0.193	0.326	0.607	0.584	0.504
Withdrawals & deaths	(0.100)	(0.099)	(0.132)	(0.251)	(0.193)
	-----	-----	-----	-----	-----
Net flows	0.093	0.228	0.475	0.332	0.311
Policyholder assessments	0.000	(0.084)	(0.141)	(0.170)	(0.186)
Invest inc & chg in mkt value	0.105	0.370	(0.130)	(0.225)	(0.313)
Acq of new business/transfers between segments	0.522	(0.110)	0.000	0.000	0.132
	-----	-----	-----	-----	-----
Variable Universal Life-Bal End-of-Year	1.200	1.605	1.808	1.746	1.690
	-----	-----	-----	-----	-----
Interest Sensitive Whole Life- Bal Beg-of-Year		1.784	1.963	2.062	2.123
		-----	-----	-----	-----
Deposits	0.340	0.355	0.322	0.307	0.301
Withdrawals & deaths	(0.294)	(0.162)	(0.168)	(0.200)	(0.199)
	-----	-----	-----	-----	-----
Net flows	0.046	0.193	0.154	0.107	0.103
Policyholder assessments	0.000	(0.168)	(0.168)	(0.164)	(0.167)
Interest credited	0.096	0.109	0.113	0.118	0.127
Acq of new business/transfers between segments	1.642	0.045	0.000	0.000	0.000
	-----	-----	-----	-----	-----
Int Sensitive Whole Life-Bal End-of-Year	1.784	1.963	2.062	2.123	2.186
	-----	-----	-----	-----	-----

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

(1) Includes fixed investment option of VUL products.

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

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

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Universal Life-Bal Beg-of-Quarter	6.782	6.878	6.976	7.063	
Deposits	0.227	0.265	0.227	0.270	
Withdrawals & deaths	(0.080)	(0.114)	(0.091)	(0.071)	(
	-----	-----	-----	-----	-----
Net flows	0.146	0.151	0.136	0.199	
Policyholder assessments	(0.146)	(0.150)	(0.147)	(0.147)	(
Interest credited	0.096	0.097	0.098	0.100	
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	
	-----	-----	-----	-----	-----
Universal Life-Bal End-of-Quarter (1)	6.878	6.976	7.063	7.216	
	-----	-----	-----	-----	-----
Variable Universal Life-Bal Beg of Quarter	1.764	1.812	1.808	1.633	
Deposits	0.123	0.245	0.136	0.138	
Withdrawals & deaths	(0.037)	(0.048)	(0.049)	(0.060)	(
	-----	-----	-----	-----	-----
Net flows	0.085	0.197	0.087	0.078	
Policyholder assessments	(0.036)	(0.041)	(0.041)	(0.041)	(
Invest inc & chg in mkt value	(0.001)	(0.160)	(0.221)	0.096	(
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	
	-----	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Quarter	1.812	1.808	1.633	1.766	
	-----	-----	-----	-----	-----
Interest Sensitive Whole Life - Bal Beg-of-Quarter	1.993	2.026	2.062	2.068	
Deposits	0.079	0.113	0.056	0.069	
Withdrawals & deaths	(0.033)	(0.056)	(0.041)	(0.043)	(
	-----	-----	-----	-----	-----
Net flows	0.045	0.057	0.014	0.027	
Policyholder assessments	(0.040)	(0.050)	(0.037)	(0.040)	(
Interest credited	0.027	0.029	0.028	0.030	
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	
	-----	-----	-----	-----	-----
Int Sensitive Whole Life-Bal End-of-Quarter	2.026	2.062	2.068	2.084	
	-----	-----	-----	-----	-----

Total Segment- Life Insurance Account Values					
Bal Beg-of-Quarter	10.538	10.716	10.847	10.764	1
Deposits	0.428	0.622	0.418	0.477	
Withdrawals & deaths	(0.151)	(0.218)	(0.181)	(0.173)	(
	-----	-----	-----	-----	-----
Net flows	0.277	0.404	0.237	0.304	
Policyholder assessments	(0.221)	(0.241)	(0.225)	(0.228)	(
Invest inc & change in market value	0.123	(0.033)	(0.094)	0.226	(
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	
	-----	-----	-----	-----	-----
Total Segment -Bal End-of-Quarter	10.716	10.847	10.764	11.066	1
	=====	=====	=====	=====	=====

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

	Mar 2002 -----	Jun 2002 -----	Sep 2002 -----	Dec 2002 -----	
Universal Life-Bal Beg-of-Quarter	7.508	7.622	7.838	7.987	
Deposits	0.248	0.364	0.310	0.410	
Withdrawals & deaths	(0.097)	(0.096)	(0.108)	(0.125)	(
Net flows	0.150	0.268	0.201	0.286	
Policyholder assessments	(0.158)	(0.158)	(0.162)	(0.170)	(
Interest credited	0.104	0.106	0.110	0.108	
Acq of new business/transfers between segments	0.018	0.000	0.000	0.000	
Universal Life-Bal End-of-Quarter (1)	7.622	7.838	7.987	8.211	
Variable Universal Life-Bal Beg of Quarter	1.746	1.919	1.776	1.575	
Deposits	0.129	0.147	0.102	0.126	
Withdrawals & deaths	(0.055)	(0.057)	(0.034)	(0.047)	(
Net flows	0.074	0.090	0.068	0.079	
Policyholder assessments	(0.047)	(0.046)	(0.046)	(0.047)	(
Invest inc & chg in mkt value	0.013	(0.186)	(0.224)	0.083	(
Acq of new business/transfers between segments	0.132	0.000	0.000	0.000	
Variable Universal Life -Bal End-of-Quarter	1.919	1.776	1.575	1.690	
Interest Sensitive Whole Life - Bal Beg-of-Quarter	2.123	2.126	2.145	2.164	
Deposits	0.063	0.066	0.073	0.100	
Withdrawals & deaths	(0.051)	(0.039)	(0.045)	(0.063)	(
Net flows	0.012	0.026	0.027	0.037	
Policyholder assessments	(0.042)	(0.039)	(0.040)	(0.046)	(
Interest credited	0.033	0.032	0.031	0.031	
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000	
Int Sensitive Whole Life-Bal End-of-Quarter	2.126	2.145	2.164	2.186	

Total Segment- Life Insurance Account Values					
Bal Beg-of-Quarter	11.377	11.667	11.759	11.726	1
Deposits	0.440	0.577	0.484	0.636	

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Withdrawals & deaths	(0.204)	(0.192)	(0.187)	(0.234)	(
	-----	-----	-----	-----	---
Net flows	0.236	0.385	0.297	0.402	
Policyholder assessments	(0.246)	(0.244)	(0.248)	(0.263)	(
Invest inc & change in market value	0.151	(0.049)	(0.082)	0.222	
Acq of new business/transfers between segments	0.150	0.000	0.000	0.000	
	-----	-----	-----	-----	---
Total Segment -Bal End-of-Quarter	11.667	11.759	11.726	12.086	1
	=====	=====	=====	=====	=

(1) Includes fixed investment option of VUL products.

Investment Management
Income Statements
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Revenue					
Investment advisory fees - External	249.0	248.6	231.6	197.2	183.3
Investment advisory fees - Insurance Assets	100.2	103.0	112.4	105.0	97.7
Other revenue and fees	92.5	106.6	115.9	99.2	87.0
Net investment income	67.0	56.9	57.7	53.6	50.5
Realized gains (losses) on investments	0.9	(0.1)	(3.9)	(3.7)	(5.4)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Total Revenue	509.6	514.9	513.7	451.2	413.1
	-----	-----	-----	-----	-----
Benefits and Expenses					
Underwriting, acquisition, insurance and other expenses:					
Operating and administrative expenses	384.7	369.6	398.8	410.2	393.2
Restructuring Charges	0.0	12.5	7.1	0.6	(0.4)
Taxes, licenses and fees	13.1	10.3	11.6	16.8	13.0
	-----	-----	-----	-----	-----
Subtotal	397.8	392.4	417.5	427.5	405.8
Other intangibles amortization	18.8	17.7	16.3	10.8	8.2
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	416.6	410.1	433.8	438.3	414.0
Goodwill amortization	16.3	16.2	16.2	16.2	0.0
Interest on notes payable	0.4	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Total Benefits and Expenses	433.3	426.3	450.0	454.6	414.0
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	76.3	88.6	63.7	(3.3)	(0.9)
Federal income taxes	31.9	37.0	26.8	5.5	0.5
Income Before Cumulative Effect of Accounting Changes	44.4	51.6	37.0	(8.9)	(1.4)

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	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	(0.1)	0.0
	-----	-----	-----	-----	-----
Net Income	44.4	51.6	37.0	(9.0)	(1.4)
	=====	=====	=====	=====	=====
Less:					
Realized gains (losses) on investments	0.5	(0.1)	(2.5)	(2.4)	(3.5)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	(9.2)	(4.6)	(0.4)	0.3
Cumulative effect of accounting changes	0.0	0.0	0.0	(0.1)	0.0
	-----	-----	-----	-----	-----
Income from Operations	43.9	61.0	44.1	(6.1)	1.8
	=====	=====	=====	=====	=====
Net Income					
- before Goodwill Amortization	60.8	67.9	53.2	7.3	(1.4)
Net Income					
-before Goodwill & Intang. Amort.	73.1	79.4	63.8	14.3	3.9
Inc from Oper -before					
Goodwill Amortization	60.3	77.2	60.3	10.1	1.8
Income from Operations					
- before Goodwill & Intang. Amort	72.6	88.7	70.9	17.1	7.2
Revenue	509.6	514.9	513.7	451.2	413.1
Less:					
Realized gains (losses) on investments	0.9	(0.1)	(3.9)	(3.7)	(5.4)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Operating Revenue	508.7	515.0	517.6	454.9	418.5
	=====	=====	=====	=====	=====
Average Capital (Securities at Cost)	642.3	593.7	575.6	556.2	580.9
Net Income return on average capital	6.9%	8.7%	6.4%	(1.6%)	(0.2%)
Inc. from oper. return on average capital	6.8%	10.3%	7.7%	(1.1%)	0.3%

Note: 2001 and 2002 have been restated for the adoption of the fair value method of accounting for under FAS 123.

Investment Management Income Statements Unaudited [Millions of Dollars]						
For the Quarter Ended	Jun	Sep	Dec	Mar	Jun	Sep
	2001	2001	2001	2002	2002	2002
	-----	-----	-----	-----	-----	-----
Revenue						
Investment advisory fees - External	51.1	46.2	49.3	48.0	47.8	42.9
Investment advisory fees - Insurance						
Assets	26.0	26.0	26.3	25.0	24.3	24.1
Other revenue and fees	25.7	23.9	23.4	23.0	22.0	19.9
Net investment income	13.0	13.6	12.8	12.8	12.7	12.4
Realized gains (losses) on						
investments	(1.1)	(0.8)	(1.1)	(1.5)	(0.7)	(1.8)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0

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Total Revenue	114.7	108.8	110.8	107.3	106.1	97.5
Benefits and Expenses						
Underwriting, acquisition, insurance and other expenses:						
Operating and administrative expenses	104.7	99.0	101.3	97.2	100.8	99.4
Restructuring Charges	0.0	0.0	0.6	0.0	0.0	(0.4)
Taxes, licenses and fees	3.6	4.2	3.6	4.6	4.2	1.9
Subtotal	108.3	103.2	105.5	101.8	105.0	100.9
Other intangibles amortization	2.3	2.3	2.3	2.2	2.0	2.0
Total underwriting, acquisition, insurance and other expenses	110.6	105.5	107.8	103.9	107.0	102.9
Goodwill amortization	4.1	4.1	4.1	0.0	0.0	0.0
Interest on notes payable	0.0	0.0	0.0	0.0	0.0	0.0
Total Benefits and Expenses	114.7	109.5	111.9	103.9	107.0	102.9
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	0.0	(0.7)	(1.1)	3.4	(1.0)	(5.4)
Federal income taxes	1.7	1.4	1.3	1.3	(0.2)	(1.5)
Income Before Cumulative Effect of Accounting Changes	(1.7)	(2.1)	(2.4)	2.1	(0.8)	(3.9)
Cumulative effect of accounting changes	(0.1)	0.0	0.0	0.0	0.0	0.0
Net Income	(1.8)	(2.1)	(2.4)	2.1	(0.8)	(3.9)
Less:						
Realized gains (losses) on investments	(0.7)	(0.5)	(0.7)	(1.0)	(0.4)	(1.2)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	0.0	(0.4)	0.0	0.0	0.3
Cumulative effect of accounting changes	(0.1)	0.0	0.0	0.0	0.0	0.0
Income from Operations	(1.0)	(1.6)	(1.3)	3.1	(0.3)	(3.0)
Net Income - before Goodwill Amortization	2.3	1.9	1.7	2.1	(0.8)	(3.9)
Net Income - before Goodwill & Intang. Amort	3.8	3.4	3.2	3.5	0.6	(2.6)
Inc from Oper -before Goodwill Amortization	3.1	2.5	2.8	3.1	(0.3)	(3.0)
Inc from Oper - before Goodwill & Intang. Amort	4.6	3.9	4.2	4.5	1.0	(1.7)
Revenue	114.7	108.8	110.8	107.3	106.1	97.5
Less:						
Realized gains (losses) on investment	(1.1)	(0.8)	(1.1)	(1.5)	(0.7)	(1.8)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Operating Revenue	115.8	109.7	111.8	108.9	106.7	99.3

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	=====	=====	=====	=====	=====	=====
Average Capital (Securities at Cost)	555.5	556.3	554.5	562.3	586.9	586.0
Net Income return on average capital	(1.3%)	(1.1%)	(0.9%)	2.2%	(0.2%)	(2.0%)
Income from operations return on average capital	(0.7%)	(1.2%)	(0.9%)	2.2%	(0.2%)	(2.1%)

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

	1998	1999	2000	2001	2002	2003
	-----	-----	-----	-----	-----	-----
Retail Fixed - Bal Beg-of-Year	8.125	8.219	7.423	6.608	7.120	7.120
Fund Sales	1.166	0.991	0.769	0.876	1.218	0.518
Redemptions	(1.234)	(1.424)	(1.401)	(1.051)	(1.182)	(0.518)
Net Money Market	(0.141)	(0.111)	(0.207)	(0.046)	(0.050)	(0.050)
Transfers	0.132	0.177	(0.168)	0.405	0.206	(0.050)
	-----	-----	-----	-----	-----	-----
Net Flows(1)	(0.077)	(0.367)	(1.007)	0.184	0.192	(0.050)
Market	0.170	(0.429)	0.099	0.328	0.320	0.170
Acquisitions/addition of Assets under Administration(1)			0.094			
	-----	-----	-----	-----	-----	-----
Balance End-of-Year	8.219	7.423	6.608	7.120	7.631	7.120
	-----	-----	-----	-----	-----	-----
Retail Equity - Bal Beg-of-Year	17.754	22.081	23.384	21.523	17.987	17.987
Fund Sales	3.581	3.270	4.116	2.817	4.477	1.987
Redemptions	(2.459)	(4.972)	(4.431)	(2.838)	(3.690)	(1.690)
Net Money Market	(0.001)	(0.001)	0.001			
Transfers	0.730	(0.144)	(0.178)	(0.538)	(0.173)	(0.001)
	-----	-----	-----	-----	-----	-----
Net Flows(1)	1.851	(1.847)	(0.492)	(0.560)	0.614	0.300
Market	2.476	3.150	(1.711)	(2.976)	(3.685)	(1.685)
Acquisitions/addition of Assets under Administration(1)			0.342			
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	22.081	23.384	21.523	17.987	14.917	16.600
	-----	-----	-----	-----	-----	-----
Total Retail - Bal Beg-of-Year	25.879	30.300	30.807	28.130	25.107	25.107
Retail Sales-Annuities	2.240	1.561	1.782	1.701	2.751	1.101
Retail Sales-Mutual Funds	1.912	2.151	2.577	1.523	1.829	1.001
Retail Sales-Managed Acct. & Other	0.595	0.549	0.525	0.469	1.115	0.300
	-----	-----	-----	-----	-----	-----
Total Retail Sales	4.747	4.261	4.885	3.693	5.695	2.500
Redemptions	(3.693)	(6.396)	(5.832)	(3.889)	(4.873)	(2.200)
Net Money Market	(0.142)	(0.112)	(0.206)	(0.046)	(0.050)	(0.050)
Transfers	0.862	0.033	(0.346)	(0.133)	0.033	(0.001)
	-----	-----	-----	-----	-----	-----

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Net Flows (1)	1.774	(2.214)	(1.500)	(0.375)	0.806	0.2
Market	2.647	2.721	(1.612)	(2.649)	(3.364)	(1.5)
Acquisitions/addition of Assets under Administration (1)			0.435			
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	30.300	30.807	28.130	25.107	22.547	23.7
	-----	-----	-----	-----	-----	-----

Institutional Fixed - Bal Beg-of-Year	5.708	6.955	6.936	6.111	5.490	5.4
Inflows	2.169	2.001	0.771	0.643	2.281	1.4
Withdrawals/Terminations	(1.242)	(1.700)	(1.973)	(1.229)	(1.146)	(0.4)
Transfers	(0.074)	(0.001)	(0.005)	0.017	0.004	(0.0)
	-----	-----	-----	-----	-----	-----
Net Flows	0.853	0.300	(1.207)	(0.569)	1.139	1.0
Market	0.394	(0.319)	0.382	(0.052)	0.607	0.2
Acquisitions						
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	6.955	6.936	6.111	5.490	7.237	6.8
	-----	-----	-----	-----	-----	-----
Institutional Equity - Bal Beg-of-Year	24.871	24.235	23.631	19.112	17.814	17.8
Inflows	3.840	5.249	2.730	3.183	2.913	1.2
Withdrawals/Terminations	(7.441)	(7.800)	(7.209)	(2.879)	(1.991)	(1.1)
Transfers	0.047	0.012	(0.008)	0.035	0.045	0.0
	-----	-----	-----	-----	-----	-----
Net Flows	(3.555)	(2.539)	(4.486)	0.338	0.967	0.1
Market	2.919	1.935	(0.033)	(1.636)	(2.070)	0.1
Acquisitions						
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	24.235	23.631	19.112	17.814	16.711	18.1
	-----	-----	-----	-----	-----	-----
Total Institutional - Bal Beg-of-Year	30.579	31.191	30.568	25.223	23.304	23.3
Inflows	6.009	7.250	3.501	3.826	5.194	2.7
Withdrawals/Terminations	(8.683)	(9.500)	(9.182)	(4.109)	(3.137)	(1.5)
Transfers	(0.027)	0.011	(0.013)	0.052	0.050	0.0
	-----	-----	-----	-----	-----	-----
Net Flows	(2.702)	(2.239)	(5.693)	(0.231)	2.106	1.1
Market	3.313	1.616	0.349	(1.688)	(1.463)	0.4
Acquisitions						
	-----	-----	-----	-----	-----	-----
Balance at End-of-Year	31.191	30.568	25.223	23.304	23.948	24.9
	-----	-----	-----	-----	-----	-----
Total Retail/Institutional - At End-of-Year	61.490	61.375	53.354	48.411	46.495	48.7
	-----	-----	-----	-----	-----	-----
Insurance Assets - At End-of-Year	39.432	35.934	35.686	38.119	41.104	38.4
	-----	-----	-----	-----	-----	-----
Total Assets Under Management At End-of-Year	100.922	97.309	89.040	86.530	87.599	87.2

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(1) Retail assets under management have been restated to include assets under administration beginning January of 2000.

Net Flows from Assets Under Administration are: 0.018 0.081 0.263 0.1

PAGE 27

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

	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001	Dec 2001
	-----	-----	-----	-----	-----	-----
Retail Fixed - Bal-Beg-of-Qtr	6.763	6.631	6.606	6.749	6.768	7.207
Fund Sales	0.223	0.212	0.248	0.203	0.207	0.218
Redemptions	(0.328)	(0.277)	(0.261)	(0.285)	(0.262)	(0.242)
Net Money Market	(0.031)	(0.051)	0.010	(0.030)	0.005	(0.031)
Transfers	(0.031)	0.010	0.047	(0.002)	0.388	(0.027)
	-----	-----	-----	-----	-----	-----
Net Flows(1)	(0.167)	(0.106)	0.043	(0.114)	0.338	(0.083)
Market	0.035	0.081	0.100	0.133	0.101	(0.002)
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	6.631	6.606	6.749	6.768	7.207	7.122
	-----	-----	-----	-----	-----	-----
Retail Equity - Bal-Beg-of-Qtr	23.496	24.047	21.524	18.254	19.755	15.872
Fund Sales	0.927	1.071	0.917	0.681	0.638	0.580
Redemptions	(1.040)	(0.837)	(0.911)	(0.666)	(0.653)	(0.607)
Net Money Market	0.001	0.000	0.000	0.000	0.000	0.000
Transfers	(0.036)	(0.069)	(0.070)	(0.047)	(0.441)	0.019
	-----	-----	-----	-----	-----	-----
Net Flows(1)	(0.148)	0.165	(0.064)	(0.032)	(0.456)	(0.008)
Market	0.699	(2.689)	(3.205)	1.532	(3.427)	2.125
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	24.047	21.524	18.254	19.755	15.872	17.989
	-----	-----	-----	-----	-----	-----
Total Retail - Bal-Beg-of-Qtr	30.260	30.679	28.130	25.003	26.523	23.079
Retail Sales-Annuities	0.456	0.589	0.540	0.403	0.434	0.323
Retail Sales-Mutual Funds	0.554	0.563	0.483	0.355	0.336	0.348
Retail Sales-Managed Acct. & Other	0.140	0.131	0.142	0.127	0.074	0.127
	-----	-----	-----	-----	-----	-----
Total Retail Sales	1.150	1.283	1.165	0.885	0.845	0.798
Redemptions	(1.368)	(1.114)	(1.173)	(0.951)	(0.915)	(0.850)
Net Money Market	(0.030)	(0.051)	0.010	(0.030)	0.005	(0.031)
Transfers	(0.067)	(0.059)	(0.023)	(0.049)	(0.053)	(0.009)

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Net Flows(1)	(0.315)	0.059	(0.021)	(0.146)	(0.118)	(0.091)
Market	0.734	(2.608)	(3.105)	1.665	(3.326)	2.123
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
Balance at End-of-Qtr	30.679	28.130	25.003	26.523	23.079	25.111
<hr/>						
Institutional Fixed - Bal-Beg-of-Qtr	6.485	6.276	6.112	5.891	5.809	5.639
Inflows	0.308	0.135	0.310	0.233	0.020	0.080
Withdrawals/Terminations	(0.532)	(0.568)	(0.432)	(0.112)	(0.493)	(0.192)
Transfers	0.000	0.001	0.003	0.010	0.001	0.002
Net Flows	(0.224)	(0.433)	(0.119)	0.131	(0.472)	(0.109)
Market	0.015	0.269	(0.102)	(0.213)	0.302	(0.041)
Balance at End-of-Qtr	6.276	6.112	5.891	5.809	5.639	5.489
<hr/>						
Institutional Equity - Bal-Beg-of-Qtr	20.241	19.044	19.113	17.312	18.405	16.240
Inflows	0.407	0.750	0.881	0.823	0.863	0.615
Withdrawals/Terminations	(1.154)	(1.368)	(1.199)	(0.501)	(0.555)	(0.624)
Transfers	(0.013)	0.007	0.018	(0.008)	0.009	0.016
Net Flows	(0.760)	(0.611)	(0.299)	0.313	0.317	0.007
Market	(0.438)	0.680	(1.502)	0.779	(2.482)	1.567
Balance at End-of-Qtr	19.044	19.113	17.312	18.405	16.240	17.814
<hr/>						
Total Institutional - Bal-Beg-of-Qtr	26.726	25.320	25.225	23.203	24.214	21.879
Inflows	0.715	0.885	1.192	1.056	0.883	0.696
Withdrawals/Terminations	(1.686)	(1.936)	(1.631)	(0.613)	(1.048)	(0.816)
Transfers	(0.012)	0.008	0.022	0.002	0.010	0.018
Net Flows	(0.983)	(1.043)	(0.417)	0.445	(0.155)	(0.103)
Market	(0.423)	0.949	(1.605)	0.566	(2.180)	1.526
Balance at End-of-Qtr	25.320	25.225	23.203	24.214	21.879	23.303
<hr/>						
Total Retail/Inst - At End-of-Qtr	55.998	53.355	48.207	50.737	44.958	48.413
Insurance Assets-End-of-Qtr	34.981	35.686	36.324	36.018	37.337	38.119
Total Assets Under Management At End-of-Qtr	90.979	89.041	84.531	86.755	82.295	86.532
<hr/>						

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

Net Cash Flows from Assets Under Administration are:	0.011	0.001	0.027	0.013	0.007	0.034
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Investment Management (continued)
Assets Under Management Roll Forward
Unaudited [Billions of Dollars]

	Mar 2002	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003
	-----	-----	-----	-----	-----	-----
Retail Fixed - Bal-Beg-of-Qtr	7.122	7.090	7.169	7.516	7.633	7.909
Fund Sales	0.292	0.272	0.325	0.328	0.424	0.469
Redemptions	(0.289)	(0.306)	(0.277)	(0.311)	(0.327)	(0.318)
Net Money Market	(0.003)	(0.002)	(0.009)	(0.035)	0.001	(0.006)
Transfers	(0.041)	0.021	0.134	0.092	0.062	(0.055)
	-----	-----	-----	-----	-----	-----
Net Flows(1)	(0.041)	(0.015)	0.174	0.074	0.159	0.090
Market	0.009	0.094	0.174	0.043	0.117	0.191
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	7.090	7.169	7.516	7.633	7.909	8.190
	-----	-----	-----	-----	-----	-----
Retail Equity - Bal-Beg-of-Qtr	17.989	18.254	16.611	13.703	14.914	14.284
Fund Sales	0.908	1.084	1.140	1.345	0.717	0.813
Redemptions	(0.791)	(0.881)	(1.137)	(0.881)	(0.803)	(0.612)
Net Money Market	0.000	0.000	0.000	0.000	0.000	0.000
Transfers	0.014	(0.022)	(0.128)	(0.036)	(0.059)	0.011
	-----	-----	-----	-----	-----	-----
Net Flows(1)	0.130	0.182	(0.126)	0.428	(0.145)	0.213
Market	0.134	(1.825)	(2.782)	0.784	(0.486)	2.411
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	18.254	16.611	13.703	14.914	14.284	16.907
	-----	-----	-----	-----	-----	-----
Total Retail - Bal-Beg-of-Qtr	25.111	25.343	23.779	21.219	22.547	22.192
Retail Sales-Annuities	0.589	0.601	0.756	0.806	0.488	0.528
Retail Sales-Mutual Funds	0.452	0.562	0.416	0.399	0.450	0.558
Retail Sales-Managed Acct. & Other	0.159	0.194	0.293	0.469	0.202	0.196
	-----	-----	-----	-----	-----	-----
Total Retail Sales	1.200	1.356	1.465	1.673	1.141	1.282
Redemptions	(1.081)	(1.186)	(1.414)	(1.192)	(1.130)	(0.930)
Net Money Market	(0.003)	(0.002)	(0.009)	(0.035)	0.001	(0.006)
Transfers	(0.027)	(0.001)	0.006	0.056	0.003	(0.044)
	-----	-----	-----	-----	-----	-----
Net Flows(1)	0.089	0.167	0.048	0.502	0.014	0.302
Market	0.143	(1.731)	(2.608)	0.826	(0.369)	2.602
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	25.343	23.779	21.219	22.547	22.192	25.097
	-----	-----	-----	-----	-----	-----

Institutional Fixed -						

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Bal-Beg-of-Qtr	5.489	6.018	6.844	7.208	7.238	7.606
Inflows	0.804	0.663	0.530	0.283	0.592	0.126
Withdrawals/Terminations	(0.239)	(0.161)	(0.308)	(0.438)	(0.308)	(0.188)
Transfers	(0.001)	0.000	0.007	(0.002)	0.002	0.003
	-----	-----	-----	-----	-----	-----
Net Flows	0.565	0.503	0.229	(0.157)	0.286	(0.059)
Market	(0.036)	0.324	0.134	0.187	0.083	0.206
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	6.018	6.844	7.208	7.238	7.606	7.753
	-----	-----	-----	-----	-----	-----
Institutional Equity -						
Bal-Beg-of-Qtr	17.814	18.642	18.118	14.935	16.709	15.918
Inflows	0.672	0.569	0.631	1.040	0.494	0.727
Withdrawals/Terminations	(0.512)	(0.635)	(0.523)	(0.322)	(0.459)	(0.381)
Transfers	0.006	0.018	0.011	0.010	0.008	0.002
	-----	-----	-----	-----	-----	-----
Net Flows	0.167	(0.047)	0.119	0.728	0.044	0.348
Market	0.661	(0.476)	(3.302)	1.046	(0.835)	3.341
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	18.642	18.118	14.935	16.709	15.918	19.608
	-----	-----	-----	-----	-----	-----
Total Institutional -						
Bal-Beg-of-Qtr	23.303	24.659	24.962	22.142	23.947	23.525
Inflows	1.476	1.232	1.162	1.323	1.086	0.853
Withdrawals/Terminations	(0.751)	(0.796)	(0.831)	(0.760)	(0.767)	(0.568)
Transfers	0.006	0.019	0.017	0.008	0.010	0.005
	-----	-----	-----	-----	-----	-----
Net Flows	0.731	0.455	0.348	0.572	0.330	0.289
Market	0.625	(0.152)	(3.168)	1.233	(0.752)	3.547
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	24.659	24.962	22.142	23.947	23.525	27.360
	-----	-----	-----	-----	-----	-----
Total Retail/Inst - At						
End-of-Qtr	50.003	48.741	43.361	46.494	45.717	52.457
	-----	-----	-----	-----	-----	-----
Insurance Assets-End-of-Qtr	37.171	38.476	40.416	41.104	42.130	43.857
	-----	-----	-----	-----	-----	-----
Total Assets Under Management						
At End-of-Qtr	87.173	87.217	83.777	87.598	87.847	96.314
	=====	=====	=====	=====	=====	=====

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

Net Cash Flows from Assets Under Administration are:	0.090	0.061	0.045	0.068	0.068	0.059
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Lincoln UK
Income Statements
Unaudited [Millions of Dollars]

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For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Revenue					
Premiums	156.6	145.1	148.4	46.1	50.6
Mortality assessments	29.3	27.1	31.4	33.9	32.4
Expense assessments	153.6	182.3	178.1	134.8	105.3
Other revenue and fees	11.2	13.8	2.6	(1.4)	24.9
Net investment income	87.9	75.3	70.3	64.8	62.1
Realized gains (losses) on investments	1.1	3.0	3.2	12.4	1.9
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Total Revenue	439.7	446.6	433.8	290.7	277.2
	-----	-----	-----	-----	-----
Benefits and Expenses					
Benefits paid or provided:					
Benefits	151.0	306.2	178.5	83.4	84.2
Underwriting, acquisition, insurance and other expenses:					
Commissions	52.6	54.5	37.7	10.8	6.1
Operating and administrative expenses	125.8	153.0	140.5	82.5	77.0
Restructuring Charges	0.0	10.0	99.4	0.0	(1.7)
	-----	-----	-----	-----	-----
Subtotal	178.5	217.4	277.6	93.2	81.4
Deferral of acquisition costs				(4.2)	(3.4)
DAC amortization				35.9	50.0
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(16.0)	(12.4)	(7.2)	31.7	46.5
PVIF amortization	13.2	28.4	4.7	22.5	30.8
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	175.6	233.5	275.0	147.4	158.7
Goodwill amortization	6.3	7.0	4.0	0.6	0.0
	-----	-----	-----	-----	-----
Total Benefits and Expenses	332.9	546.7	457.6	231.5	242.9
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	106.9	(100.1)	(23.8)	59.2	34.3
Federal income taxes	35.2	(81.8)	(10.5)	(7.6)	(3.4)
	-----	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	71.7	(18.2)	(13.2)	66.8	37.7
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Net Income	71.7	(18.2)	(13.2)	66.8	37.7
	=====	=====	=====	=====	=====
Less:					
Realized gains (losses) on investments	0.8	2.1	2.3	8.7	1.3
Restructuring charges	0.0	(6.5)	(76.5)	0.0	1.7
Cumulative effect of					

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accounting changes	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Income from Operations	70.9	(13.9)	61.0	58.1	34.6
	=====	=====	=====	=====	=====
Effective tax rate on Income from Operations	32.9%	85.1%	15.7%	(24.2%)	(12.8%)
Revenue	439.7	446.6	433.8	290.7	277.2
Less:					
Realized gains (losses) on investments	1.1	3.0	3.2	12.4	1.9
	-----	-----	-----	-----	-----
Gains(losses) on derivatives	438.6	443.6	430.6	278.2	275.4
Operating Revenue	=====	=====	=====	=====	=====
Average capital	472.5	520.4	493.9	593.7	549.8
Net Income return on average capital	15.2%	(3.5%)	(2.7%)	11.3%	6.9%
Income from operations return on average capital	15.0%	(2.7%)	12.4%	9.8%	6.3%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year	635.0	587.3
Deferral	4.2	3.4
Amortization	(35.9)	(50.0)
	-----	-----
Included in Total Benefits and Expenses	(31.7)	(46.5)
Foreign currency translation adjustment	(16.0)	56.8
Other	0.0	0.0
	-----	-----
Balance at end-of-year	587.3	597.6
	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-year	273.6	244.0
Amortization	(22.5)	(30.8)
Foreign currency translation adjustment	(7.0)	24.1
Other		
	-----	-----
Balance at end-of-year	244.0	237.3
	=====	=====

Note: 2001 and 2002 have been restated for the adoption of the fair value method of accounting for under FAS 123.

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Income Statements
Unaudited [Millions of Dollars]

For the Quarter Ended	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002
	-----	-----	-----	-----	-----	-----	-----
Revenue							
Premiums	9.6	11.8	11.9	12.1	12.1	12.4	14.2
Mortality assessments	8.9	8.5	7.1	6.5	8.3	8.7	8.9
Expense assessments	31.4	35.5	24.1	25.3	27.8	29.4	22.8
Other revenue and fees	(5.4)	8.8	(9.2)	(0.2)	12.5	24.5	(11.9)
Net investment income	16.9	14.8	15.2	14.7	15.3	15.6	16.6
Realized gains (losses) on investments	2.0	5.5	4.3	(5.1)	4.5	1.2	1.2
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----	-----
Total Revenue	63.4	85.0	53.4	53.2	80.5	91.8	51.8
	-----	-----	-----	-----	-----	-----	-----
Benefits and Expenses							
Benefits paid or provided:							
Benefits	17.9	20.7	20.8	18.3	19.0	23.8	23.1
Underwriting, acquisition, insurance and other expenses:							
Commissions	3.3	2.6	1.9	1.3	1.9	1.6	1.3
Operating and administrative expenses	18.2	20.3	24.7	17.3	18.9	20.2	20.6
Restructuring Charges	0.0	0.0	0.0	0.0	0.0	0.0	(1.7)
	-----	-----	-----	-----	-----	-----	-----
Subtotal	21.5	22.9	26.6	18.6	20.9	21.8	20.2
Deferral of acquisition costs	(1.1)	(1.3)	(0.9)	(0.9)	(1.0)	(0.9)	(0.6)
DAC amortization	2.6	18.7	(3.8)	6.7	20.9	33.8	(11.5)
	-----	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	1.5	17.4	(4.8)	5.8	19.9	33.0	(12.1)
PVIF amortization	1.8	9.4	5.6	0.7	11.7	12.8	5.5
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	24.8	49.6	27.4	25.0	52.5	67.6	13.6
Goodwill amortization	0.2	0.2	0.2	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	42.9	70.5	48.4	43.3	71.5	91.4	36.7
	-----	-----	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	20.6	14.5	5.1	9.8	9.0	0.4	15.1
Federal income taxes	3.5	1.0	(16.9)	(0.5)	(0.3)	0.2	(2.8)
	-----	-----	-----	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	17.1	13.5	22.0	10.3	9.3	0.2	17.9
	-----	-----	-----	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----	-----
Net Income	17.1	13.5	22.0	10.3	9.3	0.2	17.9
	=====	=====	=====	=====	=====	=====	=====
Less:							
Realized gains (losses) on							

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investments	1.4	3.9	3.0	(3.6)	3.2	0.9	0.8
Restructuring charges	0.0	0.0	0.0	0.0	0.0	0.0	1.7
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----	-----
Income from Operations	15.7	9.6	19.0	13.8	6.1	(0.6)	15.3
	=====	=====	=====	=====	=====	=====	=====
Effective tax rate on							
Income from Operations	15.5%	(6.8%)	(2417.1%)	7.2%	(37.0%)	25.4%	(26.1%)
Revenue	63.4	85.0	53.4	53.2	80.5	91.8	51.8
Less:							
Realized gains (losses) on investments	2.0	5.5	4.3	(5.1)	4.5	1.2	1.2
	-----	-----	-----	-----	-----	-----	-----
Operating Revenue	61.4	79.5	49.1	58.3	75.9	90.6	50.6
	=====	=====	=====	=====	=====	=====	=====
Average capital	593.8	607.2	596.2	585.1	544.8	525.3	543.9
Net Income return on average capital	11.5%	8.9%	14.8%	7.0%	6.8%	0.2%	13.2%
Income from operations return on average capital	10.6%	6.3%	12.7%	9.5%	4.5%	(0.5%)	11.3%

Roll Forward of Deferred Acquisition Costs							
Balance at beginning-of-year	585.1	583.4	589.7	587.3	569.4	591.0	571.8
Deferral	1.1	1.3	0.9	0.9	1.0	0.9	0.6
Amortization	(2.6)	(18.7)	3.8	(6.7)	(20.9)	(33.8)	11.5
	-----	-----	-----	-----	-----	-----	-----
Included in Total Benefits and Expenses	(1.5)	(17.4)	4.8	(5.8)	(19.9)	(33.0)	12.1
Foreign currency translation adjustment	(0.2)	23.8	(7.2)	(12.2)	41.6	13.8	13.7
Other							
	-----	-----	-----	-----	-----	-----	-----
Balance at end-of-year	583.4	589.7	587.3	569.4	591.0	571.8	597.6
	=====	=====	=====	=====	=====	=====	=====
Roll Forward of Present Value of In-Force							
Balance at beginning-of-year	253.8	251.9	252.8	244.0	238.3	243.9	236.8
Amortization	(1.8)	(9.4)	(5.6)	(0.7)	(11.7)	(12.8)	(5.5)
Foreign currency translation adjustment	(0.1)	10.3	(3.2)	(5.1)	17.4	5.7	6.1
Other							
	-----	-----	-----	-----	-----	-----	-----
Balance at end-of-year	251.9	252.8	244.0	238.3	243.9	236.8	237.4
	=====	=====	=====	=====	=====	=====	=====

PAGE

Lincoln UK
Operational Data

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Unaudited [Millions of Dollars]

For the Quarter Ended	Sep 2000 -----	Dec 2000 -----	Mar 2001 -----	Jun 2001 -----	Sep 2001 -----	D 20 -----
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	6.726	6.499	6.441	5.677	5.768	5.2
Deposits	0.145	0.116	0.132	0.111	0.128	0.1
Withdrawals (incl. chgs) & Deaths	(0.159)	(0.153)	(0.147)	(0.131)	(0.136)	(0.1
Net Flows	(0.014)	(0.037)	(0.015)	(0.020)	(0.009)	(0.0
Inv Inc & Chg in Mkt Val	(0.025)	(0.100)	(0.421)	0.115	(0.768)	0.4
Acq of new business/companies						
Foreign currency adjustment	(0.189)	0.078	(0.328)	(0.004)	0.226	(0.0
Unit Linked Assets - End-of-Quarter	6.499 =====	6.441 =====	5.677 =====	5.768 =====	5.218 =====	5.6 =====
Individual Life In-force (Billions)	24.535	24.290	21.894	21.519	21.299	20.8
Exchange Rate - Dollars to Pounds						
For-the-Quarter	1.482	1.454	1.455	1.421	1.442	1.4
End-of-Quarter	1.475	1.493	1.416	1.415	1.474	1.4

Lincoln UK
Operational Data (continued)
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998 -----	1999 -----	2000 -----	2001 -----	20 -----
Unit Linked Assets - Beg-of-Year (Billions)	5.643	6.265	7.220	6.441	5.6
Deposits	0.473	0.537	0.554	0.481	0.4
Withdrawals (incl. chgs) & Deaths	(0.547)	(0.566)	(0.644)	(0.529)	(0.5
Net Flows	(0.074)	(0.029)	(0.090)	(0.048)	(0.0
Inv Inc & Chg in Mkt Val	0.662	1.154	(0.154)	(0.617)	(1.0
Acq of new business/companies					
Foreign currency adjustment	0.035	(0.170)	(0.536)	(0.169)	0.5
Unit Linked Assets - End-of-Year	6.265 =====	7.220 =====	6.441 =====	5.607 =====	5.0 =====
Individual Life In-force (Billions)	25.002	25.698	24.290	20.878	18.8
Exchange Rate - Dollars to Pounds					
For-the-Period	1.658	1.617	1.518	1.441	1.5
End-of-Period	1.660	1.615	1.493	1.456	1.6

For the Quarter Ended	Mar 2002 -----	Jun 2002 -----	Sep 2002 -----	Dec 2002 -----	Mar 2003 -----	J 20 -----
Unit Linked Assets						

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Balance-Beg-of-Quarter (Billions)	5.607	5.618	5.520	4.825	5.079	4.7
Deposits	0.114	0.115	0.119	0.104	0.094	0.0
Withdrawals (incl. chgs) & Deaths	(0.127)	(0.137)	(0.126)	(0.129)	(0.153)	(0.1
	-----	-----	-----	-----	-----	-----
Net Flows	(0.013)	(0.022)	(0.006)	(0.025)	(0.059)	(0.0
Inv Inc & Chg in Mkt Val	0.141	(0.479)	(0.812)	0.146	(0.184)	0.5
Acq of new business/companies						
Foreign currency adjustment	(0.117)	0.403	0.123	0.133	(0.087)	0.2
	-----	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	5.618	5.520	4.825	5.079	4.748	5.4
	=====	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	20.010	20.401	19.815	18.896	18.512	19.1
Exchange Rate - Dollars to Pounds						
For-the-Quarter	1.423	1.464	1.555	1.570	1.605	1.6
End-of-Quarter	1.426	1.532	1.569	1.610	1.580	1.6

Other Operations
Unaudited [Millions of Do

For the Year Ended December 31	1998	1999	2000	200
	-----	-----	-----	-----
Revenue	1691.1	1966.0	1946.9	1827.
Less:				
Realized gains (losses) on investments	0.5	14.4	(5.0)	8.
Gains (losses) on derivatives	0.0	0.0	0.0	(9.
Amortization of deferred gain-reserve development	0.0	0.0	0.0	0.
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0	12.
	-----	-----	-----	-----
Operating Revenue	1690.6	1951.6	1951.9	1815.
	=====	=====	=====	=====
Operating Revenue by Source:				
Lincoln Financial Advisors	286.4	317.0	377.5	360.
Lincoln Financial Distributors	33.5	107.5	119.9	113.
	-----	-----	-----	-----
Total Distribution	319.9	424.4	497.4	474.
Reinsurance	1581.2	1824.1	1770.6	1699.
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0	20.
Other [Including Consolidating Adjustments]	(210.5)	(296.9)	(316.0)	(377.
	-----	-----	-----	-----
Total Operating Revenue	1690.6	1951.6	1951.9	1815.
	=====	=====	=====	=====

Income (Loss)

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Net Loss	(7.6)	(76.1)	(10.2)	(6.0)
Less:				
Realized gains (losses) on investments	2.7	10.2	(3.2)	5.0
Gains (losses) on derivatives	0.0	0.0	0.0	(6.0)
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0	15.0
Reserve increase on business sold through reinsurance	0.0	0.0	0.0	0.0
Restructuring charges	(14.3)	(3.2)	1.0	(19.0)
Cumulative effect of accounting changes	0.0	0.0	0.0	(2.0)
	-----	-----	-----	-----
Operating Income (Loss)	4.0	(83.1)	(8.0)	1.0
	=====	=====	=====	=====
Income (Loss) from Operations by Source:				
Lincoln Financial Advisors	(23.7)	(20.8)	(11.7)	(20.0)
Lincoln Financial Distributors	(8.2)	(14.0)	(18.5)	(33.0)
	-----	-----	-----	-----
Total Distribution	(31.9)	(34.8)	(30.2)	(53.0)
Reinsurance	104.9	40.1	122.5	128.0
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0	12.0
LNC Financing	(51.5)	(83.5)	(84.9)	(77.0)
Other Corporate	(17.5)	(5.0)	(15.4)	(9.0)
	-----	-----	-----	-----
Income (Loss) from Operations	4.0	(83.1)	(8.0)	1.0
	=====	=====	=====	=====

	Jun	Sep	Dec	Mar	Jun	Sep
For the Quarter Ended	2001	2001	2001	2002	2002	2002
	-----	-----	-----	-----	-----	-----
Revenue	447.6	485.3	367.4	88.5	88.5	91.0
Less:						
Realized gains (losses) on investments	1.4	(12.8)	29.5	(4.9)	(3.8)	33.0
Gains (losses) on derivatives	(0.1)	(0.0)	(9.7)	0.1	(0.1)	0.0
Amort. of deferred gain-reserve development	0.0	0.0	0.0	0.0	0.0	(1.0)
Gain on sale of reinsurance subsidiaries	0.0	0.0	12.8	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Operating Revenue	446.2	498.2	334.7	93.3	92.4	59.0
	=====	=====	=====	=====	=====	=====
Operating Revenue by Source:						
Lincoln Financial Advisors	83.8	78.9	116.7	75.9	78.1	74.0
Lincoln Financial Distributors	20.7	32.0	35.0	29.4	29.3	31.0
Total Distribution	104.5	111.0	151.7	105.3	107.4	106.0
Reinsurance	451.4	467.4	265.6	0.0	0.0	0.0
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	20.4	24.1	22.1	22.0
Other [Including Consolidating Adjustments]	(109.6)	(80.2)	(102.9)	(36.0)	(37.1)	(68.0)
	-----	-----	-----	-----	-----	-----
Total Operating Revenue	446.2	498.2	334.7	93.3	92.4	59.0
	=====	=====	=====	=====	=====	=====

Income (Loss)

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Net Income (Loss)	(15.7)	(24.6)	33.2	(16.8)	(25.8)	(172.0)
Less:						
Realized gains (losses) on investments	1.0	(8.3)	19.7	(3.3)	(2.4)	21.7
Gains (losses) on derivatives	(0.1)	(0.0)	(6.3)	0.1	(0.1)	0.0
Gain on sale of reinsurance subsidiaries	0.0	0.0	15.0	0.0	0.0	0.0
Reserve development on business sold through reinsurance	0.0	0.0	0.0	0.0	(14.4)	(176.0)
Restructuring charges	(1.2)	0.0	(18.3)	0.0	0.0	1.0
Cumulative effect of accounting changes	(2.2)	0.0	(0.0)	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Income (Loss) from Operations	(13.1)	(16.3)	23.0	(13.6)	(8.9)	(18.0)
	=====	=====	=====	=====	=====	=====
Income from Operations by Source:						
Lincoln Financial Advisors	(13.4)	(5.3)	6.4	(10.1)	(8.7)	(8.0)
Lincoln Financial Distributors	(12.1)	(8.4)	(5.1)	(6.6)	(7.6)	(13.0)
	-----	-----	-----	-----	-----	-----
Total Distribution	(25.5)	(13.7)	1.3	(16.6)	(16.3)	(22.0)
Reinsurance	34.1	17.2	30.7	0.0	0.0	0.0
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	12.9	15.7	14.4	14.0
LNC Financing	(22.0)	(19.5)	(14.7)	(8.2)	(10.2)	(11.0)
Other Corporate	0.2	(0.3)	(7.1)	(4.4)	3.2	(0.0)
	-----	-----	-----	-----	-----	-----
Income(Loss) from Operations	(13.1)	(16.3)	23.0	(13.6)	(8.9)	(18.0)
	=====	=====	=====	=====	=====	=====

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

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

PAGE

Deposits - For the Year

Lincoln Retirement - Fixed Annuities	1.4
Lincoln Retirement - Variable Annuities	2.7
Lincoln Retirement - Life Insurance	0.0
Life Insurance Segment - Life Insurance	1.2
Inv Mgmt - Annuities	2.2
Inv Mgmt - Mutual Funds(1)	1.9
Inv Mgmt - Wrap Fee & Other	0.5
Consolidating Adjustments	(1.0)

Gross Deposits	9.1
	=====
Account Balances - End of Year	
Lincoln Retirement - Fixed Annuities	16.5
Lincoln Retirement - Variable Annuities	33.3

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Lincoln Retirement - Life Insurance	
Life Insurance Segment - Life Insurance	9.2
Inv Mgmt - Annuities	14.2
Inv Mgmt - Mutual Funds(1)	13.5
Inv Mgmt - Wrap Fee & Other	2.5
Consolidating Adjustments	(8.8)

Account Balances	80.5
	=====

	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001	D 20
	-----	-----	-----	-----	-----	-----
Deposits - For the Quarter						
Lincoln Retirement - Fixed Annuities	0.513	0.482	0.560	0.668	0.896	1.2
Lincoln Retirement - Variable Annuities	0.729	0.846	0.887	0.703	0.684	0.7
Lincoln Retirement - Life Insurance	0.004	0.004	0.003	0.004	0.003	0.0
Life Insurance Segment - Life Insurance	0.428	0.622	0.418	0.477	0.434	0.6
Inv Mgmt - Annuities	0.456	0.589	0.540	0.403	0.434	0.3
Inv Mgmt - Mutual Funds(1)	0.554	0.563	0.483	0.355	0.336	0.3
Inv Mgmt - Managed Acct. & Other	0.140	0.131	0.142	0.127	0.074	0.1
Consolidating Adjustments	(0.134)	(0.240)	(0.146)	(0.110)	(0.193)	(0.1)
	-----	-----	-----	-----	-----	-----
Gross Deposits	2.690	2.996	2.886	2.627	2.669	3.2
	-----	-----	-----	-----	-----	-----
Account Balances - End of Quarter						
Lincoln Retirement - Fixed Annuities	15.660	15.394	15.430	15.551	16.051	16.4
Lincoln Retirement - Variable Annuities	42.743	39.427	34.733	36.961	30.506	34.6
Lincoln Retirement - Life Insurance	0.166	0.160	0.147	0.157	0.134	0.1
Life Insurance Segment - Life Insurance	10.716	10.847	10.764	11.066	10.939	11.3
Inv Mgmt - Annuities	14.853	13.527	11.822	12.532	10.714	11.8
Inv Mgmt - Mutual Funds(1)	14.571	13.261	11.530	12.215	10.726	11.5
Inv Mgmt - Managed Acct. & Other	1.256	1.342	1.653	1.774	1.635	1.7
Consolidating Adjustments	(8.658)	(7.757)	(6.601)	(7.092)	(6.002)	(6.6)
	-----	-----	-----	-----	-----	-----
Account Balances	91.307	86.201	79.479	83.164	74.704	81.0
	-----	-----	-----	-----	-----	-----

Total Domestic Net Flows Unaudited [Billions of Dollars]

For the Year	19

Lincoln Retirement	(1.2
Life Insurance Segment	0.1
Investment Management Segment- Retail(1)	1.7
Consolidating Adjustments	(0.1

Total Retail Net Flows	0.4

Investment Management Segment- Institutional	(2.7
Consolidating Adjustments	

Total Net Flows	(2.2
	=====

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For the Quarter	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001	D 20
	-----	-----	-----	-----	-----	-----
Lincoln Retirement	(0.812)	(0.681)	(0.590)	(0.196)	0.261	0.6
Life Insurance Segment	0.277	0.404	0.237	0.304	0.239	0.3
Investment Management Segment- Retail(1)	(0.315)	0.059	(0.021)	(0.146)	(0.118)	(0.0
Consolidating Adjustments	0.263	0.092	0.163	0.042	(0.002)	(0.1
	-----	-----	-----	-----	-----	-----
Total Retail Net Flows	(0.587)	(0.126)	(0.211)	0.004	0.380	0.7
	-----	-----	-----	-----	-----	-----
Investment Management Segment- Instit.	(0.983)	(1.043)	(0.417)	0.445	(0.155)	(0.1
Consolidating Adjustments	0.002	(0.013)	(0.020)	0.018	(0.030)	0.0
	-----	-----	-----	-----	-----	-----
Total Net Flows	(1.569)	(1.182)	(0.648)	0.467	0.195	0.6
	=====	=====	=====	=====	=====	=====

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

	1999	2000	2001	2002	Jun YTD 2002	Jun YTD 200
	-----	-----	-----	-----	-----	-----
Deposits - For the Year						
Lincoln Retirement - Fixed Annuities	2.563	2.074	3.342	3.672	1.759	1.55
Lincoln Retirement - Variable Annuities	2.553	3.165	3.067	2.743	1.595	1.23
Lincoln Retirement - Life Insurance	0.017	0.014	0.012			
Life Insurance Segment - Life Insurance	1.698	1.884	1.934	2.138	1.018	1.01
Inv Mgmt - Annuities	1.561	1.782	1.701	2.751	1.190	1.01
Inv Mgmt - Mutual Funds(1)	2.151	2.577	1.523	1.829	1.014	1.00
Inv Mgmt - Wrap Fee & Other	0.549	0.525	0.469	1.115	0.352	0.39
Consolidating Adjustments	(0.499)	(0.765)	(0.608)	(1.576)	(0.614)	(0.38
	-----	-----	-----	-----	-----	-----
Gross Deposits	10.593	11.256	11.439	12.671	6.315	5.83
	=====	=====	=====	=====	=====	=====
Account Balances - End of Year						
Lincoln Retirement - Fixed Annuities	16.791	15.394	16.491	18.085		
Lincoln Retirement - Variable Annuities	41.493	39.427	34.638	27.438		
Lincoln Retirement - Life Insurance	0.155	0.160	0.149			
Life Insurance Segment - Life Insurance	10.217	10.847	11.377	12.086		
Inv Mgmt - Annuities	15.557	13.527	11.835	9.981		
Inv Mgmt - Mutual Funds(1)	13.632	13.261	11.552	10.297		
Inv Mgmt - Wrap Fee & Other	1.618	1.342	1.719	2.270		
Consolidating Adjustments	(9.175)	(7.757)	(6.676)	(5.123)		
	-----	-----	-----	-----		
Account Balances	90.288	86.201	81.086	75.034		
	=====	=====	=====	=====		
	Mar 2002	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 200
	-----	-----	-----	-----	-----	-----
Deposits - For the Quarter						
Lincoln Retirement - Fixed Annuities	0.906	0.853	1.091	0.822	0.776	0.77
Lincoln Retirement - Variable Annuities	0.808	0.787	0.603	0.545	0.648	0.58

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Lincoln Retirement - Life Insurance						
Life Insurance Segment - Life Insurance	0.440	0.577	0.484	0.636	0.486	0.52
Inv Mgmt - Annuities	0.589	0.601	0.756	0.806	0.488	0.52
Inv Mgmt - Mutual Funds(1)	0.452	0.562	0.416	0.399	0.450	0.55
Inv Mgmt - Managed Acct. & Other	0.159	0.194	0.293	0.469	0.202	0.19
Consolidating Adjustments	(0.280)	(0.333)	(0.437)	(0.525)	(0.171)	(0.21)
	-----	-----	-----	-----	-----	-----
Gross Deposits	3.074	3.240	3.206	3.151	2.880	2.96
	-----	-----	-----	-----	-----	-----

Account Balances - End of Quarter						
Lincoln Retirement - Fixed Annuities	16.534	16.910	17.650	18.085	18.537	18.69
Lincoln Retirement - Variable Annuities	35.150	31.206	25.942	27.438	26.474	30.45
Lincoln Retirement - Life Insurance						
Life Insurance Segment - Life Insurance	11.667	11.759	11.726	12.086	12.233	12.66
Inv Mgmt - Annuities	11.920	10.896	9.327	9.981	9.660	11.00
Inv Mgmt - Mutual Funds(1)	11.597	11.033	10.069	10.297	10.241	11.35
Inv Mgmt - Managed Acct. & Other	1.821	1.847	1.820	2.270	2.292	2.73
Consolidating Adjustments	(6.640)	(6.000)	(4.940)	(5.123)	(4.891)	(5.62)
	-----	-----	-----	-----	-----	-----
Account Balances	82.049	77.651	71.594	75.034	74.546	81.28
	-----	-----	-----	-----	-----	-----

Total Domestic Net Flows (continued) Unaudited [Billions of Dollars]

					YTD Jun 2002	YTD Jun 200
For the Year	1999	2000	2001	2002	2002	200
	-----	-----	-----	-----	-----	-----
Lincoln Retirement	(1.165)	(2.874)	0.105	0.453	0.311	0.19
Life Insurance Segment	0.985	1.158	1.163	1.320	0.621	0.62
Investment Management Segment- Retail(1)	(2.209)	(1.499)	(0.375)	0.806	0.256	0.31
Consolidating Adjustments	1.276	1.022	0.035	(0.082)	(0.028)	0.15
	-----	-----	-----	-----	-----	-----
Total Retail Net Flows	(1.114)	(2.194)	0.927	2.496	1.160	1.29
	-----	-----	-----	-----	-----	-----
Investment Management Segment- Institutional	(2.240)	(5.694)	(0.231)	2.106	1.187	0.61
Consolidating Adjustments		0.035	(0.015)	0.005	(0.004)	(0.02)
	-----	-----	-----	-----	-----	-----
Total Net Flows	(3.354)	(7.854)	0.681	4.608	2.342	1.88
	=====	=====	=====	=====	=====	=====

	Mar 2002	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 200
For the Quarter	-----	-----	-----	-----	-----	-----
Lincoln Retirement	0.088	0.223	0.068	0.074	0.095	0.09
Life Insurance Segment	0.236	0.385	0.297	0.402	0.296	0.32
Investment Management Segment- Retail(1)	0.089	0.167	0.048	0.502	0.014	0.30
Consolidating Adjustments	0.009	(0.038)	0.133	(0.187)	0.162	(0.00)
	-----	-----	-----	-----	-----	-----
Total Retail Net Flows	0.423	0.737	0.545	0.791	0.568	0.72
	-----	-----	-----	-----	-----	-----
Investment Management Segment- Instit.	0.731	0.455	0.348	0.572	0.330	0.28
Consolidating Adjustments	0.022	(0.026)	0.008	0.001	(0.030)	0.00
	-----	-----	-----	-----	-----	-----

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Total Net Flows	1.176	1.166	0.901	1.364	0.868	1.02
	=====	=====	=====	=====	=====	=====

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

(1) Retail assets under management have been restated to include assets under administration beginning in January of 2000. See details on pages 26 and 27.

PAGE 3

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

For the Quarter Ended	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001	Dec 2001
	-----	-----	-----	-----	-----	-----
Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	27.264	27.450	27.811	27.874	28.932	28.34
Equity securities	0.570	0.550	0.560	0.534	0.478	0.47
Other investments	7.471	7.369	7.374	7.388	7.379	7.29
	-----	-----	-----	-----	-----	-----
Total LNC Investments(1)	35.305	35.369	35.744	35.796	36.788	36.11
Separate accounts	54.411	50.580	44.506	47.140	39.480	44.83
Cash and invested cash	1.436	1.927	2.015	1.502	1.996	3.09
	-----	-----	-----	-----	-----	-----
Total LNC	91.152	87.876	82.266	84.438	78.264	84.04
	-----	-----	-----	-----	-----	-----
Non-affiliate assets managed	43.287	41.861	38.416	40.109	35.889	38.42
	-----	-----	-----	-----	-----	-----
Total Assets Managed	134.439	129.737	120.682	124.547	114.153	122.46
	=====	=====	=====	=====	=====	=====
Assets Managed by Advisor						
Investment Management segment(1)	55.998	53.355	48.207	50.737	44.958	48.41
(See page 27 for additional detail)						
DLIA-Corp	34.981	35.686	36.324	36.018	37.337	38.11
(Assets managed internally-see page 27)						
Lincoln (UK)	7.838	7.873	7.012	7.027	6.474	6.84
Policy Loans (within business units)	1.936	1.961	1.947	1.947	1.943	1.94
Non-LNC Affiliates	33.687	30.862	27.192	28.817	23.441	27.14
	-----	-----	-----	-----	-----	-----
Total Assets Managed	134.439	129.737	120.682	124.547	114.153	122.46
	=====	=====	=====	=====	=====	=====

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

For the Year Ended December 31	1998	1999	2000	2001
	-----	-----	-----	-----
Assets Managed by Source				
LNC's Investments and Cash:				

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Fixed maturity securities	30.233	27.689	27.450	28.34
Equity securities	0.543	0.604	0.550	0.47
Other investments	7.154	7.286	7.369	7.29
	-----	-----	-----	-----
Total LNC Investments (1)	37.929	35.578	35.369	36.11
Separate accounts	43.409	53.654	50.580	44.83
Cash and Invested Cash	2.433	1.896	1.927	3.09
Discontinued Operations				
	-----	-----	-----	-----
Total LNC	83.772	91.128	87.876	84.04
	-----	-----	-----	-----
Non-affiliate assets managed	50.061	49.314	41.861	38.42
	-----	-----	-----	-----
Total Assets Managed	133.833	140.443	129.737	122.46
	=====	=====	=====	=====
Assets Managed by Advisor				
Investment Management segment (1)	61.490	61.375	53.354	48.41
(See page 27 for additional detail)				
DLIA-Corp	39.432	35.934	35.686	38.11
(Assets managed internally-see page 27)				
Lincoln (UK)	7.573	8.589	7.873	6.84
Policy Loans (within business units)	1.840	1.892	1.961	1.94
Non-LNC Affiliates	23.497	32.653	30.863	27.14
	-----	-----	-----	-----
Total Assets Managed	133.833	140.443	129.737	122.46
	=====	=====	=====	=====

	Mar	Jun	Sep	Dec	Mar	J
For the Quarter Ended	2002	2002	2002	2002	2003	20
	-----	-----	-----	-----	-----	-----
Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	28.841	29.725	32.037	32.767	33.887	35.3
Equity securities	0.439	0.419	0.397	0.337	0.249	0.2
Other investments	7.084	7.016	6.928	6.895	6.872	6.9
	-----	-----	-----	-----	-----	-----
Total LNC Investments (1)	36.363	37.160	39.363	40.000	41.008	42.5
Separate accounts	44.917	40.580	34.069	36.178	34.775	39.9
Cash and invested cash	1.700	2.265	1.600	1.691	1.635	1.9
	-----	-----	-----	-----	-----	-----
Total LNC	82.979	80.005	75.031	77.869	77.419	84.4
	-----	-----	-----	-----	-----	-----
Non-affiliate assets managed	39.853	39.531	35.650	38.052	37.501	42.9
	-----	-----	-----	-----	-----	-----
Total Assets Managed	122.832	119.536	110.682	115.921	114.920	127.3
	=====	=====	=====	=====	=====	=====
Assets Managed by Advisor						
Investment Management segment (1)	50.003	48.741	43.361	46.494	45.717	52.4
(See page 27 for additional detail)						
DLIA-Corp	37.171	38.476	40.416	41.104	42.130	43.8
(Assets managed internally-see page 27)						
Lincoln (UK)	6.772	6.753	6.068	6.351	5.962	6.7
Policy Loans (within business units)	1.918	1.906	1.899	1.946	1.929	1.9
Non-LNC Affiliates	26.969	23.660	18.938	20.027	19.182	22.4
	-----	-----	-----	-----	-----	-----
Total Assets Managed	122.832	119.536	110.682	115.921	114.920	127.3

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(1) Retail assets under management have been restated to include assets under administration beginning January of 2000. See details on pages 26 and 27.

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

For the Year Ended December 31	1998	1999	2000	2001	
Net Investment Income					
Fixed Maturity Securities	2,065.8	2,232.9	2,148.7	2,121.0	2,121.0
Equity Securities	22.8	20.1	19.5	17.6	17.6
Mortgage loans on real estate	383.6	369.2	373.8	374.5	374.5
Real estate	86.8	64.1	51.8	49.5	49.5
Policy loans	99.5	116.5	125.0	125.3	125.3
Invested cash	156.8	110.3	87.2	68.4	68.4
Other investments	88.4	51.8	66.8	69.4	69.4
Investment revenue	2,903.7	2,964.8	2,872.8	2,825.9	2,825.9
Investment expense	(193.1)	(122.4)	(88.7)	(117.1)	(117.1)
Net Investment Income	2,710.6	2,842.5	2,784.1	2,708.7	2,708.7
Gross-up of Tax Exempt Income	11.6	8.1	7.8	7.2	7.2
Adjusted Net Invest Income	2,722.3	2,850.5	2,791.9	2,715.9	2,715.9
Mean Invested Assets (Amortized Cost)	36,573.8	39,027.5	37,471.3	37,616.9	38,000.0
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.44%	7.30%	7.45%	7.22%	
Investment Gains (Losses)					
Realized Gains (Losses) on Investments	13.7	3.8	(17.5)	(68.7)	(68.7)
Gains(Losses) on Derivatives	0.0	0.0	0.0	(4.9)	(4.9)
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	116.4	(1,018.1)	477.7	183.7	183.7
Incr (Decr) on Derivatives*				21.4	21.4
Securities Available-for-Sale [Billions of Dollars]					
Fixed Maturity Sec (Fair Value)	30.233	27.689	27.450	28.346	28.346
Fixed Maturity Sec (Amortized Cost)	28.640	28.357	27.373	27.956	27.956
Equity Securities (Fair Value)	0.543	0.604	0.550	0.470	0.470
Equity Securities (Amortized Cost)	0.000	0.000	0.000	0.000	0.000
% of Fixed Maturity Securities (Based on Fair Value)					

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Treasuries and AAA	25.6%	22.8%	22.1%	17.2%
AA or better	32.6%	29.8%	29.2%	23.6%
BB or less	7.0%	8.0%	6.7%	8.3%

For the Quarter Ended	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	
Net Investment Income							
Fixed Maturity Securities	527.0	536.9	530.1	522.5	523.8	533.6	
Equity Securities	7.8	3.7	5.1	3.4	4.3	2.7	
Mortgage loans on real estate	92.4	94.2	92.4	89.5	90.2	90.8	
Real estate	13.1	12.7	10.9	12.3	11.9	10.0	
Policy loans	31.4	31.0	31.6	30.2	31.1	31.1	
Invested cash	19.8	14.8	11.3	12.4	9.1	7.9	
Other investments	18.2	28.2	3.5	7.8	9.8	(1.2)	
Investment revenue	709.7	721.4	684.8	678.1	680.2	675.0	
Investment expense	(29.0)	(28.2)	(31.8)	(23.3)	(22.8)	(22.7)	
Net Investment Income	680.7	693.3	653.1	654.8	657.4	652.4	
Gross-up of Tax Exempt Income	3.0	1.5	2.1	1.5	2.0	1.5	
Adjusted Net Invest Income	683.8	694.8	655.2	656.3	659.4	653.9	
Mean Invested Assets (Amortized Cost)	37,094.5	37,685.8	38,449.3	38,169.9	38,235.5	39,175.8	39,
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.37%	7.37%	6.82%	6.88%	6.90%	6.68%	
Investment Gains (Losses)							
Realized Gains (Losses) on Investments	(11.5)	(23.8)	(20.0)	(67.6)	(52.7)	(23.6)	
Gains (Losses) on Derivatives	0.2	(0.4)	(4.6)	0.1	0.3	0.2	
Incr (Decr) in Unreal Gains on Sec							
Avail-for-Sale (after DAC/Tax)	(114.2)	171.8	(52.2)	(163.9)	293.8	491.9	
Incr (Decr) on Derivatives*	3.7	(6.7)	1.2	1.2	0.0	4.6	
Securities Available-for-Sale [Billions of Dollars]							
Fixed Maturity Sec (Fair Value)	27.874	28.932	28.346	28.841	29.725	32.037	3
Fixed Maturity Sec (Amortized Cost)	27.681	28.253	27.956	27.801	28.335	30.431	3
Equity Securities (Fair Value)	0.534	0.478	0.470	0.439	0.419	0.397	
Equity Securities (Amortized Cost)	0.477	0.453	0.444	0.253	0.255	0.389	
% of Fixed Maturity Securities (Based on Fair Value)							
Treasuries and AAA	19.3%	17.9%	17.2%	17.8%	18.2%	20.0%	
AA or better	26.0%	24.3%	23.6%	24.7%	25.0%	26.7%	

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BB or less	7.8%	7.2%	8.3%	7.5%	6.4%	6.6%
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Common Stock / Debt Information Unaudited [Dollars per Share, except Percentages]

For the Year Ended December 31	1992	1993	1994	1995	1996
	-----	-----	-----	-----	-----
Common Stock [1]					
Highest Price	19.032	24.125	22.188	26.875	28.500
Lowest Price	12.625	17.344	17.313	17.313	20.375
Closing Price	18.500	21.750	17.500	26.875	26.250
Dividend Payout Ratio [2]	38.9%	52.6%	51.0%	39.7%	38.2%
Yield [3]	4.1%	3.8%	4.9%	3.4%	3.7%
Preferred Stock Dividend (Millions)	17.246	17.212	17.119	8.644	0.112
Debt: (End of Period)					
Senior Debt Ratings					
A.M. Best					
Fitch	AA	AA-	AA-	AA-	AA-
Moody's	A2	A2	A1	A2	A2
Standard and Poors	A+	A+	A+	A	A
Claims Paying Ratings:					
Lincoln Life - A.M. Best	A+	A+	A+	A+	A+
Lincoln Life - Fitch	AAA	AAA	AAA	AA+	AA+
Lincoln Life - Moody's	A1	A1	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-	AA-	AA-
First Penn - A.M. Best*	A	A+	A+	A+	A+
First Penn - Fitch					
First Penn - Moody's					
First Penn - Standard & Poors*	AA-	AA-	AA-	AA-	AA-
LLA of New York - A.M. Best*					A+
LLA of New York - Fitch*					
LLA of New York - Moody's					A1
LLA of New York - Standard & Poors*					AA-
Ratios					
Debt to Total Capitalization [4]	25.7%	21.1%	19.9%	22.8%	18.8%
Debt to Equity [4]	34.7%	26.7%	24.9%	29.5%	23.1%

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

Common Stock:

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Highest Price	56.375	50.938	48.250	52.300	52.750	49.450
Lowest Price	35.625	40.875	38.000	41.280	41.000	40.000
Closing Price	48.125	47.313	42.470	51.750	46.630	48.570

Yield [3]	2.4%	2.6%	2.9%	2.4%	2.6%	2.6%
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Preferred Stock Dividend (Millions)	0.021	0.013	0.019	0.018	0.017	0.017
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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	A2	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]	21.2%	20.8%	22.2%	21.2%	21.1%	21.4%
Debt to Equity [4]	27.1%	26.4%	28.4%	26.7%	26.6%	27.0%

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

For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----

Common Stock [1]

Highest Price	49.438	57.500	56.375	52.750	53.650
Lowest Price	33.500	36.000	22.625	38.000	25.150
Closing Price	40.907	40.000	47.313	48.570	31.580

Dividend Payout Ratio [2]	43.9%	50.5%	38.3%	44.9%	273.5%
Yield [3]	2.7%	2.9%	2.6%	2.6%	4.2%

Preferred Stock Dividend (Millions)	0.100	0.089	0.078	0.071	0.061
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Debt: (End of Period)

Senior Debt Ratings

A.M. Best			a	a	a
Fitch	A+	A+	A+	A+	A

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Moody's	A2	A2	A3	A3	A3
Standard and Poors	A-	A-	A-	A-	A-

Claims Paying Ratings:

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

Ratios

Debt to Total Capitalization [4]	21.2%	23.2%	20.8%	21.4%	23.1%
Debt to Equity [4]	26.9%	30.3%	26.4%	27.0%	30.5%

For the Quarter Ended	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003
	-----	-----	-----	-----	-----

Common Stock:

Highest Price	52.540	42.080	35.950	35.700	37.500
Lowest Price	40.750	29.120	25.150	24.730	27.870
Closing Price	42.000	30.550	31.580	28.000	35.630

Yield [3]	3.0%	4.2%	4.2%	4.8%	3.8%
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Preferred Stock Dividend (Millions)	0.015	0.015	0.015	0.014	0.016
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Debt: (End of Period)

Senior Debt Ratings

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

Claims Paying Ratings:

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

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Ratios

Debt to Total Capitalization [4]	22.6%	23.1%	23.2%	23.1%	22.3%
Debt to Equity [4]	29.0%	29.9%	30.5%	30.0%	28.7%

* Rating based on affiliation with Lincoln Life

[1] Stock prices 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.

Retroactive Adoption of FAS 123 Unaudited (Millions of Dollars)

	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002	2003
Net Income									
Lincoln Retirement :									
Net Income - As previously reported	76.6	79.9	58.6	54.2	47.6	10.2	(6.0)	6.0	26.0
Change in Operating & Administrative Expense	(1.6)	(1.6)	(1.6)	(1.6)	(1.5)	(1.6)	(1.6)	(1.6)	(1.6)
Federal Income Tax	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
After Tax Adjustment	(1.1)	(1.0)	(1.0)	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Net Income - Restated	75.5	78.9	57.6	53.1	46.6	9.2	(7.0)	5.0	26.0
Life Insurance:									
Net Income - As previously reported	62.9	53.5	64.7	51.9	44.2	57.4	47.1	60.2	23.0
Change in Operating & Administrative Expense	(1.4)	(1.4)	(1.4)	(1.4)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)
Federal Income Tax	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
After Tax Adjustment	(0.9)	(0.9)	(0.9)	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Net Income - Restated	62.0	52.6	63.8	51.0	43.5	56.7	46.4	59.5	22.0
Investment Management:									
Net Income - As previously reported	2.0	2.9	2.9	4.0	7.0	6.2	3.1	9.3	1.0
Change in Operating & Administrative Expense	(6.2)	(6.2)	(6.8)	(8.7)	(6.5)	(9.5)	(9.6)	(11.5)	(2.0)
Federal Income Tax	(1.6)	(1.6)	(1.7)	(2.3)	(1.6)	(2.5)	(2.6)	(3.3)	(1.0)
After Tax Adjustment	(4.6)	(4.6)	(5.1)	(6.4)	(4.9)	(7.0)	(7.0)	(8.2)	(2.0)

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Net Income - Restated	(2.6)	(1.7)	(2.2)	(2.4)	2.1	(0.8)	(3.9)	1.1	(
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Lincoln UK:									
Net Income - As previously reported	14.8	17.6	14.0	22.5	10.8	9.8	0.8	18.5	6
Change in Operating & Administrative Expense	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)	(0.6)	(0.6)	(0.6)	(
Federal Income Tax	(0.1)	0.0	(0.1)	(0.1)	0.0	0.0	0.0	0.0	(
	-----	-----	-----	-----	-----	-----	-----	-----	-----
After Tax Adjustment	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net Income - Restated	14.3	17.0	13.5	22.0	10.3	9.2	0.2	17.9	6
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Other Operations:									
Net Income - As previously reported	3.9	12.2)	(21.1)	36.6	(15.1)	(24.2)	(170.5)	(30.8)	
Change in Operating & Administrative Expense	(5.4)	(5.3)	(5.3)	(5.3)	(2.6)	(2.4)	(2.4)	(2.4)	(2
Federal Income Tax	(1.9)	(1.9)	(1.7)	(1.8)	(0.9)	(0.8)	(0.8)	(0.8)	(
	-----	-----	-----	-----	-----	-----	-----	-----	-----
After Tax Adjustment	(3.5)	(3.4)	(3.6)	(3.5)	(1.7)	(1.6)	(1.6)	(1.6)	(1
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net Income - Restated	0.4	15.6)	(24.7)	33.1	(16.8)	(25.8)	(172.1)	(32.4)	(
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Consolidated:									
Net Income - As previously reported	160.2	41.7	119.1	169.2	94.5	59.4	(125.5)	63.2	59
Change in Operating & Administrative Expense	(15.2)	15.1)	(15.7)	(17.6)	(12.2)	(15.2)	(15.3)	(17.2)	(6
Federal Income Tax	(4.6)	(4.6)	(4.6)	(5.2)	(3.4)	(4.3)	(4.4)	(5.1)	(1
	-----	-----	-----	-----	-----	-----	-----	-----	-----
After Tax Adjustment	(10.6)	10.5)	(11.1)	(12.4)	(8.8)	(10.9)	(10.9)	(12.1)	(4
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net Income - Restated	149.6	31.2	108.0	156.8	85.7	48.5	(136.4)	51.1	54
	=====	=====	=====	=====	=====	=====	=====	=====	=====