

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

LINCOLN NATIONAL CORP
 Form 8-K
 July 26, 2001

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

FORM 8-K

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

Date of Report: June 30, 2001

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

Registrant's telephone number 219-448-1400

Item 9
 Financial Report for the year ended June 30, 2001.

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

	For the Quarter Ended June 30				Fo 2001 Amount
	2001 Amount	2000 Amount	Change	% Change	
Income from Operations					
Annuities	90.8	84.1	6.7	8.0%	173.
Life Insurance	67.1	62.4	4.7	7.5%	135.
Reinsurance	34.1	25.8	8.3	32.2%	80.
Investment Management	3.7	13.1	(9.4)	(71.8%)	6.
Lincoln UK	16.2	19.3	(3.1)	(16.1%)	30.
Corporate & Other	(43.8)	(31.7)	(12.1)		(79.
	-----	-----	-----	-----	-----
Total Income from Operations	168.1	173.0	(4.9)	(2.8%)	346.
	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Realized gains (losses) on investments	(11.5)	(6.7)	(4.8)		(24.1)
Gains (losses) on derivatives	0.2	0.0	0.2		0.1
Restructuring charges	(3.9)	(2.7)	(1.2)		(4.1)
	-----	-----	-----		-----
Income before Accounting Changes	153.0	163.6	(10.7)		317.7
Cumulative effect of accounting changes*	(11.3)	0.0	(11.3)		(15.3)
	-----	-----	-----	-----	-----
Net Income	141.7	163.6	(21.9)	(13.4%)	301.7
	=====	=====	=====	=====	=====
Earnings per share (diluted)					
Income from Operations	\$0.88	\$0.89	(\$0.01)	(1.1%)	\$1.8
Realized gain (losses) on investments	(\$0.06)	(\$0.04)	(\$0.02)		(\$0.1)
Gains (losses) on derivatives	\$0.00	\$0.00	\$0.00		\$0.0
Restructuring charges	(\$0.02)	(\$0.01)	(\$0.01)		(\$0.0)
	-----	-----	-----	-----	-----
Income before Accounting Changes	\$0.80	\$0.84	(\$0.04)		\$1.6
Cumulative effect of accounting changes*	(\$0.06)	\$0.00	--		(\$0.0)
	-----	-----	-----	-----	-----
Net Income	\$0.74	\$0.84	(\$0.10)	(11.9%)	\$1.5
	=====	=====	=====	=====	=====
Inc. from Oper.- before Goodwill Amort.					
Annuities	91.1	84.4	6.7	7.9%	173.1
Life Insurance	73.0	68.4	4.7	6.8%	147.1
Reinsurance	34.6	26.3	8.3	31.7%	81.1
Investment Management	7.7	17.1	(9.4)	(55.0%)	14.1
Lincoln UK	16.4	20.5	(4.2)	(20.3%)	30.1
Corporate & Other	(43.8)	(31.7)	(12.1)		(79.1)
	-----	-----	-----	-----	-----
Total	179.0	185.0	(6.0)	(3.3%)	368.1
	=====	=====	=====	=====	=====
Earnings per share (diluted)					
Inc. from Oper.- before Goodwill Amort.	\$0.93	\$0.95	(\$0.02)	(2.1%)	\$1.9
Operating Revenue					
Annuities	522.1	530.1	(7.9)	(1.5%)	1034.1
Life Insurance	465.5	450.5	15.0	3.3%	933.1
Reinsurance	451.4	458.9	(7.5)	(1.6%)	966.1
Investment Management	111.4	123.8	(12.4)	(10.0%)	224.1
Lincoln UK	66.9	108.4	(41.5)	(38.3%)	151.1
Corporate & Other	(0.7)	31.4	(32.1)	(102.4%)	25.1
	-----	-----	-----	-----	-----
Total Operating Revenue	1616.5	1703.0	(86.5)	(5.1%)	3336.1
	=====	=====	=====	=====	=====
Revenue (Including Investment Gains/Losses)					
Annuities	512.1	530.5	(18.4)	(3.5%)	1022.1
Life Insurance	455.7	444.2	11.4	2.6%	915.1
Reinsurance	448.7	457.2	(8.4)	(1.8%)	956.1
Investment Management	110.3	120.7	(10.4)	(8.6%)	222.1
Lincoln UK	68.9	108.2	(39.3)	(36.3%)	153.1
Corporate & Other	3.3	31.9	(28.6)	(89.8%)	26.1
	-----	-----	-----	-----	-----
Total Revenue	1599.0	1692.7	(93.7)	(5.5%)	3297.1
	=====	=====	=====	=====	=====

Operational Data by Segment: (Billions)

Annuities Segment

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Annuity Gross Deposits	1.371	1.283	0.088	6.9%	2.81
Annuity Net Cash Flows	(0.196)	(0.682)	0.486		(0.78)
Annuity Account Values	52.589	59.006	(6.417)	(10.9%)	52.58
Life Insurance Segment					
Life Insurance First Year Premium	0.154	0.142	0.012	8.5%	0.28
Life Insurance In-force	223.272	207.487	15.785	7.6%	223.27
Life Insurance Account Values	11.066	10.538	0.528	5.0%	11.06
Reinsurance Segment					
Individual Life In-force Sales	28.3	37.2	(8.9)	(23.9%)	59.
Reinsurance Life In-force	475.7	384.4	91.3	23.8%	475.
Investment Management Segment					
Retail Deposits	0.854	1.020	(0.166)	(16.3%)	1.97
Retail Net Cash Flows	(0.160)	(0.363)	0.203		(0.20)
Institutional In-flows	1.056	0.817	0.239	29.3%	2.24
Institutional Net Cash Flows	0.445	(1.057)	1.502		0.02
Total Net Cash Flows	0.285	(1.420)	1.705		(0.18)
Assets Under Management	50.267	56.518	(6.251)	(11.1%)	50.26
Assets Under Management - Insurance Assets	36.018	34.891	1.127	3.2%	36.01
Assets Under Management - Total Segment	86.286	91.409	(5.123)	(5.6%)	86.28
Consolidated					
Consolidated Domestic Retail Deposits	2.504	2.655	(0.151)	(5.7%)	5.23
Consolidated Domestic Retail Account Balances	82.860	91.086	(8.226)	(9.0%)	82.86
Annuities & Investment Management Net Flows	0.055	(1.760)	1.815		(0.98)
Total Assets Under Management	128.507	137.546	(9.039)	(6.6%)	128.50

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

Financial Highlights

Unaudited [Amounts in Millions, except Per Share]

	For the Quarter Ended June 30				For the 2001 Amount
	2001 Amount	2000 Amount	Change	% Change	
Consolidated Operational Data: (Billions)					
Balance Sheet Assets - End of Period	96431.2	103847.6	(7416.4)	(7.1%)	96431.2
Shareholders' Equity					
Beg of Period (Securities at Market)	5096.4	4340.4	756.0		4954.1
End of Period (Securities at Market)	5055.9	4223.7	832.2		5055.9
End of Period (Securities at Cost)	4952.8	4780.3	172.5		4952.8
Average Equity (Securities at Cost)	4920.2	4753.0	167.2		4936.9
Return on Equity					
Inc from Operations/Average Equity	13.7%	14.6%	(0.9%)		14.0%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income/Average Equity	11.5%	13.8%	(2.2%)		12.2%
Return on Capital					
Inc from Operations/Average Capital	11.3%	11.8%	(0.5%)		11.6%
Common Stock Outstanding					
Average for the Period - Diluted	192.0	194.0	(2.0)	(1.0%)	192.8
End of Period - Assuming Conv of Pref.	188.2	191.1	(2.9)	(1.5%)	188.2
End of Period - Diluted	192.9	193.7	(0.8)	(0.4%)	192.9
Book Value (Securities at Market)	\$26.87	\$22.10	4.77	21.6%	\$26.87
Book Value (Securities at Cost)	\$26.32	\$25.01	1.31	5.2%	\$26.32
Cash Returned to Shareholders					
Share Repurchase - dollar amount	35.1	78.2	(43.1)		186.8
Dividends Declared to Shareholders	56.2	54.8	1.4		114.2
	-----	-----	-----		-----
Total Cash Returned to Shareholders	91.3	133.0	(41.7)		301.0
	=====	=====	=====		=====
Share Repurchase - number of shares	0.750	2.313	(1.563)		4.300
Dividend Declared on Common Stock - per share	\$0.305	\$0.290	\$0.015	5.2%	\$0.610

	For the Quarter Ended June 30				For the
	2001	2000			
Comprehensive Income (millions)	Amount	Amount			
Net Income	141.7	163.6			
Foreign Currency Translation	(19.5)	(0.9)			
Net Unrealized Gains (Losses) on Securities	(114.2)	(145.4)			
Gains (Losses) on Derivatives	3.7	0.0			
Cumulative Effect of Accounting Change	0.0	0.0			
	-----	-----			
Comprehensive Income	11.7	17.3			
	-----	-----			

6/30/01

Financial Highlights
Unaudited [Amounts in Millions]

	For the Quarter Ended June 30					For t
	2001	2000	Change	% Change	2001	
	Amount	Amount			Amount	
Consolidated Condensed Statements of Income						
Revenue:						
Insurance Premiums and Fees	833.5	892.0	(58.4)	(6.6%)	1,746.9	1
Investment Advisory Fees	49.6	52.2	(2.6)	(4.9%)	99.0	
Net Investment Income	673.1	673.8	(0.8)	(0.1%)	1,346.8	1

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Realized Gains (Losses) on					
Investments	(17.9)	(10.4)	(7.5)		(38.4)
Gains (Losses) on Derivatives	0.2	--	0.2		0.1
Other	60.4	85.1	(24.7)	(29.1%)	143.2
	-----	-----	-----	-----	-----
Total Revenue	1,599.0	1,692.7	(93.7)	(5.5%)	3,297.8
Benefits and Expenses:					
Benefits	855.0	877.0	(22.0)	(2.5%)	1,761.7
Underwriting, Acquisition, Insurance and Other Expenses	540.3	589.0	(48.8)	(8.3%)	1,111.3
	-----	-----	-----	-----	-----
Total Benefits and Expenses	1,395.3	1,466.0	(70.8)	(4.8%)	2,873.0
	-----	-----	-----	-----	-----
Net Income					
before Federal Taxes	203.7	226.6	(22.9)		424.8
Federal Income Taxes	50.7	62.8	(12.1)		107.3
	-----	-----	-----	-----	-----
Income before Accounting Changes and Minority Interest	153.0	163.8	(10.9)		317.5
Cumulative Effect of Accounting Changes	(11.3)	--	(11.3)		(15.6)
Minority Interest	(0.0)	0.2	(0.3)		--
	-----	-----	-----	-----	-----
Net Income	141.7	163.6	(21.9)	(13.4%)	301.9
	=====	=====	=====	=====	=====
Income before Tax and Cumulative Effect of Accounting Changes By Segment					
Annuities	102.6	105.3	(2.7)		197.9
Life Insurance	90.9	93.6	(2.7)		190.0
Reinsurance	49.0	36.5	12.5		112.6
Investment Management	4.6	13.2	(8.6)		8.1
Lincoln UK	21.2	26.0	(4.8)		40.8
Corporate and Other	(64.6)	(48.0)	(16.6)		(124.6)
	-----	-----	-----	-----	-----
Income before Tax and Cumulative Effect of Accounting Changes	203.7	226.6	(22.9)		424.8
Pre-Tax Realized Gains (Losses) by Segment*					
Annuities	(10.0)	0.4	(10.4)		(12.3)
Life Insurance	(9.8)	(6.3)	(3.5)		(18.0)
Reinsurance	(2.7)	(1.7)	(1.0)		(9.7)
Investment Management	(1.1)	(3.1)	2.0		(1.8)
Lincoln UK	2.0	(0.2)	2.2		2.6
Corporate and Other	4.0	0.4	3.6		1.1
	-----	-----	-----	-----	-----
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(17.5)	(10.4)	(7.1)		(38.2)
After-Tax Realized Gains (Losses) by Segment*					
Annuities	(6.5)	0.3	(6.8)		(8.0)
Life Insurance	(6.3)	(4.0)	(2.3)		(11.7)
Reinsurance	(1.7)	(1.1)	(0.6)		(6.4)
Investment Management	(0.7)	(2.0)	1.3		(1.2)
Lincoln UK	1.4	(0.1)	1.5		1.8
Corporate and Other	2.6	0.3	2.3		0.7
	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

After-Tax Realized Gains (Losses) on Investments and Derivatives	(11.2)	(6.7)	(4.5)	(24.7)
--	--------	-------	-------	--------

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

6/30/01

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

	As of		
	June 2001 Amount	December 2000 Amount	
Consolidated Condensed Balance Sheets			
Assets:			
Investments:			
Securities Available for Sale:			
Fixed Maturities	27,873.9	27,449.8	
Equities	534.1	549.7	
Mortgage Loans on Real Estate	4,652.8	4,663.0	
Real Estate	306.9	282.0	
Policy Loans	1,947.4	1,960.9	
Other Long-Term Investments	480.9	463.3	
Total Investments	35,796.0	35,368.6	
Other Assets:			
Assets Held in Separate Accounts	47,140.2	50,579.9	(3,
Other Assets	13,495.1	13,895.5	(
Total Assets	96,431.2	99,844.1	(3,
Liabilities and Shareholders' Equity			
Liabilities:			
Insurance and Investment Contract Liabilities	39,947.1	40,105.2	(
Liabilities Related to Separate Accounts	47,140.2	50,579.9	(3,
Other Liabilities	4,288.0	4,204.9	
Total Liabilities	91,375.3	94,890.0	(3,
Shareholders' Equity:			
Net Unrealized Gains(Losses) on Securities	103.1	12.0	
Other Shareholders' Equity	4,952.8	4,942.0	
Total Shareholders' Equity	5,055.9	4,954.1	
Total Liabilities and Shareholders' Equity	96,431.2	99,844.1	(3,

As of June 30

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

(\$ billions)

	2001 Amount	2000 Amount	Ch
Domestic Retail Account Balances:			
Annuities Segment - Fixed Annuities	15.628	15.909	(
Annuities Segment - Variable Annuities	36.961	43.097	(
Annuities Segment - Life Insurance	0.157	0.165	(
Life Insurance Segment - Life Insurance	11.066	10.538	
Investment Management - Annuities	12.483	14.861	(
Investment Management - Mutual Funds	11.748	13.604	(
Investment Management - Wrap Fee & Other	1.823	1.331	
	-----	-----	
Total Domestic Account Balance	89.866	99.505	(
	=====	=====	
Assets Managed by Advisor:			
Investment Management Segment	86.286	89.867	(
Lincoln UK	7.027	8.058	(
Policy Loans (within business units)	1.947	1.915	
Non-LNC Affiliates	33.246	37.706	(
	-----	-----	
Total Assets Managed	128.507	137.546	(
	=====	=====	

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

For the Year Ended December 31	2000	1999	1998	1997	1996	1995
Revenue						
Annuities	2133.7	2115.8	2068.1	2023.0	1805.0	1877.0
Life Insurance	1819.0	1760.4	1378.5	544.8	549.2	514.0
Reinsurance	1769.3	1829.7	1577.7	1387.5	1561.8	1417.0
Investment Management	490.3	495.5	491.9	459.1	410.5	290.0
Lincoln UK	438.2	446.6	439.7	427.3	393.2	351.0
Employee Life - Health Benefits						
Corporate & Other	201.1	155.7	131.1	56.8	13.8	135.0
	-----	-----	-----	-----	-----	-----
Total Revenue	6851.5	6803.7	6087.1	4898.5	4733.6	4586.0
	=====	=====	=====	=====	=====	=====
Income from Operations*						
Annuities	362.0	299.4	262.4	223.0	174.6	175.0
Life Insurance	259.9	212.0	149.2	39.9	41.2	35.0
Reinsurance	122.5	40.1	104.9	(150.1)	74.8	(70.0)
Investment Management	44.1	61.0	43.9	18.1	18.6	20.0
Lincoln UK	61.0	(13.9)	70.9	(108.3)	66.0	45.0
Employee Life - Health Benefits						
Corporate & Other	(130.5)	(123.2)	(100.9)	(73.2)	(76.5)	(65.0)
	-----	-----	-----	-----	-----	-----
Total Income from Cont Oper	719.1	475.5	530.4	(50.6)	298.8	140.0
Discontinued Operations				110.1	135.3	165.0
	-----	-----	-----	-----	-----	-----
Income from Operations	719.1	475.5	530.4	59.4	434.1	305.0

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	=====	=====	=====	=====	=====	=====
Net Income						
Annuities	358.6	291.5	273.8	263.3	204.3	248.8
Life Insurance	249.3	211.5	127.5	39.1	51.8	40.0
Reinsurance	122.3	40.6	102.3	(133.8)	86.8	(59.0)
Investment Management	37.0	51.6	44.4	25.1	25.0	27.0
Lincoln UK	(13.2)	(18.2)	71.7	(106.8)	66.0	45.0
Employee Life - Health Benefits						
Corporate & Other	(132.5)	(116.7)	(109.9)	(64.6)	(77.5)	(100.0)
Total Net Inc from Cont Oper	621.4	460.4	509.8	22.2	356.4	301.0
Discontinued Operations				911.8	157.2	180.0
Total Net Income	621.4	460.4	509.8	934.0	513.6	482.0
Cumulative effect of accounting change						
Total Net Income	621.4	460.4	509.8	934.0	513.6	482.0
OTHER DATA						
Assets	99844.1	103095.7	93836.3	77174.7	71713.4	63257.0
Shareholders' Equity:						
Securities and Derivatives at Market	4954.1	4263.9	5387.9	4982.9	4470.0	4378.0
Securities and Derivatives at Cost	4942.0	4729.6	4835.6	4546.9	4057.1	3679.0
Average Equity (Sec & Deriv at Cost)	4831.9	4818.7	4685.6	4214.1	3866.0	3550.0
Common Shares Outstanding: (millions)						
End of Period - Diluted	195.2	197.0	203.4	204.7	209.5	210.0
Average for the Period - Diluted	194.9	200.4	203.3	208.0	210.7	209.0
Per Share Data (Diluted)						
Income (Loss) from Continuing Operations	\$3.69	\$2.37	\$2.61	(\$0.24)	\$1.42	\$0.00
Income from Operations *	\$3.69	\$2.37	\$2.61	\$0.29	\$2.06	\$1.00
Net Income from Continuing Operations	\$3.19	\$2.30	\$2.51	\$0.11	\$1.69	\$1.00
Net Income	\$3.19	\$2.30	\$2.51	\$4.49	\$2.44	\$2.00
Shareholders' Equity:						
Shareholders' Equity (Sec & Deriv at Market)	\$25.92	\$21.76	\$26.59	\$24.63	\$21.50	\$20.00
Shareholders' Equity (Sec & Deriv at Cost)	\$25.85	\$24.14	\$23.86	\$22.48	\$19.51	\$17.00
Dividends Declared (Common Stock)	\$1.175	\$1.115	\$1.055	\$0.995	\$0.935	\$0.800
Return on Equity (see page 32)						
Net Income/Average Equity	12.9%	9.6%	10.9%	22.2%	13.3%	13.0%
Inc from Operations/Average Equity	14.9%	9.9%	11.3%	1.4%	11.2%	8.0%
Market Value of Common Stock						
High for the Year	\$56.375	\$57.500	\$49.438	\$39.063	\$28.500	\$26.800
Low for the Year	\$22.625	\$36.000	\$33.500	\$24.500	\$20.375	\$17.300
Close for the Year	\$47.313	\$40.000	\$40.907	\$39.063	\$26.250	\$26.800
For the Year Ended December 31	1994	1993	1992	1991	1990	Ten-year compound growth annual

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Revenue						
Annuities	1506.2	1603.8	1336.2	1216.7	1073.7	7.1
Life Insurance	466.2	477.5	444.4	417.3	371.7	17.1
Reinsurance	1267.4	1101.9	1074.6	774.3	741.6	9.1
Investment Management						
Lincoln UK	216.0	174.9	180.6	169.6	161.1	10.1
Employee Life - Health Benefits	314.9	1297.3	1241.6	2646.3	2454.2	
Corporate & Other	161.8	281.7	464.7	300.4	173.2	
	-----	-----	-----	-----	-----	-----
Total Revenue	3932.5	4937.1	4742.1	5524.6	4975.5	3.1
	=====	=====	=====	=====	=====	=====
Income from Operations*						
Annuities	142.4	127.1	89.4	58.3	55.2	20.1
Life Insurance	34.2	37.8	46.8	31.5	25.9	25.1
Reinsurance	51.6	22.4	38.7	31.4	55.7	14.1
Investment Management						
Lincoln UK	17.2	11.9	9.2	14.3	13.3	27.1
Employee Life - Health Benefits	14.1	54.3	40.8	43.5	53.2	
Corporate & Other	(40.9)	(55.9)	(73.0)	(70.7)	(90.4)	
	-----	-----	-----	-----	-----	-----
Total Income from Cont Oper	218.6	197.6	151.9	108.3	112.9	21.1
Discontinued Operations	171.1	145.9	88.7	69.4	100.9	
	-----	-----	-----	-----	-----	-----
Income from Operations	389.7	343.5	240.6	177.7	213.8	12.1
	=====	=====	=====	=====	=====	=====
Net Income						
Annuities	142.4	127.1	89.4	58.3	55.2	20.1
Life Insurance	34.2	37.8	46.8	31.5	25.9	25.1
Reinsurance	52.2	20.7	38.7	31.4	55.7	8.1
Investment Management						
Lincoln UK	18.5	12.6	9.2	14.3	13.3	
Employee Life - Health Benefits	14.4	55.3	40.8	43.5	53.2	
Corporate & Other	(96.2)	(177.1)	45.6	(46.5)	(127.6)	
	-----	-----	-----	-----	-----	-----
Total Net Inc from Cont Oper	165.5	76.4	270.5	132.5	75.7	23.1
Discontinued Operations	184.4	242.5	88.7	69.4	100.9	
	-----	-----	-----	-----	-----	-----
Total Net Income	349.9	318.9	359.2	201.9	176.6	13.1
	-----	-----	-----	-----	-----	-----
Cumulative effect of accounting change						
Total Net Income	349.9	318.9	359.2	201.9	176.6	13.1
	=====	=====	=====	=====	=====	=====
OTHER DATA						
Assets	48864.8	47825.1	39042.2	33660.3	27597.3	13.1
Shareholders' Equity:						
Securities and Derivatives at Market	3042.1	4072.3	2826.8	2655.8	2279.5	8.1
Securities and Derivatives at Cost	3353.1	3157.6	2664.1	2445.8	2213.2	8.1
Average Equity (Sec & Deriv at Cost)	3288.6	3009.0	2575.0	2335.3	2086.6	8.1
Common Shares Outstanding: (millions)						
End of Period - Diluted	208.3	208.3	187.7	185.4	176.3	
Average for the Period - Diluted	208.7	206.1	186.8	189.2	175.2	
Per Share Data (Diluted)						
Income (Loss) from Continuing						
Operations	\$1.05	\$0.96	\$0.81	\$0.57	\$0.64	19.1
Income from Operations *	\$1.87	\$1.67	\$1.29	\$0.94	\$1.22	11.1
Net Income from Continuing Operations	\$0.79	\$0.37	\$1.45	\$0.70	\$0.43	22.1
Net Income	\$1.68	\$1.55	\$1.92	\$1.07	\$1.01	12.1

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Shareholders' Equity:						
Shareholders' Equity						
(Sec & Deriv at Market)	\$14.67	\$19.69	\$15.13	\$14.35	\$12.95	7.
Shareholders' Equity						
(Sec & Deriv at Cost)	\$16.17	\$15.27	\$14.26	\$13.21	\$12.57	7.
Dividends Declared (Common Stock)	\$0.830	\$0.775	\$0.738	\$0.693	\$0.658	6.

Return on Equity (see page 32)

Net Income/Average Equity	10.6%	10.6%	13.9%	8.6%	8.5%	
Inc from Operations/Average Equity	11.8%	11.4%	9.3%	7.6%	10.2%	

Market Value of Common Stock

High for the Year	\$22.188	\$24.125	\$19.032	\$13.813	\$15.338	
Low for the Year	\$17.313	\$17.344	\$12.625	\$9.500	\$7.688	
Close for the Year	\$17.500	\$21.750	\$18.500	\$13.688	\$10.750	16.

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

Quarterly Summary

Unaudited [Millions of Dollars except Per Share Data]

For the Quarter Ended	Sep 1998	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000	Jun 2000
Revenue								
Annuities	493.3	512.9	524.4	533.0	520.5	538.0	548.7	530.5
Life Insurance	292.8	470.7	424.0	426.3	437.1	473.1	441.7	444.2
Reinsurance	385.9	457.2	420.6	426.2	404.1	578.8	394.4	457.2
Investment Management	110.7	127.9	126.8	123.2	118.8	126.6	125.8	120.7
Lincoln UK	102.8	109.2	119.1	113.1	110.5	103.8	112.8	108.2
Corporate & Other	32.1	35.9	60.4	56.6	51.1	(12.4)	45.7	31.9
	-----	-----	-----	-----	-----	-----	-----	-----
Total Revenue	1417.6	1714.0	1675.4	1678.3	1642.1	1807.9	1669.2	1692.7
	=====	=====	=====	=====	=====	=====	=====	=====
Income from Operations*								
Annuities	65.5	63.2	74.4	75.9	75.4	73.7	88.5	84.1
Life Insurance	36.2	51.9	48.1	54.4	52.6	57.0	60.4	62.4
Reinsurance	29.1	25.3	33.8	23.7	2.2	(19.5)	31.9	25.8
Investment Management	7.4	14.6	15.4	14.3	14.7	16.5	12.4	13.1
Lincoln UK	17.7	18.8	18.1	19.0	16.2	(67.1)	15.7	19.3
Corporate & Other	(25.1)	(34.3)	(34.0)	(35.6)	(29.7)	(23.9)	(38.3)	(31.7)
	-----	-----	-----	-----	-----	-----	-----	-----
Income from Operations	130.7	139.4	155.7	151.8	131.4	36.6	170.6	173.0
	=====	=====	=====	=====	=====	=====	=====	=====

Net Income

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Annuities	56.0	64.9	76.8	76.4	68.4	69.9	91.2	84.4
Life Insurance	35.2	45.8	46.3	51.5	54.0	59.7	58.1	58.4
Reinsurance	24.0	23.9	34.5	24.0	(0.7)	(17.1)	33.1	24.7
Investment Management	3.6	16.4	3.4	14.0	14.4	19.8	12.3	8.4
Lincoln UK	17.8	19.2	18.0	20.0	16.4	(72.6)	15.5	19.1
Corporate & Other	(23.1)	(44.6)	(33.9)	(37.6)	(20.2)	(25.1)	(39.9)	(31.4)
	-----	-----	-----	-----	-----	-----	-----	-----
Total Net Income	113.4	125.6	145.1	148.4	132.3	34.6	170.2	163.6
	=====	=====	=====	=====	=====	=====	=====	=====

OTHER DATA

Assets	84606.2	93836.3	95350.3	98261.4	96500.7	103095.7	106340.0	103847.6	10
Shareholders' Equity									
Beg of Period (Sec & Deriv at Market)	5054.2	5527.6	5387.9	5107.4	4817.4	4662.2	4263.9	4340.4	
End of Period (Sec & Deriv at Market)	5527.6	5387.9	5107.4	4817.4	4662.2	4263.9	4340.4	4223.7	
End of Period (Sec & Deriv at Cost)	4753.9	4835.6	4852.8	4818.5	4766.0	4729.6	4751.6	4780.3	
Average Equity (Sec & Deriv at Cost)	4718.3	4795.4	4872.5	4834.2	4793.9	4774.2	4791.5	4753.0	
Common Shares Outstanding									
Average for the Period - Diluted	203.9	203.3	203.6	201.9	199.0	197.1	195.8	194.0	
End of Period - Diluted	203.9	203.4	203.2	200.9	196.9	197.0	195.1	193.7	
Per Share Data (Diluted)									
Income from Operations *	\$0.64	\$0.69	\$0.76	\$0.75	\$0.66	\$0.19	\$0.87	\$0.89	
Net Income	\$0.56	\$0.62	\$0.71	\$0.73	\$0.66	\$0.18	\$0.87	\$0.84	
Shareholders' Equity									
Shareholders' Equity (Sec & Deriv at Market)	\$27.28	\$26.59	\$25.30	\$24.18	\$23.76	\$21.76	\$22.45	\$22.10	
Shareholders' Equity (Sec & Deriv at Cost)	\$23.47	\$23.86	\$24.04	\$24.18	\$24.28	\$24.14	\$24.58	\$25.01	
Dividends Declared (Com Stk)	\$0.260	\$0.275	\$0.275	\$0.275	\$0.275	\$0.290	\$0.290	\$0.290	
Return on Equity (see page 32)									
Net Income/Average Equity	9.6%	10.5%	11.9%	12.3%	11.0%	2.9%	14.2%	13.8%	
Inc from Operations/Average Equity	11.1%	11.6%	12.8%	12.6%	11.0%	3.1%	14.2%	14.6%	
Market Value of Common Stock									
Highest Price	\$49.438	\$43.344	\$50.250	\$53.438	\$57.500	\$48.313	\$41.375	\$40.063	\$
Lowest Price	\$41.125	\$33.500	\$39.281	\$45.688	\$36.000	\$36.500	\$22.625	\$29.000	\$
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Closing Price	\$41.125	\$40.906	\$49.438	\$52.313	\$37.563	\$40.000	\$33.500	\$36.125	\$
	-----	-----	-----	-----	-----	-----	-----	-----	-----

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

6/30/2001

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

For the Quarter Ended June 30	Annuities		Life Insurance		Reinsu
	Jun 2001	Jun 2000	Jun 2001	Jun 2000	Jun 2001
Operating Revenue					
Life and annuity premiums	32.5	16.8	50.7	56.3	261.9
Surrender charges	8.5	11.2	13.5	16.5	0.4
Mortality assessments			124.8	114.5	0.0
Expense assessments	138.0	155.7	45.3	44.1	(0.0)
Health premiums			0.0	0.0	94.9
Investment advisory fees					
Other revenue and fees	3.9	0.6	3.8	3.6	15.0
Net investment income	339.3	345.8	227.4	215.5	79.2
Earnings in Unconsolidated Affiliates					0.0
	-----	-----	-----	-----	-----
Operating Revenue	522.1	530.1	465.5	450.5	451.4
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	72.6	65.7	103.5	96.3	181.6
Div accum & div to policyholders			19.0	18.7	1.2
Interest credited to policy bal.	209.7	219.4	141.2	128.7	8.7
Health policy benefits			0.0	0.0	89.6
Underwriting, acquisition, insurance and other expenses	126.0	139.8	92.0	100.9	115.8
Goodwill amortization	0.3	0.3	5.9	5.9	0.4
Interest					2.3
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	408.6	425.2	361.7	350.6	399.7
	-----	-----	-----	-----	-----
Income from Operations Before Tax	113.6	104.8	103.8	99.9	51.7
Federal income taxes	22.8	20.7	36.7	37.4	17.6
	-----	-----	-----	-----	-----
Income from Operations	90.8	84.1	67.1	62.4	34.1
	-----	-----	-----	-----	-----
Restructuring charges	(0.6)		(2.0)		
Realized gains (losses) on investments	(6.7)	0.3	(6.4)	(4.0)	(1.7)
Gains (losses) on derivatives	0.1		0.1		(0.0)
	-----	-----	-----	-----	-----
Income before Accounting Changes	83.6	84.4	58.8	58.4	32.4
Cumulative effect of accounting changes	(3.7)		(5.3)		(2.2)
	-----	-----	-----	-----	-----
Net Income	79.9	84.4	53.5	58.4	30.2

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	=====	=====	=====	=====	=====
Inc. from Oper.-before Goodwill Amort.	91.1	84.4	73.0	68.4	34.6
	-----	-----	-----	-----	-----
		Lincoln UK	Corporate and Other Operations		Consoli Adjust
	Jun	Jun	Jun	Jun	Jun
	2001	2000	2001	2000	2001
Operating Revenue					
Life and annuity premiums	8.8	34.8			
Surrender charges					0.5
Mortality assessments	8.9	8.0			
Expense assessments	31.4	44.3			12.8
Health premiums	0.7	1.5	0.0	0.0	
Investment advisory fees					(23.1)
Other revenue and fees	0.1	1.3	68.2	83.6	(56.3)
Net investment income	16.9	18.5	22.7	21.9	(25.6)
Earnings in Unconsolidated Affiliates				(3.8)	
	-----	-----	-----	-----	-----
Operating Revenue	66.9	108.4	91.0	101.7	(91.7)
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	15.9	34.6			
Div accum & div to policyholders					10.0
Interest credited to policy bal.					
Health policy benefits	2.0	2.9	(0.1)	0.2	
Underwriting, acquisition, insurance and other expenses	29.7	43.5	102.5	97.6	(76.1)
Goodwill amortization	0.2	1.3			(0.0)
Interest			55.3	55.4	(25.6)
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	47.7	82.2	157.7	153.2	(91.7)
	-----	-----	-----	-----	-----
Income from Operations Before Tax	19.1	26.2	(66.7)	(51.5)	0.0
Federal income taxes	2.9	6.9	(22.9)	(17.0)	
	-----	-----	-----	-----	-----
Income from Operations	16.2	19.3	(43.8)	(34.8)	0.0
	-----	-----	-----	-----	-----
Restructuring charges			(1.2)		
Realized gains (losses) on investments	1.4	(0.1)	1.9	10.8	0.8
Gains (losses) on derivatives			(0.1)		
	-----	-----	-----	-----	-----
Income before Accounting Changes	17.6	19.1	(43.2)	(24.0)	0.8
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Net Income	17.6	19.1	(43.2)	(24.0)	0.8
	=====	=====	=====	=====	=====
Inc. from Oper.-before Goodwill Amort.	16.4	20.5	(43.8)	(34.8)	
	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

6/30/2001

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

For the Six Months Ended June 30	Annuities		Life Insurance		Reinsur
	Jun 2001	Jun 2000	Jun 2001	Jun 2000	Jun 2001
Operating Revenue					
Life and annuity premiums	51.6	30.0	101.5	109.2	581.9
Surrender charges	17.5	22.3	30.6	32.7	1.2
Mortality assessments			249.1	226.7	0.0
Expense assessments	279.5	310.8	92.7	89.4	(0.0)
Health premiums			0.1	0.1	199.1
Investment advisory fees					
Other revenue and fees	5.6	2.8	8.9	6.8	26.2
Net investment income	680.7	708.7	450.4	431.2	157.1
Earnings in Unconsolidated Affiliates					0.9
	-----	-----	-----	-----	-----
Operating Revenue	1034.9	1074.6	933.4	896.0	966.5
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	142.4	127.3	203.4	194.6	411.1
Div accum & div to policyholders			36.6	39.1	2.5
Interest credited to policy bal.	419.1	447.5	279.5	255.0	17.9
Health policy benefits			0.0	0.1	187.1
Underwriting, acquisition, insurance and other expenses	260.6	284.4	190.8	200.3	219.6
Goodwill amortization	0.6	(1.2)	11.8	11.8	0.9
Interest					5.1
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	822.7	858.0	722.1	700.9	844.2
	-----	-----	-----	-----	-----
Income from Operations Before Tax	212.2	216.6	211.2	195.1	122.3
Federal income taxes	39.1	44.0	75.5	72.2	41.4
	-----	-----	-----	-----	-----
Income from Operations	173.1	172.6	135.7	122.9	80.9
	-----	-----	-----	-----	-----
Restructuring charges	(1.3)		(2.0)		
Realized gains (losses) on investments	(8.1)	3.0	(11.8)	(6.4)	(6.4)
Gains (losses) on derivatives	0.0		0.1		0.0
	-----	-----	-----	-----	-----
Income before Accounting Changes	163.8	175.6	122.0	116.5	74.6
Cumulative effect of accounting changes	(7.3)		(5.5)		(2.4)
	-----	-----	-----	-----	-----
Net Income	156.5	175.6	116.5	116.5	72.2
	=====	=====	=====	=====	=====
Inc. from Oper.-before Goodwill Amort.	173.7	171.4	147.6	134.7	81.8

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	Lincoln UK		Corporate and Other Operations		Consolidated Adjustm
	Jun 2001	Jun 2000	Jun 2001	Jun 2000	Jun 2001
Operating Revenue					
Life and annuity premiums	21.0	72.4			
Surrender charges					1.2
Mortality assessments	18.3	14.2			
Expense assessments	75.1	90.9			25.0
Health premiums	1.4	2.9	0.0	0.0	
Investment advisory fees					(46.2)
Other revenue and fees	0.7	3.7	143.2	178.2	(94.2)
Net investment income	34.8	37.4	46.0	45.5	(49.3)
Earnings in Unconsolidated Affiliates				(3.8)	
Operating Revenue	151.2	221.6	189.1	219.9	(163.5)
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	35.7	65.3			
Div accum & div to policyholders					20.2
Interest credited to policy bal.					
Health policy benefits	6.2	7.1	(0.1)	0.2	
Underwriting, acquisition, insurance and other expenses	70.8	99.9	206.8	218.7	(138.8)
Goodwill amortization	0.3	2.6			(0.0)
Interest			110.7	111.5	(49.3)
Operating Benefits and Expenses	113.0	175.0	317.4	330.4	(167.8)
Income from Operations Before Tax	38.2	46.5	(128.3)	(110.5)	4.3
Federal income taxes	7.6	11.6	(45.5)	(37.4)	1.3
Income from Operations	30.6	35.0	(82.7)	(73.1)	3.0
Restructuring charges			(1.2)		
Realized gains (losses) on investments	1.8	(0.4)	0.0	9.2	0.8
Gains (losses) on derivatives					
Income before Accounting Changes	32.4	34.6	(83.9)	(63.9)	3.8
Cumulative effect of accounting changes			(0.3)		
Net Income	32.4	34.6	(84.3)	(63.9)	3.8
Inc. from Oper.-before Goodwill Amort	30.9	37.6	(82.7)	(73.1)	3.0

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Statement of Consolidated Income
Unaudited [Millions of Dollars]

For the Year Ended December 31

Operating Revenue
Life and annuity premiums
Surrender charges
Mortality assessments
Expense assessments
Health premiums
Investment advisory fees
Other revenue and fees
Net investment income
Earnings in Unconsolidated Affiliates

Operating Revenue

Operating Benefits and Expenses
Ins. benefits paid or provided:
Life and annuity policy benefits
Div accum & div to policyholders
Interest credited to policy bal.
Health policy benefits
Underwriting, acquisition,
insurance and other expenses
Goodwill amortization
Interest

Operating Benefits and Expenses

Income from Operations Before Tax

Federal income taxes

Income from Continuing Operations

Discontinued Operations
Restructuring charges
Realized gains (losses) on investments
Gains(losses) on derivatives

Income before Accounting Changes
Cumulative Effect of Accounting Changes

Net Income

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

Operating Revenue					
Life and annuity premiums	230.8	348.0	284.2	274.0	263.8
Surrender charges	21.5	26.9	25.5	27.1	28.4
Mortality assessments	67.7	130.0	137.3	122.2	118.2
Expense assessments	201.9	198.2	215.3	231.5	245.9
Health premiums	155.8	164.5	154.9	160.3	149.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Investment advisory fees	52.5	57.5	58.8	56.3	54.6
Other revenue and fees	64.8	76.4	86.4	109.0	77.9
Net investment income	649.6	714.7	709.5	700.8	697.1
Earnings in Unconsolidated Affiliates	(0.2)	1.3	1.6	1.1	1.2
Operating Revenue	1444.3	1717.6	1673.4	1682.4	1636.7
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	264.3	440.0	344.6	335.5	294.0
Div accum & div to policyholders	20.7	27.9	21.5	22.5	21.2
Interest credited to policy bal.	338.5	380.6	375.1	377.1	369.7
Health policy benefits	142.6	131.0	145.5	166.6	189.8
Underwriting, acquisition, insurance and other expenses	463.1	491.2	522.4	532.1	533.4
Goodwill amortization	9.2	16.0	11.8	9.9	12.9
Interest	32.5	33.5	33.1	32.6	33.3
Operating Benefits and Expenses	1271.0	1520.3	1454.1	1476.3	1454.1
Income from Operations before Tax/Min Int.	173.4	197.4	219.3	206.1	182.6
Federal income taxes	42.6	58.0	63.6	54.2	51.2
Inc from Operations before Min Int	130.7	139.4	155.7	151.8	131.4
Minority Interest					
Income from Operations	130.7	139.4	155.7	151.8	131.4
Restructuring charges		(14.3)	(12.1)		(3.2)
Realized gains (losses) on investments	(17.3)	0.5	1.5	(3.5)	4.1
Gains (losses) on derivatives					
Income before Accounting Changes	113.4	125.6	145.1	148.4	132.3
Cumulative Effect of Accounting Changes					
Net Income	113.4	125.6	145.1	148.4	132.3

	1997	1998	1999	2000	YTD Jun 2000
For the Year Ended December 31					

Operating Revenue					
Life and annuity premiums	756.2	985.6	1183.0	1403.3	668.2
Surrender charges	45.4	91.5	110.2	114.7	58.5
Mortality assessments	186.4	380.1	496.4	496.5	241.0
Expense assessments	600.3	803.0	930.9	1050.2	519.7
Health premiums	572.6	635.1	698.5	409.8	202.5
Investment advisory fees	204.9	227.1	223.8	213.1	106.1
Other revenue and fees	157.3	261.0	344.5	445.4	194.8
Net investment income	2250.8	2681.4	2807.5	2747.1	1385.0
Earnings in Unconsolidated Affiliates	2.1	3.3	5.8	(0.4)	(2.6)
Operating Revenue	4775.9	6068.0	6800.7	6879.8	3373.2

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	1090.2	1237.7	1546.6	1546.4	726.2
Div accum & div to policyholders	29.7	78.0	88.4	87.6	41.9
Interest credited to policy bal.	1238.7	1446.2	1510.4	1474.2	740.7
Health policy benefits	833.1	566.9	659.7	449.0	234.2
Underwriting, acquisition, insurance and other expenses	1557.3	1844.2	2218.5	2168.4	1063.2
Goodwill amortization	15.6	44.5	49.2	45.1	22.2
Interest	92.5	117.1	133.7	139.5	71.7
Operating Benefits and Expenses	4857.2	5334.6	6206.4	5910.3	2900.1
Income from Operations Before Tax	(81.3)	733.4	594.4	969.6	473.1
Federal income taxes	(30.6)	203.0	118.9	250.5	129.5
Income from Continuing Operations	(50.6)	530.4	475.5	719.1	343.6
Discontinued Operations	911.8				
Restructuring charges		(34.3)	(18.9)	(80.2)	(2.7)
Realized gains (losses) on investments	72.9	13.7	3.8	(17.5)	(7.1)
Gains(losses) on derivatives					
Income before Accounting Changes	934.0	509.8	460.4	621.4	333.8
Cumulative Effect of Accounting Changes					
Net Income	934.0	509.8	460.4	621.4	333.8
For the Quarter Ended	Mar	Jun	Sep	Dec	Mar
	2000	2000	2000	2000	2001
Operating Revenue					
Life and annuity premiums	331.2	337.1	339.0	396.1	402.1
Surrender charges	28.7	29.8	25.9	30.3	27.8
Mortality assessments	118.5	122.5	125.9	129.6	133.7
Expense assessments	261.1	258.6	273.4	257.1	244.9
Health premiums	58.4	144.0	117.9	89.4	104.8
Investment advisory fees	54.0	52.2	53.3	53.6	49.4
Other revenue and fees	106.1	88.7	106.0	144.6	82.0
Net investment income	711.1	673.8	690.0	672.1	673.7
Earnings in Unconsolidated Affiliates	1.0	(3.6)	1.6	0.6	0.9
Operating Revenue	1670.2	1703.0	1733.1	1773.5	1719.5
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	356.1	370.1	390.2	430.0	418.9
Div accum & div to policyholders	21.7	20.2	18.2	27.4	18.9
Interest credited to policy bal.	373.9	366.8	362.0	371.5	367.1
Health policy benefits	114.3	119.9	123.0	91.8	101.8
Underwriting, acquisition, insurance and other expenses	525.7	537.5	532.4	572.9	524.8
Goodwill amortization	10.2	12.0	12.0	10.9	10.9
Interest	36.3	35.4	34.4	33.4	34.4
Operating Benefits and Expenses	1438.2	1461.9	1472.2	1537.9	1476.7
Income from Operations before Tax/Min Int.	232.0	241.1	260.8	235.6	242.7

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Federal income taxes	61.6	67.9	70.1	50.9	64.1
	-----	-----	-----	-----	-----
Inc from Operations before Min Int	170.4	173.2	190.7	184.7	178.6
	-----	-----	-----	-----	-----
Minority Interest	(0.2)	0.2	(0.0)	0.0	(0.0)
	-----	-----	-----	-----	-----
Income from Operations	170.6	173.0	190.7	184.7	178.6
	-----	-----	-----	-----	-----
Restructuring charges		(2.7)	(40.5)	(37.0)	(0.7)
Realized gains (losses) on investments	(0.4)	(6.7)	(11.6)	1.2	(13.4)
Gains (losses) on derivatives					(0.1)
	-----	-----	-----	-----	-----
Income before Accounting Changes	170.2	163.6	138.6	148.9	164.5
Cumulative Effect of Accounting Changes					(4.3)
	-----	-----	-----	-----	-----
Net Income	170.2	163.6	138.6	148.9	160.2
	=====	=====	=====	=====	=====

6/30/2001

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

ASSETS	Annuities		Life Insurance		Reinsurance	
	Jun 2001	Dec 2000	Jun 2001	Dec 2000	Jun 2001	Dec 2000
Investments						
Corporate bonds	9346.8	8892.4	6885.6	6353.6	2647.1	2573.3
U.S. government bonds	13.1	25.8	76.0	86.4	271.9	275.5
Foreign government bonds	116.4	135.5	122.8	125.8	62.0	71.1
Asset/Mortgage backed securities	2104.8	2299.7	752.9	829.3	253.6	262.3
State and municipal bonds	5.8	6.3	8.0	7.9	0.3	0.3
Preferred stocks-redeemable	117.4	120.5	20.8	24.6	4.3	4.3
Common stocks			13.4	13.6		2.2
Preferred stocks-equity	38.8	45.8	7.1	9.2	1.1	1.1
Mortgage loans	2270.4	2324.0	1761.5	1765.9	369.5	360.9
Real estate						
Policy loans	505.1	509.9	1433.5	1440.5		
Other long-term investments	7.7	5.2	17.2	16.9	20.5	25.0
	-----	-----	-----	-----	-----	-----
Total Investments	14526.3	14365.2	11098.7	10673.8	3630.2	3576.1
	=====	=====	=====	=====	=====	=====
Intercompany investments	3977.6	4039.2	1327.6	1598.4	455.4	535.8
Invest in unconsol affiliates					6.1	6.4
Cash and invested cash	(0.9)	(108.8)	(140.8)	(67.2)	67.1	148.3
Property and equipment			7.1	7.0	15.1	13.8
Premium and fees receivable	(1.0)	(1.8)	23.0	45.6	240.1	214.2
Accrued investment income	221.8	210.8	191.2	169.5	54.8	52.7
Assets held in separate						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

accounts	36722.0	39322.1	1318.7	1270.1		
Federal income tax recoverable						
Amount recoverable from						
reinsurers	1204.8	1309.5	1007.2	989.1	1611.3	1616.5
Deferred acquisition costs	831.3	812.5	1151.1	1079.3	476.6	459.6
Other intangible assets	160.4	169.2	999.9	1040.5	12.1	12.8
Goodwill	44.6	45.2	866.9	878.7	32.8	33.7
Other	165.5	104.1	277.9	254.3	371.2	356.7
	-----	-----	-----	-----	-----	-----
Total Assets	57852.4	60267.1	18128.6	17939.1	6972.8	7026.6
	=====	=====	=====	=====	=====	=====

	Lincoln UK		Other Operations		Consolidating Adjustments	
ASSETS	Jun 2001	Dec 2000	Jun 2001	Dec 2000	Jun 2001	Dec 2000
Investments						
Corporate bonds	375.3	457.6	2489.3	2639.1		
U.S. government bonds			148.8	154.9		
Foreign government bonds	380.7	444.8	554.4	543.9		
Asset/Mortgage backed securities			693.2	720.1		
State and municipal bonds						
Preferred stocks-redeemable				2.2		
Common stocks	251.8	265.2	108.1	155.6		
Preferred stocks-equity			111.3	54.5		
Mortgage loans	0.3	0.3	161.5	116.3		
Real estate	0.2	0.3	308.0	283.0	(1.3)	(1.3)
Policy loans	8.8	10.5				
Other long-term investments			1685.5	1666.2	(1250.0)	(1250.0)
	-----	-----	-----	-----	-----	-----
Total Investments	1017.0	1178.8	6260.0	6335.8	(1251.3)	(1251.3)
	=====	=====	=====	=====	=====	=====
Intercompany investments			(1085.3)	(1245.8)	(4889.0)	(5176.7)
Invest in unconsol affiliates						
Cash and invested cash	241.7	253.5	1274.5	1830.5		(197.5)
Property and equipment	40.6	50.8	156.4	134.0		
Premium and fees receivable			7.1	1.4	(6.7)	3.0
Accrued investment income	16.8	22.8	80.9	82.8		
Assets held in separate accounts	5768.4	6440.9			3331.1	3546.7
Federal income tax recoverable					177.5	207.5
Amount recoverable from reinsurers			33.1	33.0	(194.4)	(200.3)
Deferred acquisition costs	583.4	635.0	2.7	2.9	84.0	81.1
Other intangible assets	251.9	273.6				
Goodwill	12.1	13.0			(1.6)	(1.6)
Other	57.3	(104.9)	661.1	545.1	(576.9)	(322.2)
	-----	-----	-----	-----	-----	-----
Total Assets	7989.2	8763.7	7390.7	7719.7	(3327.3)	(3311.2)
	=====	=====	=====	=====	=====	=====

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

LIABILITIES and SHAREHOLDERS' EQUITY	Annuities		Life Insurance		Reinsur
	Jun 2001	Dec 2000	Jun 2001	Dec 2000	Jun 2001

Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	2598.2	2686.4	13000.0	12783.9	1018.1
Health reserves			0.1	0.1	2455.6
Unpaid claims - life and health	8.7	7.1	61.2	108.1	1017.3
Unearned premiums			0.0	0.1	19.2
Premium deposit funds	16403.2	16331.4	14.9	13.9	685.7
Participating policyholders' funds			135.2	139.4	
Other policyholders' funds			532.7	515.4	8.7
Liab related to separate accounts	36722.0	39322.1	1318.7	1270.1	
	-----	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	55732.1	58347.0	15062.8	14830.9	5204.5
Federal income taxes	23.3	(108.7)	(54.7)	(113.7)	58.9
Short-term debt					225.7
Long-term debt					
Minority Interest in pref. securities of sub.					
Other liabilities	272.4	274.4	414.1	567.9	409.0
	-----	-----	-----	-----	-----
Total Liabilities	56027.8	58512.7	15422.2	15285.2	5898.1
Net unrealized gains (losses) on securities	30.6	(44.7)	(21.4)	(44.9)	11.5
Gains (losses) on derivatives	(1.1)		4.6		0.1
Other shareholders' equity	1792.2	1799.1	2712.3	2698.8	1063.0
Cumulative effect of accounting change	2.8		10.9		0.1
	-----	-----	-----	-----	-----
Shareholders' Equity	1824.6	1754.4	2706.4	2653.9	1074.7
	-----	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	57852.4	60267.1	18128.6	17939.1	6972.8
	=====	=====	=====	=====	=====

LIABILITIES and SHAREHOLDERS' EQUITY	Lincoln UK		Consolidating Other Operations		Consol Adjus
	Jun 2001	Dec 2000	Jun 2001	Dec 2000	Jun 2001

Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	1364.5	1529.1		0.0	(115.6)
Health reserves	47.1	50.7	31.1	30.9	
Unpaid claims - life and health	48.7	46.6	0.6	0.5	(0.0)
Unearned premiums			(0.2)	(0.0)	
Premium deposit funds	29.8	32.9	0.0		582.3
Participating policyholders' funds					
Other policyholders' funds					
Liab related to separate accounts	5768.4	6440.9			3331.1
	-----	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	7258.5	8100.3	31.5	31.4	3797.8
Federal income taxes	(0.6)	3.1	(240.6)	(47.5)	176.7

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Short-term debt			437.6	525.9	(317.8)
Long-term debt			1962.4	1962.2	(1250.0)
Minority Interest in pref. securities of sub. of sub.			745.0	745.0	
Other liabilities	148.6	167.4	1217.8	941.2	(821.7)
	-----	-----	-----	-----	-----
Total Liabilities	7406.5	8270.8	4153.6	4158.2	1585.1
	-----	-----	-----	-----	-----
Net unrealized gains (losses) on securities	22.5	52.6	30.7	39.7	1.3
Gains (losses) on derivatives			5.8		
Other shareholders' equity	560.2	440.2	3196.8	3521.8	(4913.7)
Cumulative effect of accounting change			3.7		
	-----	-----	-----	-----	-----
Shareholders' Equity	582.7	492.8	3237.1	3561.5	(4912.4)
	-----	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	7989.2	8763.7	7390.7	7719.7	(3327.3)
	=====	=====	=====	=====	=====

6/30/2001

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

ASSETS	1996	1997	1998	1999
Investments				
Corporate bonds	15451.0	16633.3	22505.2	21119.5
U.S. government bonds	1305.1	662.4	1134.6	538.3
Foreign government bonds	1781.4	1804.4	1321.2	1447.5
Mortgage backed securities	5144.5	4529.3	5080.5	4404.0
State and municipal bonds	237.2	241.4	16.7	14.7
Preferred stocks-redeemable	177.4	195.5	174.6	164.7
Common stocks	486.3	572.3	463.1	514.5
Preferred stocks-equity	71.2	88.2	79.8	89.5
Mortgage loans	3240.7	3288.1	4393.1	4735.4
Real estate	655.0	576.0	488.7	256.2
Policy loans	734.8	763.1	1840.0	1892.4
Other long-term investments	445.3	464.8	432.0	401.8
	-----	-----	-----	-----
Total Investments	29730.0	29818.8	37929.5	35578.4
	-----	-----	-----	-----
Invest in unconsol affiliates	21.0	21.0	18.8	25.8
Cash and invested cash	1144.8	3794.7	2433.4	1895.9
Property and equipment	196.0	189.8	174.8	203.8
Premiums and fees receivable	237.3	197.5	246.2	259.6
Accrued investment income	417.6	423.0	528.5	533.2
Assets held in separate accounts	28809.1	37138.8	43408.9	53654.2
Federal income taxes recoverable			204.1	345.0
Amounts recoverable from reinsurers	2328.5	2350.8	3127.1	3954.3
Deferred acquisition costs	1689.7	1623.8	1964.4	2800.3
Other intangible assets	708.4	613.9	1848.4	1746.5
Goodwill	351.7	457.7	1484.3	1423.0

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Other	596.4	544.8	468.0	675.7
Discontinued operations - assets	5482.7			
	-----	-----	-----	-----
Total Assets	71713.4	77174.7	93836.3	103095.7
	=====	=====	=====	=====

LIABILITIES and SHAREHOLDERS' EQUITY

Liabilities

Insurance and Inv Contract Liabilities:

Life and annuity reserves	7812.4	8228.7	16434.2	17071.4
Health reserves	2153.0	2300.4	2600.1	2507.8
Unpaid claims-life and health	438.8	682.0	1043.4	1269.8
Unearned premiums	53.7	55.3	62.3	75.8
Premium deposit funds	20894.6	19803.0	20171.9	19624.1
Participating policyholders' funds	81.9	79.8	142.7	132.0
Other policyholders' funds	188.9	180.6	438.4	472.6
Liab related to separate accounts	28809.1	37138.8	43408.9	53654.2
	-----	-----	-----	-----

Total Ins and Inv Contr

Liabilities	60432.4	68468.5	84301.9	94807.7
-------------	---------	---------	---------	---------

Federal income taxes	161.5	487.8		
Short-term debt	189.0	297.2	314.6	460.2
Long-term debt	626.3	511.0	712.2	712.0
Minority Interest - pref sec of a sub	315.0	315.0	745.0	745.0
Other liabilities	1417.4	2112.2	2374.6	2107.0
Discontinued operations - liabilities	4101.9			
	-----	-----	-----	-----

Total Liabilities

	67243.5	72191.8	88448.3	98831.9
	-----	-----	-----	-----

S/Hs' equity-unrealized gains (losses)-cont op.	276.4	436.0	552.4	(465.7)
S/Hs' equity-unrealized gains (losses)-disc op.	136.4			
S/Hs' equity-foreign currency	66.4	46.2	50.0	30.0
S/Hs' equity-other	3990.7	4500.7	4785.6	4699.6
	-----	-----	-----	-----

Total Shareholders' Equity

	4470.0	4982.9	5387.9	4263.9
	-----	-----	-----	-----

Total Liabilities
and Shareholders' Equity

	71713.4	77174.7	93836.3	103095.7
	=====	=====	=====	=====

Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$19.51	\$22.48	\$23.86	\$24.14
Common shares outstanding	207.9	202.3	202.6	196.0

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

Sep Dec Mar Jun Sep

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	1998	1998	1999	1999	1999
ASSETS					
Investments					
Corporate bonds	20986.1	22505.2	22450.1	21888.5	21560.5
U.S. government bonds	968.1	1134.6	1489.4	1367.8	991.0
Foreign government bonds	1519.2	1321.2	1373.7	1339.7	1369.6
Mortgage backed securities	4857.6	5080.5	5068.6	4788.5	4601.2
State and municipal bonds	62.9	16.7	16.2	19.1	14.8
Preferred stocks - redeemable	160.0	174.6	179.8	175.8	171.3
Common stocks	424.4	463.1	399.5	419.0	423.9
Preferred stocks-equity	80.5	79.8	81.3	86.7	82.7
Mortgage loans	4329.3	4393.1	4344.6	4570.5	4772.7
Real estate	459.6	488.7	471.8	449.8	280.3
Policy loans	1517.1	1840.0	1842.4	1847.4	1863.2
Other long-term investments	399.1	432.0	411.9	409.9	401.2
Total Investments	35763.9	37929.5	38129.4	37362.6	36532.4
Invest in unconsol affiliates	17.4	18.8	20.5	22.3	23.4
Cash and invested cash	2725.4	2433.4	2327.0	2151.1	2342.9
Property and equipment	200.9	174.8	178.0	180.7	191.9
Premiums and fees receivable	241.6	246.2	241.8	269.0	296.0
Accrued investment income	547.2	528.5	585.6	569.1	602.9
Assets held in separate accounts	37559.0	43408.9	44339.4	47864.3	46228.8
Federal income taxes recoverable		204.1	286.0	478.4	457.3
Amount recoverable from reinsurers	2454.5	3127.1	3124.5	3121.3	3315.6
Deferred acquisition costs	1848.0	1964.4	2112.2	2398.3	2614.5
Other intangible assets	1241.8	1848.4	1845.4	1764.9	1760.6
Goodwill	1153.1	1484.3	1404.6	1428.3	1435.0
Other	853.5	468.0	755.8	651.1	699.3
Total Assets	84606.2	93836.3	95350.3	98261.4	96500.7
LIABILITIES and SHAREHOLDERS' EQUITY					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	12993.8	16434.2	16590.3	16536.4	16760.5
Health reserves	2435.4	2600.1	2562.3	2528.2	2511.3
Unpaid claims-life and health	768.4	1043.4	1022.9	1064.9	1162.6
Unearned premiums	66.0	62.3	68.8	68.7	62.5
Premium deposit funds	20210.3	20171.9	20027.8	20012.6	19988.9
Participating policyholders' funds	86.3	142.7	132.6	125.7	120.2
Other policyholders' funds	235.7	438.4	440.4	441.2	445.9
Liab related to separate accounts	37559.0	43408.9	44339.4	47864.3	46228.8
Total Ins and Inv Contr Liabilities	74355.0	84301.9	85184.6	88642.1	87280.8
Federal income taxes	3.0				
Short-term debt	354.4	314.6	281.8	380.2	367.7
Long-term debt	712.0	712.2	712.1	712.1	712.0
Minority Interest - pref sec of a sub	745.0	745.0	745.0	745.0	745.0
Other liabilities	2909.2	2374.6	3319.3	2964.7	2733.0
Total Liabilities	79078.6	88448.3	90242.9	93444.1	91838.5

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

S/Hs' equity-unrealized gns (losses)-inv.	773.7	552.4	254.6	(1.1)	(103.8)
S/Hs' equity- gains (losses)-derivatives					
S/Hs' equity-foreign currency	59.8	50.0	30.1	20.6	40.2
S/Hs' equity-other	4694.1	4785.6	4822.7	4797.9	4725.8
Cumulative effect of accounting change					
	-----	-----	-----	-----	-----
Total Shareholders' Equity	5527.6	5387.9	5107.4	4817.4	4662.2
	-----	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	84606.2	93836.3	95350.3	98261.4	96500.7
	=====	=====	=====	=====	=====
Shareholders' Equity Per Share					
[Book Value, Securities at Cost]	\$23.47	\$23.86	\$24.04	\$24.18	\$24.28
Common shares outstanding	202.6	202.6	201.8	199.3	196.3

Mar Jun Sep Dec Mar
2000 2000 2000 2000 2001

ASSETS

Investments

Corporate bonds	21188.0	20719.1	21064.7	21249.7	21855.2
U.S. government bonds	572.4	566.2	575.5	542.9	536.6
Foreign government bonds	1416.4	1377.4	1277.7	1321.1	1240.8
Mortgage backed securities	4393.4	4242.4	4172.5	4160.4	4009.8
State and municipal bonds	14.7	14.1	14.3	14.6	14.7
Preferred stocks - redeemable	159.7	159.2	159.5	161.2	154.1
Common stocks	496.4	467.8	479.9	436.6	388.6
Preferred stocks-equity	91.3	92.2	90.3	113.1	170.9
Mortgage loans	4833.9	4783.8	4767.3	4663.0	4641.2
Real estate	283.4	282.1	297.6	282.0	308.1
Policy loans	1896.3	1914.7	1935.6	1960.9	1947.0
Other long-term investments	428.8	438.2	470.5	463.3	477.4
	-----	-----	-----	-----	-----
Total Investments	35774.6	35057.2	35305.4	35368.6	35744.5
	-----	-----	-----	-----	-----

Invest in unconsol affiliates		(0.9)	5.8	6.4	7.3
Cash and invested cash	1510.1	1619.3	1435.9	1927.4	2015.2
Property and equipment	207.7	205.5	213.8	228.2	242.1
Premiums and fees receivable	190.2	247.8	240.8	296.7	282.8
Accrued investment income	575.0	544.0	569.2	546.4	581.9
Assets held in separate accounts	56907.6	54924.2	54410.9	50579.9	44506.2
Federal income taxes recoverable	300.4	246.1	267.3	207.5	106.6
Amount recoverable from reinsurers	3851.0	3775.3	3774.7	3747.7	3706.4
Deferred acquisition costs	2870.4	2968.0	3048.0	3070.5	2963.4
Other intangible assets	1705.5	1646.7	1598.4	1557.0	1505.3
Goodwill	1349.6	1335.4	1296.6	1286.0	1274.5
Other	1097.8	1279.1	1076.4	1021.6	1186.3
	-----	-----	-----	-----	-----
Total Assets	106340.0	103847.6	103243.1	99844.1	94122.4
	=====	=====	=====	=====	=====

LIABILITIES and SHAREHOLDERS' EQUITY

Liabilities

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Insurance and Inv Contract Liabilities:						
Life and annuity reserves	17172.1	17247.3	17500.0	17841.2	17733.0	1
Health reserves	2547.4	2494.2	2520.2	2523.8	2534.8	
Unpaid claims-life and health	1177.3	1204.1	1202.8	1316.6	1255.3	
Unearned premiums	57.1	52.8	51.8	46.5	45.9	
Premium deposit funds	18899.3	18407.2	18072.1	17715.5	17667.1	1
Participating policyholders' funds	130.7	130.4	135.4	139.4	145.0	
Other policyholders' funds	478.9	490.6	500.7	522.2	532.1	
Liab related to separate accounts	56907.6	54924.2	54410.9	50579.9	44506.2	4
	-----	-----	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	97370.5	94950.8	94394.0	90685.1	84419.3	8
Federal income taxes						
Short-term debt	474.2	355.7	330.3	312.9	415.3	
Long-term debt	712.0	712.1	712.2	712.2	712.3	
Minority Interest - pref sec of a sub	745.0	745.0	745.0	745.0	745.0	
Other liabilities	2697.9	2860.3	2522.9	2434.7	2734.2	
	-----	-----	-----	-----	-----	-----
Total Liabilities	101999.6	99623.9	98704.5	94890.0	89026.0	9
	-----	-----	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses)-inv.	(411.2)	(556.6)	(337.7)	12.0	190.4	
S/Hs' equity- gains (losses)-derivatives					5.7	
S/Hs' equity-foreign currency	22.8	21.8	19.9	21.9	4.1	
S/Hs' equity-other	4728.9	4758.5	4856.5	4920.1	4878.5	
Cumulative effect of accouting change					17.6	
	-----	-----	-----	-----	-----	-----
Total Shareholders' Equity	4340.4	4223.7	4538.6	4954.1	5096.4	
	-----	-----	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	106340.0	103847.6	103243.1	99844.1	94122.4	9
	=====	=====	=====	=====	=====	=====
Shareholders' Equity Per Share						
[Book Value, Securities at Cost]	\$24.58	\$25.01	\$25.43	\$25.85	\$25.96	
Common shares outstanding	193.3	191.1	191.8	191.2	188.1	

6/30/2001

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

	1996	1997	1998	1999	2000	2001
For the Year Ended December 31	1996	1997	1998	1999	2000	2001
Operating Revenue						
Premiums	69.8	84.2	53.9	65.2	64.3	30.0
Surrender charges	26.3	29.8	33.5	37.9	41.8	22.0
Expense assessments	276.7	367.2	459.9	536.2	628.4	310.0
Other revenue and fees	0.8	1.2	1.7	14.5	11.0	2.0
Net investment income	1385.9	1477.1	1501.6	1474.2	1393.5	708.0
	-----	-----	-----	-----	-----	-----
Operating Revenue	1759.5	1959.5	2050.6	2128.0	2138.9	1074.0

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	270.1	292.6	271.6	259.1	254.7	127
Interest credited to policy bal.	910.3	974.4	955.2	925.2	866.1	447
Underwriting, acquisition, insurance and other expenses	348.5	415.0	498.8	560.8	575.5	284
Goodwill amortization	0.0	0.0	2.2	2.0	(0.6)	(1)
Operating Benefits and Expenses	1528.9	1682.0	1727.8	1747.1	1695.7	858
Income from Operations Before Tax	230.6	277.5	322.8	380.9	443.2	216
Federal income taxes	56.0	54.5	60.4	81.4	81.2	44
Income from Operations	174.6	223.0	262.4	299.4	362.0	172
Realized gains (losses) on investments	29.6	40.3	11.4	(7.9)	(3.4)	3
Gains(losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0
Restructuring Charge	0.0	0.0	0.0	0.0	0.0	0
Income before Accounting Changes	204.3	263.3	273.8	291.5	358.6	175
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0
Net Income	204.3	263.3	273.8	291.5	358.6	175
Inc from Oper - before Goodwill Amort.	174.6	223.0	264.6	301.5	361.4	171
Effective tax rate	24.3%	19.6%	18.7%	21.4%	18.3%	20
Operating Revenue	1759.5	1959.5	2050.6	2128.0	2138.9	1074
Realized gains (losses) on investments	45.6	63.5	17.5	(12.1)	(5.2)	4
Gains(losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0
Total Revenue	1805.0	2023.0	2068.1	2115.8	2133.7	1079
Average capital	1334.3	1373.0	1592.6	1562.0	1601.8	1543
Return on average capital	13.1%	16.2%	16.5%	19.2%	22.6%	22

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

	Sep 1998	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
Operating Revenue						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Premiums	10.8	16.3	14.9	16.2	13.1	21.0
Surrender charges	8.3	7.6	8.6	9.3	10.1	9.8
Expense assessments	115.6	112.6	119.8	133.3	142.6	140.5
Other revenue and fees	(0.0)	1.2	3.9	3.2	0.9	6.4
Net investment income	373.3	372.5	373.4	370.2	364.5	366.0
Operating Revenue	508.0	510.2	520.7	532.3	531.2	543.7
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	67.5	68.9	61.9	65.0	55.0	77.2
Interest credited to policy balances	235.6	233.6	228.2	232.9	230.1	234.1
Underwriting, acquisition, insurance and other expenses	125.2	128.1	138.5	141.0	146.5	134.7
Goodwill amortization	0.5	1.1	0.5	0.4	0.6	0.5
Operating Benefits and Expenses	428.7	431.6	429.1	439.2	432.2	446.5
Income from Operations Before Tax	79.3	78.6	91.6	93.0	99.0	97.2
Federal income taxes	13.8	15.4	17.2	17.1	23.6	23.5
Income from Operations	65.5	63.2	74.4	75.9	75.4	73.7
Realized gains (losses) on investments	(9.5)	1.8	2.4	0.5	(7.0)	(3.7)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring charges	0.0	0.0	0.0	0.0	0.0	0.0
Income before Accounting Changes	56.0	64.9	76.8	76.4	68.4	69.9
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	56.0	64.9	76.8	76.4	68.4	69.9
Inc from Oper -before						
Goodwill Amortization	66.0	64.3	75.0	76.3	76.0	74.2
Effective tax rate	17.4%	19.6%	18.8%	18.4%	23.8%	24.2%
Operating Revenue	508.0	510.2	520.7	532.3	531.2	543.7
Realized gains (losses) on investments	(14.7)	2.7	3.7	0.7	(10.7)	(5.8)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	493.3	512.9	524.4	533.0	520.5	538.0
Average capital	1676.0	1521.5	1615.3	1602.4	1471.2	1559.0
Return on average capital	15.6%	16.6%	18.4%	19.0%	20.5%	18.9%

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

Operating Revenue						
Premiums	13.3	16.8	18.0	16.2	19.1	32.5
Surrender charges	11.1	11.2	10.4	9.1	9.1	8.5
Expense assessments	155.1	155.7	163.4	154.2	141.6	138.0
Other revenue and fees	2.2	0.6	4.6	3.5	1.7	3.9
Net investment income	362.9	345.8	349.8	335.0	341.3	339.3
Operating Revenue	544.6	530.1	546.2	518.1	512.8	522.1

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Benefits and Expenses

Benefits paid or provided:						
Benefits	61.6	65.7	68.4	59.0	69.8	72.6
Interest credited to policy balances	228.2	219.4	205.4	213.2	209.4	209.7
Underwriting, acquisition,						
insurance and other expenses	144.5	139.8	147.9	143.2	134.6	126.0
Goodwill amortization	(1.5)	0.3	0.3	0.3	0.3	0.3
Operating Benefits and Expenses	432.8	425.2	421.9	415.7	414.1	408.6

Income from Operations Before Tax	111.8	104.8	124.2	102.3	98.7	113.6

Federal income taxes	23.3	20.7	21.3	15.9	16.3	22.8
Income from Operations	88.5	84.1	102.9	86.4	82.3	90.8

Realized gains (losses) on investments	2.7	0.3	(9.1)	2.8	(1.4)	(6.7)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	(0.1)	0.1
Restructuring charges	0.0	0.0	0.0	0.0	(0.7)	(0.6)

Income before Accounting Changes	91.2	84.4	93.8	89.2	80.2	83.6
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	(3.6)	(3.7)

Net Income	91.2	84.4	93.8	89.2	76.6	79.9
=====						
Inc from Oper -before						
Goodwill Amortization	87.0	84.4	103.2	86.7	82.6	91.1
Effective tax rate						
	20.8%	19.7%	17.1%	15.6%	16.6%	20.1%
Operating Revenue						
	544.6	530.1	546.2	518.1	512.8	522.1
Realized gains (losses) on investments	4.2	0.4	(14.1)	4.2	(2.2)	(10.3)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	(0.2)	0.2

Total Revenue	548.7	530.5	532.1	522.3	510.4	512.1
=====						
Average capital	1438.4	1647.7	1635.2	1686.0	1797.9	1787.1
Return on average capital	24.6%	20.4%	25.2%	20.5%	18.3%	20.3%

6/30/2001

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

	1996	1997	1998	1999

Fixed Annuities- Bal Beg-of-Year	14.645	17.634	17.214	18.111
Gross Deposits	1.852	1.632	1.452	2.563
Withdrawals (incl charges) & deaths	(1.916)	(2.220)	(2.468)	(2.521)

Net cash flows	(0.063)	(0.588)	(1.016)	0.042

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Transfer from (to) var annuities	(0.688)	(1.336)	(0.356)	(0.783)
Interest credited	0.871	0.978	0.994	0.840
Acq of new business/companies	2.869	0.527	1.274	
	-----	-----	-----	-----
Fixed Annuities-Gross	17.634	17.214	18.111	18.210
Reinsurance Ceded	(1.816)	(1.757)	(1.606)	(1.419)
	-----	-----	-----	-----
Fixed Annuities-Bal End -of-Year	15.818	15.458	16.505	16.791
	-----	-----	-----	-----
Fixed Annuities Incremental Deposits *	1.410	1.412	1.265	2.310
Variable Annuities-Bal Beg-of-Year	15.673	20.383	27.346	33.358
Gross Deposits	2.746	2.695	2.791	2.553
Withdrawals (incl charges) & deaths	(1.454)	(2.038)	(3.019)	(3.760)
	-----	-----	-----	-----
Net cash flows	1.292	0.657	(0.228)	(1.207)
Transfer from (to) fixed annuities	0.689	1.335	0.389	0.787
Invest inc & change in mkt value	2.729	4.971	5.414	8.555
Acq(sale) of new business/companies				
	-----	-----	-----	-----
Var Annuities-Bal End-of-Year	20.383	27.346	33.358	41.493
	-----	-----	-----	-----
Variable Annuities Incremental Deposits *	2.626	2.585	2.641	2.409
Total Annuities - Bal Beg-of-Year	30.318	38.017	44.561	51.469
Gross Deposits	4.598	4.327	4.244	5.116
Withdrawals (incl charges) & deaths	(3.369)	(4.258)	(5.487)	(6.281)
	-----	-----	-----	-----
Net cash flows	1.229	0.069	(1.244)	(1.165)
Transfers	0.001	(0.001)	0.033	0.004
Interest credited & change in mkt value	3.600	5.949	6.408	9.395
Acq of new business/companies	2.869	0.527	1.711	
	-----	-----	-----	-----
Total Gross Annuities-Bal End-of-Year	38.017	44.561	51.469	59.704
Reinsurance Ceded	(1.816)	(1.757)	(1.606)	(1.419)
	-----	-----	-----	-----
Total Annuities (Net of Ceded) - Bal End-of-Year	36.202	42.804	49.863	58.284
	=====	=====	=====	=====
Total Annuities Incremental Deposits *	4.036	3.997	3.906	4.719
Var Ann Under Agree - Included above			0.649	0.719

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

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

Sep Dec Mar Jun Sep

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	1998	1998	1999	1999	1999	

Fixed Annuities-Bal Beg-of-Quarter	18.101	18.123	18.111	18.225	18.303	18
Gross Deposits	0.346	0.335	0.489	0.654	0.678	0
Withdrawals (incl charges) & deaths	(0.578)	(0.608)	(0.579)	(0.593)	(0.567)	(0)
Net cash flows	(0.233)	(0.273)	(0.090)	0.061	0.111	(0)
Transfer from (to) var annuities	0.009	0.011	(0.034)	(0.211)	(0.238)	(0)
Interest credited	0.246	0.249	0.238	0.228	0.231	0
Acq of new business/companies		0.001				
Fixed Annuities-Gross	18.123	18.111	18.225	18.303	18.406	18
Reinsurance Ceded	(1.647)	(1.606)	(1.569)	(1.524)	(1.473)	(1)
Fixed Annuities-Bal End-of-Quarter	16.476	16.505	16.656	16.779	16.934	16
Fixed Annuities Incremental Deposits *	0.299	0.304	0.462	0.622	0.644	0

Variable Annuities-Bal Beg-of-Quarter	33.458	29.476	33.358	34.148	37.233	35
Gross Deposits	0.647	0.633	0.635	0.651	0.634	0
Withdrawals (incl charges) & deaths	(0.764)	(0.801)	(0.827)	(0.912)	(0.938)	(1)
Net cash flows	(0.117)	(0.168)	(0.192)	(0.261)	(0.304)	(0)
Transfer from (to) fixed annuities	(0.016)	0.028	0.034	0.213	0.237	0
Invest inc & change in mkt value	(3.849)	5.405	0.948	3.133	(1.553)	6
Acq(sale) of new business/companies		(1.383)				
Var Annuities-Bal End-of-Quarter	29.476	33.358	34.148	37.233	35.613	41
Variable Annuities Incremental Deposits	0.615	0.585	0.606	0.622	0.589	0

Total Annuities -Bal Beg-of-Quarter	51.559	47.599	51.469	52.373	55.536	54
Gross Deposits	0.993	0.968	1.124	1.305	1.312	1
Withdrawals (incl charges) & deaths	(1.343)	(1.409)	(1.406)	(1.505)	(1.505)	(1)
Net cash flows	(0.350)	(0.441)	(0.282)	(0.200)	(0.193)	(0)
Transfers	(0.007)	0.039		0.002	(0.001)	0
Interest credited & change in mkt value	(3.603)	5.654	1.186	3.361	(1.322)	6
Acq of new business/companies		(1.382)				
Total Gross Annuities-Bal End-of-Quarter	47.599	51.469	52.373	55.536	54.020	59
Reinsurance Ceded	(1.647)	(1.606)	(1.569)	(1.524)	(1.473)	(1)
Total Annuities (Net of Ceded) - Bal End-of-Qtr	45.953	49.863	50.804	54.012	52.547	58
Total Annuities Incremental Deposits *	0.914	0.889	1.068	1.244	1.233	1
Var Ann Under Agree - Included above	1.836	0.649	0.651	0.685	0.639	0
	Mar	Jun	Sep	Dec	Mar	
	2000	2000	2000	2000	2001	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Fixed Annuities-Bal Beg-of-Quarter	18.210	17.615	17.200	16.930	16.615	16.615
Gross Deposits	0.589	0.490	0.513	0.482	0.560	0.560
Withdrawals (incl charges) & deaths	(0.875)	(0.796)	(0.802)	(0.810)	(0.787)	(0.787)
Net cash flows	(0.287)	(0.307)	(0.288)	(0.328)	(0.227)	(0.227)
Transfer from (to) var annuities	(0.550)	(0.346)	(0.217)	(0.216)	(0.014)	(0.014)
Interest credited	0.241	0.238	0.235	0.230	0.225	0.225
Acq of new business/companies						
Fixed Annuities-Gross	17.615	17.200	16.930	16.615	16.599	16.599
Reinsurance Ceded	(1.363)	(1.291)	(1.230)	(1.173)	(1.115)	(1.115)
Fixed Annuities-Bal End-of-Quarter	16.252	15.909	15.700	15.442	15.484	15.484
Fixed Annuities Incremental Deposits *	0.560	0.447	0.464	0.447	0.536	0.536
Variable Annuities-Bal Beg-of-Quarter	41.493	44.640	43.097	42.743	39.427	39.427
Gross Deposits	0.797	0.793	0.729	0.846	0.887	0.887
Withdrawals (incl charges) & deaths	(1.210)	(1.168)	(1.253)	(1.199)	(1.250)	(1.250)
Net cash flows	(0.413)	(0.375)	(0.524)	(0.353)	(0.363)	(0.363)
Transfer from (to) fixed annuities	0.549	0.343	0.216	0.212	0.011	0.011
Invest inc & change in mkt value	3.011	(1.511)	(0.046)	(3.175)	(4.342)	(4.342)
Acq(sale) of new business/companies						
Var Annuities-Bal End-of-Quarter	44.640	43.097	42.743	39.427	34.733	34.733
Variable Annuities Incremental Deposits	0.732	0.699	0.586	0.650	0.683	0.683
Total Annuities -Bal Beg-of-Quarter	59.704	62.255	60.297	59.673	56.043	56.043
Gross Deposits	1.386	1.283	1.242	1.328	1.447	1.447
Withdrawals (incl charges) & deaths	(2.085)	(1.964)	(2.055)	(2.009)	(2.037)	(2.037)
Net cash flows	(0.700)	(0.682)	(0.812)	(0.681)	(0.590)	(0.590)
Transfers	(0.001)	(0.003)	(0.001)	(0.004)	(0.003)	(0.003)
Interest credited & change in mkt value	3.252	(1.273)	0.189	(2.945)	(4.117)	(4.117)
Acq of new business/companies						
Total Gross Annuities-Bal End-of-Quarter	62.255	60.297	59.673	56.043	51.332	51.332
Reinsurance Ceded	(1.363)	(1.291)	(1.230)	(1.173)	(1.115)	(1.115)
Total Annuities (Net of Ceded) - Bal End-of-Qtr	60.892	59.006	58.443	54.869	50.217	50.217
Total Annuities Incremental Deposits *	1.292	1.145	1.050	1.097	1.219	1.219
Var Ann Under Agree - Included above	0.866	0.868	0.962	0.941	0.904	0.904

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Unaudited [Millions of Dollars]

	1996	1997	1998	1999

Operating Revenue				
Premiums	62.4	64.8	185.9	235.8
Surrender charges	10.5	9.8	52.1	66.3
Mortality assessments	159.7	161.2	350.1	444.6
Expense assessments	27.8	28.6	146.2	165.8
Other revenue and fees	6.7	9.0	2.6	9.8
Net investment income	260.6	268.2	642.6	840.1
	-----	-----	-----	-----
Operating Revenue	527.6	541.5	1379.5	1762.6
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	136.5	143.6	371.2	430.5
Div accum & div to policyholders	24.1	20.4	70.7	81.5
Interest credited to policy bal.	151.9	153.0	393.1	493.8
Underwriting, acquisition, insurance and other expenses	154.1	172.1	293.1	399.1
Goodwill amortization	0.1	0.1	19.7	23.4
Interest expense				0.0
	-----	-----	-----	-----
Operating Benefits and Expenses	466.8	489.3	1147.8	1428.2
	-----	-----	-----	-----
Income from Operations Before Tax	60.8	52.3	231.6	334.3
Federal income taxes	19.6	12.4	82.4	122.3
	-----	-----	-----	-----
Income from Operations	41.2	39.9	149.2	212.0
	-----	-----	-----	-----
Realized gains (losses) on investments	10.5	(0.8)	(1.7)	(0.5)
Gains(losses) on derivatives				
Restructuring charges			(20.0)	
	-----	-----	-----	-----
Income before Accounting Changes	51.8	39.1	127.5	211.5
	=====	=====	=====	=====
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
Net Income	51.8	39.1	127.5	211.5
	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	41.4	40.0	168.9	235.4
Effective tax rate	32.2%	23.7%	35.6%	36.6%
Operating Revenue	527.6	541.5	1,379.5	1762.6
Realized gains (losses) on investments	21.6	3.2	(1.0)	(2.2)
Gains(losses) on derivatives				
	-----	-----	-----	-----
Total Revenue	549.2	544.8	1,378.5	1760.4
	=====	=====	=====	=====
Average capital	388.2	384.9	1948.0	2712.3
Return on average capital	10.6%	10.4%	7.7%	7.8%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

First Year Premiums by Product (Billions)

Lincoln Life				
Universal Life	0.021	0.013	0.125	0.225
Variable Universal Life	0.054	0.053	0.086	0.129
Whole Life	0.007	0.005	0.020	0.024
Term	0.000	0.000	0.003	0.004
	-----	-----	-----	-----
Subtotal	0.082	0.071	0.234	0.381
Corporate Owned Life Insurance (COLI)	0.000	0.000	0.004	0.015
	-----	-----	-----	-----
Total Lincoln Life	0.082	0.071	0.238	0.396
	-----	-----	-----	-----

First Penn-Pacific

Universal Life	0.111	0.101	0.108	0.114
Term	0.023	0.033	0.046	0.047
	-----	-----	-----	-----
Total First Penn-Pacific	0.134	0.134	0.154	0.160
	-----	-----	-----	-----
Total Segment by Product	0.216	0.205	0.391	0.556
	=====	=====	=====	=====

First Year Premiums by Distribution (Billions)

Lincoln Financial Advisors				0.181
Lincoln Financial Distributors				0.375
	-----	-----	-----	-----
Total by Distribution	0.216	0.205	0.391	0.556
	=====	=====	=====	=====

Individual Life Insurance In-Force (Billions)

Universal Life & Other	32.876	32.827	105.837	109.288
Term Insurance	16.284	30.337	67.076	85.701
	-----	-----	-----	-----
Total Life Segment In-Force	49.160	63.164	172.914	194.988
	=====	=====	=====	=====

Life Insurance Se
Income Statements & Oper
Unaudited [Millions of

For the Quarter Ended	Sep 1998	Dec 1998	Mar 1999	Jun 1999	Sep 1999
-----	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	40.8	80.2	54.5	57.8	52.4
Surrender charges	11.0	17.6	14.7	16.5	17.1
Mortality assessments	60.4	121.8	108.8	111.4	110.5
Expense assessments	36.5	50.8	39.6	35.4	42.8
Other revenue and fees	(0.1)	2.5	1.9	1.6	2.4
Net investment income	144.8	207.5	207.9	207.8	209.6
	-----	-----	-----	-----	-----
Operating Revenue	293.4	480.4	427.4	430.6	434.9
	-----	-----	-----	-----	-----

Operating Benefits and Expenses

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Benefits paid or provided:					
Benefits	72.0	134.9	103.6	108.7	105.4
Div accum & div to policyholders	18.4	26.3	20.3	21.0	19.2
Interest credited to policy bal.	74.7	122.0	125.8	123.0	122.8
Underwriting, acquisition,					
insurance and other expenses	69.4	106.6	95.7	86.5	99.1
Goodwill amortization	4.0	7.1	5.9	5.0	6.4
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	238.5	396.9	351.2	344.1	353.0
	-----	-----	-----	-----	-----
Income from Operations Before Tax	54.9	83.5	76.1	86.5	82.0
	-----	-----	-----	-----	-----
Federal income taxes	18.8	31.6	28.1	32.0	29.4
	-----	-----	-----	-----	-----
Income from Operations	36.2	51.9	48.1	54.4	52.6
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(1.0)	(6.1)	(1.8)	(2.9)	1.4
Gains (losses) on derivatives					
Restructuring charges					
	-----	-----	-----	-----	-----
Income before Accounting Changes	35.2	45.8	46.3	51.5	54.0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----
Net Income	35.2	45.8	46.3	51.5	54.0
	=====	=====	=====	=====	=====
Inc from Oper -before					
Goodwill Amortization	40.1	59.0	54.0	59.5	59.0
	-----	-----	-----	-----	-----
Effective tax rate	34.1%	37.9%	36.9%	37.0%	35.9%
	-----	-----	-----	-----	-----
Operating Revenue	293.4	480.4	427.4	430.6	434.9
Realized gains (losses) on investments	(0.6)	(9.7)	(3.4)	(4.4)	2.1
Gains (losses) on derivatives					
	-----	-----	-----	-----	-----
Total Revenue	292.8	470.7	424.0	426.3	437.1
	=====	=====	=====	=====	=====
Average capital	1895.1	2527.0	2716.6	2739.4	2707.4
Return on average capital	7.6%	8.2%	7.1%	7.9%	7.8%
	-----	-----	-----	-----	-----
First Year Premiums by Product (Billions)					
Lincoln Life					
Universal Life			0.043	0.051	0.044
Variable Universal Life			0.027	0.024	0.027
Whole Life			0.004	0.005	0.006
Term			0.000	0.001	0.001
Subtotal			0.075	0.081	0.078
Corporate Owned Life Insurance (COLI)			0.002	0.007	0.002
	-----	-----	-----	-----	-----
Total Lincoln Life	0.044	0.103	0.077	0.088	0.081
	-----	-----	-----	-----	-----
First Penn-Pacific					
Universal Life			0.029	0.029	0.030
Term			0.013	0.012	0.011
	-----	-----	-----	-----	-----
Total First Penn-Pacific	0.040	0.043	0.042	0.040	0.041
	-----	-----	-----	-----	-----
Total Segment by Product	0.084	0.147	0.119	0.128	0.121
	=====	=====	=====	=====	=====
First Year Premiums by Distribution (Billions)					
Lincoln Financial Advisors	0.010	0.006	0.039	0.033	0.038

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Lincoln Financial Distributors	0.074	0.141	0.080	0.095	0.084
	-----	-----	-----	-----	-----
Total by Distribution	0.084	0.147	0.119	0.128	0.121
	=====	=====	=====	=====	=====
Individual Insurance In-Force (Billions)					
Universal Life & Other	69.785	105.837	105.090	106.047	106.945
Term Insurance	52.057	67.076	73.452	78.431	81.963
Total Segment In-Force	121.842	172.914	178.542	184.478	188.908
	=====	=====	=====	=====	=====
For the Quarter Ended	Mar	Jun	Sep	Dec	Mar
	2000	2000	2000	2000	2001

Operating Revenue					
Premiums	53.0	56.3	50.9	67.1	50.9
Surrender charges	16.2	16.5	13.8	19.9	17.2
Mortality assessments	112.2	114.5	116.3	122.1	124.3
Expense assessments	45.3	44.1	46.9	55.5	47.4
Other revenue and fees	3.2	3.6	3.8	3.7	5.1
Net investment income	215.6	215.5	220.6	219.7	223.0
	-----	-----	-----	-----	-----
Operating Revenue	445.5	450.5	452.4	488.0	467.9
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	98.4	96.3	95.8	121.0	99.9
Div accum & div to policyholders	20.4	18.7	16.4	25.3	17.5
Interest credited to policy bal.	126.3	128.7	134.0	136.5	138.3
Underwriting, acquisition, insurance and other expenses	99.4	100.9	94.9	89.6	98.8
Goodwill amortization	5.9	5.9	5.9	5.9	5.9
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	350.3	350.6	347.0	378.4	360.5
	-----	-----	-----	-----	-----
Income from Operations Before Tax	95.2	99.9	105.4	109.6	107.4
	-----	-----	-----	-----	-----
Federal income taxes	34.8	37.4	38.9	39.0	38.8
	-----	-----	-----	-----	-----
Income from Operations	60.4	62.4	66.5	70.6	68.6
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(2.4)	(4.0)	1.0	(5.2)	(5.4)
Gains (losses) on derivatives					(0.0)
Restructuring charges					
	-----	-----	-----	-----	-----
Income before Accounting Changes	58.1	58.4	67.4	65.4	63.2
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	(0.2)
	-----	-----	-----	-----	-----
Net Income	58.1	58.4	67.4	65.4	62.9
	=====	=====	=====	=====	=====
Inc from Oper -before					
Goodwill Amortization	66.3	68.4	72.4	76.5	74.5
Effective tax rate	36.5%	37.5%	36.9%	35.6%	36.1%
Operating Revenue	445.5	450.5	452.4	488.0	467.9
Realized gains (losses) on investments	(3.8)	(6.3)	0.8	(8.1)	(8.2)
Gains (losses) on derivatives					(0.0)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Revenue	441.7	444.2	453.2	479.9	459.6
Average capital	2655.3	2615.0	2650.5	2640.0	2729.8
Return on average capital	9.1%	9.6%	10.0%	10.7%	10.1%
First Year Premiums by Product (Billions)					
Lincoln Life					
Universal Life	0.046	0.042	0.047	0.056	0.035
Variable Universal Life	0.042	0.043	0.052	0.072	0.053
Whole Life	0.004	0.005	0.006	0.008	0.004
Term	0.001	0.001	0.000	0.001	0.000
Subtotal	0.093	0.089	0.105	0.137	0.093
Corporate Owned Life Insurance (COLI)	0.013	0.019	0.006	0.049	0.007
Total Lincoln Life	0.105	0.109	0.111	0.186	0.100
First Penn-Pacific					
Universal Life	0.026	0.021	0.024	0.023	0.022
Term	0.013	0.013	0.010	0.009	0.007
Total First Penn-Pacific	0.039	0.034	0.035	0.032	0.029
Total Segment by Product	0.144	0.142	0.145	0.218	0.129
First Year Premiums by Distribution (Billions)					
Lincoln Financial Advisors	0.044	0.035	0.050	0.065	0.035
Lincoln Financial Distributors	0.100	0.107	0.095	0.153	0.093
Total by Distribution	0.144	0.142	0.145	0.218	0.129
Individual Insurance In-Force (Billions)					
Universal Life & Other	108.817	110.448	112.884	115.872	116.747
Term Insurance	92.857	97.039	98.424	100.130	102.467
Total Segment In-Force	201.674	207.487	211.308	216.002	219.214

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

	1996	1997	1998	1999	2000
Lincoln Life					
Universal Life-Bal Beg-of-Year	1.507	1.538	1.479	5.093	5.093
Deposits	0.160	0.136	0.527	0.861	0.861
Withdrawals & deaths	(0.221)	(0.284)	(0.575)	(0.385)	(0.385)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net cash flows	(0.061)	(0.148)	(0.048)	0.475	0.
Policyholder assessments				(0.483)	(0.
Interest credited	0.092	0.088	0.285	0.300	0.
Acq of new business/companies	0.000	0.000	3.378	0.000	0.
	-----	-----	-----	-----	-----
Universal Life-Bal End of Year (1)	1.538	1.479	5.093	5.385	5.
	-----	-----	-----	-----	-----
Variable Universal Life-Bal Beg-of-Year	0.239	0.339	0.480	1.200	1.
	-----	-----	-----	-----	-----
Deposits	0.095	0.106	0.193	0.326	0.
Withdrawals & deaths	(0.030)	(0.040)	(0.100)	(0.099)	(0.
	-----	-----	-----	-----	-----
Net cash flows	0.065	0.065	0.093	0.228	0.
Policyholder assessments				(0.084)	(0.
Invest inc & chg in mkt value	0.035	0.076	0.105	0.370	(0.
Acq of new business/transfers between segments	0.000	0.000	0.522	(0.110)	0.
	-----	-----	-----	-----	-----
Variable Universal Life -Bal End-of-Year	0.339	0.480	1.200	1.605	1.
	-----	-----	-----	-----	-----
Interest Sensitive Whole Life - Bal Beg-of-Year				1.784	1.
	-----	-----	-----	-----	-----
Deposits			0.340	0.355	0.
Withdrawals & deaths			(0.294)	(0.162)	(0.
	-----	-----	-----	-----	-----
Net cash flows			0.046	0.193	0.
Policyholder assessments				(0.168)	(0.
Interest credited			0.096	0.109	0.
Acq of new business/companies			1.642	0.045	
	-----	-----	-----	-----	-----
Int Sensitive Whole Life-Bal End -of -Year			1.784	1.963	2.
	-----	-----	-----	-----	-----
Total Lincoln Life -Bal Beg-of-Year	1.746	1.877	1.959	8.077	8.
	-----	-----	-----	-----	-----
Deposits	0.255	0.242	1.059	1.542	1.
Withdrawals & deaths	(0.251)	(0.324)	(0.968)	(0.646)	(0.
	-----	-----	-----	-----	-----
Net cash flows	0.004	(0.082)	0.091	0.896	1.
Policyholder assessments				(0.734)	(0.
Invest inc & chg in mkt value	0.127	0.164	0.486	0.778	0.
Acq of new business/transfers between segments			5.542	(0.065)	
	-----	-----	-----	-----	-----
Total Lincoln Life - Bal End -of -Year	1.877	1.959	8.077	8.952	9.
	-----	-----	-----	-----	-----
VUL Under Agree -included above			0.631	0.704	0.
	-----	-----	-----	-----	-----
First Penn-Pacific (FPP)					
Universal Life-Bal Beg-of-Year	0.883	0.992	1.079	1.166	1.
	-----	-----	-----	-----	-----
Deposits	0.150	0.142	0.148	0.156	0.
Withdrawals & deaths	(0.098)	(0.115)	(0.126)	(0.067)	(0.
	-----	-----	-----	-----	-----
Net cash flows	0.052	0.027	0.022	0.089	0.
Policyholder assessments				(0.060)	(0.
Interest credited	0.056	0.061	0.065	0.071	0.
	-----	-----	-----	-----	-----
FPP Universal Life-Bal End-of-Year	0.992	1.079	1.166	1.265	1.
	-----	-----	-----	-----	-----
Total Segment- Life Insurance Account Values					
Bal Beg-of-Year	2.629	2.869	3.038	9.243	10.
	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Deposits	0.405	0.384	1.207	1.698	1.
Withdrawals & deaths	(0.349)	(0.439)	(1.095)	(0.713)	(0.
Net cash flows	0.056	(0.056)	0.113	0.985	1.
Policyholder assessments				(0.795)	(0.
Invest inc & change in market value	0.183	0.225	0.551	0.849	0.
Acq(sale) of new business/companies			5.542	(0.065)	
Total Segment -Bal End-of-Year	2.869	3.038	9.243	10.217	10.

6/30/2001

PAGE 20

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

For the Quarter Ended	Sep 1998	Dec 1998	Mar 1998	Jun 1999	Sep 1999	Dec 1999
Lincoln Life						
Universal Life-Bal						
Beg-of-Quarter	2.939	3.013	5.093	5.183	5.219	5.279
Deposits	0.095	0.223	0.194	0.199	0.198	0.270
Withdrawals & deaths	(0.063)	(0.236)	(0.050)	(0.135)	(0.091)	(0.110)
Net cash flows	0.032	(0.013)	0.144	0.064	0.107	0.160
Policyholder assessments	0.000	0.000	(0.116)	(0.118)	(0.121)	(0.129)
Interest credited	0.042	0.152	0.062	0.089	0.073	0.075
Acq of new business/ companies		1.941		0.000		0.000
Universal Life-Bal						
End-of-Quarter (1)	3.013	5.093	5.183	5.219	5.279	5.385
Variable Universal Life-Bal						
Beg of Quarter	0.608	0.561	1.200	1.177	1.298	1.285
Deposits	0.035	0.095	0.077	0.068	0.074	0.107
Withdrawals & deaths	(0.013)	(0.063)	(0.011)	(0.013)	(0.049)	(0.025)
Net cash flows	0.022	0.032	0.066	0.055	0.025	0.082
Policyholder assessments	0.000	0.000	(0.020)	(0.020)	(0.020)	(0.024)
Invest inc & chg in mkt value	(0.069)	0.103	0.040	0.087	(0.018)	0.262
Acq of new business/ transfers between segments		0.504	(0.110)	0.000		
Variable Universal Life						
-Bal End-of-Quar	0.561	1.200	1.177	1.298	1.285	1.605
Interest Sensitive Whole Life						
- Bal Beg-of-Qua	1.730	1.729	1.784	1.865	1.895	1.922

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Deposits	0.086	0.116	0.083	0.073	0.086	0.113
Withdrawals & deaths	(0.116)	(0.085)	(0.039)	(0.030)	(0.044)	(0.050)
	-----	-----	-----	-----	-----	-----
Net cash flows	(0.030)	0.031	0.044	0.044	0.043	0.062
Policyholder assessments			(0.039)	(0.039)	(0.042)	(0.048)
Interest credited	0.029	0.024	0.030	0.025	0.027	0.026
Acq of new business/ companies			0.045			
	-----	-----	-----	-----	-----	-----
Int Sensitive Whole Life-Bal End-of-Quart	1.729	1.784	1.865	1.895	1.922	1.963
	-----	-----	-----	-----	-----	-----
Total Lincoln Life -Bal Beg-of-Quarter	5.276	5.303	8.077	8.225	8.412	8.485
Deposits	0.216	0.433	0.354	0.340	0.358	0.490
Withdrawals & deaths	(0.192)	(0.383)	(0.100)	(0.178)	(0.184)	(0.185)
	-----	-----	-----	-----	-----	-----
Net cash flows	0.024	0.050	0.254	0.163	0.175	0.305
Policyholder assessments			(0.174)	(0.176)	(0.183)	(0.201)
Invest inc & chg in mkt value	0.003	0.279	0.132	0.201	0.082	0.363
Acq of new business/ transfers between segments		2.445	(0.065)			
	-----	-----	-----	-----	-----	-----
Total Lincoln Life - Bal End-of-Quarter	5.303	8.077	8.225	8.412	8.485	8.952
	-----	-----	-----	-----	-----	-----
VUL Under Agree - included above	0.044	0.631	0.699	0.770	0.681	0.704
	-----	-----	-----	-----	-----	-----
First Penn-Pacific (FPP) Universal Life-Bal Beg-of-Quarter	1.118	1.140	1.166	1.191	1.215	1.240
Deposits	0.038	0.041	0.040	0.039	0.041	0.036
Withdrawals & deaths	(0.032)	(0.032)	(0.017)	(0.017)	(0.019)	(0.014)
	-----	-----	-----	-----	-----	-----
Net cash flows	0.006	0.009	0.023	0.022	0.022	0.022
Policyholder assessments				(0.015)	(0.015)	(0.015)
Interest credited	0.016	0.017	0.017	0.017	0.018	0.018
	-----	-----	-----	-----	-----	-----
FPP Universal Life-Bal End-of-Quarter	1.140	1.166	1.191	1.215	1.240	1.265
	-----	-----	-----	-----	-----	-----
Total Segment- Life Insurance Account Values Bal Beg-of-Quarter	6.394	6.443	9.243	9.416	9.628	9.726
Deposits	0.254	0.475	0.394	0.379	0.399	0.526
Withdrawals & deaths	(0.224)	(0.415)	(0.117)	(0.195)	(0.202)	(0.199)
	-----	-----	-----	-----	-----	-----
Net cash flows	0.030	0.060	0.277	0.185	0.197	0.327
Policyholder assessments				(0.192)	(0.198)	(0.216)
Invest inc & change in market value	0.019	0.295	0.149	0.219	0.100	0.381
Acq(sale) of new business/ companies	0.000	2.445	(0.065)	0.000	0.000	0.000
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Segment -Bal End-of-Quarter	6.443	9.243	9.416	9.628	9.726	10.217
	-----	-----	-----	-----	-----	-----
For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----	-----	-----
Lincoln Life						
Universal Life-Bal						
Beg-of-Quarter	5.385	5.449	5.486	5.562	5.645	5.718
Deposits	0.216	0.181	0.192	0.231	0.194	0.236
Withdrawals & deaths	(0.097)	(0.093)	(0.064)	(0.093)	(0.069)	(0.056)
Net cash flows	0.118	0.088	0.128	0.139	0.125	0.181
Policyholder assessments	(0.129)	(0.127)	(0.129)	(0.133)	(0.131)	(0.131)
Interest credited	0.075	0.076	0.077	0.078	0.078	0.080
Acq of new business/ companies	0.000					
Universal Life-Bal						
End-of-Quarter (1)	5.449	5.486	5.562	5.645	5.718	5.848
Variable Universal Life-Bal						
Beg of Quarter	1.605	1.771	1.764	1.812	1.808	1.633
Deposits	0.112	0.128	0.123	0.245	0.136	0.138
Withdrawals & deaths	(0.019)	(0.028)	(0.037)	(0.048)	(0.049)	(0.060)
Net cash flows	0.093	0.100	0.085	0.197	0.087	0.078
Policyholder assessments	(0.032)	(0.033)	(0.036)	(0.041)	(0.041)	(0.041)
Invest inc & chg in mkt value	0.105	(0.074)	(0.001)	(0.160)	(0.221)	0.096
Acq of new business/ transfers between segments	0.000	0.000				
Variable Universal Life						
-Bal End-of-Quar	1.771	1.764	1.812	1.808	1.633	1.766
Interest Sensitive Whole Life						
- Bal Beg-of-Qua	1.963	1.970	1.993	2.026	2.062	2.068
Deposits	0.060	0.071	0.079	0.113	0.056	0.069
Withdrawals & deaths	(0.042)	(0.037)	(0.033)	(0.056)	(0.041)	(0.043)
Net cash flows	0.018	0.034	0.045	0.057	0.014	0.027
Policyholder assessments	(0.039)	(0.040)	(0.040)	(0.050)	(0.037)	(0.040)
Interest credited	0.028	0.028	0.027	0.029	0.028	0.030
Acq of new business/ companies						
Int Sensitive Whole						
Life-Bal End-of-Quart	1.970	1.993	2.026	2.062	2.068	2.084
Total Lincoln Life -Bal						
Beg-of-Quarter	8.952	9.190	9.242	9.400	9.516	9.419
Deposits	0.387	0.380	0.393	0.589	0.386	0.443

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Withdrawals & deaths	(0.158)	(0.158)	(0.135)	(0.196)	(0.159)	(0.158)
	-----	-----	-----	-----	-----	-----
Net cash flows	0.229	0.222	0.258	0.392	0.226	0.285
Policyholder assessments	(0.199)	(0.200)	(0.205)	(0.224)	(0.209)	(0.212)
Invest inc & chg in mkt value	0.208	0.030	0.104	(0.053)	(0.114)	0.206
Acq of new business/ transfers between segments						
	-----	-----	-----	-----	-----	-----
Total Lincoln Life - Bal End-of-Quarter	9.190	9.242	9.400	9.516	9.419	9.698
	-----	-----	-----	-----	-----	-----
VUL Under Agree - included above	0.743	0.707	0.698	0.609	0.527	0.549
	-----	-----	-----	-----	-----	-----
First Penn-Pacific (FPP) Universal Life-Bal Beg-of-Quarter	1.265	1.280	1.296	1.317	1.331	1.345
	-----	-----	-----	-----	-----	-----
Deposits	0.036	0.031	0.035	0.033	0.032	0.034
Withdrawals & deaths	(0.024)	(0.018)	(0.016)	(0.021)	(0.022)	(0.015)
	-----	-----	-----	-----	-----	-----
Net cash flows	0.013	0.013	0.019	0.012	0.011	0.019
Policyholder assessments	(0.016)	(0.016)	(0.017)	(0.017)	(0.016)	(0.016)
Interest credited	0.019	0.019	0.019	0.019	0.020	0.020
	-----	-----	-----	-----	-----	-----
FPP Universal Life-Bal End-of-Quarter	1.280	1.296	1.317	1.331	1.345	1.368
	-----	-----	-----	-----	-----	-----
Total Segment- Life Insurance Account Values Bal Beg-of-Quarter	10.217	10.470	10.538	10.716	10.847	10.764
	-----	-----	-----	-----	-----	-----
Deposits	0.424	0.411	0.428	0.622	0.418	0.477
Withdrawals & deaths	(0.182)	(0.176)	(0.151)	(0.218)	(0.181)	(0.173)
	-----	-----	-----	-----	-----	-----
Net cash flows	0.242	0.235	0.277	0.404	0.237	0.304
Policyholder assessments	(0.215)	(0.216)	(0.221)	(0.241)	(0.225)	(0.228)
Invest inc & change in market value	0.227	0.048	0.123	(0.033)	(0.094)	0.226
Acq(sale) of new business/ companies	0.000	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----	-----
Total Segment -Bal End-of-Quarter	10.470	10.538	10.716	10.847	10.764	11.066
	-----	-----	-----	-----	-----	-----

(1) Includes fixed investment option of VUL products.

6/30/2001

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

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

Operating Revenue						
Life and annuity premiums	146.4	200.1	172.0	173.1	166.2	231.9
Health premiums	154.5	163.5	153.3	158.7	148.3	232.0
Surrender charges	1.6	0.9	1.2	0.4	0.6	0.7
Mortality assessments		0.7	0.7	0.1	0.0	(0.2)
Expense assessments		0.3	0.4	(0.0)	0.0	(0.2)
Other revenue and fees	12.9	12.0	10.6	13.3	6.6	32.0
Net investment income	79.2	80.3	79.6	79.2	80.8	77.0
Equity earnings in unconsol affiliates	(0.2)	1.3	1.6	1.1	1.2	1.8
	-----	-----	-----	-----	-----	-----
Operating Revenue	394.3	459.1	419.4	425.8	403.7	575.1
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Life and annuity policy benefits	91.1	192.4	124.3	123.0	108.8	174.5
Div accum & div to policyholders	2.3	1.6	1.3	1.5	1.9	2.2
Interest credited to policy bal.	14.6	12.2	8.9	10.9	6.0	21.5
Health policy benefits	139.7	129.0	143.5	161.7	187.4	153.9
Underwriting, acquisition, insurance and other expenses	102.2	85.2	89.1	92.9	94.9	254.8
Goodwill amortization	0.0	0.0	(0.0)	(0.8)	0.8	0.4
Interest on notes payable		0.0	0.0	0.0	0.0	1.0
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	349.8	420.5	367.1	389.2	399.7	608.4
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	44.5	38.6	52.4	36.7	3.9	(33.3)
	-----	-----	-----	-----	-----	-----
Federal income taxes	15.4	13.3	18.6	13.0	1.7	(13.7)
	-----	-----	-----	-----	-----	-----
Income from Operations (1)	29.1	25.3	33.8	23.7	2.2	(19.5)
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(5.1)	(1.4)	0.7	0.3	0.3	2.4
Gains (losses) on derivatives						
Restructuring charges					(3.2)	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	24.0	23.9	34.5	24.0	(0.7)	(17.1)
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Net Income (1)	24.0	23.9	34.5	24.0	(0.7)	(17.1)
	=====	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amortization	29.1	25.3	33.7	22.8	3.0	(19.1)
	-----	-----	-----	-----	-----	-----
Effective tax rate	34.6%	34.5%	35.5%	35.5%	43.3%	41.3%
	-----	-----	-----	-----	-----	-----
Operating Revenue	394.3	459.1	419.4	425.8	403.7	575.1
Realized gains (losses) on investments	(8.5)	(1.8)	1.2	0.4	0.4	3.6
Gains (losses) on derivatives						
	-----	-----	-----	-----	-----	-----
Total Revenue	385.9	457.2	420.6	426.2	404.1	578.8
	=====	=====	=====	=====	=====	=====

Revenue by Source (Including Investment
Gains/Losses)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Individual Markets	153.8	214.3	187.9	191.4	182.0	252.9
Group Markets	35.9	33.0	36.5	37.1	38.4	56.0
Financial Reinsurance	75.0	58.4	80.6	81.9	72.5	109.5
Other	2.5	(1.4)	(2.7)	(1.6)	(1.0)	0.3
	-----	-----	-----	-----	-----	-----
Total Revenue, Excl Exited Businesses	267.2	304.4	302.2	308.8	291.9	418.7
Exited Businesses Under Management (2)	118.7	152.9	118.4	117.4	112.2	160.0
	-----	-----	-----	-----	-----	-----
Total Revenue	385.9	457.2	420.6	426.2	404.1	578.8
	=====	=====	=====	=====	=====	=====
Income from Operations by Source						
Individual Markets	23.2	26.6	25.4	21.3	24.9	20.2
Group Markets	1.4	0.1	0.9	0.4	(1.3)	(1.7)
Financial Reinsurance	4.7	5.5	7.3	4.7	4.2	5.5
Other	(1.1)	(0.5)	(1.1)	(1.1)	(0.7)	(1.4)
	-----	-----	-----	-----	-----	-----
Inc from Oper, Excl Exited Businesses	28.1	31.6	32.5	25.4	27.1	22.6
Exited Businesses Under Management (2)	1.0	(6.3)	1.3	(1.7)	(24.8)	(42.2)
	-----	-----	-----	-----	-----	-----
Income from Operations	29.1	25.3	33.8	23.7	2.2	(19.5)
	=====	=====	=====	=====	=====	=====
Risk Premium (3)	104.5	144.1	130.4	128.4	129.0	155.8
Individual Life Sales [Billions of Dollars]	16.5	40.2	18.5	20.0	28.8	49.6
Ind Life In-Force	178.3	213.6	225.1	240.0	261.5	306.6
Group Life In-Force	35.3	36.7	38.3	38.5	35.6	34.2
	-----	-----	-----	-----	-----	-----
Total Life In-Force	213.6	250.3	263.4	278.5	297.1	340.8
	=====	=====	=====	=====	=====	=====
[Billions of Dollars]						
Ratios [Percentages]						
Individual Life Mortality						
Actual to Expected Loss Ratio	78.0	94.3	85.8	88.9	81.7	97.2
Employer Stop Loss-						
Loss Ratio	66.3	114.3	68.5	81.0	100.8	84.5
Combined Ratio	98.7	141.8	100.8	119.1	133.1	111.8
Average Capital	1019.0	1019.6	1094.8	1064.9	1056.6	1060.9
Average Capital, Excl Exited Business	488.3	507.8	571.4	577.8	615.1	648.0
Return on Average Capital, Excluding Exited Business	23.0%	24.9%	22.8%	17.6%	17.6%	14.0%
For the Quarter Ended	Mar	Jun	Sep	Dec	Mar	Jun
	2000	2000	2000	2000	2001	2001
-----	-----	-----	-----	-----	-----	-----
Operating Revenue						
Life and annuity premiums	227.4	229.1	238.9	273.2	320.0	261.9
Health premiums	57.0	142.6	116.5	88.6	104.2	94.9
Surrender charges	0.6	1.4	0.9	0.8	0.9	0.4
Mortality assessments	0.0	0.0	0.0	0.0	0.0	0.0
Expense assessments	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other revenue and fees	15.8	11.9	22.9	20.8	11.3	15.0
Net investment income	91.0	73.7	78.5	77.2	77.9	79.2
Equity earnings in unconsol affiliates	1.0	0.2	0.2	0.6	0.9	0.0
	-----	-----	-----	-----	-----	-----
Operating Revenue	392.7	458.9	457.9	461.0	515.1	451.4

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Benefits and Expenses						
Benefits paid or provided:						
Life and annuity policy benefits	165.4	173.5	178.0	199.2	229.4	181.6
Div accum & div to policyholders	1.3	1.5	1.8	2.1	1.4	1.2
Interest credited to policy bal.	9.0	8.6	12.8	11.9	9.1	8.7
Health policy benefits	110.0	116.8	119.7	88.2	97.5	89.6
Underwriting, acquisition, insurance and other expenses	60.1	117.2	100.1	103.1	103.7	115.8
Goodwill amortization	0.4	0.4	0.4	0.4	0.4	0.4
Interest on notes payable	2.3	2.7	3.0	3.2	2.8	2.3
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	348.6	420.6	415.9	408.1	444.5	399.7
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	44.2	38.2	42.0	52.9	70.6	51.7
	-----	-----	-----	-----	-----	-----
Federal income taxes	12.2	12.4	13.8	16.3	23.8	17.6
	-----	-----	-----	-----	-----	-----
Income from Operations (1)	31.9	25.8	28.2	36.6	46.8	34.1
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	1.2	(1.1)	(2.2)	1.2	(4.6)	(1.7)
Gains (losses) on derivatives					0.0	(0.0)
Restructuring charges					0.7	
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	33.1	24.7	26.0	38.5	42.2	32.4
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	(0.1)	(2.2)
	-----	-----	-----	-----	-----	-----
Net Income (1)	33.1	24.7	26.0	38.5	42.0	30.2
	=====	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amortization	32.3	26.3	28.6	37.0	47.2	34.6
	-----	-----	-----	-----	-----	-----
Effective tax rate	27.7%	32.5%	32.9%	30.8%	33.8%	34.0%
	-----	-----	-----	-----	-----	-----
Operating Revenue	392.7	458.9	457.9	461.0	515.1	451.4
Realized gains (losses) on investments	1.7	(1.7)	(3.5)	2.2	(7.1)	(2.7)
Gains (losses) on derivatives					0.0	0.0
	-----	-----	-----	-----	-----	-----
Total Revenue	394.4	457.2	454.4	463.2	508.0	448.7
	=====	=====	=====	=====	=====	=====
Revenue by Source (Including Investment Gains/Losses)						
Individual Markets	246.8	249.2	262.4	295.0	340.7	284.9
Group Markets	87.7	75.6	77.5	77.2	84.9	87.1
Financial Reinsurance	34.6	29.8	29.4	33.6	24.8	28.7
Other	3.1	2.5	3.9	3.2	3.8	2.9
	-----	-----	-----	-----	-----	-----
Total Revenue, Excl Exited Businesses	372.2	357.1	373.1	409.0	454.2	403.5
Exited Businesses Under Management (2)	22.3	100.1	81.3	54.2	53.8	45.2
	-----	-----	-----	-----	-----	-----
Total Revenue	394.4	457.2	454.4	463.2	508.0	448.7
	=====	=====	=====	=====	=====	=====
Income from Operations by Source						
Individual Markets	19.2	22.6	20.5	28.3	39.5	24.8
Group Markets	1.0	1.2	1.5	3.7	2.5	3.2
Financial Reinsurance	7.2	4.0	4.5	4.6	3.7	6.8
Other	(1.7)	(1.6)	(1.1)	(3.3)	(1.1)	(1.3)
	-----	-----	-----	-----	-----	-----
Inc from Oper, Excl Exited Businesses	25.7	26.3	25.4	33.4	44.6	33.4
Exited Businesses Under Management (2)	6.2	(0.4)	2.8	3.2	2.2	0.7
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income from Operations	31.9	25.8	28.2	36.6	46.8	34.1
	=====	=====	=====	=====	=====	=====
Risk Premium (3)	152.9	158.5	179.0	185.1	229.0	194.3
Individual Life Sales [Billions of Dollars]	30.0	37.2	37.2	35.2	30.9	28.3
Ind Life In-Force	325.9	354.0	381.4	407.4	426.2	447.8
Group Life In-Force	32.5	30.5	31.2	29.3	27.2	27.9
	-----	-----	-----	-----	-----	-----
Total Life In-Force	358.4	384.4	412.6	436.7	453.4	475.7
	=====	=====	=====	=====	=====	=====
[Billions of Dollars]						
Ratios [Percentages]						
Individual Life Mortality						
Actual to Expected Loss Ratio	99.5	96.9	101.2	93.9	88.7	97.4
Employer Stop Loss-						
Loss Ratio	74.7	72.6	76.5	72.0	71.4	73.8
Combined Ratio	99.8	100.8	100.9	95.9	95.8	96.9
Average Capital	1075.0	1039.0	1075.0	1124.3	1100.0	1062.7
Average Capital, Excl Exited Business	692.7	732.7	761.1	790.1	773.5	791.1
Return on Average Capital, Excluding Exited Business	14.8%	14.3%	13.3%	16.9%	23.0%	16.9%

- (1) Third quarter 1999 and fourth quarter 1999 income includes special charges of \$25.0 million. The first quarter 2001 includes \$25.5 million for a change in estimate of premiums receivable.
- (2) Exited Businesses Under Mgmt incl. disability inc., HMO excess-of-loss, carrier medical, pers Serfin Lincoln (through March 2000).
- (3) Risk premium is an internal measure used to gauge the earnings power of the Individual Market operating revenue less commissions, investment income on surplus, and that portion of revenue reserves. The risk premium for the first quarter 2001, includes the effect of the change in receivable.

Investment Management
Income Statements
Unaudited [Millions of Dollars]

For the Year Ended December 31	1996
-----	-----
Operating Revenue	
Investment advisory fees - External	199.8
Investment advisory fees - Insurance Assets	65.7
Other revenue and fees	59.3
Net investment income	75.8

Operating Revenue	400.6

Operating Benefits and Expenses	
Underwriting, acquisition, insurance and other expenses	350.1
Goodwill amortization	13.7
Interest on notes payable	0.0

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Benefits and Expenses						363.8

Income from Operations Before Tax						36.8
Federal income taxes						18.2

Income from Operations						18.6
Realized gains (losses) on investments						6.4
Gains(losses) on derivatives						
Restructuring Charges						0.0

Income before Accounting Changes						25.0
Cumulative effect of accounting changes						

Net Income						25.0
						=====
Income from Operations- before Goodwill Amortization						32.4
Income from Operations - before Goodwill & Intang. Amort						42.6
Operating Revenue						400.6
Realized gains (losses) on investments						9.9
Gains(losses) on derivatives						

Total Revenue						410.5
						=====
Average Capital (Securities at Cost)						646.1
Return on Capital						2.9%
For the Quarter Ended	Sep	Dec	Mar	Jun	Sep	Dec
	1998	1998	1999	1999	1999	1999

Operating Revenue						
Investment advisory fees - External	58.3	62.5	65.1	62.5	60.7	60.3
Investment advisory fees - Insurance Assets	20.5	20.8	21.0	20.7	19.9	22.1
Other revenue and fees	22.4	24.9	25.6	26.3	24.9	29.8
Net investment income	15.8	16.7	14.9	14.1	13.9	13.9
	-----	-----	-----	-----	-----	-----
Operating Revenue	117.0	124.9	126.6	123.6	119.3	126.1
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Underwriting, acquisition, insurance and other expenses	99.0	98.5	97.8	97.3	92.8	96.3
Goodwill amortization	4.1	4.1	4.1	4.1	4.1	4.1
Interest on notes payable	0.1	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Operating Benefits & Expenses	103.2	102.6	101.9	101.4	96.8	100.4
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	13.8	22.3	24.7	22.2	22.5	25.7
Federal income taxes	6.4	7.7	9.4	7.9	7.7	9.1
	-----	-----	-----	-----	-----	-----
Income from Operations	7.4	14.6	15.4	14.3	14.7	16.5
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(3.7)	1.8	0.2	(0.3)	(0.3)	0.4
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring Charges	0.0	0.0	(12.1)	0.0	0.0	2.9
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	3.6	16.4	3.4	14.0	14.4	19.8
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income	3.6	16.4	3.4	14.0	14.4	19.8
Inc from Oper -before						
Goodwill Amortization	11.4	18.7	19.4	18.4	18.8	20.6
Inc from Oper -before						
Goodwill & Intang. Amort	14.5	21.9	22.4	21.3	21.7	23.3
Operating Revenue	117.0	124.9	126.6	123.6	119.3	126.1
Realized gains (losses) on investments	(6.3)	3.0	0.2	(0.4)	(0.5)	0.6
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	110.7	127.9	126.8	123.2	118.8	126.6
Average Capital (Securities at Cost)	641.4	635.3	612.6	591.6	587.2	584.2
Return on Capital	4.6%	9.2%	10.0%	9.7%	10.0%	11.3%
					YTD	YTD
					Jun	Jun
For the Year Ended December 31	1997	1998	1999	2000	2000	2001
Operating Revenue						
Investment advisory fees - External	229.9	249.0	248.6	231.6	117.9	99.0
Investment advisory fees - Insurance Assets	68.5	82.5	83.6	88.9	43.3	46.2
Other revenue and fees	76.3	92.5	106.6	115.9	62.9	52.0
Net investment income	72.8	67.0	56.9	57.7	25.6	27.1
Operating Revenue	447.5	491.0	495.6	494.2	249.8	224.4
Operating Benefits and Expenses						
Underwriting, acquisition, insurance and other expenses	396.1	401.5	384.3	408.7	201.8	206.4
Goodwill amortization	15.5	16.3	16.2	16.2	8.1	8.1
Interest on notes payable	0.2	0.3	0.0	0.0	0.0	0.0
Operating Benefits and Expenses	411.8	418.2	400.5	425.0	209.9	214.5
Income from Operations Before Tax	35.8	72.8	95.1	69.2	39.9	9.9
Federal income taxes	17.7	28.9	34.1	25.1	14.3	3.8
Income from Operations	18.1	43.9	61.0	44.1	25.5	6.1
Realized gains (losses) on investments	7.0	0.5	(0.1)	(2.5)	(2.1)	(1.2)
Gains(losses) on derivatives						
Restructuring Charges	0.0	0.0	(9.2)	(4.6)	(2.7)	0.0
Income before Accounting Changes	25.1	44.4	51.6	37.0	20.7	4.9
Cumulative effect of accounting changes						(0.1)
Net Income	25.1	44.4	51.6	37.0	20.7	4.8
Income from Operations- before Goodwill Amortization	33.6	60.3	77.2	60.3	33.6	14.2
Income from Operations - before Goodwill & Intang. Amort	45.2	72.6	88.7	70.9	39.1	18.3
Operating Revenue	447.5	491.0	495.6	494.2	249.8	224.4
Realized gains (losses) on investments	11.6	0.9	(0.1)	(3.9)	(3.3)	(1.8)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Gains(losses) on derivatives

	-----	-----	-----	-----	-----	-----
Total Revenue	459.1	491.9	495.5	490.3	246.5	222.6
	=====	=====	=====	=====	=====	=====
Average Capital (Securities at Cost)	653.3	642.3	593.9	575.2	587.2	545.6
Return on Capital	2.8%	6.8%	10.3%	7.7%	8.7%	2.2%
	-----	-----	-----	-----	-----	-----
For the Quarter Ended	Mar	Jun	Sep	Dec	Mar	Jun
	2000	2000	2000	2000	2001	2001

Operating Revenue						
Investment advisory fees - External	60.0	57.9	56.9	56.7	49.3	49.7
Investment advisory fees - Insurance Assets	21.0	22.3	22.5	23.1	23.2	23.0
Other revenue and fees	31.9	31.0	26.4	26.6	26.3	25.7
Net investment income	13.0	12.6	18.3	13.8	14.1	13.0
	-----	-----	-----	-----	-----	-----
Operating Revenue	126.0	123.8	124.1	120.2	113.0	111.4

Operating Benefits and Expenses						
Underwriting, acquisition, insurance and other expenses	102.5	99.3	103.9	103.0	104.7	101.6
Goodwill amortization	4.1	4.1	4.1	4.1	4.1	4.1
Interest on notes payable	0.0	0.0	0.0	(0.0)	0.0	0.0
	-----	-----	-----	-----	-----	-----
Operating Benefits & Expenses	106.6	103.3	107.9	107.1	108.8	105.7
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	19.4	20.5	16.2	13.1	4.2	5.7
	-----	-----	-----	-----	-----	-----
Federal income taxes	7.0	7.4	6.3	4.4	1.8	2.0
	-----	-----	-----	-----	-----	-----
Income from Operations	12.4	13.1	9.9	8.7	2.4	3.7
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(0.1)	(2.0)	(0.2)	(0.2)	(0.5)	(0.7)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring Charges	0.0	(2.7)	0.0	(1.9)	0.0	0.0
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	12.3	8.4	9.7	6.6	2.0	3.0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	(0.1)
	-----	-----	-----	-----	-----	-----
Net Income	12.3	8.4	9.7	6.6	2.0	2.9
	=====	=====	=====	=====	=====	=====
Inc from Oper -before						
Goodwill Amortization	16.5	17.1	14.0	12.7	6.5	7.7
Inc from Oper -before						
Goodwill & Intang. Amort	19.4	19.7	16.6	15.2	9.1	9.2
	-----	-----	-----	-----	-----	-----
Operating Revenue	126.0	123.8	124.1	120.2	113.0	111.4
Realized gains (losses) on investments	(0.2)	(3.1)	(0.4)	(0.3)	(0.7)	(1.1)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Total Revenue	125.8	120.7	123.8	120.0	112.3	110.3
	=====	=====	=====	=====	=====	=====
Average Capital (Securities at Cost)	581.5	593.0	567.7	558.5	548.3	542.8
Return on Capital	8.6%	8.8%	7.0%	6.2%	1.8%	2.7%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

	1996	1997	1998	1999	2000	2001
Retail Fixed - Bal Beg-of-Year	6.094	5.853	8.125	8.217	7.424	7.424
Fund Sales	0.764	0.961	1.165	0.991	0.712	0.200
Redemptions	(0.986)	(1.271)	(1.235)	(1.424)	(1.365)	(0.700)
Net Money Market	(0.079)	(0.069)	(0.140)	(0.110)	(0.207)	(0.100)
Transfers	(0.114)	(0.220)	0.132	0.177	(0.159)	(0.100)
Net Cash Flows	(0.415)	(0.599)	(0.078)	(0.366)	(1.019)	(0.700)
Income Retained	0.237	0.276	0.291	0.276	0.240	0.100
Market Apprec/Deprec	(0.062)	0.049	(0.121)	(0.704)	(0.146)	(0.100)
Acq of New Company/Business		2.547				
Balance End-of-Year	5.853	8.125	8.217	7.424	6.499	6.600
Retail Equity - Bal Beg-of-Year	9.974	13.152	17.754	22.080	23.383	23.383
Fund Sales	2.175	2.953	3.581	3.271	4.048	2.000
Redemptions	(1.037)	(1.926)	(2.460)	(4.971)	(4.369)	(2.500)
Net Money Market		0.000	(0.002)	(0.001)	0.001	
Transfers	0.188	0.209	0.730	(0.143)	(0.178)	(0.000)
Net Cash Flows	1.327	1.236	1.849	(1.844)	(0.498)	(0.500)
Income Retained	0.039	0.005	0.220	0.120	0.083	0.000
Market Apprec/Deprec	1.812	3.317	2.256	3.028	(1.793)	0.200
Acq of New Company/Business		0.043				
Balance at End-of-Year	13.152	17.754	22.080	23.383	21.174	23.100
Total Retail - Bal Beg-of-Year	16.068	19.006	25.879	30.297	30.807	30.807
Retail Sales-Annuities	1.638	2.163	2.238	1.561	1.726	0.700
Retail Sales-Mutual Funds	0.849	1.218	1.913	2.153	2.452	1.300
Retail Sales-Wrap & Other	0.454	0.533	0.596	0.550	0.581	0.200
Total Retail Sales	2.940	3.914	4.745	4.264	4.760	2.300
Redemptions	(2.023)	(3.197)	(3.694)	(6.396)	(5.733)	(3.200)
Net Money Market	(0.079)	(0.068)	(0.141)	(0.111)	(0.206)	(0.100)
Transfers	0.074	(0.011)	0.862	0.034	(0.337)	(0.200)
Net Cash Flows	0.912	0.637	1.772	(2.209)	(1.517)	(1.200)
Income Retained	0.276	0.281	0.511	0.396	0.323	0.100
Market Apprec/Deprec	1.750	3.366	2.136	2.324	(1.939)	0.000
Acq of New Company/Business		2.590				
Balance at End-of-Year	19.006	25.879	30.297	30.807	27.674	29.700
Institutional Fixed - Bal Beg-of-Year	2.956	3.580	5.708	6.955	6.937	6.937
Inflows	1.516	2.509	2.169	2.000	0.771	0.300
Withdrawals/Terminations	(1.155)	(0.787)	(1.242)	(1.699)	(1.973)	(0.800)
Transfers	0.015	0.013	(0.074)	(0.001)	(0.005)	(0.000)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Cash Flows	0.376	1.735	0.853	0.300	(1.207)	(0.5
Income Retained	0.145	0.225	0.333	0.346	0.294	0.1
Market Apprec/Deprec	0.104	0.118	0.061	(0.665)	0.087	(0.0
Acq of New Company/Business		0.051				
Balance at End-of-Year	3.580	5.708	6.955	6.937	6.111	6.4
Institutional Equity - Bal Beg-of-Year	21.619	22.886	24.871	24.235	23.630	23.6
Inflows	1.974	2.465	3.840	5.248	2.730	1.5
Withdrawals/Terminations	(4.772)	(6.447)	(7.441)	(7.801)	(7.209)	(4.6
Transfers	(0.007)	(0.068)	0.047	0.011	(0.008)	(0.0
Net Cash Flows	(2.805)	(4.049)	(3.555)	(2.542)	(4.487)	(3.1
Income Retained	0.557	0.491	0.473	0.482	0.449	0.2
Market Apprec/Deprec	3.514	5.544	2.446	1.453	(0.481)	(0.5
Acq of New Company/Business						
Balance at End-of-Year	22.886	24.871	24.235	23.630	19.111	20.2
Total Institutional - Bal Beg-of-Year	24.575	26.465	30.579	31.191	30.567	30.5
Inflows	3.490	4.975	6.009	7.249	3.501	1.9
Withdrawals/Terminations	(5.928)	(7.234)	(8.683)	(9.500)	(9.182)	(5.5
Transfers	0.008	(0.055)	(0.027)	0.011	(0.014)	(0.0
Net Cash Flows	(2.429)	(2.314)	(2.702)	(2.240)	(5.694)	(3.6
Income Retained	0.702	0.716	0.806	0.829	0.743	0.3
Market Apprec/Deprec	3.618	5.662	2.508	0.789	(0.394)	(0.5
Acq of New Company/Business		0.051				
Balance at End-of-Year	26.465	30.579	31.191	30.567	25.222	26.7
Total Retail/Institutional - At End-of-Year	45.471	56.458	61.488	61.374	52.895	56.5
Insurance Assets - At End-of-Year	37.453	35.684	39.432	35.934	35.686	34.8
Total Assets Under Management						
At End-of-Year	82.924	92.142	100.920	97.308	88.581	91.4

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

	Sep 1998	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
Retail Fixed - Bal-Beg-of-Qtr	8.260	8.287	8.217	8.233	7.945	7.680
Fund Sales	0.381	0.246	0.316	0.263	0.231	0.181
Redemptions	(0.302)	(0.387)	(0.313)	(0.366)	(0.342)	(0.403)
Net Money Market	(0.034)	(0.000)	(0.019)	(0.033)	(0.029)	(0.030)
Transfers	0.029	0.007	0.032	(0.043)	0.034	0.154

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Cash Flows	0.074	(0.134)	0.016	(0.179)	(0.106)	(0.098)
Income Retained	0.076	0.076	0.066	0.074	0.069	0.067
Market Apprec/Deprec	(0.122)	(0.012)	(0.067)	(0.185)	(0.228)	(0.225)
Balance at End-of-Qtr	8.287	8.217	8.233	7.945	7.680	7.424
Retail Equity - Bal-Beg-of-Qtr	21.456	18.785	22.080	21.798	22.340	20.873
Fund Sales	0.830	0.802	0.856	0.790	0.730	0.894
Redemptions	(0.547)	(0.915)	(1.030)	(1.957)	(0.865)	(1.120)
Net Money Market	0.000	0.000	0.000	(0.001)	0.000	0.000
Transfers	(0.032)	(0.011)	(0.034)	0.036	(0.060)	(0.086)
Net Cash Flows	0.252	(0.124)	(0.208)	(1.132)	(0.195)	(0.312)
Income Retained	0.134	(0.001)	0.053	0.061	0.007	0.000
Market Apprec/Deprec	(3.056)	3.420	(0.128)	1.614	(1.279)	2.822
Balance at End-of-Qtr	18.785	22.080	21.798	22.340	20.873	23.383
Total Retail - Bal-Beg-of-Qtr	29.716	27.072	30.297	30.031	30.285	28.553
Retail Sales-Annuities	0.541	0.507	0.428	0.393	0.332	0.409
Retail Sales-Mutual Funds	0.531	0.403	0.565	0.487	0.514	0.587
Retail Sales-Wrap & Other	0.139	0.136	0.182	0.173	0.116	0.079
Total Retail Sales	1.211	1.046	1.175	1.053	0.962	1.075
Redemptions	(0.849)	(1.302)	(1.343)	(2.323)	(1.207)	(1.523)
Net Money Market	(0.034)	0.000	(0.019)	(0.033)	(0.029)	(0.030)
Transfers	(0.003)	(0.004)	(0.001)	(0.006)	(0.027)	0.068
Net Cash Flows	0.325	(0.260)	(0.188)	(1.309)	(0.301)	(0.410)
Income Retained	0.210	0.075	0.119	0.134	0.076	0.067
Market Apprec/Deprec	(3.180)	3.409	(0.196)	1.429	(1.507)	2.597
Balance at End-of-Qtr	27.072	30.297	30.031	30.285	28.553	30.807
Institutional Fixed - Bal-Beg-of-Qtr	6.400	6.769	6.955	6.984	7.264	7.218
Inflows	0.566	0.170	0.657	0.478	0.446	0.420
Withdrawals/Terminations	(0.325)	(0.225)	(0.415)	(0.210)	(0.294)	(0.781)
Transfers	(0.046)	0.008	(0.003)	0.003	(0.002)	0.001
Net Cash Flows	0.195	(0.047)	0.239	0.271	0.150	(0.360)
Income Retained	0.101	0.060	0.089	0.079	0.110	0.068
Market Apprec/Deprec	0.073	0.173	(0.300)	(0.070)	(0.306)	0.011
Balance at End-of-Qtr	6.769	6.955	6.984	7.264	7.218	6.937
Institutional Equity - Bal-Beg-of-Qtr	26.064	21.702	24.235	22.927	23.962	23.098
Inflows	0.855	1.165	1.297	1.179	1.839	0.934
Withdrawals/Terminations	(1.663)	(2.072)	(2.540)	(2.052)	(1.165)	(2.043)
Transfers	0.050	0.013	0.011	0.019	(0.008)	(0.010)
Net Cash Flows	(0.759)	(0.895)	(1.232)	(0.854)	0.666	(1.119)
Income Retained	0.119	0.098	0.104	0.118	0.167	0.093
Market Apprec/Deprec	(3.721)	3.330	(0.180)	1.771	(1.697)	1.559

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Balance at End-of-Qtr	21.702	24.235	22.927	23.962	23.098	23.630
Total Institutional - Bal-Beg-of-Qtr	32.463	28.471	31.191	29.910	31.226	30.316
Inflows	1.421	1.335	1.953	1.656	2.284	1.354
Withdrawals/Terminations	(1.988)	(2.297)	(2.955)	(2.262)	(1.458)	(2.825)
Transfers	0.003	0.021	0.008	0.022	(0.010)	(0.009)
Net Cash Flows	(0.564)	(0.942)	(0.994)	(0.584)	0.816	(1.480)
Income Retained	0.220	0.158	0.193	0.197	0.277	0.161
Market Apprec/Deprec	(3.649)	3.504	(0.480)	1.702	(2.003)	1.569
Balance at End-of-Qtr	28.471	31.191	29.910	31.226	30.316	30.567
Total Retail/Inst - At End-of-Qtr	55.543	61.488	59.941	61.511	58.869	61.374
Insurance Assets-End-of-Qtr	38.471	39.432	38.516	37.391	36.820	35.934
Total Assets Under Management						
At End-of-Qtr	94.014	100.920	98.457	98.902	95.689	97.308
	=====	=====	=====	=====	=====	=====
	Mar	Jun	Sep	Dec	Mar	Jun
	2000	2000	2000	2000	2001	2001
Retail Fixed - Bal-Beg-of-Qtr	7.424	6.964	6.667	6.531	6.499	6.631
Fund Sales	0.146	0.152	0.213	0.200	0.235	0.195
Redemptions	(0.444)	(0.328)	(0.321)	(0.272)	(0.255)	(0.280)
Net Money Market	(0.067)	(0.058)	(0.031)	(0.051)	0.010	(0.030)
Transfers	(0.095)	(0.045)	(0.033)	0.013	0.042	(0.002)
Net Cash Flows	(0.460)	(0.279)	(0.171)	(0.109)	0.032	(0.117)
Income Retained	0.061	0.063	0.059	0.057	0.054	0.050
Market Apprec/Deprec	(0.062)	(0.082)	(0.023)	0.021	0.046	0.080
Balance at End-of-Qtr	6.964	6.667	6.531	6.499	6.631	6.643
Retail Equity - Bal-Beg-of-Qtr	23.383	24.102	23.129	23.680	21.174	17.935
Fund Sales	1.220	0.868	0.904	1.055	0.888	0.660
Redemptions	(1.550)	(0.971)	(1.027)	(0.820)	(0.899)	(0.657)
Net Money Market	0.000	0.000	0.001	0.000	0.000	0.000
Transfers	(0.096)	0.018	(0.033)	(0.068)	(0.068)	(0.046)
Net Cash Flows	(0.426)	(0.085)	(0.154)	0.167	(0.079)	(0.043)
Income Retained	0.033	0.021	0.005	0.025	0.007	0.015
Market Apprec/Deprec	1.112	(0.908)	0.701	(2.698)	(3.168)	1.504
Balance at End-of-Qtr	24.102	23.129	23.680	21.174	17.935	19.411
Total Retail - Bal-Beg-of-Qtr	30.807	31.066	29.796	30.211	27.673	24.566
Retail Sales-Annuities	0.379	0.358	0.453	0.536	0.455	0.373
Retail Sales-Mutual Funds	0.840	0.556	0.521	0.535	0.442	0.324
Retail Sales-Wrap & Other	0.148	0.106	0.143	0.184	0.227	0.157

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Retail Sales	1.367	1.020	1.118	1.255	1.124	0.854
Redemptions	(1.995)	(1.299)	(1.348)	(1.092)	(1.154)	(0.938)
Net Money Market	(0.067)	(0.058)	(0.030)	(0.051)	0.010	(0.030)
Transfers	(0.191)	(0.026)	(0.065)	(0.054)	(0.026)	(0.048)
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.886)	(0.363)	(0.326)	0.058	(0.047)	(0.160)
Income Retained	0.095	0.083	0.063	0.082	0.061	0.066
Market Apprec/Deprec	1.051	(0.989)	0.677	(2.677)	(3.122)	1.584
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	31.066	29.796	30.211	27.674	24.566	26.054
	-----	-----	-----	-----	-----	-----
Institutional Fixed -						
Bal-Beg-of-Qtr	6.937	6.873	6.484	6.275	6.111	5.890
Inflows	0.180	0.148	0.308	0.135	0.310	0.233
Withdrawals/Terminations	(0.353)	(0.520)	(0.532)	(0.568)	(0.432)	(0.112)
Transfers	(0.005)	(0.001)	0.000	0.001	0.003	0.010
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.178)	(0.373)	(0.224)	(0.433)	(0.119)	0.131
Income Retained	0.090	0.066	0.089	0.050	0.066	0.047
Market Apprec/Deprec	0.024	(0.081)	(0.074)	0.219	(0.168)	(0.259)
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	6.873	6.484	6.275	6.111	5.890	5.809
	-----	-----	-----	-----	-----	-----
Institutional Equity -						
Bal-Beg-of-Qtr	23.630	20.303	20.239	19.041	19.111	17.311
Inflows	0.904	0.669	0.407	0.750	0.881	0.823
Withdrawals/Terminations	(3.333)	(1.354)	(1.154)	(1.368)	(1.199)	(0.501)
Transfers	(0.004)	0.002	(0.013)	0.007	0.019	(0.008)
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(2.433)	(0.683)	(0.760)	(0.611)	(0.299)	0.314
Income Retained	0.109	0.132	0.108	0.102	0.094	0.117
Market Apprec/Deprec	(1.003)	0.488	(0.545)	0.579	(1.596)	0.663
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	20.303	20.239	19.041	19.111	17.311	18.405
	-----	-----	-----	-----	-----	-----
Total Institutional -						
Bal-Beg-of-Qtr	30.567	27.175	26.722	25.316	25.222	23.201
Inflows	1.084	0.817	0.715	0.885	1.191	1.056
Withdrawals/Terminations	(3.686)	(1.874)	(1.686)	(1.936)	(1.631)	(0.613)
Transfers	(0.009)	0.000	(0.012)	0.008	0.022	0.002
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(2.611)	(1.057)	(0.983)	(1.043)	(0.418)	0.445
Income Retained	0.198	0.197	0.196	0.151	0.160	0.164
Market Apprec/Deprec	(0.979)	0.407	(0.619)	0.798	(1.764)	0.404
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	27.175	26.722	25.316	25.222	23.201	24.214
	-----	-----	-----	-----	-----	-----
Total Retail/Inst - At End-of-Qtr	58.241	56.518	55.527	52.895	47.766	50.268
Insurance Assets-End-of-Qtr	35.541	34.891	34.981	35.686	36.324	36.018
Total Assets Under Management	-----	-----	-----	-----	-----	-----
At End-of-Qtr	93.782	91.409	90.508	88.581	84.090	86.286
	=====	=====	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

For the Year Ended December 31	1996	1997	1998	1999	2000	YTD Jun 2000
Operating Revenue						
Premiums	131.8	145.4	156.6	145.1	148.4	75.3
Surrender charges						
Mortality assessments	21.1	25.2	29.3	27.1	31.4	14.2
Expense assessments	153.4	166.1	153.6	182.3	178.1	90.9
Other revenue and fees	5.1	3.3	11.2	13.8	6.9	3.7
Net investment income	82.0	85.1	87.9	75.3	70.3	37.4
Operating Revenue	393.3	425.2	438.6	443.6	435.0	221.6
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	133.9	339.6	151.0	306.2	178.5	72.5
Underwriting, acquisition, insurance and other expenses	157.7	184.5	175.6	223.5	180.0	99.9
Goodwill amortization	0.0	0.0	6.3	7.0	4.0	2.6
Operating Benefits and Expenses	291.7	524.1	332.9	536.7	362.6	175.0
Income from Operations Before Tax	101.7	(99.0)	105.8	(93.1)	72.4	46.5
Federal income taxes	35.7	9.3	34.8	(79.2)	11.3	11.6
Income from Operations	66.0	(108.3)	70.9	(13.9)	61.0	35.0
Realized gains (losses) on investments	0.0	1.5	0.8	2.1	2.3	(0.4)
Gains(losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring charges				(6.5)	(76.5)	0.0
Income before Accounting Changes Cumulative effect of accounting changes	66.0	(106.8)	71.7	(18.2)	(13.2)	34.6
Net Income	66.0	(106.8)	71.7	(18.2)	(13.2)	34.6
Inc from Oper -before Goodwill Amort.	66.0	(108.3)	77.2	(6.9)	65.1	37.6
Effective tax rate	35.1%	(9.4%)	32.9%	85.1%	15.7%	24.9%
Operating revenue	393.3	425.2	438.6	443.6	435.0	221.6
Realized gains (losses) on investments	(0.2)	2.1	1.1	3.0	3.2	(0.5)
Gains(losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	393.2	427.3	439.7	446.6	438.2	221.0
Average capital	601.1	618.1	517.7	551.2	488.2	508.6
Return on average capital	11.0%	(17.5%)	13.7%	(2.5%)	12.5%	13.8%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Unit Linked Assets - Beg-of-Year	4.307	5.074	5.643	6.265	7.220	7.220
Deposits	0.446	0.569	0.473	0.537	0.554	0.293
Withdrawals (incl. chgs) & Deaths	(0.420)	(0.503)	(0.547)	(0.566)	(0.644)	(0.331)
	-----	-----	-----	-----	-----	-----
Net Cash Flows	0.026	0.066	(0.074)	(0.029)	(0.090)	(0.039)
Inv Inc & Chg in Mkt Val	0.269	0.682	0.662	1.154	(0.154)	(0.030)
Acq of new business/companies	0.000	0.000	0.000	0.000	0.000	0.000
Foreign currency adjustment	0.472	(0.179)	0.035	(0.170)	(0.536)	(0.426)
	-----	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Year	5.074	5.643	6.265	7.220	6.441	6.726
	=====	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	23.835	25.026	25.002	25.698	24.290	25.225
Exchange Rate - Dollars to Pounds						
For-the-Year	1.567	1.644	1.658	1.617	1.518	1.568
End-of-Year	1.713	1.651	1.660	1.615	1.493	1.517

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

For the Quarter Ended	Sep 1998	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
-----	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	33.7	52.3	43.9	29.0	33.5	38.7
Surrender charges						
Mortality assessments	7.3	7.6	6.7	7.7	7.7	5.0
Expense assessments	39.0	23.7	43.9	51.9	49.3	37.2
Other revenue and fees	1.2	1.6	2.9	3.5	3.6	3.8
Net investment income	21.4	23.6	21.7	19.6	16.2	17.7
	-----	-----	-----	-----	-----	-----
Operating Revenue	102.6	108.7	119.2	111.8	110.3	102.4
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	36.3	45.7	35.7	31.5	27.2	211.8
Underwriting, acquisition, insurance and other expenses	44.1	33.6	55.3	55.2	61.6	51.4
Goodwill amortization	0.6	3.7	1.2	1.2	1.2	3.3
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	80.9	83.0	92.2	87.9	90.1	266.6
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	21.7	25.7	27.0	23.9	20.2	(164.2)
Federal income taxes	4.0	6.9	8.9	4.9	4.0	(97.1)
	-----	-----	-----	-----	-----	-----
Income from Operations	17.7	18.8	18.1	19.0	16.2	(67.1)
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	0.1	0.4	(0.0)	1.0	0.2	1.0
Gains (losses) on derivatives						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Restructuring charges						(6.5)
Income before Accounting Changes	17.8	19.2	18.0	20.0	16.4	(72.6)
Cumulative effect of accounting Changes	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	17.8	19.2	18.0	20.0	16.4	(72.6)
Inc from Oper -before Goodwill Amortization	18.3	22.5	19.3	20.2	17.4	(63.8)
Effective tax rate	18.4%	27.0%	33.0%	20.4%	20.0%	59.1%
Operating revenue	102.6	108.7	119.2	111.8	110.3	102.4
Realized gains (losses) on investments	0.2	0.5	(0.1)	1.4	0.3	1.4
Gains (losses) on derivatives						
Total Revenue	102.8	109.2	119.1	113.1	110.5	103.8
Average capital	522.6	533.8	519.2	526.9	573.5	585.0
Return on average capital	13.6%	14.1%	13.9%	14.4%	11.3%	(45.9%)
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	6.310	5.711	6.265	6.348	6.503	6.568
Deposits	0.115	0.136	0.131	0.119	0.130	0.156
Withdrawals (incl. chgs) & Deaths	(0.133)	(0.139)	(0.136)	(0.137)	(0.136)	(0.158)
Net Cash Flows	(0.018)	(0.003)	(0.005)	(0.017)	(0.005)	(0.002)
Inv Inc & Chg in Mkt Val	(0.687)	0.696	0.271	0.314	(0.214)	0.784
Acq of new business/companies	0.000	0.000	0.000	0.000	0.000	0.000
Foreign currency adjustment	0.107	(0.139)	(0.184)	(0.141)	0.284	(0.130)
Unit Linked Assets - End-of-Quarter	5.711	6.265	6.348	6.503	6.568	7.220
Individual Life In-force (Billions)	25.612	25.002	25.246	25.107	26.235	25.698
Exchange Rate - Dollars to Pounds						
For-the-Quarter	1.666	1.661	1.631	1.602	1.614	1.625
End-of-Quarter	1.700	1.660	1.612	1.577	1.647	1.615
For the Quarter Ended	Mar	Jun	Sep	Dec	Mar	Jun
	2000	2000	2000	2000	2001	2001
Operating Revenue						
Premiums	39.0	36.3	32.5	40.5	12.8	9.6
Surrender charges						
Mortality assessments	6.3	8.0	9.6	7.5	9.4	8.9
Expense assessments	46.5	44.3	52.6	34.6	43.7	31.4
Other revenue and fees	2.4	1.3	2.0	1.3	0.6	0.1
Net investment income	18.9	18.5	16.1	16.7	17.9	16.9
Operating Revenue	113.2	108.4	112.8	100.6	84.4	66.9
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	35.0	37.4	51.9	54.2	24.0	17.9
Underwriting, acquisition,						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

insurance and other expenses	56.4	43.5	45.2	34.9	41.1	29.7
Goodwill amortization	1.3	1.3	1.2	0.2	0.2	0.2
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	92.8	82.2	98.3	89.3	65.3	47.7
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	20.4	26.2	14.5	11.3	19.1	19.1
Federal income taxes	4.7	6.9	3.9	(4.2)	4.7	2.9
	-----	-----	-----	-----	-----	-----
Income from Operations	15.7	19.3	10.6	15.5	14.4	16.2
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(0.2)	(0.1)	(0.0)	2.6	0.4	1.4
Gains (losses) on derivatives						
Restructuring charges			(40.5)	(36.1)		
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	15.5	19.1	(29.9)	(17.9)	14.8	17.6
Cumulative effect of accounting Changes	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Net Income	15.5	19.1	(29.9)	(17.9)	14.8	17.6
	=====	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amortization	17.1	20.5	11.8	15.7	14.5	16.4
Effective tax rate	22.9%	26.4%	27.2%	(37.1%)	24.6%	15.3%
	-----	-----	-----	-----	-----	-----
Operating revenue	113.2	108.4	112.8	100.6	84.4	66.9
Realized gains (losses) on investments	(0.4)	(0.2)	(0.0)	3.8	0.6	2.0
Gains (losses) on derivatives						
Total Revenue	112.8	108.2	112.8	104.3	84.9	68.9
	=====	=====	=====	=====	=====	=====
Average capital	516.4	500.8	486.5	448.9	548.7	553.2
Return on average capital	12.2%	15.4%	8.7%	13.8%	10.5%	11.7%
	-----	-----	-----	-----	-----	-----
Unit Linked Assets Balance-Beg-of-Quarter (Billions)	7.220	7.031	6.726	6.499	6.441	5.677
Deposits	0.159	0.134	0.145	0.116	0.132	0.111
Withdrawals (incl. chgs) & Deaths	(0.170)	(0.162)	(0.159)	(0.153)	(0.147)	(0.131)
Net Cash Flows	(0.011)	(0.028)	(0.014)	(0.037)	(0.015)	(0.020)
Inv Inc & Chg in Mkt Val	(0.077)	0.047	(0.025)	(0.100)	(0.421)	0.115
Acq of new business/companies	0.000	0.000	0.000	0.000	0.000	0.000
Foreign currency adjustment	(0.101)	(0.324)	(0.189)	0.078	(0.328)	(0.004)
	-----	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	7.031	6.726	6.499	6.441	5.677	5.768
	=====	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	26.514	25.225	24.535	24.290	21.894	21.519
Exchange Rate - Dollars to Pounds For-the-Quarter	1.599	1.536	1.482	1.454	1.455	1.421
End-of-Quarter	1.591	1.517	1.475	1.493	1.416	1.415

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Other Operations
Unaudited [Millions of Dollars]

For the Year Ended December 31	1996

Revenue	
Lincoln Financial Advisors	111.0
Lincoln Financial Distributors	25.1

Total Distribution	136.1
Other [Including Consolidating Adjustments]	(119.3)

Operating Revenue	16.8

Realized gains (losses) on investments	(3.0)

Total Revenue	13.8
	=====
Income (Loss)	
Lincoln Financial Advisors	(10.2)
Lincoln Financial Distributors	(4.3)

Total Distribution	(14.5)
LNC Financing	(49.4)
LNC Operations *	(14.8)
Other Corporate	2.1

Inc (Loss) from Operations	(76.5)

Realized gains (losses) on investments	(1.0)
Gains(losses) on derivatives	
Restructuring charges	

Income before Accounting Changes	(77.5)
Cumulative effect of accounting changes	

Total Net Income (Loss)	(77.5)
	=====

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

Revenue						
Lincoln Financial Advisors	74.8	81.7	67.0	73.9	78.0	106.3
Lincoln Financial Distributors	10.2	9.8	20.7	26.2	26.4	34.2
	-----	-----	-----	-----	-----	-----
Total Distribution	85.0	91.5	87.6	100.1	104.4	140.5
Other [Including Consolidating Adjustments]	(56.1)	(57.2)	(27.5)	(41.9)	(67.1)	(149.2)
	-----	-----	-----	-----	-----	-----
Operating Revenue	28.9	34.3	60.1	58.2	37.3	(8.7)
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Realized gains (losses) on investments	3.1	1.6	0.2	(1.7)	13.8	(3.6)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Total Revenue	32.1	35.9	60.4	56.6	51.1	(12.4)
	=====	=====	=====	=====	=====	=====
Income (Loss)						
Lincoln Financial Advisors	(4.6)	(6.4)	(8.4)	(9.7)	(5.3)	2.7
Lincoln Financial Distributors	(1.4)	(1.6)	(3.0)	(5.3)	(2.1)	(3.7)
	-----	-----	-----	-----	-----	-----
Total Distribution	(6.0)	(8.0)	(11.4)	(15.0)	(7.4)	(1.0)
LNC Financing	(15.2)	(19.3)	(20.5)	(21.4)	(19.9)	(21.6)
LNC Operations *	(4.2)	(4.9)	0.0	0.0	0.0	0.0
Other Corporate	0.3	(2.1)	(2.1)	0.9	(2.4)	(1.4)
	-----	-----	-----	-----	-----	-----
Inc (Loss) from Oper	(25.1)	(34.3)	(34.0)	(35.6)	(29.7)	(23.9)
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	1.9	4.1	0.1	(2.0)	9.5	(1.1)
Gains (losses) on derivatives						
Restructuring charges		(14.3)				
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	(23.1)	(44.6)	(33.9)	(37.6)	(20.2)	(25.1)
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Total Net Income (Loss)	(23.1)	(44.6)	(33.9)	(37.6)	(20.2)	(25.1)
	=====	=====	=====	=====	=====	=====

					YTD Jun 2000	YTD Jun 2001
For the Year Ended December 31	1997	1998	1999	2000		

Revenue

Lincoln Financial Advisors	130.1	292.9	325.2	394.2	182.4	165.0
Lincoln Financial Distributors	20.5	33.5	107.5	119.9	57.4	57.8
	-----	-----	-----	-----	-----	-----
Total Distribution	150.6	326.4	432.6	514.0	239.8	222.8
Other [Including Consolidating Adjustments]	(110.7)	(199.2)	(285.7)	(309.2)	(160.2)	(197.1)
	-----	-----	-----	-----	-----	-----
Operating Revenue	39.9	127.2	147.0	204.8	79.6	25.7
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	16.9	4.0	8.7	(3.7)	(2.0)	1.2
	-----	-----	-----	-----	-----	-----
Total Revenue	56.8	131.1	155.7	201.1	77.6	26.8
	=====	=====	=====	=====	=====	=====

Income (Loss)

Lincoln Financial Advisors	(5.3)	(23.7)	(20.8)	(11.7)	(10.3)	(19.1)
Lincoln Financial Distributors	(11.2)	(8.2)	(14.0)	(18.5)	(8.5)	(18.4)
	-----	-----	-----	-----	-----	-----
Total Distribution	(16.5)	(31.9)	(34.8)	(30.2)	(18.8)	(37.5)
LNC Financing	(31.6)	(51.5)	(83.5)	(84.9)	(44.1)	(43.7)
LNC Operations *	(18.4)	(18.5)				
Other Corporate	(6.7)	1.0	(5.0)	(15.4)	(7.2)	1.5
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inc (Loss) from Operations	(73.2)	(100.9)	(123.2)	(130.5)	(70.1)	(79.7)
Realized gains (losses) on investments	8.6	5.3	6.5	(2.3)	(1.3)	0.8
Gains(losses) on derivatives						(0.0)
Restructuring charges		(14.3)		0.3		(1.2)
Income before Accounting Changes	(64.6)	(109.9)	(116.7)	(132.5)	(71.4)	(80.2)
Cumulative effect of accounting changes						(0.3)
Total Net Income (Loss)	(64.6)	(109.9)	(116.7)	(132.5)	(71.4)	(80.5)

For the Quarter Ended	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
Revenue						
Lincoln Financial Advisors	89.4	92.9	93.9	117.9	81.2	83.8
Lincoln Financial Distributors	29.3	28.1	27.5	35.0	25.7	32.1
Total Distribution	118.8	121.0	121.4	152.9	106.9	115.9
Other [Including Consolidating Adjustments]	(70.6)	(89.6)	(81.8)	(67.2)	(80.5)	(116.6)
Operating Revenue	48.2	31.4	39.6	85.6	26.4	(0.7)
Realized gains (losses) on investments	(2.5)	0.4	0.1	(1.8)	(2.9)	4.1
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	(0.1)
Total Revenue	45.7	31.9	39.7	83.8	23.5	3.3
Income (Loss)						
Lincoln Financial Advisors	(7.4)	(2.9)	(3.1)	1.6	(6.8)	(12.3)
Lincoln Financial Distributors	(3.3)	(5.2)	(5.0)	(5.1)	(6.9)	(11.5)
Total Distribution	(10.7)	(8.1)	(8.0)	(3.4)	(13.8)	(23.8)
LNC Financing	(21.9)	(22.2)	(20.9)	(19.8)	(21.7)	(22.0)
LNC Operations *	0.0	0.0	0.0	0.0	0.0	0.0
Other Corporate	(5.7)	(1.5)	1.6	(9.8)	(0.5)	2.0
Inc (Loss) from Oper	(38.3)	(31.7)	(27.3)	(33.1)	(35.9)	(43.8)
Realized gains (losses) on investments	(1.6)	0.3	(1.0)	0.0	(1.9)	2.7
Gains (losses) on derivatives					0.0	(0.1)
Restructuring charges				0.3		(1.2)
Income before Accounting Changes	(39.9)	(31.4)	(28.3)	(32.8)	(37.8)	(42.4)
Cumulative effect of accounting changes					(0.3)	
Total Net Income (Loss)	(39.9)	(31.4)	(28.3)	(32.8)	(38.1)	(42.4)

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

	1996					
Deposits - For the Year						

Annuities Segment - Fixed Annuities						1.852
Annuities Segment - Variable Annuities						2.746
Annuities Segment - Life Insurance						0.000
Life Insurance Segment - Life Insurance						0.405
Inv Mgmt - Annuities						1.638
Inv Mgmt - Mutual Funds						0.849
Inv Mgmt - Wrap Fee & Other						0.454
Consolidating Adjustments						(0.684)

Gross Deposits						7.259
Account Balances - End of Year						
Annuities Segment - Fixed Annuities						15.818
Annuities Segment - Variable Annuities						20.383
Annuities Segment - Life Insurance						
Life Insurance Segment - Life Insurance						2.869
Inv Mgmt - Annuities						7.915
Inv Mgmt - Mutual Funds						9.017
Inv Mgmt - Wrap Fee & Other						2.074
Consolidating Adjustments						(5.098)

Account Balances						52.978
	Sep	Dec	Mar	Jun	Sep	Dec
	1998	1998	1999	1999	1999	1999

Deposits - For the Quarter						
Annuities Segment - Fixed Annuities	0.346	0.335	0.489	0.654	0.678	0.741
Annuities Segment - Variable Annuities	0.647	0.633	0.635	0.651	0.634	0.634
Annuities Segment - Life Insurance						
Life Insurance Segment - Life Insurance	0.254	0.475	0.394	0.379	0.399	0.526
Inv Mgmt - Annuities	0.541	0.507	0.428	0.393	0.332	0.409
Inv Mgmt - Mutual Funds	0.531	0.403	0.565	0.487	0.514	0.587
Inv Mgmt - Wrap Fee & Other	0.139	0.136	0.182	0.173	0.116	0.079
Consolidating Adjustments	(0.232)	(0.254)	(0.142)	(0.143)	(0.096)	(0.118)
	-----	-----	-----	-----	-----	-----
Gross Deposits	2.226	2.234	2.554	2.599	2.581	2.864
	-----	-----	-----	-----	-----	-----
Account Balances - End of Quarter						
Annuities Segment - Fixed Annuities	16.476	16.505	16.656	16.779	16.934	16.791
Annuities Segment - Variable Annuities	29.476	33.358	34.148	37.233	35.613	41.493
Annuities Segment - Life Insurance						
Life Insurance Segment - Life Insurance	6.443	9.243	9.416	9.628	9.726	10.217
Inv Mgmt - Annuities	12.270	14.257	14.166	14.981	14.004	15.526
Inv Mgmt - Mutual Funds	12.549	13.528	13.442	13.654	12.938	13.632
Inv Mgmt - Wrap Fee & Other	2.253	2.512	2.424	1.650	1.611	1.649
Consolidating Adjustments	(7.326)	(8.891)	(8.798)	(9.050)	(8.387)	(9.175)
	-----	-----	-----	-----	-----	-----
Account Balances	72.142	80.512	81.570	85.004	82.567	90.288
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

[STUB COLUMN OMITTED: SEE "Annuities & Investment Management, Net Flows" TABLE APPENDED BELOW.]

	1997	1998	1999	2000	YTD Jun 2000	YTD Jun 2001
Deposits - For the Year						
-----	-----	-----	-----	-----	-----	-----
Annuities Segment - Fixed Annuities	1.632	1.452	2.563	2.074	1.078	1.228
Annuities Segment - Variable Annuities	2.695	2.791	2.553	3.165	1.590	1.590
Annuities Segment - Life Insurance	0.000	0.000	0.017	0.014	0.006	0.007
Life Insurance Segment - Life Insurance	0.384	1.207	1.698	1.884	0.835	0.895
Inv Mgmt - Annuities	2.163	2.238	1.561	1.726	0.737	0.828
Inv Mgmt - Mutual Funds	1.218	1.913	2.153	2.452	1.396	0.766
Inv Mgmt - Wrap Fee & Other	0.533	0.596	0.550	0.581	0.254	0.384
Consolidating Adjustments	(0.966)	(1.041)	(0.499)	(0.406)	(0.160)	(0.465)
	-----	-----	-----	-----	-----	-----
Gross Deposits	7.658	9.157	10.597	11.491	5.736	5.233
Account Balances - End of Year						
Annuities Segment - Fixed Annuities	15.458	16.505	16.791	15.442		
Annuities Segment - Variable Annuities	27.346	33.358	41.493	39.427		
Annuities Segment - Life Insurance			0.155	0.160		
Life Insurance Segment - Life Insurance	3.038	9.243	10.217	10.847		
Inv Mgmt - Annuities	10.991	14.257	15.526	13.494		
Inv Mgmt - Mutual Funds	12.484	13.528	13.632	12.805		
Inv Mgmt - Wrap Fee & Other	2.403	2.512	1.649	1.375		
Consolidating Adjustments	(6.806)	(8.891)	(9.175)	(7.753)		
	-----	-----	-----	-----		
Account Balances	64.914	80.512	90.288	85.797		
	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001

Deposits - For the Quarter						
Annuities Segment - Fixed Annuities	0.589	0.490	0.513	0.482	0.560	0.668
Annuities Segment - Variable Annuities	0.797	0.793	0.729	0.846	0.887	0.703
Annuities Segment - Life Insurance	0.003	0.003	0.004	0.004	0.003	0.004
Life Insurance Segment - Life Insurance	0.424	0.411	0.428	0.622	0.418	0.477
Inv Mgmt - Annuities	0.379	0.358	0.453	0.536	0.455	0.373
Inv Mgmt - Mutual Funds	0.840	0.556	0.521	0.535	0.442	0.324
Inv Mgmt - Wrap Fee & Other	0.148	0.106	0.143	0.184	0.227	0.157
Consolidating Adjustments	(0.099)	(0.062)	(0.100)	(0.145)	(0.262)	(0.202)
	-----	-----	-----	-----	-----	-----
Gross Deposits	3.081	2.655	2.691	3.064	2.729	2.504
Account Balances - End of Quarter						
Annuities Segment - Fixed Annuities	16.252	15.909	15.700	15.442	15.484	15.628
Annuities Segment - Variable Annuities	44.640	43.097	42.743	39.427	34.733	36.961
Annuities Segment - Life Insurance	0.169	0.165	0.166	0.160	0.147	0.157
Life Insurance Segment - Life Insurance	10.470	10.538	10.716	10.847	10.764	11.066
Inv Mgmt - Annuities	15.531	14.861	14.824	13.494	11.787	12.483
Inv Mgmt - Mutual Funds	14.201	13.604	14.102	12.805	11.091	11.748
Inv Mgmt - Wrap Fee & Other	1.335	1.331	1.285	1.375	1.688	1.823
Consolidating Adjustments	(8.768)	(8.419)	(8.644)	(7.753)	(6.834)	(7.007)
	-----	-----	-----	-----	-----	-----
Account Balances	93.831	91.086	90.893	85.797	78.860	82.860

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001
-----	-----	-----	-----	-----	-----	-----
Annuities Segment	(0.700)	(0.682)	(0.812)	(0.681)	(0.590)	(0.196)
Investment Management Segment	(3.497)	(1.420)	(1.309)	(0.985)	(0.465)	0.285
Consolidating Adjustments	0.717	0.342	0.194	0.152	0.019	(0.034)
-----	-----	-----	-----	-----	-----	-----
Total Net Flows	(3.480)	(1.760)	(1.927)	(1.514)	(1.036)	0.055
=====	=====	=====	=====	=====	=====	=====

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

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

December 31

Annuities Segment
Life Insurance Segment
Reinsurance
Lincoln UK
Consolidating Adjustment

Total

	Sep 1998	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999
-----	-----	-----	-----	-----	-----	-----
End of Quarter	1998	1998	1999	1999	1999	1999
-----	-----	-----	-----	-----	-----	-----
Annuities Segment					0.5	0.6
Life Insurance Segment	121.8	172.9	178.5	184.5	188.9	195.0
Reinsurance	178.3	213.6	225.1	240.0	261.5	306.6
Lincoln UK	25.6	25.0	25.2	25.1	26.2	25.7
Consolidating Adjustment	(2.2)	(9.9)	(10.3)	(10.6)	(10.9)	(11.3)
-----	-----	-----	-----	-----	-----	-----
Total	323.5	401.6	418.6	439.0	466.3	516.5
=====	=====	=====	=====	=====	=====	=====

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

December 31

Assets Managed by Source
LNC's Investments and Cash:
Fixed maturity securities
Equity securities
Other investments

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total LNC Investments
 Separate accounts
 Cash and Invested Cash
 Discontinued Operations

Total LNC

Non-affiliate assets managed

Total Assets Managed

Assets Managed by Advisor
 Investment Management segment
 (See page 24 for additional detail)
 DLIA-Corp
 (Assets managed internally-see page 24)
 Lincoln (UK)
 Policy Loans (within business units)
 Non-LNC Affiliates

Total Assets Managed

End of Quarter	Sep 1998	Dec 1998	Mar 1999	Jun 1999	Sep 1999	Dec 1999

Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	28.554	30.233	30.578	29.579	28.708	27.689
Equity securities	0.505	0.543	0.481	0.506	0.507	0.604
Other investments	6.705	7.154	7.071	7.278	7.317	7.286
	-----	-----	-----	-----	-----	-----
Total LNC Investments	35.764	37.929	38.129	37.363	36.532	35.578
Separate accounts	37.559	43.409	44.339	47.864	46.229	53.654
Cash and invested cash	2.725	2.433	2.327	2.151	2.343	1.896
	-----	-----	-----	-----	-----	-----
Total LNC	76.048	83.772	84.796	87.378	85.104	91.128
	-----	-----	-----	-----	-----	-----
Non-affiliate assets managed	46.842	50.061	48.690	49.827	48.068	49.314
	-----	-----	-----	-----	-----	-----
Total Assets Managed	122.890	133.833	133.486	137.205	133.172	140.443
	=====	=====	=====	=====	=====	=====
Assets Managed by Advisor						
Investment Management segment	55.543	61.488	59.941	61.511	58.869	61.374
(See page 25 for additional detail)						
DLIA-Corp	38.471	39.432	38.516	37.391	36.820	35.934
(Assets managed internally-see page 25)						
Lincoln (UK)	6.932	7.573	7.631	7.746	7.849	8.589
Policy Loans (within business units)	1.517	1.840	1.842	1.847	1.863	1.892
Non-LNC Affiliates	20.426	23.499	25.555	28.710	27.771	32.654
	-----	-----	-----	-----	-----	-----
Total Assets Managed	122.890	133.833	133.486	137.205	133.172	140.443
	=====	=====	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

December 31	1996	1997	1998	1999	2000

Annuities Segment				0.6	0.7
Life Insurance Segment	49.2	63.2	172.9	195.0	216.0
Reinsurance	130.8	153.1	213.6	306.6	407.4
Lincoln UK	23.8	25.0	25.0	25.7	24.3
Consolidating Adjustment		(5.6)	(9.9)	(11.3)	(11.4)
	-----	-----	-----	-----	-----
Total	203.8	235.7	401.6	516.5	637.0
	=====	=====	=====	=====	=====

End of Quarter	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001

Annuities Segment	0.6	0.6	0.6	0.7	0.7	0.7
Life Insurance Segment	201.7	207.5	211.3	216.0	219.2	223.3
Reinsurance	325.9	354.0	381.4	407.4	426.2	447.8
Lincoln UK	26.5	25.2	24.5	24.3	21.9	21.5
Consolidating Adjustment	(11.4)	(11.5)	(11.4)	(11.4)	(13.1)	(12.7)
	-----	-----	-----	-----	-----	-----
Total	543.3	575.8	606.5	637.0	654.9	680.5
	=====	=====	=====	=====	=====	=====

December 31	Dec 1996	Dec 1997	Dec 1998	Dec 1999	Dec 2000

Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	24.097	24.066	30.233	27.689	27.450
Equity securities	0.558	0.660	0.543	0.604	0.550
Other investments	5.076	5.092	7.154	7.286	7.369
	-----	-----	-----	-----	-----
Total LNC Investments	29.730	29.819	37.929	35.578	35.369
Separate accounts	28.809	37.139	43.409	53.654	50.580
Cash and Invested Cash	1.145	3.795	2.433	1.896	1.927
Discontinued Operations	4.402				
	-----	-----	-----	-----	-----
Total LNC	64.086	70.752	83.772	91.128	87.876
	-----	-----	-----	-----	-----
Non-affiliate assets managed	40.968	48.331	50.061	49.314	43.397
	-----	-----	-----	-----	-----
Total Assets Managed	105.054	119.083	133.833	140.443	131.273
	=====	=====	=====	=====	=====

Assets Managed by Advisor					
Investment Management segment	45.471	56.457	61.488	61.374	54.294
(See page 24 for additional detail)					
DLIA-Corp	37.453	35.684	39.432	35.934	34.287
(Assets managed internally-see page 24)					
Lincoln (UK)	6.107	6.775	7.573	8.589	7.873
Policy Loans (within business units)	0.758	0.763	1.840	1.892	1.961
Non-LNC Affiliates	15.265	19.404	23.500	32.654	32.857
	-----	-----	-----	-----	-----
Total Assets Managed	105.054	119.083	133.833	140.443	131.273
	=====	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

End of Quarter	Mar 2000	Jun 2000	Sep 2000	Dec 2000	Mar 2001	Jun 2001

Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	27.745	27.078	27.264	27.450	27.811	27.874
Equity securities	0.588	0.560	0.570	0.550	0.560	0.534
Other investments	7.442	7.419	7.471	7.369	7.374	7.388
	-----	-----	-----	-----	-----	-----
Total LNC Investments	35.775	35.057	35.305	35.369	35.744	35.796
Separate accounts	56.908	54.924	54.411	50.580	44.506	47.140
Cash and invested cash	1.510	1.619	1.436	1.927	2.015	1.502
	-----	-----	-----	-----	-----	-----
Total LNC	94.192	91.601	91.152	87.876	82.266	84.438
	-----	-----	-----	-----	-----	-----
Non-affiliate assets managed	47.150	45.945	45.119	43.397	41.904	44.069
	-----	-----	-----	-----	-----	-----
Total Assets Managed	141.342	137.546	136.271	131.273	124.170	128.507
	=====	=====	=====	=====	=====	=====
Assets Managed by Advisor						
Investment Management segment (See page 25 for additional detail)	58.241	56.518	55.527	52.895	47.766	50.268
DLIA-Corp (Assets managed internally-see page 25)	33.934	33.349	33.468	34.287	36.324	36.018
Lincoln (UK)	8.423	8.058	7.838	7.873	7.012	7.027
Policy Loans (within business units)	1.896	1.915	1.936	1.961	1.947	1.947
Non-LNC Affiliates	38.848	37.706	37.503	34.257	31.121	33.246
	-----	-----	-----	-----	-----	-----
Total Assets Managed	141.342	137.546	136.271	131.273	124.170	128.507
	=====	=====	=====	=====	=====	=====

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

For the Year Ended December 31

1996

Net Investment Income

Fixed Maturity Securities	1690.1
Equity Securities	14.4
Mortgage loans on real estate	292.7
Real estate	125.4
Policy loans	40.7

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Invested cash	69.2
Other investments	14.7

Investment revenue	2247.2
Investment expense	159.2

Net Investment Income	2087.9

Gross-up of Tax Exempt Income	9.7

Adjusted Net Invest Income	2097.7
	=====
Mean Invested Assets (Cost Basis)	27906.2
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.52%
Investment Gains	
Realized Gains (Losses) on Investments	57.6
Gains(Losses) on Derivatives	
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	(208.8)
Incr (Decr) in Foreign Exchange	53.0
Securities Available-for-Sale [Billions of Dollars at End of Year]	
Fixed Maturity Sec (Market)	24.097
Fixed Maturity Sec (Adjusted Cost)	23.200
Equity Securities (Market)	0.558
Equity Securities (Adjusted Cost)	0.434
% of Fixed Maturity Securities (Based on Market)	
Treasuries and AAA	32.8%
AA or better	41.9%
BB or less	7.0%

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

Net Investment Income						
Fixed Maturity Securities	512.8	544.5	557.8	575.8	551.2	548.0
Equity Securities	4.1	8.9	4.4	4.9	3.9	6.9
Mortgage loans on real estate	91.3	107.4	94.5	85.5	94.7	94.5
Real estate	20.3	18.4	19.4	18.4	13.7	12.5
Policy loans	24.6	29.8	28.6	28.6	29.4	29.9
Invested cash	40.7	44.0	32.4	23.4	32.4	22.0
Other investments	19.5	19.3	7.5	13.4	9.9	20.9
	-----	-----	-----	-----	-----	-----
Investment revenue	713.4	772.4	744.6	750.1	735.2	734.9
Investment expense	63.8	57.7	35.1	49.3	38.1	34.8
	-----	-----	-----	-----	-----	-----
Net Investment Income	649.6	714.7	709.5	700.8	697.1	700.1
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	2.3	3.0	1.8	2.0	1.7	2.6
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	651.9	717.7	711.3	702.8	698.7	702.7
	=====	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	36445.0	37619.5	39174.2	39385.3	39111.8	38438.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.16%	7.63%	7.26%	7.14%	7.15%	7.31%
Investment Gains						
Realized Gains (Losses) on Investments	(17.3)	0.5	1.5	(3.5)	4.1	1.6
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	304.2	(221.4)	(297.7)	(255.8)	(102.7)	(361.9)
Incr (Decr) on Derivatives						
Incr (Decr) in Foreign Exchange	8.0	(9.8)	(19.9)	(9.5)	19.6	(10.2)
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	28.554	30.233	30.578	29.579	28.708	27.689
Fixed Maturity Sec (Adjusted Cost)	26.610	28.640	29.681	29.494	28.974	28.357
Equity Securities (Market)	0.505	0.543	0.481	0.506	0.507	0.604
Equity Securities (Adjusted Cost)	0.470	0.437	0.380	0.385	0.414	0.482
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	26.1%	25.6%	26.3%	25.5%	24.2%	22.8%
AA or better	33.3%	32.6%	33.2%	32.5%	31.1%	29.8%
BB or less	6.3%	7.0%	7.1%	7.0%	7.5%	8.0%
					YTD	YTD
					Jun	Jun
For the Year Ended December 31	1997	1998	1999	2000	2000	2001

Net Investment Income						
Fixed Maturity Securities	1832.1	2065.8	2232.9	2148.7	1085.7	1053.3
Equity Securities	19.1	22.8	20.1	19.5	9.4	8.8
Mortgage loans on real estate	279.2	383.6	369.2	373.8	187.1	188.0
Real estate	99.4	86.8	64.1	51.8	23.6	25.9
Policy loans	44.5	99.5	116.5	125.0	61.6	62.8
Invested cash	102.4	156.8	110.3	87.2	42.3	42.9
Other investments	20.6	88.4	51.8	66.8	37.1	37.8
	-----	-----	-----	-----	-----	-----
Investment revenue	2397.3	2903.7	2964.8	2872.8	1446.8	1419.6
Investment expense	146.6	222.3	157.3	125.7	61.8	72.8
	-----	-----	-----	-----	-----	-----
Net Investment Income	2250.8	2681.4	2807.5	2747.1	1385.0	1346.8
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	12.7	11.6	8.1	7.8	3.8	3.5
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	2263.5	2693.0	2815.6	2754.9	1388.7	1350.3
	=====	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	30337.3	36573.8	39027.5	37471.3	37771.8	37166.3
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.46%	7.36%	7.21%	7.35%	7.35%	7.27%
Investment Gains						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Realized Gains (Losses) on Investments	72.9	13.7	3.8	(17.5)	(7.1)	(24.8)
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	0.0	0.1
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	159.6	116.4	(1018.1)	477.7	(568.6)	659.7
Incr (Decr) in Foreign Exchange	(20.3)	3.8	(19.9)	(8.1)	(8.2)	(37.3)
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	24.066	30.233	27.689	27.450	27.078	27.874
Fixed Maturity Sec (Adjusted Cost)	22.624	28.640	28.357	27.373	27.788	27.681
Equity Securities (Market)	0.660	0.543	0.604	0.550	0.560	0.534
Equity Securities (Adjusted Cost)	0.518	0.437	0.482	0.458	0.446	0.477
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	27.6%	25.6%	22.8%	22.1%	22.1%	19.3%
AA or better	35.1%	32.6%	29.8%	29.2%	29.2%	26.0%
BB or less	7.3%	7.0%	8.0%	6.7%	8.2%	7.8%
	Mar	Jun	Sep	Dec	Mar	Jun
For the Quarter Ended	2000	2000	2000	2000	2001	2001

Net Investment Income						
Fixed Maturity Securities	541.3	544.4	525.3	537.7	522.7	530.6
Equity Securities	3.7	5.7	3.6	6.5	1.0	7.8
Mortgage loans on real estate	92.0	95.1	94.4	92.3	95.7	92.4
Real estate	11.2	12.5	11.8	16.3	12.8	13.1
Policy loans	30.7	30.9	30.5	32.9	31.4	31.4
Invested cash	27.2	15.1	26.5	18.4	26.7	16.2
Other investments	35.1	2.0	26.9	2.9	19.6	18.2
	-----	-----	-----	-----	-----	-----
Investment revenue	741.1	705.7	719.1	706.9	709.9	709.7
Investment expense	30.0	31.8	29.0	34.8	36.1	36.6
	-----	-----	-----	-----	-----	-----
Net Investment Income	711.1	673.8	690.0	672.1	673.7	673.1
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	1.5	2.3	1.4	2.6	0.5	3.0
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	712.6	676.1	691.5	674.7	674.2	676.1
	=====	=====	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	38237.4	37306.1	37250.8	37090.8	37238.0	37094.5
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.45%	7.25%	7.43%	7.28%	7.24%	7.29%
Investment Gains						
Realized Gains (Losses) on Investments	(0.4)	(6.7)	(11.6)	1.2	(13.4)	(11.5)
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0	(0.1)	0.2
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	54.5	(145.4)	218.8	349.8	178.3	(137.5)
Incr (Decr) on Derivatives					23.3	27.0
Incr (Decr) in Foreign Exchange	(7.3)	(0.9)	(2.0)	2.0	(17.8)	(19.5)
Securities Available-for-Sale [Billions of Dollars at End of Year]						
Fixed Maturity Sec (Market)	27.745	27.078	27.264	27.450	27.811	27.874
Fixed Maturity Sec (Adjusted Cost)	28.295	27.788	27.727	27.373	27.367	27.681

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Equity Securities (Market)	0.588	0.560	0.570	0.550	0.560	0.534
Equity Securities (Adjusted Cost)	0.475	0.446	0.450	0.458	0.507	0.477
% of Fixed Maturity Securities (Based on Market)						
Treasuries and AAA	22.7%	22.1%	22.3%	22.1%	20.3%	19.3%
AA or better	29.5%	29.2%	29.4%	29.2%	27.1%	26.0%
BB or less	7.4%	8.2%	6.8%	6.7%	7.2%	7.8%

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

For the Year Ended December 31	1990	1991	1992	1993	1994	1995	1996

Common Stock [1]							
Highest Price	15.338	13.813	19.032	24.125	22.188	26.875	28.500
Lowest Price	7.688	9.500	12.625	17.344	17.313	17.313	20.375
Closing Price	10.750	13.688	18.500	21.750	17.500	26.875	26.250
Dividend Payout Ratio [2]	63.4%	63.5%	38.9%	52.6%	51.0%	39.7%	38.2%
Yield [3]	6.3%	5.3%	4.1%	3.8%	4.9%	3.4%	3.7%
Preferred Stock Dividend (Millions)	9.143	13.033	17.246	17.212	17.119	8.644	0.111
Debt: (End of Period)							
Senior Debt Ratings							
A.M. Best							
Fitch			AA	AA-	AA-	AA-	A
Moody's			A2	A2	A1	A2	
Standard and Poors			A+	A+	A+	A	
Claims Paying Ratings:							
Lincoln Life - A.M. Best			A+	A+	A+	A+	
Lincoln Life - Fitch			AAA	AAA	AAA	AA+	A
Lincoln Life - Moody's			A1	A1	Aa3	Aa3	A
Lincoln Life - Standard & Poors			AA-	AA-	AA-	AA-	A
First Penn - A.M. Best*			A	A+	A+	A+	
First Penn - Moody's							
First Penn - Standard & Poors*			AA-	AA-	AA-	AA-	A
LLA of New York - A.M. Best*							
LLA of New York - Fitch*							
LLA of New York - Moody's							
LLA of New York - Standard & Poors*							A
Ratios							
Debt to Total Capitalization [4]			25.7%	21.1%	19.9%	22.8%	18.8%
Debt to Equity [4]			34.7%	26.7%	24.9%	29.5%	23.8%

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

Common Stock:

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Highest Price	49.438	43.344	50.250	53.438	57.500	48.313	41.375	40.06
Lowest Price	41.125	33.500	39.281	45.688	36.000	36.500	22.625	29.00
Closing Price	41.125	40.906	49.438	52.313	37.563	40.000	33.500	36.12

Yield [3]	2.5%	2.7%	2.2%	2.1%	2.9%	2.9%	3.5%	3.2%
-----------	------	------	------	------	------	------	------	------

Preferred Stock Dividend (Millions)	0.026	0.023	0.024	0.024	0.027	0.014	0.022	0.02
-------------------------------------	-------	-------	-------	-------	-------	-------	-------	------

Debt: (End of Period)

Senior Debt Ratings

A.M. Best

Fitch	A+	A+	A+	A+	A+	A+	A+	A+
Moody's	A2	A2	A2	A2	A2	A2	A2	A2
Standard and Poors	A-	A-	A-	A-	A-	A-	A-	A-

Claims Paying Ratings:

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

Ratios

Debt to Total

Capitalization [4]	21.9%	21.2%	20.7%	22.0%	22.0%	23.2%	23.3%	21.8%
Debt to Equity [4]	28.1%	26.9%	26.2%	28.2%	28.3%	30.3%	30.4%	28.0%

* Rating based on affiliation with Lincoln Life

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

[2] Indicated dividend divided by net income

[3] Indicated dividend divided by the closing price

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

Return on Equity/Return on Capital:

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

1) realized security gains on investments 2) unrealized gains on equity securities over applicable periods and eliminates amortization of goodwill related to acquisitions.

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