

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

LINCOLN NATIONAL CORP  
 Form 8-K  
 February 11, 2002

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

FORM 8-K

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

Date of Report: December 31, 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 5  
 Financial Report for the quarter ended December 31, 2001.

12/31/01

PAGE 1

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

	For the Quarter Ended December 31			
	2001	2000	Change	% Change
	Amount	Amount		
	-----	-----	-----	-----
Income from Operations				
Annuities	74.8	86.4	(11.6)	(13.4%)
Life Insurance	73.2	70.6	2.6	3.7%
Investment Management	5.1	8.7	(3.6)	(41.4%)
Lincoln UK	19.5	15.5	4.0	25.8%
Corporate & Other*	26.5	3.5	23.0	
	-----	-----	-----	-----
Total Income from Operations**	199.1	184.7	14.4	7.8%
Realized gains (losses) on investments	(20.1)	1.2	(21.3)	
Gains (losses) on derivatives	(4.6)	0.0	(4.6)	
Gain on sale of subsidiaries	15.0	0.0		

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Restructuring charges	(20.2)	(37.0)	16.8	
Income before Accounting Changes	169.2	148.9	5.3	
Cumulative effect of accounting changes***	0.0	0.0	0.0	
Net Income*	169.2	148.9	20.3	13.6%
Earnings per share (diluted)				
Income from Operations**	\$1.03	\$0.94	\$0.09	9.6%
Realized gain (losses) on investments	(\$0.11)	\$0.01	(\$0.12)	
Gains (losses) on derivatives	(\$0.02)	\$0.00	(\$0.02)	
Gain on sale of subsidiaries	\$0.08	\$0.00	\$0.08	
Restructuring charges	(\$0.10)	(\$0.19)	\$0.09	
Income before Accounting Changes	\$0.88	\$0.76	\$0.12	
Cumulative effect of accounting changes***	\$0.00	\$0.00	--	
Net Income*	\$0.88	\$0.76	\$0.12	15.8%
Inc. from Oper.- before Goodwill Amort.				
Annuities	75.1	86.7	(11.7)	(13.4%)
Life Insurance	79.1	76.5	2.6	3.4%
Investment Management	9.1	12.7	(3.6)	(28.3%)
Lincoln UK	19.7	15.7	4.0	25.5%
Corporate & Other*	26.8	3.9	22.9	
Total	209.8	195.6	14.2	7.3%
Earnings per share (diluted)				
Inc. from Oper.- before Goodwill Amort.	\$1.09	\$1.00	\$0.09	9.0%
Operating Revenue				
Annuities	498.7	518.1	(19.4)	(3.7%)
Life Insurance	495.2	488.0	7.2	1.5%
Investment Management	107.6	120.2	(12.7)	(10.5%)
Lincoln UK	58.9	100.6	(41.7)	(41.4%)
Corporate & Other*	369.8	546.6	(176.9)	(32.4%)
Total Operating Revenue	1530.1	1773.5	(243.4)	(13.7%)
Total Revenue				
Annuities	467.5	522.3	(54.8)	(10.5%)
Life Insurance	464.7	479.9	(15.2)	(3.2%)
Investment Management	106.5	120.0	(13.5)	(11.2%)
Lincoln UK	63.2	104.3	(41.1)	(39.4%)
Corporate & Other*	402.5	547.0	(144.6)	(26.4%)
Total Revenue	1504.4	1773.5	(269.1)	(15.2%)
Operational Data by Segment: (Billions)				
Annuities Segment				
Gross Deposits	2.011	1.328	0.683	51.4%
Net Cash Flows	0.631	(0.681)	1.312	
Account Values (Gross)	52.643	56.043	(3.400)	(6.1%)
Account Values (Net of Reinsurance)	51.129	54.821	(3.692)	(6.7%)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Life Insurance Segment				
First Year Premium- Retail	0.186	0.169	0.017	10.1%
First Year Premium- COLI	0.014	0.049	(0.035)	(71.4%)
First Year Premium- Total	0.200	0.218	(0.018)	(8.3%)
In-force	234.394	216.002	18.392	8.5%
Account Values	11.377	10.847	0.530	4.9%
Investment Management Segment				
Retail Deposits	0.749	1.255	(0.506)	(40.3%)
Retail Net Cash Flows	(0.125)	0.058	(0.183)	
Institutional In-flows	0.696	0.885	(0.189)	(21.4%)
Institutional Net Cash Flows	(0.102)	(1.043)	0.941	
Total Net Cash Flows	(0.227)	(0.985)	0.758	
Assets Under Management- Retail and Inst'l	47.922	52.895	(4.972)	(9.4%)
Assets Under Management - Insurance Assets	38.119	35.686	2.433	6.8%
Assets Under Management - Total Segment	86.041	88.581	(2.539)	(2.9%)
Consolidated				
Consolidated Domestic Retail Deposits	3.088	3.064	0.024	0.8%
Consolidated Domestic Retail Account Balances	80.557	85.749	(5.191)	(6.1%)
Total Retail Net Cash Flows	0.836	(0.066)	0.902	(1360.6%)
Total Net Cash Flows	0.734	(1.110)	1.843	(166.1%)
Total Assets Under Management	126.250	131.273	(5.023)	(3.8%)

For the Year Ended December 31

	2001 Amount	2000 Amount	Change	% Change
	-----	-----	-----	-----
Income from Operations				
Annuities	320.3	362.0	(41.7)	(11.5%)
Life Insurance	279.0	259.9	19.1	7.3%
Investment Management	14.6	44.1	(29.5)	(66.9%)
Lincoln UK	60.2	61.0	(0.8)	(1.3%)
Corporate & Other*	14.8	(8.0)	22.8	
	-----	-----	-----	-----
Total Income from Operations**	689.0	719.1	(30.1)	(4.2%)
Realized gains (losses) on investments	(68.7)	(17.5)	(51.2)	
Gains (losses) on derivatives	(4.9)	0.0	(4.9)	
Gain on sale of subsidiaries	15.0	0.0	15.0	
Restructuring charges	(24.6)	(80.2)	55.6	
	-----	-----	-----	-----
Income before Accounting Changes	605.8	621.4	(30.6)	
Cumulative effect of accounting changes***	(15.6)	0.0	(15.6)	
	-----	-----	-----	-----
Net Income*	590.2	621.4	(31.2)	(5.0%)
	=====	=====	=====	=====
Earnings per share (diluted)				
Income from Operations**	\$3.56	\$3.69	(\$0.13)	(3.5%)
Realized gain (losses) on investments	(\$0.36)	(\$0.09)	(\$0.27)	
Gains (losses) on derivatives	(\$0.03)	\$0.00	(\$0.03)	
Gain on sale of subsidiaries	\$0.08	\$0.00	\$0.08	
Restructuring charges	(\$0.13)	(\$0.41)	\$0.28	
	-----	-----	-----	-----
Income before Accounting Changes	\$3.12	\$3.19	(\$0.07)	
Cumulative effect of accounting changes***	(\$0.08)	\$0.00	(\$0.08)	
	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income*	\$3.05	\$3.19	(\$0.14)	(4.4%)
	=====	=====	=====	=====
Inc. from Oper.- before Goodwill Amort.				
Annuities	321.5	361.4	(39.9)	(11.0%)
Life Insurance	302.7	283.6	19.1	6.7%
Investment Management	30.9	60.3	(29.5)	(48.9%)
Lincoln UK	60.9	65.1	(4.2)	(6.4%)
Corporate & Other*	16.4	(6.2)	22.7	
	-----	-----	-----	-----
Total	732.4	764.2	(31.8)	(4.2%)
	=====	=====	=====	=====
Earnings per share (diluted)				
Inc. from Oper.- before Goodwill Amort.	\$3.79	\$3.92	(\$0.13)	(3.3%)
Operating Revenue				
Annuities	2033.1	2138.9	(105.8)	(4.9%)
Life Insurance	1897.5	1836.4	61.1	3.3%
Investment Management	437.4	494.2	(56.8)	(11.5%)
Lincoln UK	280.9	435.0	(154.1)	(35.4%)
Corporate & Other*	1864.2	1975.4	(111.2)	(5.6%)
	-----	-----	-----	-----
Total Operating Revenue	6513.0	6879.8	(366.8)	(5.3%)
	=====	=====	=====	=====
Total Revenue				
Annuities	1968.3	2133.7	(165.4)	(7.8%)
Life Insurance	1840.6	1819.0	21.6	1.2%
Investment Management	433.7	490.3	(56.5)	(11.5%)
Lincoln UK	293.3	438.2	(144.9)	(33.1%)
Corporate & Other*	1875.5	1970.4	(94.8)	(4.8%)
	-----	-----	-----	-----
Total Revenue	6411.4	6851.5	(440.1)	(6.4%)
	=====	=====	=====	=====
Operational Data by Segment: (Billions)				
Annuities Segment				
Gross Deposits	6.409	5.239	1.170	22.3%
Net Cash Flows	0.105	(2.874)	2.979	
Account Values (Gross)	52.643	56.043	(3.400)	(6.1%)
Account Values (Net of Reinsurance)	51.129	54.821	(3.692)	(6.7%)
Life Insurance Segment				
First Year Premium- Retail	0.569	0.562	0.007	1.2%
First Year Premium- COLI	0.047	0.087	(0.040)	(46.0%)
First Year Premium- Total	0.617	0.649	(0.032)	(4.9%)
In-force	234.394	216.002	18.393	8.5%
Account Values	11.377	10.847	0.530	4.9%
Investment Management Segment				
Retail Deposits	3.527	4.760	(1.233)	(25.9%)
Retail Net Cash Flows	(0.461)	(1.517)	1.056	
Institutional In-flows	3.825	3.501	0.324	9.3%
Institutional Net Cash Flows	(0.228)	(5.694)	5.466	
Total Net Cash Flows	(0.689)	(7.211)	6.522	
Assets Under Management- Retail and Inst'l	47.922	52.895	(4.972)	(9.4%)
Assets Under Management - Insurance Assets	38.119	35.686	2.433	6.8%
Assets Under Management - Total Segment	86.041	88.581	(2.539)	(2.9%)

Consolidated

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

Consolidated Domestic Retail Deposits	10.843	11.491	(0.648)	(5.6%)
Consolidated Domestic Retail Account Balances	80.557	85.749	(5.191)	(6.1%)
Total Retail Net Cash Flows	0.657	(1.828)	2.484	(135.9%)
Total Net Cash Flows	0.429	(7.522)	7.951	(105.7%)
Total Assets Under Management	126.250	131.273	(5.023)	(3.8%)

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, all current year and historical financial data for the former Reinsurance segment was moved into "Other Operations."

\*\* Income from operations and net income for 2001 include special charges of \$24.5 million after-tax (\$37.7 million pre-tax) or \$0.13 per share related to the events of September 11, 2001 (composed of a charge of \$33.2 million after-tax (\$51.1 million pre-tax) recorded in the 3rd quarter 2001 partially offset by a reversal of \$8.7 million after-tax (\$13.4 million pre-tax) recorded in the 4th quarter as a result of updated information on previously recorded incurred but unreported claims).

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

12/31/01

PAGE 2

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

For the Quarter Ended December 31

	2001 Amount	2000 Amount	Change	% Change
	-----	-----	-----	-----
Consolidated Operational Data: (Millions)				
Balance Sheet Assets - End of Period	98001.5	99844.1	(1842.6)	(1.8%)
Shareholders' Equity				
Beg of Period (Securities at Market)	5368.6	4538.6	830.0	
End of Period (Securities at Market)	5263.7	4954.1	309.6	
End of Period (Securities at Cost)	5046.5	4942.0	104.5	
Average Equity (Securities at Cost)	5131.5	4915.7	215.8	
Return on Equity				
Inc from Operations/Average Equity	15.5%	15.0%	0.5%	
Net Income/Average Equity	13.2%	12.1%	1.1%	
Return on Capital				
Inc from Operations/Average Capital	12.9%	12.4%	0.5%	
Common Stock Outstanding				
Average for the Period - Diluted	192.8	195.6	(2.8)	(1.4%)
End of Period - Assuming Conv of Pref.	187.3	191.2	(3.9)	(2.0%)
End of Period - Diluted	191.2	195.2	(4.0)	(2.0%)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Book Value (Securities at Market)	\$28.10	\$25.92	2.18	8.4%
Book Value (Securities at Cost)	\$26.94	\$25.85	1.09	4.2%
Cash Returned to Shareholders				
Share Repurchase - dollar amount	134.3	51.7	82.6	
Dividends Declared to Shareholders	59.9	58.5	1.4	
	-----	-----	-----	-----
Total Cash Returned to Shareholders	194.2	110.2	84.0	
	=====	=====	=====	=====
Share Repurchase - number of shares	2.894	1.114	1.780	
Dividend Declared on Common Stock - per share	\$0.320	\$0.305	\$0.015	4.9%

For the Year Ended December 31

	2001 Amount	2000 Amount	Change	% Change
	-----	-----	-----	-----
Consolidated Operational Data: (Millions)				
Balance Sheet Assets - End of Period	98001.5	99844.1	(1842.6)	(1.8%)
Shareholders' Equity				
Beg of Period (Securities at Market)	4954.1	4263.9	690.2	
End of Period (Securities at Market)	5263.7	4954.1	309.6	
End of Period (Securities at Cost)	5046.5	4942.0	104.5	
Average Equity (Securities at Cost)	5022.6	4831.9	190.7	
Return on Equity				
Inc from Operations/Average Equity	13.7%	14.9%	(1.2%)	
Net Income/Average Equity	11.8%	12.9%	(1.1%)	
Return on Capital				
Inc from Operations/Average Capital	11.5%	12.1%	-0.6%	
Common Stock Outstanding				
Average for the Period - Diluted	193.3	194.9	(1.6)	(0.8%)
End of Period - Assuming Conv of Pref.	187.3	191.2	(3.9)	(2.0%)
End of Period - Diluted	191.2	195.2	(4.0)	(2.0%)
Book Value (Securities at Market)	\$28.10	\$25.92	2.18	8.4%
Book Value (Securities at Cost)	\$26.94	\$25.85	1.09	4.2%
Cash Returned to Shareholders				
Share Repurchase - dollar amount	503.7	210.0	293.7	
Dividends Declared to Shareholders	231.8	224.4	7.4	
	-----	-----	-----	-----
Total Cash Returned to Shareholders	735.5	434.4	301.1	
	=====	=====	=====	=====
Share Repurchase - number of shares	11.278	6.223	5.055	
Dividend Declared on Common Stock - per share	\$1.235	\$1.175	\$0.060	5.1%

For the Quarter Ended December 31

Comprehensive Income	2001	2000	
(millions)	Amount	Amount	
	-----	-----	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income	169.2	148.9
Foreign Currency Translation	(14.9)	2.1
Net Unrealized Gains (Losses) on Securities	(52.2)	349.7
Gains (Losses) on Derivatives	1.2	0.0
Cumulative Effect of Accounting Change	0.0	0.0
Minimum Pension Liability Adjustment	(36.0)	0.0
	-----	-----
Comprehensive Income	67.3	500.7
	=====	=====

12/31/01

PAGE 3

Financial Highlights  
Unaudited [Amounts in Millions]

For the Quarter Ended December 31

	2001	2000	Change	% Change
	Amount	Amount		
	-----	-----	-----	-----
Consolidated Condensed Statements of Income				
Revenue:				
Insurance Premiums and Fees	679.5	902.6	(223.1)	(24.7%)
Investment Advisory Fees	50.9	53.6	(2.7)	(5.1%)
Net Investment Income	646.6	672.1	(25.5)	(3.8%)
Realized Gains (Losses) on Investments	(29.7)	0.0	(29.7)	
Gains (Losses) on Derivatives	(8.9)	-	(8.9)	
Gains (Losses) on Sale of Subsidiaries	12.8	-	12.8	
Other	153.1	145.1	8.0	5.5%
	-----	-----	-----	-----
Total Revenue	1,504.4	1,773.5	(269.2)	(15.2%)
Benefits and Expenses:				
Benefits	744.9	920.7	(175.8)	(19.1%)
Underwriting, Acquisition, Insurance and Other Expenses	569.7	664.5	(94.7)	(14.3%)
	-----	-----	-----	-----
Total Benefits and Expenses	1,314.7	1,585.2	(270.5)	(17.1%)
	-----	-----	-----	-----
Net Income				
before Federal Taxes	189.7	188.3	1.4	
Federal Income Taxes	20.5	39.4	(18.9)	
	-----	-----	-----	-----
Income before Accounting Changes	169.2	148.9	20.4	
Cumulative Effect of Accounting Changes	-	-	-	
	-----	-----	-----	-----
Net Income	169.2	148.9	20.3	13.6%
	=====	=====	=====	=====
Income before Tax and Cumulative Effect of Accounting Changes By Segment				
Annuities	53.3	106.6	(53.3)	
Life Insurance	79.9	101.5	(21.6)	
Investment Management	5.5	9.9	(4.4)	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Lincoln UK	5.7	(30.8)	36.5
Corporate and Other*	45.3	1.1	44.2
	-----	-----	-----
Income before Tax and Cumulative Effect of Accounting Changes	189.7	188.3	1.4
Pre-Tax Realized Gains (Losses) by Segment**			
Annuities	(31.2)	4.2	(35.4)
Life Insurance	(30.5)	(8.1)	(22.4)
Investment Management	(1.1)	(0.3)	(0.8)
Lincoln UK	4.3	3.8	0.5
Corporate and Other*	20.0	0.4	19.6
	-----	-----	-----
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(38.5)	-	(38.5)
After-Tax Realized Gains (Losses) by Segment*			
Annuities	(20.6)	2.8	(23.4)
Life Insurance	(19.8)	(5.2)	(14.6)
Investment Management	(0.7)	(0.2)	(0.5)
	-----	-----	-----
Lincoln UK	3.0	2.6	0.4
Corporate and Other*	13.5	1.2	12.3
	-----	-----	-----
After-Tax Realized Gains (Losses) on Investments and Derivatives	(24.6)	1.2	(25.8)

For the Year Ended December 31

	2001 Amount	2000 Amount	Change	% Change
	-----	-----	-----	-----
Consolidated Condensed Statements of Income				
Revenue:				
Insurance Premiums and Fees	3,248.0	3,474.6	(226.5)	(6.5%)
Investment Advisory Fees	197.2	213.1	(15.9)	(7.5%)
Net Investment Income	2,679.6	2,747.1	(67.5)	(2.5%)
Realized Gains (Losses) on Investments	(105.2)	(28.3)	(76.9)	
Gains (Losses) on Derivatives	(9.3)	-	(9.3)	
Gains (Losses) on Sale of Subsidiaries	12.8	-	12.8	
Other	388.2	445.1	(56.9)	(12.8%)
	-----	-----	-----	-----
Total Revenue	6,411.4	6,851.5	(440.1)	(6.4%)
Benefits and Expenses:				
Benefits	3,409.7	3,557.2	(147.4)	(4.1%)
Underwriting, Acquisition, Insurance and Other Expenses	2,237.6	2,458.1	(220.5)	(9.0%)
	-----	-----	-----	-----
Total Benefits and Expenses	5,647.3	6,015.2	(367.9)	(6.1%)
	-----	-----	-----	-----
Net Income				
before Federal Taxes	764.1	836.3	(72.2)	(8.6%)
Federal Income Taxes	158.3	214.9	(56.6)	(26.4%)
	-----	-----	-----	-----
Income before Accounting Changes	605.8	621.4	(15.6)	
Cumulative Effect of Accounting Changes	(15.6)	-	(15.6)	
	-----	-----	-----	-----
Net Income	590.2	621.4	(31.2)	(5.0%)
	=====	=====	=====	=====



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income before Tax and Cumulative Effect of Accounting Changes By Segment			
Annuities	312.8	438.0	(125.2)
Life Insurance	369.8	392.7	(22.9)
Investment Management	19.1	58.2	(39.1)
Lincoln UK	61.6	(23.8)	85.4
Corporate and Other*	0.8	(28.8)	29.6
	-----	-----	-----
Income before Tax and Cumulative Effect of Accounting Changes	764.1	836.3	(72.2)
Pre-Tax Realized Gains (Losses) by Segment**			
Annuities	(64.8)	(5.2)	(59.6)
Life Insurance	(56.9)	(17.4)	(39.5)
Investment Management	(3.7)	(3.9)	0.2
Lincoln UK	12.4	3.2	9.2
Corporate and Other*	(1.5)	(5.0)	3.5
	-----	-----	-----
Pre-Tax Realized Gains (Losses) on Investments and Derivatives	(114.5)	(28.3)	(86.2)
After-Tax Realized Gains (Losses) by Segment*			
Annuities	(42.5)	(3.4)	(39.1)
Life Insurance	(37.0)	(10.7)	(26.3)
Investment Management	(2.4)	(2.5)	0.1
Lincoln UK	8.7	2.3	6.4
Corporate and Other*	(0.4)	(3.2)	2.8
	-----	-----	-----
After-Tax Realized Gains (Losses) on Investments and Derivatives	(73.6)	(17.5)	(56.1)

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, all current year and historical financial data for the former Reinsurance segment was moved into "Other Operations."

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

12/31/01

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

	December 2001 Amount	December 2000 Amount	As of Change
	-----	-----	-----
Consolidated Condensed Balance Sheets			
Assets:			
Investments:			
Securities Available for Sale:			

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Fixed Maturities	28,345.7	27,449.8	89
Equities	470.5	549.7	(7)
Mortgage Loans on Real Estate	4,535.5	4,663.0	(12)
Real Estate	267.9	282.0	(1)
Policy Loans	1,939.7	1,960.9	(2)
Other Long-Term Investments	553.8	463.3	9
	-----	-----	-----
Total Investments	36,113.1	35,368.6	74
Other Assets:			
Assets Held in Separate Accounts	44,833.4	50,579.9	(5,74)
Other Assets	17,055.0	13,895.5	3,15
	-----	-----	-----
Total Assets	98,001.5	99,844.1	(1,84)
	=====	=====	=====
Liabilities and Shareholders' Equity			
Liabilities:			
Insurance and Investment Contract Liabilities	40,857.2	40,105.2	75
Liabilities Related to Separate Accounts	44,833.4	50,579.9	(5,74)
Other Liabilities	7,047.2	4,204.9	2,84
	-----	-----	-----
Total Liabilities	92,737.8	94,890.0	(2,15)
Shareholders' Equity:			
Net Unrealized Gains(Losses) on Securities and Derivatives	217.2	12.0	20
Other Shareholders' Equity	5,046.5	4,942.0	10
	-----	-----	-----
Total Shareholders' Equity	5,263.7	4,954.1	30
	-----	-----	-----
Total Liabilities and Shareholders' Equity	98,042.4	99,844.1	(1,80)
	=====	=====	=====

(\$ billions)	As of December		
	2001 Amount	2000 Amount	Cha
	-----	-----	-----
Domestic Retail Account Balances:			
Annuities Segment - Fixed Annuities	16.491	15.394	1.
Annuities Segment - Variable Annuities	34.638	39.427	(4.)
Annuities Segment - Life Insurance	0.149	0.160	(0.)
Life Insurance Segment - Life Insurance	11.377	10.847	0.
Investment Management - Annuities	11.772	13.494	(1.)
Investment Management - Mutual Funds	11.065	12.805	(1.)
Investment Management - Wrap Fee & Other	1.782	1.375	0.
Consolidating Adjustments	(6.717)	(7.753)	
	-----	-----	-----
Total Domestic Account Balance	80.557	85.749	(5.)
	=====	=====	=====
Assets Managed by Advisor:			
Investment Management Segment	86.041	88.581	(2.)
Lincoln UK	6.847	7.873	(1.)
Policy Loans (within business units)	1.940	1.961	(0.)
Non-LNC Affiliates	31.422	32.858	(1.)
	-----	-----	-----
Total Assets Managed	126.250	131.273	(5.)
	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

12/31/01

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

For the Year Ended December 31	2001	2000	1999	1998	1997
	-----	-----	-----	-----	-----
Revenue					
Annuities	1968.3	2133.7	2115.8	2068.1	2023.0
Life Insurance	1840.6	1819.0	1760.4	1378.5	544.8
Investment Management	433.7	490.3	495.5	491.9	459.1
Lincoln UK	293.3	438.2	446.6	439.7	427.3
Employee Life - Health Benefits					
Corporate & Other*	1875.5	1970.4	1985.4	1708.9	1444.3
	-----	-----	-----	-----	-----
Total Revenue	6411.4	6851.5	6803.7	6087.1	4898.5
	=====	=====	=====	=====	=====
Income from Operations**					
Annuities	320.3	362.0	299.4	262.4	223.0
Life Insurance	279.0	259.9	212.0	149.2	39.9
Investment Management	14.6	44.1	61.0	43.9	18.1
Lincoln UK	60.2	61.0	(13.9)	70.9	(108.3)
Employee Life - Health Benefits					
Corporate & Other*	14.8	(8.0)	(83.1)	4.0	(223.3)
	-----	-----	-----	-----	-----
Total Income from Cont Oper	689.0	719.1	475.5	530.4	(50.6)
Discontinued Operations					110.1
	-----	-----	-----	-----	-----
Income from Operations	689.0	719.1	475.5	530.4	59.4
	=====	=====	=====	=====	=====
Net Income					
Annuities	269.2	358.6	291.5	273.8	263.3
Life Insurance	233.1	249.3	211.5	127.5	39.1
Investment Management	11.8	37.0	51.6	44.4	25.1
Lincoln UK	68.9	(13.2)	(18.2)	71.7	(106.8)
Employee Life - Health Benefits					
Corporate & Other*	7.2	(10.2)	(76.1)	(7.6)	(198.4)
	-----	-----	-----	-----	-----
Total Net Inc from Cont Oper	590.2	621.4	460.4	509.8	22.2
Discontinued Operations					911.8
	-----	-----	-----	-----	-----
Total Net Income	590.2	621.4	460.4	509.8	934.0
	=====	=====	=====	=====	=====
OTHER DATA					
Assets	98001.5	99844.1	103095.7	93836.3	77174.7
Shareholders' Equity:					
Securities and Derivatives at Market	5263.7	4954.1	4263.9	5387.9	4982.9
Securities and Derivatives at Cost	5046.5	4942.0	4729.6	4835.6	4546.9
Average Equity (Sec & Deriv at Cost)	5022.6	4831.9	4818.7	4685.6	4214.1
Common Shares Outstanding: (millions)					

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

End of Period - Diluted	191.2	195.2	197.0	203.4	204.7
Average for the Period - Diluted	193.3	194.9	200.4	203.3	208.0
Per Share Data (Diluted)					
Income (Loss) from Continuing Operations	\$3.56	\$3.69	\$2.37	\$2.61	(\$0.24)
Income from Operations **	\$3.56	\$3.69	\$2.37	\$2.61	\$0.29
Net Income from Continuing Operations	\$3.05	\$3.19	\$2.30	\$2.51	\$0.11
Net Income	\$3.05	\$3.19	\$2.30	\$2.51	\$4.49
Shareholders' Equity:					
Shareholders' Equity (Sec & Deriv at Market)	\$28.10	\$25.92	\$21.76	\$26.59	\$24.63
Shareholders' Equity (Sec & Deriv at Cost)	\$26.94	\$25.85	\$24.14	\$23.86	\$22.48
Dividends Declared (Common Stock)	\$1.235	\$1.175	\$1.115	\$1.055	\$0.995
Return on Equity (see page 30)					
Net Income/Average Equity	11.8%	12.9%	9.6%	10.9%	22.2%
Inc from Operations/Average Equity	13.7%	14.9%	9.9%	11.3%	1.4%
Market Value of Common Stock					
High for the Year	\$52.750	\$56.375	\$57.500	\$49.438	\$39.063
Low for the Year	\$38.000	\$22.625	\$36.000	\$33.500	\$24.500
Close for the Year	\$48.570	\$47.313	\$40.000	\$40.907	\$39.063

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

For the Year Ended December 31	1995	1994	1993	1992	1991
	-----	-----	-----	-----	-----
Revenue					
Annuities	1877.1	1506.2	1603.8	1336.2	1216.7
Life Insurance	514.9	466.2	477.5	444.4	417.3
Investment Management	290.5				
Lincoln UK	351.5	216.0	174.9	180.6	169.6
Employee Life - Health Benefits		314.9	1297.3	1241.6	2646.3
Corporate & Other*	1552.5	1429.2	1383.6	1539.3	1074.7
	-----	-----	-----	-----	-----
Total Revenue	4586.5	3932.5	4937.1	4742.1	5524.6
	=====	=====	=====	=====	=====
Income from Operations**					
Annuities	175.2	142.4	127.1	89.4	58.3
Life Insurance	35.4	34.2	37.8	46.8	31.5
Investment Management	20.6				
Lincoln UK	45.9	17.2	11.9	9.2	14.3
Employee Life - Health Benefits	0.0	14.1	54.3	40.8	43.5
Corporate & Other*	(136.2)	10.7	(33.5)	(34.3)	(39.3)
	-----	-----	-----	-----	-----
Total Income from Cont Oper	140.8	218.6	197.6	151.9	108.3
Discontinued Operations	165.6	171.1	145.9	88.7	69.4
	-----	-----	-----	-----	-----
Income from Operations	306.5	389.7	343.5	240.6	177.7
	=====	=====	=====	=====	=====
Net Income					
Annuities	248.8	142.4	127.1	89.4	58.3
Life Insurance	40.6	34.2	37.8	46.8	31.5
Investment Management	27.4				
Lincoln UK	45.7	18.5	12.6	9.2	14.3

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Employee Life - Health Benefits	0.0	14.4	55.3	40.8	43.5
Corporate & Other*	(61.1)	(44.0)	(156.4)	84.3	(15.1)
	-----	-----	-----	-----	-----
Total Net Inc from Cont Oper	301.4	165.5	76.4	270.5	132.5
Discontinued Operations	180.8	184.4	242.5	88.7	69.4
	-----	-----	-----	-----	-----
Total Net Income	482.2	349.9	318.9	359.2	201.9
	=====	=====	=====	=====	=====
OTHER DATA					
Assets	63257.7	48864.8	47825.1	39042.2	33660.3
Shareholders' Equity:					
Securities and Derivatives at Market	4378.1	3042.1	4072.3	2826.8	2655.8
Securities and Derivatives at Cost	3679.9	3353.1	3157.6	2664.1	2445.8
Average Equity (Sec & Deriv at Cost)	3550.5	3288.6	3009.0	2575.0	2335.3
Common Shares Outstanding: (millions)					
End of Period - Diluted	210.3	208.3	208.3	187.7	185.4
Average for the Period - Diluted	209.5	208.7	206.1	186.8	189.2
Per Share Data (Diluted)					
Income (Loss) from Continuing Operations	\$0.67	\$1.05	\$0.96	\$0.81	\$0.57
Income from Operations **	\$1.46	\$1.87	\$1.67	\$1.29	\$0.94
Net Income from Continuing Operations	\$1.44	\$0.79	\$0.37	\$1.45	\$0.70
Net Income	\$2.30	\$1.68	\$1.55	\$1.92	\$1.07
Shareholders' Equity:					
Shareholders' Equity (Sec & Deriv at Market)	\$20.95	\$14.67	\$19.69	\$15.13	\$14.35
Shareholders' Equity (Sec & Deriv at Cost)	\$17.61	\$16.17	\$15.27	\$14.26	\$13.21
Dividends Declared (Common Stock)	\$0.875	\$0.830	\$0.775	\$0.738	\$0.693
Return on Equity (see page 30)					
Net Income/Average Equity	13.6%	10.6%	10.6%	13.9%	8.6%
Inc from Operations/Average Equity	8.6%	11.8%	11.4%	9.3%	7.6%
Market Value of Common Stock					
High for the Year	\$26.875	\$22.188	\$24.125	\$19.032	\$13.813
Low for the Year	\$17.313	\$17.313	\$17.344	\$12.625	\$9.500
Close for the Year	\$26.875	\$17.500	\$21.750	\$18.500	\$13.688

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, current year and historical financial data for the former Reinsurance segment was moved into "Other Operations."

\*\* "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."

12/31/01

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

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Revenue					
Annuities	524.4	533.0	520.5	538.0	548.7
Life Insurance	424.0	426.3	437.1	473.1	441.7
Investment Management	126.8	123.2	118.8	126.6	125.8
Lincoln UK	119.1	113.1	110.5	103.8	112.8
Corporate & Other*	481.0	482.8	455.2	566.4	440.2
Total Revenue	1675.4	1678.3	1642.1	1807.9	1669.2
	=====	=====	=====	=====	=====
Income from Operations**					
Annuities	74.4	75.9	75.4	73.7	88.5
Life Insurance	48.1	54.4	52.6	57.0	60.4
Investment Management	15.4	14.3	14.7	16.5	12.4
Lincoln UK	18.1	19.0	16.2	(67.1)	15.7
Corporate & Other*	(0.3)	(11.9)	(27.5)	(43.5)	(6.5)
Income from Operations	155.7	151.8	131.4	36.6	170.6
	=====	=====	=====	=====	=====
Net Income					
Annuities	76.8	76.4	68.4	69.9	91.2
Life Insurance	46.3	51.5	54.0	59.7	58.1
Investment Management	3.4	14.0	14.4	19.8	12.3
Lincoln UK	18.0	20.0	16.4	(72.6)	15.5
Corporate & Other*	0.6	(13.6)	(20.9)	(42.2)	(6.8)
Total Net Income	145.1	148.4	132.3	34.6	170.2
	=====	=====	=====	=====	=====
OTHER DATA					
Assets	95350.3	98261.4	96500.7	103095.7	106340.0
Shareholders' Equity					
Beg of Period (Sec & Deriv at Market)	5387.9	5107.4	4817.4	4662.2	4263.9
End of Period (Sec & Deriv at Market)	5107.4	4817.4	4662.2	4263.9	4340.4
End of Period (Sec & Deriv at Cost)	4852.8	4818.5	4766.0	4729.6	4751.6
Average Equity (Sec & Deriv at Cost)	4872.5	4834.2	4793.9	4774.2	4791.5
Common Shares Outstanding					
Average for the Period - Diluted	203.6	201.9	199.0	197.1	195.8
End of Period - Diluted	203.2	200.9	196.9	197.0	195.1
Per Share Data (Diluted)					
Income from Operations **	\$0.76	\$0.75	\$0.66	\$0.19	\$0.87
Net Income	\$0.71	\$0.73	\$0.66	\$0.18	\$0.87
Shareholders' Equity					
Shareholders' Equity (Sec & Deriv at Market)	\$25.30	\$24.18	\$23.76	\$21.76	\$22.45
Shareholders' Equity (Sec & Deriv at Cost)	\$24.04	\$24.18	\$24.28	\$24.14	\$24.58
Dividends Declared (Com Stk)	\$0.275	\$0.275	\$0.275	\$0.290	\$0.290
Return on Equity (see page 30)					
Net Income/Average Equity	11.9%	12.3%	11.0%	2.9%	14.2%
Inc from Operations/Average Equity	12.8%	12.6%	11.0%	3.1%	14.2%
Market Value of Common Stock					
Highest Price	\$50.250	\$53.438	\$57.500	\$48.313	\$41.375
Lowest Price	\$39.281	\$45.688	\$36.000	\$36.500	\$22.625

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Closing Price \$49.438 \$52.313 \$37.563 \$40.000 \$33.500

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

For the Quarter Ended	Sep 2000 -----	Dec 2000 -----	Mar 2001 -----	Jun 2001 -----	Sep 2001 -----
Revenue					
Annuities	532.1	522.3	510.4	512.1	478.2
Life Insurance	453.2	479.9	459.6	455.7	460.6
Investment Management	123.8	120.0	112.3	110.3	104.7
Lincoln UK	112.8	104.3	84.9	68.9	76.3
Corporate & Other*	494.1	547.0	531.6	452.0	489.5
Total Revenue	1716.1	1773.5	1698.8	1599.0	1609.3
	=====	=====	=====	=====	=====
Income from Operations**					
Annuities	102.9	86.4	82.3	90.8	72.4
Life Insurance	66.5	70.6	68.6	67.1	70.1
Investment Management	9.9	8.7	2.4	3.7	3.5
Lincoln UK	10.6	15.5	14.4	16.2	10.1
Corporate & Other*	0.9	3.5	10.9	(9.7)	(12.9)
Income from Operations	190.7	184.7	178.6	168.1	143.2
	=====	=====	=====	=====	=====
Net Income					
Annuities	93.8	89.2	76.6	79.9	58.6
Life Insurance	67.4	65.4	62.9	53.5	64.7
Investment Management	9.7	6.6	2.0	2.9	2.9
Lincoln UK	(29.9)	(17.9)	14.8	17.6	14.0
Corporate & Other*	(2.3)	5.7	4.0	(12.2)	(21.2)
Total Net Income	138.6	148.9	160.2	141.7	119.1
	=====	=====	=====	=====	=====
OTHER DATA					
Assets	103243.1	99844.1	94122.4	96431.2	90206.0
Shareholders' Equity					
Beg of Period (Sec & Deriv at Market)	4223.7	4538.6	4954.1	5096.4	5055.9
End of Period (Sec & Deriv at Market)	4538.6	4954.1	5096.4	5055.9	5368.6
End of Period (Sec & Deriv at Cost)	4876.3	4942.0	4882.7	4952.8	5100.4
Average Equity (Sec & Deriv at Cost)	4867.2	4915.7	4953.7	4920.2	5085.0
Common Shares Outstanding					
Average for the Period - Diluted	195.6	195.6	193.7	192.0	194.8
End of Period - Diluted	196.2	195.2	191.3	192.9	193.3
Per Share Data (Diluted)					
Income from Operations **	\$0.98	\$0.94	\$0.92	\$0.88	\$0.74
Net Income	\$0.71	\$0.76	\$0.83	\$0.74	\$0.61
Shareholders' Equity					
Shareholders' Equity (Sec & Deriv at Market)	\$23.67	\$25.92	\$27.09	\$26.87	\$28.29
Shareholders' Equity (Sec & Deriv at Cost)	\$25.43	\$25.85	\$25.96	\$26.32	\$26.87

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Dividends Declared (Com Stk)	\$0.290	\$0.305	\$0.305	\$0.305	\$0.305
Return on Equity (see page 30)					
Net Income/Average Equity	11.4%	12.1%	12.9%	11.5%	9.4%
Inc from Operations/Average Equity	15.7%	15.0%	14.4%	13.7%	11.3%
Market Value of Common Stock					
Highest Price	\$56.375	\$50.938	\$48.250	\$52.300	\$52.750
Lowest Price	\$35.625	\$40.875	\$38.000	\$41.280	\$41.000
Closing Price	\$48.125	\$47.313	\$42.470	\$51.750	\$46.630

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, current year and historical financial data for the former Reinsurance segment was moved into "Other Operations."

\*\* "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."

12/31/01

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

For the Quarter Ended December 31	Annuities		Life Insu
	Dec 2001	Dec 2000	Dec 2001
	-----	-----	-----
Operating Revenue			
Life and annuity premiums	12.7	16.2	64.3
Surrender charges	7.2	9.1	19.9
Mortality assessments			125.5
Expense assessments	126.2	154.2	52.8
Health premiums			0.1
Investment advisory fees			
Other revenue and fees	10.0	3.5	6.0
Net investment income	342.6	335.0	226.6
Earnings in Unconsolidated Affiliates			
	-----	-----	-----
Operating Revenue	498.7	518.1	495.2
	-----	-----	-----
Operating Benefits and Expenses			
Ins. benefits paid or provided:			
Life and annuity policy benefits	55.3	59.0	112.9
Div accum & div to policyholders			25.4
Interest credited to policy bal.	227.5	213.2	146.9
Health policy benefits			(0.0)
Underwriting, acquisition, insurance and other expenses	131.1	143.2	91.4
Goodwill amortization	0.3	0.3	5.9
Interest			0.0
	-----	-----	-----
Operating Benefits and Expenses	414.2	415.7	382.5



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	-----	-----	-----
Income from Operations Before Tax	84.5	102.3	112.7
Federal income taxes	9.7	15.9	39.5
	-----	-----	-----
Income from Operations	74.8	86.4	73.2
	-----	-----	-----
Restructuring charges			(1.5)
Realized gains (losses) on investments	(20.7)	2.8	(21.3)
Gains (losses) on derivatives	0.1		1.5
Gain on sale of subsidiaries			
	-----	-----	-----
Income before Accounting Changes	54.2	89.2	51.9
Cumulative effect of accounting changes	0.0		(0.0)
Net Income	54.2	89.2	51.9
	=====	=====	=====
Inc. from Oper.-before Goodwill Amort.	75.1	86.7	79.1
	-----	-----	-----

For the Quarter Ended December 31	Investment Management		Lincoln
	Dec 2001	Dec 2000	Dec 2001
	-----	-----	-----
Operating Revenue			
Life and annuity premiums			11.4
Surrender charges			
Mortality assessments			7.1
Expense assessments			24.1
Health premiums			0.5
Investment advisory fees	71.4	79.9	
Other revenue and fees	23.4	26.6	0.6
Net investment income	12.8	13.8	15.2
Earnings in Unconsolidated Affiliates			
	-----	-----	-----
Operating Revenue	107.6	120.2	58.9
	-----	-----	-----
Operating Benefits and Expenses			
Ins. benefits paid or provided:			
Life and annuity policy benefits			16.7
Div accum & div to policyholders			
Interest credited to policy bal.			
Health policy benefits			4.1
Underwriting, acquisition, insurance and other expenses	96.4	103.0	36.5
Goodwill amortization	4.1	4.1	0.2
Interest		(0.0)	
	-----	-----	-----
Operating Benefits and Expenses	100.4	107.1	57.5
	-----	-----	-----
Income from Operations Before Tax	7.1	13.1	1.4
Federal income taxes	2.1	4.4	(18.1)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income from Operations	5.1	8.7	19.5
Restructuring charges	(0.4)	(1.9)	
Realized gains (losses) on investments	(0.7)	(0.2)	3.0
Gains (losses) on derivatives			
Gain on sale of subsidiaries			
Income before Accounting Changes	4.0	6.6	22.5
Cumulative effect of accounting changes			
Net Income	4.0	6.6	22.5
Inc. from Oper.-before Goodwill Amort.	9.1	12.7	19.7
	Corporate and Other Operations*		Consolidated Adjustments
	Dec 2001	Dec 2000	Dec 2001
Operating Revenue			
Life and annuity premiums	182.3	273.2	
Surrender charges	0.1	0.8	0.5
Mortality assessments	0.0	0.0	
Expense assessments	(0.0)	0.0	9.3
Health premiums	35.5	88.6	
Investment advisory fees			(20.5)
Other revenue and fees	117.7	161.5	(8.9)
Net investment income	71.2	99.3	(21.9)
Earnings in Unconsolidated Affiliates	4.3	0.6	
Operating Revenue	411.1	623.9	(41.4)
Operating Benefits and Expenses			
Ins. benefits paid or provided:			
Life and annuity policy benefits	117.9	199.2	
Div accum & div to policyholders	1.2	2.1	
Interest credited to policy bal.	7.0	11.9	9.2
Health policy benefits	20.9	88.3	
Underwriting, acquisition, insurance and other expenses	181.9	271.2	(34.3)
Goodwill amortization	0.3	0.4	(0.0)
Interest	46.8	56.7	(21.9)
Operating Benefits and Expenses	376.0	629.9	(46.9)
Income from Operations Before Tax	35.2	(6.0)	5.6
Federal income taxes	12.9	(8.0)	1.4
Income from Operations	22.3	2.0	4.2
Restructuring charges	(18.3)	1.0	
Realized gains (losses) on investments	25.1	0.6	(5.4)
Gains (losses) on derivatives	(6.3)		
Gain on sale of subsidiaries	15.0		

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income before Accounting Changes	37.8	3.6	(1.2)
Cumulative effect of accounting changes	(0.0)		
Net Income	37.8	3.6	(1.2)
Inc. from Oper.-before Goodwill Amort.	22.6	2.4	4.2

Consolidated

	Dec 2001	Dec 2000
Operating Revenue		
Life and annuity premiums	270.7	396.1
Surrender charges	27.7	30.3
Mortality assessments	132.6	129.6
Expense assessments	212.4	257.1
Health premiums	36.1	89.4
Investment advisory fees	50.9	53.6
Other revenue and fees	148.8	144.6
Net investment income	646.6	672.1
Earnings in Unconsolidated Affiliates	4.3	0.6
Operating Revenue	1530.1	1773.5
Operating Benefits and Expenses		
Ins. benefits paid or provided:		
Life and annuity policy benefits	302.8	430.0
Div accum & div to policyholders	26.6	27.4
Interest credited to policy bal.	390.6	371.5
Health policy benefits	25.0	91.8
Underwriting, acquisition, insurance and other expenses	503.0	572.9
Goodwill amortization	10.7	10.9
Interest	25.0	33.4
Operating Benefits and Expenses	1283.7	1537.9
Income from Operations Before Tax	246.5	235.6
Federal income taxes	47.4	50.9
Income from Operations	199.1	184.7
Restructuring charges	(20.2)	(37.0)
Realized gains (losses) on investments	(20.0)	1.2
Gains (losses) on derivatives	(4.6)	
Gain on sale of subsidiaries	15.0	
Income before Accounting Changes	169.2	148.9
Cumulative effect of accounting changes	(0.0)	
Net Income	169.2	148.9
Inc. from Oper.-before Goodwill Amort.	209.8	195.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, and historical financial data for the former Reinsurance segment was moved into "Other Operati

12/31/01

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

For the Year Ended December 31	Annuities		Life Insurance		Investmen Managemen	
	Dec 2001	Dec 2000	Dec 2001	Dec 2000	Dec 2001	D 20
Operating Revenue						
Life and annuity premiums	77.5	64.3	212.3	227.2		
Surrender charges	31.2	41.8	66.1	66.4		
Mortality assessments			499.4	465.2		
Expense assessments	537.7	628.4	191.4	191.8		
Health premiums			0.1	0.1		
Investment advisory fees					284.6	320
Other revenue and fees	16.7	11.0	17.9	14.2	99.2	115
Net investment income	1370.0	1393.5	910.2	871.5	53.6	57
Earnings in Unconsolidated Affiliates						
Operating Revenue	2033.1	2138.9	1897.5	1836.4	437.4	494
Operating Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	263.9	254.7	418.6	411.5		
Div accum & div to policyholders			78.5	80.8		
Interest credited to policy bal.	863.8	866.1	569.9	525.4		
Health policy benefits			(0.0)	0.1		
Underwriting, acquisition, insurance and other expenses	524.5	575.5	374.7	384.8	397.8	408
Goodwill amortization	1.2	(0.6)	23.7	23.7	16.2	16
Interest			0.0			0
Operating Benefits and Expenses	1653.5	1695.7	1465.4	1426.3	414.1	425
Income from Operations Before Tax	379.6	443.2	432.1	410.1	23.4	69
Federal income taxes	59.3	81.2	153.0	150.1	8.7	25
Income from Operations	320.3	362.0	279.0	259.9	14.6	44
Restructuring charges	(1.3)		(3.5)		(0.4)	(4
Realized gains (losses) on investments	(42.3)	(3.4)	(38.5)	(10.7)	(2.4)	(2



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income before Accounting Changes	8.2	(3.9)	1.6	(6.3)
Cumulative effect of accounting changes	(2.7)			
Net Income	5.6	(3.9)	1.6	(6.3)
Inc. from Oper.-before Goodwill Amort.	9.2	(10.8)	7.2	4.5

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, and historical financial data for the former Reinsurance segment was moved into "Other Operations"

12/31/2001

Statement of Consolidated Income  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999
Operating Revenue			
Life and annuity premiums	756.2	985.6	1183.0
Surrender charges	45.4	91.5	110.2
Mortality assessments	186.4	380.1	496.4
Expense assessments	600.3	803.0	930.9
Health premiums	572.6	635.1	698.5
Investment advisory fees	204.9	227.1	223.8
Other revenue and fees	157.3	261.0	344.5
Net investment income	2250.8	2681.4	2807.5
Earnings in Unconsolidated Affiliates	2.1	3.3	5.8
Operating Revenue	4775.9	6068.0	6800.7
Operating Benefits and Expenses			
Ins. benefits paid or provided:			
Life and annuity policy benefits	1090.2	1237.7	1546.6
Div accum & div to policyholders	29.7	78.0	88.4
Interest credited to policy bal.	1238.7	1446.2	1510.4
Health policy benefits	833.1	566.9	659.7
Underwriting, acquisition, insurance and other expenses	1557.3	1844.2	2218.5
Goodwill amortization	15.6	44.5	49.2
Interest	92.5	117.1	133.7
Operating Benefits and Expenses	4857.2	5334.6	6206.4
Income from Operations Before Tax	(81.3)	733.4	594.4
Federal income taxes	(30.6)	203.0	118.9
Income from Continuing Operations	(50.6)	530.4	475.5
Discontinued Operations	911.8		

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Restructuring charges		(34.3)	(18.9)
Realized gains (losses) on investments	72.9	13.7	3.8
Gains (losses) on derivatives			
Gain on sale of subsidiaries			
	-----	-----	-----
Income before Accounting Changes	934.0	509.8	460.4
Cumulative Effect of Accounting Changes			
	-----	-----	-----
Net Income	934.0	509.8	460.4
	=====	=====	=====

For the Quarter Ended	Mar 1999	Jun 1999	Sep 1999	Dec 1999
	-----	-----	-----	-----
Operating Revenue				
Life and annuity premiums	284.2	274.0	263.8	361.1
Surrender charges	25.5	27.1	28.4	29.2
Mortality assessments	137.3	122.2	118.2	118.7
Expense assessments	215.3	231.5	245.9	238.3
Health premiums	154.9	160.3	149.6	233.6
Investment advisory fees	58.8	56.3	54.6	54.1
Other revenue and fees	86.4	109.0	77.9	71.2
Net investment income	709.5	700.8	697.1	700.1
Earnings in Unconsolidated Affiliates	1.6	1.1	1.2	1.8
	-----	-----	-----	-----
Operating Revenue	1673.4	1682.4	1636.7	1808.2
	-----	-----	-----	-----
Operating Benefits and Expenses				
Ins. benefits paid or provided:				
Life and annuity policy benefits	344.6	335.5	294.0	572.5
Div accum & div to policyholders	21.5	22.5	21.2	23.3
Interest credited to policy bal.	375.1	377.1	369.7	388.5
Health policy benefits	145.5	166.6	189.8	157.8
Underwriting, acquisition, insurance and other expenses	522.4	532.1	533.4	630.5
Goodwill amortization	11.8	9.9	12.9	14.6
Interest	33.1	32.6	33.3	34.7
	-----	-----	-----	-----
Operating Benefits and Expenses	1454.1	1476.3	1454.1	1821.8
	-----	-----	-----	-----
Income from Operations before Tax/Min Int.	219.3	206.1	182.6	(13.6)
Federal income taxes	63.6	54.2	51.2	(50.2)
	-----	-----	-----	-----
Inc from Operations before Min Int	155.7	151.8	131.4	36.6
	-----	-----	-----	-----
Minority Interest				
Income from Operations	155.7	151.8	131.4	36.6
	-----	-----	-----	-----
Restructuring charges	(12.1)		(3.2)	(3.6)
Realized gains (losses) on investments	1.5	(3.5)	4.1	1.6
Gains (losses) on derivatives				
Gain on sale of subsidiaries				
	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income before Accounting Changes	145.1	148.4	132.3	34.6
Cumulative Effect of Accounting Changes	-----	-----	-----	-----
Net Income	145.1	148.4	132.3	34.6
	=====	=====	=====	=====

For the Quarter Ended	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----
Operating Revenue				
Life and annuity premiums	339.0	396.1	402.1	353.9
Surrender charges	25.9	30.3	27.8	22.8
Mortality assessments	125.9	129.6	133.7	133.7
Expense assessments	273.4	257.1	244.9	227.5
Health premiums	117.9	89.4	104.8	95.7
Investment advisory fees	53.3	53.6	49.4	49.6
Other revenue and fees	106.0	144.6	82.0	60.3
Net investment income	690.0	672.1	673.7	673.1
Earnings in Unconsolidated Affiliates	1.6	0.6	0.9	0.0
Operating Revenue	1733.1	1773.5	1719.5	1616.5
	-----	-----	-----	-----
Operating Benefits and Expenses				
Ins. benefits paid or provided:				
Life and annuity policy benefits	390.2	430.0	418.9	373.6
Div accum & div to policyholders	18.2	27.4	18.9	20.2
Interest credited to policy bal.	362.0	371.5	367.1	369.7
Health policy benefits	123.0	91.8	101.8	91.5
Underwriting, acquisition, insurance and other expenses	532.4	572.9	524.8	491.4
Goodwill amortization	12.0	10.9	10.9	10.9
Interest	34.4	33.4	34.4	32.0
Operating Benefits and Expenses	1472.2	1537.9	1476.7	1389.3
	-----	-----	-----	-----
Income from Operations before Tax/Min Int.	260.8	235.6	242.7	227.2
Federal income taxes	70.1	50.9	64.1	59.1
Inc from Operations before Min Int	190.7	184.7	178.6	168.1
	-----	-----	-----	-----
Minority Interest	(0.0)	0.0	(0.0)	(0.0)
Income from Operations	190.7	184.7	178.6	168.1
	-----	-----	-----	-----
Restructuring charges	(40.5)	(37.0)	(0.7)	(3.9)
Realized gains (losses) on investments	(11.6)	1.2	(13.4)	(11.5)
Gains (losses) on derivatives			(0.1)	0.2
Gain on sale of subsidiaries				
Income before Accounting Changes	138.6	148.9	164.5	153.0
Cumulative Effect of Accounting Changes			(4.3)	(11.3)
Net Income	138.6	148.9	160.2	141.7
	-----	-----	-----	-----



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

=====

12/31/01

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

	Annuities		Life Insurance		Investment Management	
	Dec 2001	Dec 2000	Dec 2001	Dec 2000	Dec 2001	
ASSETS						
Investments						
Corporate bonds	10956.5	8892.4	7088.2	6353.6	424.2	3
U.S. government bonds	13.2	25.8	78.2	86.4	0.2	
Foreign government bonds	145.8	135.5	114.6	125.8	1.9	
Asset/Mortgage backed securities	1945.8	2299.7	779.1	829.3	42.5	
State and municipal bonds	24.3	6.3	17.4	7.9		
Preferred stocks-redeemable	62.7	120.5	13.0	24.6	8.8	
Common stocks			7.6	13.6		
Preferred stocks-equity	38.5	45.8	5.6	9.2	2.6	
Mortgage loans	2378.1	2324.0	1701.6	1765.9	92.4	
Real estate						
Policy loans	491.4	509.9	1439.7	1440.5		
Other long-term investments	11.7	5.2	20.9	16.9		
Total Investments	16068.0	14365.2	11265.9	10673.8	572.6	4
Allocated investments	3481.0	3598.0	1154.7	1131.7	102.4	1
Notes receivable from LNC	333.3	441.2	27.6	466.7	82.9	1
Invest in unconsol affiliates						
Cash and invested cash	(24.7)	(108.8)	(36.4)	(67.2)	55.4	
Property and equipment			8.5	7.0	36.5	
Premium and fees receivable	0.0	(1.8)	8.2	45.6	38.5	
Accrued investment income	245.0	210.8	187.6	169.5	8.9	
Assets held in separate accounts	34324.6	39322.1	1491.0	1270.1		
Federal income tax recoverable						
Amount recoverable from reinsurers	1211.6	1309.5	859.5	989.1		
Deferred acquisition costs	912.8	812.5	1265.6	1079.3		
Other intangible assets	154.5	169.2	964.0	1040.5	50.1	
Goodwill	43.9	45.2	855.1	878.7	300.7	3
Other	138.1	104.1	358.4	254.3	212.5	1
Total Assets	56888.2	60267.1	18409.7	17939.1	1460.5	14
	Corporate and Other Operations*		Consolidating Adjustments			

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

ASSETS	Dec 2001 -----	Dec 2000 -----	Dec 2001 -----	Dec 2000 -----
Investments				
Corporate bonds	4123.9	5212.4		
U.S. government bonds	318.9	430.4		
Foreign government bonds	586.2	615.0		
Asset/Mortgage backed securities	757.3	982.4		
State and municipal bonds	3.0	0.3		
Preferred stocks-redeemable	1.4	6.5		
Common stocks	100.5	157.8		
Preferred stocks-equity	104.5	55.6		
Mortgage loans	363.0	477.2		
Real estate	269.0	283.0	(1.3)	(1.3)
Policy loans				
Other long-term investments	1771.3	1691.2	(1250.0)	(1250.0)
	-----	-----	-----	-----
Total Investments	8399.1	9911.9	(1251.3)	(1251.3)
	-----	-----	-----	-----
Allocated investments	50.0	323.7	(4788.2)	(5176.1)
Notes receivable from LNC	(443.7)	(1033.7)	(0.1)	(0.5)
Invest in unconsol affiliates	8.1	6.4		
Cash and invested cash	3139.5	1978.8	(210.5)	(197.5)
Property and equipment	173.2	147.8		
Premium and fees receivable	365.6	215.6	(12.2)	3.0
Accrued investment income	101.0	135.5		
Assets held in separate accounts			3410.5	3546.7
Federal income tax recoverable			6.3	207.5
Amount recoverable from reinsurers	4150.6	1649.5	(191.4)	(200.3)
Deferred acquisition costs	33.9	462.6	85.6	81.1
Other intangible assets		12.8		
Goodwill	(0.0)	33.7		(1.6)
Other	1032.9	901.8	(604.7)	(322.2)
	-----	-----	-----	-----
Total Assets	17753.8	14746.4	(4258.7)	(3311.2)
	=====	=====	=====	=====

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, a historical financial data for the former Reinsurance segment was moved into "Other Operations."

12/31/01

PAGE

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

LIABILITIES and SHAREHOLDERS' EQUITY	Annuities Dec 2001 -----	Dec 2000 -----	Life Insurance Dec 2001 -----
Liabilities			
Insurance and Inv Contract Liabilities:			

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Life and annuity reserves	2622.7	2686.4	12955.8	127
Health reserves			0.3	
Unpaid claims - life and health	31.3	7.1	92.9	1
Unearned premiums			0.0	
Premium deposit funds	17838.9	16331.4	13.9	
Participating policyholders' funds			100.2	1
Other policyholders' funds			555.2	5
Liab related to separate accounts	34324.6	39322.1	1491.0	12
	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	54817.5	58347.0	15209.5	148
Federal income taxes	(5.7)	(108.7)	(13.5)	(1
Short-term debt			10.0	
Long-term debt				
Minority Interest in pref. securities of sub.				
Notes payable to LNC				
Other liabilities	168.4	274.4	436.3	5
Deferred gain on indemnity reinsurance				
	-----	-----	-----	-----
Total Liabilities	54980.3	58512.7	15642.2	152
	-----	-----	-----	-----
Net unrealized gains (losses) on securities	79.9	(44.7)	13.6	(
Gains (losses) on derivatives	0.3		4.5	
Other shareholders' equity	1824.9	1799.1	2738.4	26
S/Hs' equity-minimum pension liability adjustment				
Cumulative effect of accounting change	2.8		11.1	
	-----	-----	-----	-----
Shareholders' Equity	1907.9	1754.4	2767.5	26
	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	56888.2	60267.1	18409.7	179
	=====	=====	=====	=====

	Investment Management		Lincoln UK	
LIABILITIES and SHAREHOLDERS' EQUITY	Dec 2001	Dec 2000	Dec 2001	
	-----	-----	-----	-----
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves			1338.1	15
Health reserves			46.0	
Unpaid claims - life and health			42.4	
Unearned premiums				
Premium deposit funds			29.2	
Participating policyholders' funds				
Other policyholders' funds				
Liab related to separate accounts			5607.2	64
	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities			7063.0	81
Federal income taxes	43.3	28.3	(12.2)	
Short-term debt	9.3			
Long-term debt				
Minority Interest in pref. securities of sub.				

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Notes payable to LNC				
Other liabilities	866.2	859.1	192.0	1
Deferred gain on indemnity reinsurance				
	-----	-----	-----	-----
Total Liabilities	918.8	887.4	7242.8	82
	-----	-----	-----	-----
Net unrealized gains (losses) on securities	1.5	(0.5)	15.3	
Gains (losses) on derivatives				
Other shareholders' equity	540.3	552.2	566.7	4
S/Hs' equity-minimum pension liability adjustment			(36.0)	
Cumulative effect of accounting change				
	-----	-----	-----	-----
Shareholders' Equity	541.7	551.6	546.0	4
	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	1460.5	1439.0	7788.8	87
	=====	=====	=====	=====

	Corporate and Other Operations*	Consolidating Adjustments		
LIABILITIES and SHAREHOLDERS' EQUITY	Dec 2001	Dec 2000	Dec 2001	
	-----	-----	-----	-----
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves	1122.8	945.0	(122.4)	(1
Health reserves	2491.5	2473.0		
Unpaid claims - life and health	920.9	1154.8		
Unearned premiums	66.9	46.4		
Premium deposit funds	105.5	753.2	597.5	5
Participating policyholders' funds				
Other policyholders' funds	7.4	6.8		
Liab related to separate accounts			3410.5	35
	-----	-----	-----	-----
Total Insurance and Inv Contract Liabilities	4715.0	5379.2	3885.6	40
Federal income taxes	(17.5)	(15.8)	46.4	2
Short-term debt	726.2	749.8	(554.8)	(4
Long-term debt	2211.7	1962.2	(1250.0)	(12
Minority Interest in pref. securities of sub.	474.7	745.0		
Notes payable to LNC				
Other liabilities	3452.1	1244.7	(839.5)	(6
Deferred gain on indemnity reinsurance	1144.5			
	-----	-----	-----	-----
Total Liabilities	12706.7	10065.2	1287.8	18
	-----	-----	-----	-----
Net unrealized gains (losses) on securities	77.2	45.0	8.2	
Gains (losses) on derivatives	(0.8)			
Other shareholders' equity	4223.1	4636.1	(4811.0)	(51
S/Hs' equity-minimum pension liability adjustment				
Cumulative effect of accounting change	3.9			
	-----	-----	-----	-----
Shareholders' Equity	4303.4	4681.2	(4802.8)	(51
	-----	-----	-----	-----
Total Liabilities and S/Hs' Equity	17010.1	14746.4	(3515.0)	(33

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	=====	=====	=====	=====
	Consolidated			
LIABILITIES and SHAREHOLDERS' EQUITY	Dec	Dec		
	2001	2000		
	-----	-----		
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves	17917.0	17841.2		
Health reserves	2537.9	2523.8		
Unpaid claims - life and health	1087.5	1316.6		
Unearned premiums	66.9	46.5		
Premium deposit funds	18585.0	17715.5		
Participating policyholders' funds	100.2	139.4		
Other policyholders' funds	562.7	522.2		
Liab related to separate accounts	44833.4	50579.9		
	-----	-----		
Total Insurance and Inv				
Contract Liabilities	85690.6	90685.1		
Federal income taxes				
Short-term debt	190.7	312.9		
Long-term debt	961.7	712.2		
Minority Interest in pref. securities of sub.	474.7	745.0		
Notes payable to LNC				
Other liabilities	4275.6	2434.7		
Deferred gain on indemnity reinsurance	1144.5			
	-----	-----		
Total Liabilities	92737.8	94890.0		
	-----	-----		
Net unrealized gains (losses) on securities	195.7	12.0		
Gains (losses) on derivatives	3.9			
Other shareholders' equity	5082.5	4942.0		
S/Hs' equity-minimum pension				
liability adjustment	(36.0)			
Cumulative effect of accounting change	17.6			
	-----	-----		
Shareholders' Equity	5263.7	4954.1		
	-----	-----		
Total Liabilities and S/Hs' Equity	98001.5	99844.1		
	=====	=====		

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, all current year and historical financial data for the former Reinsurance segment was moved into "Other Operations."

12/31/01

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

ASSETS	1997	1998	1999	2000
	-----	-----	-----	-----
Investments				
Corporate bonds	16633.3	22505.2	21119.5	21249.
U.S. government bonds	662.4	1134.6	538.3	542.
Foreign government bonds	1804.4	1321.2	1447.5	1321.
Mortgage backed securities	4529.3	5080.5	4404.0	4160.
State and municipal bonds	241.4	16.7	14.7	14.
Preferred stocks-redeemable	195.5	174.6	164.7	161.
Common stocks	572.3	463.1	514.5	436.
Preferred stocks-equity	88.2	79.8	89.5	113.
Mortgage loans	3288.1	4393.1	4735.4	4663.
Real estate	576.0	488.7	256.2	282.
Policy loans	763.1	1840.0	1892.4	1960.
Other long-term investments	464.8	432.0	401.8	463.
	-----	-----	-----	-----
Total Investments	29818.8	37929.5	35578.4	35368.
	-----	-----	-----	-----
Invest in unconsol affiliates	21.0	18.8	25.8	6.
Cash and invested cash	3794.7	2433.4	1895.9	1927.
Property and equipment	189.8	174.8	203.8	228.
Premiums and fees receivable	197.5	246.2	259.6	296.
Accrued investment income	423.0	528.5	533.2	546.
Assets held in separate accounts	37138.8	43408.9	53654.2	50579.
Federal income taxes recoverable		204.1	345.0	207.
Amounts recoverable from reinsurers	2350.8	3127.1	3954.3	3747.
Deferred acquisition costs	1623.8	1964.4	2800.3	3070.
Other intangible assets	613.9	1848.4	1746.5	1557.
Goodwill	457.7	1484.3	1423.0	1286.
Other	544.8	468.0	675.7	1021.
	-----	-----	-----	-----
Total Assets	77174.7	93836.3	93095.7	99844.
	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY				
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves	8228.7	16434.2	17071.4	17841.
Health reserves	2300.4	2600.1	2507.8	2523.
Unpaid claims-life and health	682.0	1043.4	1269.8	1316.
Unearned premiums	55.3	62.3	75.8	46.
Premium deposit funds	19803.0	20171.9	19624.1	17715.
Participating policyholders' funds	79.8	142.7	132.0	139.
Other policyholders' funds	180.6	438.4	472.6	522.
Liab related to separate accounts	37138.8	43408.9	53654.2	50579.
	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	68468.5	84301.9	94807.7	90685.
	-----	-----	-----	-----
Federal income taxes	487.8			
Short-term debt	297.2	314.6	460.2	312.
Long-term debt	511.0	712.2	712.0	712.
Minority Interest - pref sec of a sub	315.0	745.0	745.0	745.
Other liabilities	2112.2	2374.6	2107.0	2434.
Deferred gain on indemnity reinsurance				
	-----	-----	-----	-----
Total Liabilities	72191.8	88448.3	98831.9	94890.
	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

S/Hs' equity-unrealized gains (losses)-cont op.	436.0	552.4	(465.7)	12.
S/Hs' equity-foreign currency	46.2	50.0	30.0	21.
S/Hs' equity-minimum pension liability adjustment				
S/Hs' equity-other	4500.7	4785.5	4699.6	4920.
Cumulative effect of accounting change				
	-----	-----	-----	-----
Total Shareholders' Equity	4982.9	5387.9	4263.9	4954.
	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	77174.7	93836.3	103095.7	99844.
	=====	=====	=====	=====
Shareholders' Equity Per Share [Book Value, Securities at Cost]	\$22.48	\$23.86	\$24.14	\$25.8
Common shares outstanding	202.3	202.6	196.0	191.

12/31/01

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

	Mar 1999	Jun 1999	Sep 1999	Dec 1999	M 20
	-----	-----	-----	-----	-----
ASSETS					
Investments					
Corporate bonds	22450.1	21888.5	21560.5	21119.5	21188
U.S. government bonds	1489.4	1367.8	991.0	538.3	572
Foreign government bonds	1373.7	1339.7	1369.6	1447.5	1416
Mortgage backed securities	5068.6	4788.5	4601.2	4404.0	4393
State and municipal bonds	16.2	19.1	14.8	14.7	14
Preferred stocks - redeemable	179.8	175.8	171.3	164.7	159
Common stocks	399.5	419.0	423.9	514.5	496
Preferred stocks-equity	81.3	86.7	82.7	89.5	91
Mortgage loans	4344.6	4570.5	4772.7	4735.4	4833
Real estate	471.8	449.8	280.3	256.2	283
Policy loans	1842.4	1847.4	1863.2	1892.4	1896
Other long-term investments	411.9	409.9	401.2	401.8	428
	-----	-----	-----	-----	-----
Total Investments	38129.4	37362.6	36532.4	35578.4	35774
	-----	-----	-----	-----	-----
Invest in unconsol affiliates	20.5	22.3	23.4	25.8	
Cash and invested cash	2327.0	2151.1	2342.9	1895.9	1510
Property and equipment	178.0	180.7	191.9	203.8	207
Premiums and fees receivable	241.8	269.0	296.0	259.6	190
Accrued investment income	585.6	569.1	602.9	533.2	575
Assets held in separate accounts	44339.4	47864.3	46228.8	53654.2	56907
Federal income taxes recoverable	286.0	478.4	457.3	345.0	300
Amount recoverable from reinsurers	3124.5	3121.3	3315.6	3954.3	3851
Deferred acquisition costs	2112.2	2398.3	2614.5	2800.3	2870
Other intangible assets	1845.4	1764.9	1760.6	1746.5	1705
Goodwill	1404.6	1428.3	1435.0	1423.0	1349
Other	755.8	651.1	699.3	675.7	1097

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Assets	95350.3	98261.4	96500.7	103095.7	106340.0
LIABILITIES and SHAREHOLDERS' EQUITY					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	16590.3	16536.4	16760.5	17071.4	17172.0
Health reserves	2562.3	2528.2	2511.3	2507.8	2547.0
Unpaid claims-life and health	1022.9	1064.9	1162.6	1269.8	1177.0
Unearned premiums	68.8	68.7	62.5	75.8	57.0
Premium deposit funds	20027.8	20012.6	19988.9	19624.1	18899.0
Participating policyholders' funds	132.6	125.7	120.2	132.0	130.0
Other policyholders' funds	440.4	441.2	445.9	472.6	478.0
Liab related to separate accounts	44339.4	47864.3	46228.8	53654.2	56907.0
Total Ins and Inv Contr Liabilities	85184.6	88642.1	87280.8	94807.7	97370.0
Federal income taxes					
Short-term debt	281.8	380.2	367.7	460.2	474.0
Long-term debt	712.1	712.1	712.0	712.0	712.0
Minority Interest - pref sec of a sub	745.0	745.0	745.0	745.0	745.0
Other liabilities	3319.3	2964.7	2733.0	2107.0	2697.0
Deferred gain on indemnity reinsurance					
Total Liabilities	90242.9	93444.1	91838.5	98831.9	101999.0
S/Hs' equity-unrealized gns (losses)- inv.					
S/Hs' equity- gains (losses)-derivatives	254.6	(1.1)	(103.8)	(465.7)	(411.0)
S/Hs' equity-foreign currency	30.1	20.6	40.2	30.0	22.0
S/Hs' equity-minimum pension liability adj					
S/Hs' equity-other	4822.7	4797.9	4725.8	4699.6	4728.0
Cumulative effect of accounting change					
Total Shareholders' Equity	5107.4	4817.4	4662.2	4263.9	4340.0
Total Liabilities and Shareholders' Equity	95350.3	98261.4	96500.7	103095.7	106340.0
Shareholders' Equity Per Share					
[Book Value, Securities at Cost]	\$24.04	\$24.18	\$24.28	\$24.14	\$24.00
Common shares outstanding	201.8	199.3	196.3	196.0	193.0

	Sep 2000	Dec 2000	Mar 2001	Jun 2001	2001
ASSETS					
Investments					
Corporate bonds	21064.7	21249.7	21855.2	22116.6	2342.0
U.S. government bonds	575.5	542.9	536.6	510.0	46.0
Foreign government bonds	1277.7	1321.1	1240.8	1236.3	116.0
Mortgage backed securities	4172.5	4160.4	4009.8	3844.6	376.0
State and municipal bonds	14.3	14.6	14.7	14.1	1.0
Preferred stocks - redeemable	159.5	161.2	154.1	152.2	9.0



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Common stocks	479.9	436.6	388.6	373.3	31
Preferred stocks-equity	90.3	113.1	170.9	160.8	16
Mortgage loans	4767.3	4663.0	4641.2	4652.8	466
Real estate	297.6	282.0	308.1	306.9	28
Policy loans	1935.6	1960.9	1947.0	1947.4	194
Other long-term investments	470.5	463.3	477.4	480.9	48
	-----	-----	-----	-----	-----
Total Investments	35305.4	35368.6	35744.5	35796.0	3678
	-----	-----	-----	-----	-----
Invest in unconsol affiliates	5.8	6.4	7.3	6.1	
Cash and invested cash	1435.9	1927.4	2015.2	1501.9	199
Property and equipment	213.8	228.2	242.1	251.4	26
Premiums and fees receivable	240.8	296.7	282.8	303.7	26
Accrued investment income	569.2	546.4	581.9	573.2	61
Assets held in separate accounts	54410.9	50579.9	44506.2	47140.2	3947
Federal income taxes recoverable	267.3	207.5	106.6	177.5	3
Amount recoverable from reinsurers	3774.7	3747.7	3706.4	3662.0	381
Deferred acquisition costs	3048.0	3070.5	2963.4	3129.1	308
Other intangible assets	1598.4	1557.0	1505.3	1479.0	145
Goodwill	1296.6	1286.0	1274.5	1263.6	125
Other	1076.4	1021.6	1186.3	1147.7	114
	-----	-----	-----	-----	-----
Total Assets	103243.1	99844.1	94122.4	96431.2	9020
	=====	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS' EQUITY					
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	17500.0	17841.2	17733.0	17865.3	1799
Health reserves	2520.2	2523.8	2534.8	2533.9	257
Unpaid claims-life and health	1202.8	1316.6	1255.3	1136.5	120
Unearned premiums	51.8	46.5	45.9	19.0	
Premium deposit funds	18072.1	17715.5	17667.1	17715.9	1850
Participating policyholders' funds	135.4	139.4	145.0	135.2	11
Other policyholders' funds	500.7	522.2	532.1	541.4	55
Liab related to separate accounts	54410.9	50579.9	44506.2	47140.2	3947
	-----	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	94394.0	90685.1	84419.3	87087.2	8044
	-----	-----	-----	-----	-----
Federal income taxes					
Short-term debt	330.3	312.9	415.3	351.3	53
Long-term debt	712.2	712.2	712.3	712.4	71
Minority Interest - pref sec of a sub	745.0	745.0	745.0	745.0	30
Other liabilities	2522.9	2434.7	2734.2	2479.4	284
Deferred gain on indemnity reinsurance					
	-----	-----	-----	-----	-----
Total Liabilities	98704.5	94890.0	89026.0	91375.3	8483
	-----	-----	-----	-----	-----
S/Hs' equity-unrealized gns (losses)- inv.	(337.7)	12.0	190.4	76.2	24
S/Hs' equity- gains (losses)-derivatives			5.7	9.4	
S/Hs' equity-foreign currency	19.9	21.9	4.1	(15.3)	
S/Hs' equity-minimum pension liability adj					
S/Hs' equity-other	4856.4	4920.1	4878.5	4968.2	509
Cumulative effect of accounting change			17.6	17.6	1
	-----	-----	-----	-----	-----
Total Shareholders' Equity	4538.6	4954.1	5096.4	5055.9	536
	-----	-----	-----	-----	-----
Total Liabilities and Shareholders' Equity	103243.1	99844.1	94122.4	96431.2	9020

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

	=====	=====	=====	=====	=====
Shareholders' Equity Per Share					
[Book Value, Securities at Cost]	\$25.43	\$25.85	\$25.96	\$26.32	\$26.32
Common shares outstanding	191.8	191.2	188.1	188.2	188.2

12/31/01

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

For the Year Ended December 31	1997	1998	1999	2000
	-----	-----	-----	-----
Operating Revenue				
Premiums	84.2	53.9	65.2	64.3
Surrender charges	29.8	33.5	37.9	41.8
Expense assessments	367.2	459.9	536.2	628.4
Other revenue and fees	1.2	1.7	14.5	11.0
Net investment income	1477.1	1501.6	1474.2	1393.5
	-----	-----	-----	-----
Operating Revenue	1959.5	2050.6	2128.0	2138.9
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	292.6	271.6	259.1	254.7
Interest credited to policy bal.	974.4	955.2	925.2	866.1
Underwriting, acquisition, insurance and other expenses	415.0	498.8	560.8	575.5
Goodwill amortization	0.0	2.2	2.0	(0.6)
	-----	-----	-----	-----
Operating Benefits and Expenses	1682.0	1727.8	1747.1	1695.7
	-----	-----	-----	-----
Income from Operations Before Tax	277.5	322.8	380.9	443.2
	-----	-----	-----	-----
Federal income taxes	54.5	60.4	81.4	81.2
	-----	-----	-----	-----
Income from Operations	223.0	262.4	299.4	362.0
	-----	-----	-----	-----
Realized gains (losses) on investments	40.3	11.4	(7.9)	(3.4)
Gains (losses) on derivatives				
Restructuring charges				
	-----	-----	-----	-----
Income before Accounting Changes	263.3	273.8	291.5	358.6
Cumulative effect of accounting changes				
	-----	-----	-----	-----
Net Income	263.3	273.8	291.5	358.6
	=====	=====	=====	=====
Inc from Oper -before Goodwill Amort.	223.0	264.6	301.5	361.4
Effective tax rate	19.6%	18.7%	21.4%	18.3%
Operating Revenue	1959.5	2050.6	2128.0	2138.9
Realized gains (losses) on investments	63.5	17.5	(12.1)	(5.2)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Gains (losses) on derivatives

	-----	-----	-----	-----
Total Revenue	2023.0	2068.1	2115.8	2133.7
	=====	=====	=====	=====
Average capital	1373.0	1592.6	1562.0	1601.8
Return on average capital	16.2%	16.5%	19.2%	22.6%

12/31/01

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

	Mar	Jun	Sep	Dec	Mar
	1999	1999	1999	1999	2000
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	14.9	16.2	13.1	21.0	13.3
Surrender charges	8.6	9.3	10.1	9.8	11.1
Expense assessments	119.8	133.3	142.6	140.5	155.1
Other revenue and fees	3.9	3.2	0.9	6.4	2.2
Net investment income	373.4	370.2	364.5	366.0	362.9
	-----	-----	-----	-----	-----
Operating Revenue	520.7	532.3	531.2	543.7	544.6
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	61.9	65.0	55.0	77.2	61.6
Interest credited to policy balances	228.2	232.9	230.1	234.1	228.2
Underwriting, acquisition, insurance and other expenses	138.5	141.0	146.5	134.7	144.5
Goodwill amortization	0.5	0.4	0.6	0.5	(1.5)
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	429.1	439.2	432.2	446.5	432.8
	-----	-----	-----	-----	-----
Income from Operations Before Tax	91.6	93.0	99.0	97.2	111.8
	-----	-----	-----	-----	-----
Federal income taxes	17.2	17.1	23.6	23.5	23.3
	-----	-----	-----	-----	-----
Income from Operations	74.4	75.9	75.4	73.7	88.5
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	2.4	0.5	(7.0)	(3.7)	2.7
Gains (losses) on derivatives					
Restructuring charges					
	-----	-----	-----	-----	-----
Income before Accounting Changes	76.8	76.4	68.4	69.9	91.2
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Net Income	76.8	76.4	68.4	69.9	91.2
	=====	=====	=====	=====	=====

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Inc from Oper -before					
Goodwill Amortization	75.0	76.3	76.0	74.2	87.0
Effective tax rate	18.8%	18.4%	23.8%	24.2%	20.8%
Operating Revenue	520.7	532.3	531.2	543.7	544.6
Realized gains (losses) on investments	3.7	0.7	(10.7)	(5.8)	4.2
Gains (losses) on derivatives					
	-----	-----	-----	-----	-----
Total Revenue	524.4	533.0	520.5	538.0	548.7
	=====	=====	=====	=====	=====
Average capital	1615.3	1602.4	1471.2	1559.0	1438.4
Return on average capital	18.4%	19.0%	20.5%	18.9%	24.6%

	Sep	Dec	Mar	Jun	Sep
	2000	2000	2001	2001	2001
	-----	-----	-----	-----	-----
Operating Revenue					
Premiums	18.0	16.2	19.1	32.5	13.2
Surrender charges	10.4	9.1	9.1	8.5	6.5
Expense assessments	163.4	154.2	141.6	138.0	132.0
Other revenue and fees	4.6	3.5	1.7	3.9	1.2
Net investment income	349.8	335.0	341.3	339.3	346.6
	-----	-----	-----	-----	-----
Operating Revenue	546.2	518.1	512.8	522.1	499.5
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Benefits paid or provided:					
Benefits	68.4	59.0	69.8	72.6	66.3
Interest credited to policy balances	205.4	213.2	209.4	209.7	217.2
Underwriting, acquisition, insurance and other expenses	147.9	143.2	134.6	126.0	132.8
Goodwill amortization	0.3	0.3	0.3	0.3	0.3
	-----	-----	-----	-----	-----
Operating Benefits and Expenses	421.9	415.7	414.1	408.6	416.6
	-----	-----	-----	-----	-----
Income from Operations Before Tax	124.2	102.3	98.7	113.6	82.9
Federal income taxes	21.3	15.9	16.3	22.8	10.4
	-----	-----	-----	-----	-----
Income from Operations	102.9	86.4	82.3	90.8	72.4
	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(9.1)	2.8	(1.4)	(6.7)	(13.5)
Gains (losses) on derivatives			(0.1)	0.1	(0.3)
Restructuring charges			(0.7)	(0.6)	0.0
	-----	-----	-----	-----	-----
Income before Accounting Changes	93.8	89.2	80.2	83.6	58.6
Cumulative effect of accounting changes			(3.6)	(3.7)	0.0
	-----	-----	-----	-----	-----
Net Income	93.8	89.2	76.6	79.9	58.6
	=====	=====	=====	=====	=====
Inc from Oper -before					
Goodwill Amortization	103.2	86.7	82.6	91.1	72.7

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Effective tax rate	17.1%	15.6%	16.6%	20.1%	12.6%
Operating Revenue	546.2	518.1	512.8	522.1	499.5
Realized gains (losses) on investments	(14.1)	4.2	(2.2)	(10.3)	(20.8)
Gains (losses) on derivatives			(0.2)	0.2	(0.5)
	-----	-----	-----	-----	-----
Total Revenue	532.1	522.3	510.4	512.1	478.2
	=====	=====	=====	=====	=====
Average capital	1635.2	1686.0	1797.9	1787.1	1902.9
Return on average capital	25.2%	20.5%	18.3%	20.3%	15.2%

12/31/01

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

	1997	1998	1999
	-----	-----	-----
Fixed Annuities- Bal Beg-of-Year	17.634	17.214	18.111
Gross Deposits	1.632	1.452	2.563
Withdrawals (incl charges) & deaths	(2.220)	(2.468)	(2.521)
	-----	-----	-----
Net cash flows	(0.588)	(1.016)	0.042
Transfer from (to) var annuities	(1.336)	(0.356)	(0.783)
Interest credited	0.978	0.994	0.840
Acq of new business/companies	0.527	1.274	
	-----	-----	-----
Fixed Annuities-Gross	17.214	18.111	18.210
Reinsurance Ceded	(1.757)	(1.606)	(1.419)
	-----	-----	-----
Fixed Annuities-Bal End -of-Year	15.458	16.505	16.791
	-----	-----	-----
Fixed Annuities Incremental Deposits *	1.412	1.265	2.310
	-----	-----	-----
Variable Annuities-Bal Beg-of-Year	20.383	27.346	33.358
Gross Deposits	2.695	2.791	2.553
Withdrawals (incl charges) & deaths	(2.038)	(3.019)	(3.760)
	-----	-----	-----
Net cash flows	0.657	(0.228)	(1.207)
Transfer from (to) fixed annuities	1.335	0.389	0.787
Invest inc & change in mkt value	4.971	5.414	8.555
Acq(sale) of new business/companies		0.437	
	-----	-----	-----
Var Annuities-Bal End-of-Year	27.346	33.358	41.493
	-----	-----	-----
Variable Annuities Incremental Deposits *	2.585	2.641	2.409
	-----	-----	-----
Total Annuities - Bal Beg-of-Year	38.017	44.561	51.469

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Gross Deposits	4.327	4.244	5.116
Withdrawals (incl charges) & deaths	(4.258)	(5.487)	(6.281)
Net cash flows	0.069	(1.244)	(1.165)
Transfers	(0.001)	0.033	0.004
Interest credited & change in mkt value	5.949	6.408	9.395
Acq of new business/companies	0.527	1.711	
Total Gross Annuities-Bal End-of-Year	44.561	51.469	59.704
Reinsurance Ceded	(1.757)	(1.606)	(1.419)
Total Annuities (Net of Ceded) - Bal End-of-Year	42.804	49.863	58.284
Total Annuities Incremental Deposits *	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

12/31/01

PAGE

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

	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000	2
Fixed Annuities-Bal Beg-of-Quarter	18.111	18.225	18.303	18.406	18.210	17.
Gross Deposits	0.489	0.654	0.678	0.741	0.589	0.
Withdrawals (incl charges) & deaths	(0.579)	(0.593)	(0.567)	(0.782)	(0.875)	(0.
Net cash flows	(0.090)	0.061	0.111	(0.040)	(0.287)	(0.
Transfer from (to) var annuities	(0.034)	(0.211)	(0.238)	(0.300)	(0.550)	(0.
Interest credited	0.238	0.228	0.231	0.144	0.241	0.
Acq of new business/companies						
Fixed Annuities-Gross	18.225	18.303	18.406	18.210	17.615	17.
Reinsurance Ceded	(1.569)	(1.524)	(1.473)	(1.419)	(1.371)	(1.
Fixed Annuities-Bal End-of-Quarter	16.656	16.779	16.934	16.791	16.244	15.
Fixed Annuities Incremental Deposits *	0.462	0.622	0.644	0.582	0.560	0.
Variable Annuities-Bal Beg-of-Quarter	33.358	34.148	37.233	35.613	41.493	44.
Gross Deposits	0.635	0.651	0.634	0.634	0.797	0.
Withdrawals (incl charges) & deaths	(0.827)	(0.912)	(0.938)	(1.084)	(1.210)	(1.
Net cash flows	(0.192)	(0.261)	(0.304)	(0.450)	(0.413)	(0.
Transfer from (to) fixed annuities	0.034	0.213	0.237	0.303	0.549	0.

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Invest inc & change in mkt value	0.948	3.133	(1.553)	6.027	3.011	(1.000)
Acq(sale) of new business/companies	-----	-----	-----	-----	-----	-----
Var Annuities-Bal End-of-Quarter	34.148	37.233	35.613	41.493	44.640	43.000
	-----	-----	-----	-----	-----	-----
Variable Annuities Incremental Deposits	0.606	0.622	0.589	0.592	0.732	0.000
	-----	-----	-----	-----	-----	-----
Total Annuities -Bal Beg-of-Quarter	51.469	52.373	55.536	54.020	59.704	62.000
	-----	-----	-----	-----	-----	-----
Gross Deposits	1.124	1.305	1.312	1.375	1.386	1.000
Withdrawals (incl charges) & deaths	(1.406)	(1.505)	(1.505)	(1.865)	(2.085)	(1.000)
	-----	-----	-----	-----	-----	-----
Net cash flows	(0.282)	(0.200)	(0.193)	(0.490)	(0.700)	(0.000)
Transfers		0.002	(0.001)	0.003	(0.001)	(0.000)
Interest credited & change in mkt value	1.186	3.361	(1.322)	6.171	3.252	(1.000)
Acq of new business/companies	-----	-----	-----	-----	-----	-----
Total Gross Annuities-Bal End-of-Quarter	52.373	55.536	54.020	59.704	62.255	60.000
Reinsurance Ceded	(1.569)	(1.524)	(1.473)	(1.419)	(1.371)	(1.000)
	-----	-----	-----	-----	-----	-----
Total Annuities (Net of Ceded) - Bal End-of-Qtr	50.804	54.012	52.547	58.284	60.884	58.000
	=====	=====	=====	=====	=====	=====
Total Annuities Incremental Deposits *	1.068	1.244	1.233	1.174	1.292	1.000
	-----	-----	-----	-----	-----	-----
Var Ann Under Agree - Included above	0.651	0.685	0.639	0.719	0.866	0.000
	-----	-----	-----	-----	-----	-----
* Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Annuity products.						
Fixed Annuities - excluding fixed portion of variable contracts						
Deposits	0.136	0.151	0.147	0.275	0.134	0.000
Withdrawals	(0.292)	(0.318)	(0.329)	(0.428)	(0.612)	(0.000)
Net Flows	(0.156)	(0.167)	(0.182)	(0.152)	(0.479)	(0.000)
Variable Annuities - including fixed portion of variable contracts						
Deposits	0.988	1.154	1.165	1.100	1.252	1.000
Withdrawals	(1.114)	(1.187)	(1.176)	(1.438)	(1.473)	(1.000)
Net Flows	(0.126)	(0.033)	(0.011)	(0.338)	(0.221)	(0.000)
Fixed Portion of Variable Contracts						
Deposits	0.353	0.503	0.531	0.466	0.455	0.000
Withdrawals	(0.287)	(0.275)	(0.238)	(0.354)	(0.263)	(0.000)
Net Flows	0.066	0.228	0.293	0.112	0.192	0.000
	-----	-----	-----	-----	-----	-----
	Sep	Dec	Mar	Jun	Sep	
	2000	2000	2001	2001	2001	2001
	-----	-----	-----	-----	-----	-----
Fixed Annuities-Bal Beg-of-Quarter	17.200	16.930	16.615	16.599	16.697	17.000
	-----	-----	-----	-----	-----	-----
Gross Deposits	0.513	0.482	0.560	0.668	0.896	1.000
Withdrawals (incl charges) & deaths	(0.802)	(0.810)	(0.787)	(0.574)	(0.525)	(0.000)

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net cash flows	(0.288)	(0.328)	(0.227)	0.094	0.372	0.
Transfer from (to) var annuities	(0.217)	(0.216)	(0.014)	(0.222)	0.021	(0.
Interest credited	0.235	0.230	0.225	0.226	0.228	0.
Acq of new business/companies						
Fixed Annuities-Gross	16.930	16.615	16.599	16.697	17.317	18.
Reinsurance Ceded	(1.270)	(1.221)	(1.169)	(1.146)	(1.266)	(1.
Fixed Annuities-Bal End-of-Quarter	15.660	15.394	15.430	15.551	16.051	16.
Fixed Annuities Incremental Deposits *	0.464	0.447	0.536	0.611	0.873	1.
Variable Annuities-Bal Beg-of-Quarter	43.097	42.743	39.427	34.733	36.961	30.
Gross Deposits	0.729	0.846	0.887	0.703	0.684	0.
Withdrawals (incl charges) & deaths	(1.253)	(1.199)	(1.250)	(0.993)	(0.795)	(0.
Net cash flows	(0.524)	(0.353)	(0.363)	(0.290)	(0.111)	(0.
Transfer from (to) fixed annuities	0.216	0.212	0.011	0.227	(0.023)	0.
Invest inc & change in mkt value	(0.046)	(3.175)	(4.342)	2.291	(6.321)	3.
Acq(sale) of new business/companies						
Var Annuities-Bal End-of-Quarter	42.743	39.427	34.733	36.961	30.506	34.
Variable Annuities Incremental Deposits	0.586	0.650	0.683	0.612	0.604	0.
Total Annuities -Bal Beg-of-Quarter	60.297	59.673	56.043	51.332	53.658	47.
Gross Deposits	1.242	1.328	1.447	1.371	1.580	2.
Withdrawals (incl charges) & deaths	(2.055)	(2.009)	(2.037)	(1.567)	(1.320)	(1.
Net cash flows	(0.812)	(0.681)	(0.590)	(0.196)	0.261	0.
Transfers	(0.001)	(0.004)	(0.003)	0.005	(0.002)	0.
Interest credited & change in mkt value	0.189	(2.945)	(4.117)	2.517	(6.093)	4.
Acq of new business/companies						
Total Gross Annuities-Bal End-of-Quarter	59.673	56.043	51.332	53.658	47.824	52.
Reinsurance Ceded	(1.270)	(1.221)	(1.169)	(1.146)	(1.266)	(1.
Total Annuities (Net of Ceded) - Bal End-of-Qtr	58.403	54.821	50.163	52.512	46.558	51.
Total Annuities Incremental Deposits *	1.050	1.097	1.219	1.223	1.477	1.
Var Ann Under Agree - Included above	0.962	0.941	0.904	0.975	0.907	1.
* Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Annuity products.						
Fixed Annuities - excluding fixed portion of variable contracts						
Deposits	0.114	0.085	0.160	0.329	0.489	0.
Withdrawals	(0.532)	(0.570)	(0.556)	(0.356)	(0.340)	(0.
Net Flows	(0.417)	(0.485)	(0.396)	(0.027)	0.149	0.



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Variable Annuities - including fixed portion of variable contracts

Deposits	1.128	1.243	1.287	1.042	1.091	1.128
Withdrawals	(1.523)	(1.439)	(1.481)	(1.211)	(0.979)	(1.481)
Net Flows	(0.395)	(0.196)	(0.194)	(0.169)	0.112	0.000

Fixed Portion of Variable Contracts

Deposits	0.399	0.397	0.400	0.339	0.407	0.399
Withdrawals	(0.270)	(0.240)	(0.231)	(0.218)	(0.184)	(0.270)
Net Flows	0.129	0.157	0.169	0.121	0.223	0.000

12/31/01

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

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

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Net Income*	39.1	127.5	211.5	249.3
Inc from Oper -before Goodwill Amort.	40.0	168.9	235.4	283.6
Effective tax rate	23.7%	35.6%	36.6%	36.6%
Operating Revenue	541.5	1,379.5	1,762.6	1836.4
Realized gains (losses) on investments	3.2	(1.0)	(2.2)	(17.4)
Gains(losses) on derivatives				
Total Revenue	544.8	1,378.5	1,760.4	1819.0
Average capital	384.9	1948.0	2712.3	2640.2
Return on average capital	10.4%	7.7%	7.8%	9.8%
-----				
First Year Premiums by Product (Billions)				
Universal Life	0.114	0.233	0.343	0.289
Variable Universal Life	0.053	0.086	0.129	0.209
Whole Life	0.005	0.020	0.024	0.022
Term	0.033	0.048	0.046	0.042
Total Retail	0.205	0.387	0.541	0.562
Corporate Owned Life Insurance (COLI)	0.000	0.004	0.015	0.087
Total	0.205	0.391	0.556	0.649
First Year Premiums by Distribution (Billions)				
Lincoln Financial Advisors	0.071	0.035	0.188	0.201
Lincoln Financial Distributors	0.134	0.356	0.368	0.449
Total by Distribution	0.205	0.391	0.556	0.649
Life Insurance In-Force (Billions)				
Universal Life & Other	32.827	105.837	109.288	115.872
Term Insurance	30.337	67.076	85.701	100.130
Total Life Segment In-Force	63.164	172.914	194.988	216.002

\* 2001 income from operations and net income include special charges of \$1.1 million after-tax (\$ pre-tax) related to the events of September 11, 2001 (composed of \$1.9 million after-tax (\$2.9 recorded in the 3rd quarter partially offset by a reversal of \$0.8 million after-tax (\$1.2 mill recorded in the 4th quarter as a result of updated information on the previously recorded incur unreported claims.

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Unaudited [Millions of Dollars]

For the Quarter Ended	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000	Jun 2000
	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	54.5	57.8	52.4	71.1	53.0	56.3
Surrender charges	14.7	16.5	17.1	18.0	16.2	16.5
Mortality assessments	108.8	111.4	110.5	113.9	112.2	114.5
Expense assessments	39.6	35.4	42.8	48.0	45.3	44.1
Other revenue and fees	1.9	1.6	2.4	3.9	3.2	3.6
Net investment income	207.9	207.8	209.6	214.8	215.6	215.5
	-----	-----	-----	-----	-----	-----
Operating Revenue	427.4	430.6	434.9	469.6	445.5	450.5
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	103.6	108.7	105.4	112.8	98.4	96.3
Div accum & div to policyholders	20.3	21.0	19.2	21.0	20.4	18.7
Interest credited to policy bal.	125.8	123.0	122.8	122.3	126.3	128.7
Underwriting, acquisition, insurance and other expenses	95.7	86.5	99.1	117.8	99.4	100.9
Goodwill amortization	5.9	5.0	6.4	6.0	5.9	5.9
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses	351.2	344.1	353.0	379.9	350.3	350.6
	-----	-----	-----	-----	-----	-----
Income from Operations Before Tax	76.1	86.5	82.0	89.8	95.2	99.9
Federal income taxes	28.1	32.0	29.4	32.8	34.8	37.4
	-----	-----	-----	-----	-----	-----
Income from Operations*	48.1	54.4	52.6	57.0	60.4	62.4
	-----	-----	-----	-----	-----	-----
Realized gains (losses) on investments	(1.8)	(2.9)	1.4	2.8	(2.4)	(4.0)
Gains (losses) on derivatives						
Restructuring charges						
	-----	-----	-----	-----	-----	-----
Income before Accounting Changes	46.3	51.5	54.0	59.7	58.1	58.4
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Net Income*	46.3	51.5	54.0	59.7	58.1	58.4
	=====	=====	=====	=====	=====	=====
Inc from Oper -before Goodwill Amortization	54.0	59.5	59.0	63.0	66.3	68.4
Effective tax rate	36.9%	37.0%	35.9%	36.5%	36.5%	37.5%
Operating Revenue	427.4	430.6	434.9	469.6	445.5	450.5
Realized gains (losses) on investments	(3.4)	(4.4)	2.1	3.4	(3.8)	(6.3)
Gains (losses) on derivatives						
	-----	-----	-----	-----	-----	-----
Total Revenue	424.0	426.3	437.1	473.1	441.7	444.2
	=====	=====	=====	=====	=====	=====
Average capital	2716.6	2739.4	2707.4	2686.0	2655.3	2615.0
Return on average capital	7.1%	7.9%	7.8%	8.5%	9.1%	9.6%

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

First Year Premiums by Product (Billions)

Universal Life	0.081	0.076	0.113	0.072	0.064
Variable Universal Life	0.024	0.027	0.052	0.042	0.043
Whole Life	0.005	0.006	0.008	0.004	0.005
Term	0.012	0.010	0.011	0.013	0.012
	-----	-----	-----	-----	-----
Total Retail	0.122	0.119	0.184	0.131	0.123
Corporate Owned Life Insurance (COLI)	0.007	0.002	0.004	0.013	0.019
	-----	-----	-----	-----	-----
Total	0.119	0.128	0.121	0.188	0.142
	-----	-----	-----	-----	-----

First Year Premiums by Distribution (Billions)

Lincoln Financial Advisors	0.041	0.035	0.039	0.073	0.046	0.037
Lincoln Financial Distributors	0.078	0.093	0.082	0.115	0.098	0.105
	-----	-----	-----	-----	-----	-----
Total by Distribution	0.119	0.128	0.121	0.188	0.144	0.142
	-----	-----	-----	-----	-----	-----

Insurance In-Force (Billions)

Universal Life & Other	105.090	106.047	106.945	109.288	108.817	110.448
Term Insurance	73.452	78.431	81.963	85.701	92.857	97.039
	-----	-----	-----	-----	-----	-----
Total Segment In-Force	178.542	184.478	188.908	194.988	201.674	207.487
	=====	=====	=====	=====	=====	=====

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

For the Quarter Ended	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001	Dec 2001
	-----	-----	-----	-----	-----	-----
Operating Revenue						
Premiums	50.9	67.1	50.9	50.7	46.4	64.4
Surrender charges	13.8	19.9	17.2	13.5	15.6	19.9
Mortality assessments	116.3	122.1	124.3	124.8	124.7	125.5
Expense assessments	46.9	55.5	47.4	45.3	46.0	52.8
Other revenue and fees	3.8	3.7	5.1	3.8	3.0	6.0
Net investment income	220.6	219.7	223.0	227.4	233.2	226.6
	-----	-----	-----	-----	-----	-----
Operating Revenue	452.4	488.0	467.9	465.5	468.9	495.2
	-----	-----	-----	-----	-----	-----
Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	95.8	121.0	99.9	103.5	102.3	112.9
Div accum & div to policyholders	16.4	25.3	17.5	19.0	16.5	25.4
Interest credited to policy bal.	134.0	136.5	138.3	141.2	143.5	146.9
Underwriting, acquisition, insurance and other expenses	94.9	89.6	98.8	92.0	92.5	91.4
Goodwill amortization	5.9	5.9	5.9	5.9	5.9	5.9
	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Benefits and Expenses	347.0	378.4	360.5	361.7	360.8	382.5
Income from Operations Before Tax	105.4	109.6	107.4	103.8	108.1	112.7
Federal income taxes	38.9	39.0	38.8	36.7	38.1	39.5
Income from Operations*	66.5	70.6	68.6	67.1	70.1	73.2
Realized gains (losses) on investments	1.0	(5.2)	(5.4)	(6.4)	(5.3)	(21.3)
Gains (losses) on derivatives			(0.0)	0.1	(0.0)	1.5
Restructuring charges				(2.0)		(1.5)
Income before Accounting Changes	67.4	65.4	63.2	58.8	64.7	51.9
Cumulative effect of accounting changes			(0.2)	(5.3)	0.0	(0.0)
Net Income*	67.4	65.4	62.9	53.5	64.7	51.9
Inc from Oper -before Goodwill Amortization	72.4	76.5	74.5	73.0	76.0	79.1
Effective tax rate	36.9%	35.6%	36.1%	35.3%	35.2%	35.0%
Operating Revenue	452.4	488.0	467.9	465.5	468.9	495.2
Realized gains (losses) on investments	0.8	(8.1)	(8.2)	(10.0)	(8.2)	(31.1)
Gains (losses) on derivatives			(0.0)	0.2	(0.1)	0.6
Total Revenue	453.2	479.9	459.6	455.7	460.6	464.7
Average capital	2650.5	2640.0	2729.8	2715.7	2736.3	2744.4
Return on average capital	10.0%	10.7%	10.1%	9.9%	10.2%	10.7%

-----  
First Year Premiums by Product (Billions)

Universal Life	0.072	0.081	0.058	0.070	0.067	0.098
Variable Universal Life	0.052	0.072	0.053	0.050	0.047	0.069
Whole Life	0.006	0.008	0.004	0.005	0.007	0.010
Term	0.009	0.008	0.006	0.007	0.008	0.009
Total Retail	0.139	0.169	0.122	0.133	0.129	0.186
Corporate Owned Life Insurance (COLI)	0.006	0.049	0.007	0.021	0.005	0.014
Total	0.145	0.218	0.129	0.154	0.134	0.200

First Year Premiums by Distribution (Billions)

Lincoln Financial Advisors	0.051	0.066	0.036	0.046	0.038	0.064
Lincoln Financial Distributors	0.094	0.152	0.092	0.107	0.096	0.136
Total by Distribution	0.145	0.218	0.129	0.154	0.134	0.200

Insurance In-Force (Billions)

Universal Life & Other	112.884	115.872	116.747	118.007	119.029	121.168
Term Insurance	98.424	100.130	102.467	105.265	108.723	113.226

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Segment In-Force	211.308	216.002	219.214	223.272	227.751	234.394
	=====	=====	=====	=====	=====	=====

\* Third quarter 2001 income from operations and net income include special charges of \$1.9 million after-tax (\$2.9 million pre-tax) related to the events of September 11, 2001 and 4th quarter results include a reversal of \$0.8 million after-tax (\$1.2 million pre-tax) which resulted from updated information on previously recorded incurred but unreported claims for September 11.

12/31/01

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

	1997	1998	1999
	-----	-----	-----
Universal Life-Bal Beg-of-Year	2.530	2.558	6.259
Deposits	0.278	0.675	1.017
Withdrawals & deaths	(0.399)	(0.701)	(0.452)
Net cash flows	(0.121)	(0.026)	0.564
Policyholder assessments			(0.544)
Interest credited	0.149	0.350	0.370
Acq of new business/companies	0.000	3.378	0.000
Universal Life-Bal End of Year (1)	2.558	6.259	6.650
Variable Universal Life-Bal Beg-of-Year	0.339	0.480	1.200
Deposits	0.106	0.193	0.326
Withdrawals & deaths	(0.040)	(0.100)	(0.099)
Net cash flows	0.065	0.093	0.228
Policyholder assessments		0.000	(0.084)
Invest inc & chg in mkt value	0.076	0.105	0.370
Acq of new business/transfers between segments	0.000	0.522	(0.110)
Variable Universal Life -Bal End-of-Year	0.480	1.200	1.605
Interest Sensitive Whole Life - Bal Beg-of-Year			1.784
Deposits		0.340	0.355
Withdrawals & deaths		(0.294)	(0.162)
Net cash flows		0.046	0.193
Policyholder assessments			(0.168)
Interest credited		0.096	0.109
Acq of new business/companies		1.642	0.045
Int Sensitive Whole Life-Bal End -of -Year		1.784	1.963

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

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

(1) Includes fixed investment option of VUL products.

12/31/01

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

For the Quarter Ended	Mar 1999	Jun 1999	Sep 1999	Dec 1999
Universal Life-Bal Beg-of-Quarter	6.259	6.374	6.434	6.519
Deposits	0.234	0.238	0.239	0.306
Withdrawals & deaths	(0.067)	(0.152)	(0.109)	(0.124)
Net cash flows	0.167	0.086	0.129	0.182
Policyholder assessments	(0.130)	(0.133)	(0.136)	(0.145)
Interest credited	0.079	0.107	0.091	0.093
Acq of new business/companies				0.000
Universal Life-Bal End-of-Quarter (1)	6.374	6.434	6.519	6.650
Variable Universal Life-Bal Beg of Quarter	1.200	1.177	1.298	1.285
Deposits	0.077	0.068	0.074	0.107
Withdrawals & deaths	(0.011)	(0.013)	(0.049)	(0.025)
Net cash flows	0.066	0.055	0.025	0.082
Policyholder assessments	(0.020)	(0.020)	(0.020)	(0.024)
Invest inc & chg in mkt value	0.040	0.087	(0.018)	0.262
Acq of new business/transfers between segments	(0.110)			0.000
Variable Universal Life -Bal End-of-Quarter	1.177	1.298	1.285	1.605
Interest Sensitive Whole Life - Bal Beg-of-Quarter	1.784	1.865	1.895	1.922

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Deposits	0.083	0.073	0.086	0.113
Withdrawals & deaths	(0.039)	(0.030)	(0.044)	(0.050)
Net cash flows	0.044	0.044	0.043	0.062
Policyholder assessments	(0.039)	(0.039)	(0.042)	(0.048)
Interest credited	0.030	0.025	0.027	0.026
Acq of new business/companies	0.045			
Int Sensitive Whole Life-Bal End-of-Quarter	1.865	1.895	1.922	1.963
-----				
Total Segment- Life Insurance Account Values				
Bal Beg-of-Quarter	9.243	9.416	9.628	9.726
Deposits	0.394	0.379	0.399	0.526
Withdrawals & deaths	(0.117)	(0.195)	(0.202)	(0.199)
Net cash flows	0.277	0.185	0.197	0.327
Policyholder assessments	(0.189)	(0.192)	(0.198)	(0.216)
Invest inc & change in market value	0.149	0.219	0.100	0.381
Acq(sale) of new business/companies	(0.065)	0.000	0.000	0.000
Total Segment -Bal End-of-Quarter	9.416	9.628	9.726	10.217
	=====	=====	=====	=====

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

For the Quarter Ended	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----
Universal Life-Bal Beg-of-Quarter	6.782	6.878	6.976	7.063
Deposits	0.227	0.265	0.227	0.270
Withdrawals & deaths	(0.080)	(0.114)	(0.091)	(0.071)
Net cash flows	0.146	0.151	0.136	0.199
Policyholder assessments	(0.146)	(0.150)	(0.147)	(0.147)
Interest credited	0.096	0.097	0.098	0.100
Acq of new business/companies	0.000			
Universal Life-Bal End-of-Quarter (1)	6.878	6.976	7.063	7.216
	-----	-----	-----	-----
Variable Universal Life-Bal Beg of Quarter	1.764	1.812	1.808	1.633
Deposits	0.123	0.245	0.136	0.138
Withdrawals & deaths	(0.037)	(0.048)	(0.049)	(0.060)
Net cash flows	0.085	0.197	0.087	0.078
Policyholder assessments	(0.036)	(0.041)	(0.041)	(0.041)
Invest inc & chg in mkt value	(0.001)	(0.160)	(0.221)	0.096
Acq of new business/transfers between segments	0.000	0.000		
Variable Universal Life -Bal End-of-Quarter	1.812	1.808	1.633	1.766
	-----	-----	-----	-----



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Interest Sensitive Whole Life - Bal Beg-of-Quarter	1.993	2.026	2.062	2.068
Deposits	0.079	0.113	0.056	0.069
Withdrawals & deaths	(0.033)	(0.056)	(0.041)	(0.043)
Net cash flows	0.045	0.057	0.014	0.027
Policyholder assessments	(0.040)	(0.050)	(0.037)	(0.040)
Interest credited	0.027	0.029	0.028	0.030
Acq of new business/companies				
Int Sensitive Whole Life-Bal End-of-Quarter	2.026	2.062	2.068	2.084

---

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

(1) Includes fixed investment option of VUL products.

12/31/2001

Investment Management  
Income Statements  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	
Operating Revenue			
Investment advisory fees - External	229.9	249.0	2
Investment advisory fees - Insurance Assets	68.5	82.5	
Other revenue and fees	76.3	92.5	1
Net investment income	72.8	67.0	
Operating Revenue	447.5	491.0	4
Operating Benefits and Expenses			
Underwriting, acquisition, insurance and other expenses	396.1	401.5	3
Goodwill amortization	15.5	16.3	
Interest on notes payable	0.1	0.4	

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Operating Benefits and Expenses	411.8	418.2	4
Income from Operations Before Tax	35.8	72.8	
Federal income taxes	17.7	28.9	
Income from Operations	18.1	43.9	
Realized gains (losses) on investments	7.0	0.5	
Gains (losses) on derivatives			
Restructuring charges	0.0	0.0	
Income before Accounting Changes	25.1	44.4	
Cumulative effect of accounting changes			
Net Income	25.1	44.4	
Income from Operations- before Goodwill Amortization	33.6	60.3	
Income from Operations - before Goodwill & Intang. Amort	45.2	72.6	
Operating Revenue	447.5	491.0	4
Realized gains (losses) on investments	11.6	0.9	
Gains (losses) on derivatives			
Total Revenue	459.1	491.9	4
Average Capital (Securities at Cost)	653.3	642.3	5
Return on Capital	2.8%	6.8%	1

---

For the Quarter Ended	Mar 1999	Jun 1999	Sep 1999
Operating Revenue			
Investment advisory fees - External	65.1	62.5	60.7
Investment advisory fees - Insurance Assets	21.0	20.7	19.9
Other revenue and fees	25.6	26.3	24.9
Net investment income	14.9	14.1	13.9
Operating Revenue	126.6	123.6	119.3
Operating Benefits and Expenses			
Underwriting, acquisition, insurance and other expenses	97.8	97.3	92.8
Goodwill amortization	4.1	4.1	4.1
Interest on notes payable	0.0	0.0	0.0
Operating Benefits & Expenses	101.9	101.4	96.8

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income from Operations Before Tax	24.7	22.2	22.5
Federal income taxes	9.4	7.9	7.7
	-----	-----	-----
Income from Operations	15.4	14.3	14.7
	-----	-----	-----
Realized gains (losses) on investments	0.2	(0.3)	(0.3)
Gains (losses) on derivatives			
Restructuring charges	(12.1)	0.0	0.0
	-----	-----	-----
Income before Accounting Changes	3.4	14.0	14.4
Cumulative effect of accounting changes			
	-----	-----	-----
Net Income	3.4	14.0	14.4
	=====	=====	=====
Inc from Oper -before	19.4	18.4	18.8
Goodwill Amortization			
Inc from Oper -before			
Goodwill & Intang. Amort	22.4	21.3	21.7
Operating Revenue	126.6	123.6	119.3
Realized gains (losses) on investments	0.2	(0.4)	(0.5)
Gains (losses) on derivatives			
	-----	-----	-----
Total Revenue	126.8	123.2	118.8
	=====	=====	=====
Average Capital (Securities at Cost)	612.6	591.6	587.2
Return on Capital	10.0%	9.7%	10.0%
	-----	-----	-----
For the Quarter Ended	Sep	Dec	Mar
	2000	2000	2001
	-----	-----	-----
Operating Revenue			
Investment advisory fees - External	56.9	56.7	50.5
Investment advisory fees - Insurance Assets	22.5	23.1	22.1
Other revenue and fees	26.4	26.6	26.3
Net investment income	18.3	13.8	14.1
	-----	-----	-----
Operating Revenue	124.1	120.2	113.0
	-----	-----	-----
Operating Benefits and Expenses			
Underwriting, acquisition,			
insurance and other expenses	103.9	103.0	104.7
Goodwill amortization	4.1	4.1	4.1
Interest on notes payable	0.0	(0.0)	0.0
	-----	-----	-----
Operating Benefits & Expenses	107.9	107.1	108.8
	-----	-----	-----
Income from Operations Before Tax	16.2	13.1	4.2

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Federal income taxes	6.3	4.4	1.8
	-----	-----	-----
Income from Operations	9.9	8.7	2.4
	-----	-----	-----
Realized gains (losses) on investments	(0.2)	(0.2)	(0.5)
Gains (losses) on derivatives			0.0
Restructuring charges	0.0	(1.9)	0.0
	-----	-----	-----
Income before Accounting Changes	9.7	6.6	2.0
Cumulative effect of accounting changes			0.0
	-----	-----	-----
Net Income	9.7	6.6	2.0
	=====	=====	=====
Inc from Oper -before	14.0	12.7	6.5
Goodwill Amortization			
Inc from Oper -before			
Goodwill & Intang. Amort	16.6	15.2	9.1
Operating Revenue	124.1	120.2	113.0
Realized gains (losses) on investments	(0.4)	(0.3)	(0.7)
Gains (losses) on derivatives			
	-----	-----	-----
Total Revenue	123.8	120.0	112.3
	=====	=====	=====
Average Capital (Securities at Cost)	567.7	558.5	548.3
Return on Capital	7.0%	6.2%	1.8%
	-----	-----	-----

12/31/01

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

	1997	1998	1999
	-----	-----	-----
Retail Fixed - Bal Beg-of-Year	5.853	8.125	8.217
Fund Sales	0.961	1.165	0.991
Redemptions	(1.271)	(1.235)	(1.424)
Net Money Market	(0.069)	(0.140)	(0.110)
Transfers	(0.220)	0.132	0.177
	-----	-----	-----
Net Cash Flows	(0.599)	(0.078)	(0.366)
Income Retained	0.276	0.291	0.276
Market Apprec/Deprec	0.049	(0.121)	(0.704)
Acq of New Company/Business	2.547		
	-----	-----	-----
Balance End-of-Year	8.125	8.217	7.424
	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Retail Equity - Bal Beg-of-Year	13.152	17.754	22.080
Fund Sales	2.953	3.581	3.271
Redemptions	(1.926)	(2.460)	(4.971)
Net Money Market	0.000	(0.002)	(0.001)
Transfers	0.209	0.730	(0.143)
	-----	-----	-----
Net Cash Flows	1.236	1.849	(1.844)
Income Retained	0.005	0.220	0.120
Market Apprec/Deprec	3.317	2.256	3.028
Acq of New Company/Business	0.043		
	-----	-----	-----
Balance at End-of-Year	17.754	22.080	23.383
	-----	-----	-----
Total Retail - Bal Beg-of-Year	19.006	25.879	30.297
Retail Sales-Annuities	2.163	2.238	1.561
Retail Sales-Mutual Funds	1.218	1.913	2.153
Retail Sales-Wrap & Other	0.533	0.596	0.550
	-----	-----	-----
Total Retail Sales	3.914	4.745	4.264
Redemptions	(3.197)	(3.694)	(6.396)
Net Money Market	(0.068)	(0.141)	(0.111)
Transfers	(0.011)	0.862	0.034
	-----	-----	-----
Net Cash Flows	0.637	1.772	(2.209)
Income Retained	0.281	0.511	0.396
Market Apprec/Deprec	3.366	2.136	2.324
Acq of New Company/Business	2.590		
	-----	-----	-----
Balance at End-of-Year	25.879	30.297	30.807
	-----	-----	-----
-----			
Institutional Fixed - Bal Beg-of-Year	3.580	5.708	6.955
Inflows	2.509	2.169	2.000
Withdrawals/Terminations	(0.787)	(1.242)	(1.699)
Transfers	0.013	(0.074)	(0.001)
	-----	-----	-----
Net Cash Flows	1.735	0.853	0.300
Income Retained	0.225	0.333	0.346
Market Apprec/Deprec	0.118	0.061	(0.665)
Acq of New Company/Business	0.051		
	-----	-----	-----
Balance at End-of-Year	5.708	6.955	6.937
	-----	-----	-----
Institutional Equity - Bal Beg-of-Year	22.886	24.871	24.235
Inflows	2.465	3.840	5.248
Withdrawals/Terminations	(6.447)	(7.441)	(7.801)
Transfers	(0.068)	0.047	0.011
	-----	-----	-----
Net Cash Flows	(4.049)	(3.555)	(2.542)
Income Retained	0.491	0.473	0.482
Market Apprec/Deprec	5.544	2.446	1.453
Acq of New Company/Business			
	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Balance at End-of-Year	24.871	24.235	23.630
	-----	-----	-----
Total Institutional - Bal Beg-of-Year	26.465	30.579	31.191
Inflows	4.975	6.009	7.249
Withdrawals/Terminations	(7.234)	(8.683)	(9.500)
Transfers	(0.055)	(0.027)	0.011
	-----	-----	-----
Net Cash Flows	(2.314)	(2.702)	(2.240)
Income Retained	0.716	0.806	0.829
Market Apprec/Deprec	5.662	2.508	0.789
Acq of New Company/Business	0.051		
	-----	-----	-----
Balance at End-of-Year	30.579	31.191	30.567
	-----	-----	-----
Total Retail/Institutional - At End-of-Year	56.458	61.488	61.374
	-----	-----	-----
Insurance Assets - At End-of-Year	35.684	39.432	35.934
	-----	-----	-----
Total Assets Under Management			
At End-of-Year	92.142	100.920	97.308
	=====	=====	=====

12/31/01

PAGE 23

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

	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000	Jun 2000
	-----	-----	-----	-----	-----	-----
Retail Fixed - Bal-Beg-of-Qtr	8.217	8.233	7.945	7.680	7.424	6.964
Fund Sales	0.316	0.263	0.231	0.181	0.146	0.152
Redemptions	(0.313)	(0.366)	(0.342)	(0.403)	(0.444)	(0.328)
Net Money Market	(0.019)	(0.033)	(0.029)	(0.030)	(0.067)	(0.058)
Transfers	0.032	(0.043)	0.034	0.154	(0.095)	(0.045)
	-----	-----	-----	-----	-----	-----
Net Cash Flows	0.016	(0.179)	(0.106)	(0.098)	(0.460)	(0.279)
Income Retained	0.066	0.074	0.069	0.067	0.061	0.063
Market Apprec/Deprec	(0.067)	(0.185)	(0.228)	(0.225)	(0.062)	(0.082)
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	8.233	7.945	7.680	7.424	6.964	6.667
	-----	-----	-----	-----	-----	-----
Retail Equity - Bal-Beg-of-Qtr	22.080	21.798	22.340	20.873	23.383	24.102

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Fund Sales	0.856	0.790	0.730	0.894	1.220	0.868
Redemptions	(1.030)	(1.957)	(0.865)	(1.120)	(1.550)	(0.971)
Net Money Market	0.000	(0.001)	0.000	0.000	0.000	0.000
Transfers	(0.034)	0.036	(0.060)	(0.086)	(0.096)	0.018
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.208)	(1.132)	(0.195)	(0.312)	(0.426)	(0.085)
Income Retained	0.053	0.061	0.007	0.000	0.033	0.021
Market Apprec/Deprec	(0.128)	1.614	(1.279)	2.822	1.112	(0.908)
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	21.798	22.340	20.873	23.383	24.102	23.129
	-----	-----	-----	-----	-----	-----
Total Retail - Bal-Beg-of-Qtr	30.297	30.031	30.285	28.553	30.807	31.066
	-----	-----	-----	-----	-----	-----
Retail Sales-Annuities	0.428	0.393	0.332	0.409	0.379	0.358
Retail Sales-Mutual Funds	0.565	0.487	0.514	0.587	0.840	0.556
Retail Sales-Wrap & Other	0.182	0.173	0.116	0.079	0.148	0.106
	-----	-----	-----	-----	-----	-----
Total Retail Sales	1.175	1.053	0.962	1.075	1.367	1.020
Redemptions	(1.343)	(2.323)	(1.207)	(1.523)	(1.995)	(1.299)
Net Money Market	(0.019)	(0.033)	(0.029)	(0.030)	(0.067)	(0.058)
Transfers	(0.001)	(0.006)	(0.027)	0.068	(0.191)	(0.026)
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.188)	(1.309)	(0.301)	(0.410)	(0.886)	(0.363)
Income Retained	0.119	0.134	0.076	0.067	0.095	0.083
Market Apprec/Deprec	(0.196)	1.429	(1.507)	2.597	1.051	(0.989)
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	30.031	30.285	28.553	30.807	31.066	29.796
	-----	-----	-----	-----	-----	-----
-----						
Institutional Fixed - Bal-Beg-of-Qtr	6.955	6.984	7.264	7.218	6.937	6.873
	-----	-----	-----	-----	-----	-----
Inflows	0.657	0.478	0.446	0.420	0.180	0.148
Withdrawals/Terminations	(0.415)	(0.210)	(0.294)	(0.781)	(0.353)	(0.520)
Transfers	(0.003)	0.003	(0.002)	0.001	(0.005)	(0.001)
	-----	-----	-----	-----	-----	-----
Net Cash Flows	0.239	0.271	0.150	(0.360)	(0.178)	(0.373)
Income Retained	0.089	0.079	0.110	0.068	0.090	0.066
Market Apprec/Deprec	(0.300)	(0.070)	(0.306)	0.011	0.024	(0.081)
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	6.984	7.264	7.218	6.937	6.873	6.484
	-----	-----	-----	-----	-----	-----
Institutional Equity - Bal-Beg-of-Qtr	24.235	22.927	23.962	23.098	23.630	20.303
	-----	-----	-----	-----	-----	-----
Inflows	1.297	1.179	1.839	0.934	0.904	0.669
Withdrawals/Terminations	(2.540)	(2.052)	(1.165)	(2.043)	(3.333)	(1.354)
Transfers	0.011	0.019	(0.008)	(0.010)	(0.004)	0.002
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(1.232)	(0.854)	0.666	(1.119)	(2.433)	(0.683)
Income Retained	0.104	0.118	0.167	0.093	0.109	0.132
Market Apprec/Deprec	(0.180)	1.771	(1.697)	1.559	(1.003)	0.488
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	22.927	23.962	23.098	23.630	20.303	20.239
	-----	-----	-----	-----	-----	-----
Total Institutional -						

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Bal-Beg-of-Qtr	31.191	29.910	31.226	30.316	30.567	27.175
Inflows	1.953	1.656	2.284	1.354	1.084	0.817
Withdrawals/Terminations	(2.955)	(2.262)	(1.458)	(2.825)	(3.686)	(1.874)
Transfers	0.008	0.022	(0.010)	(0.009)	(0.009)	0.000
Net Cash Flows	(0.994)	(0.584)	0.816	(1.480)	(2.611)	(1.057)
Income Retained	0.193	0.197	0.277	0.161	0.198	0.197
Market Apprec/Deprec	(0.480)	1.702	(2.003)	1.569	(0.979)	0.407
Balance at End-of-Qtr	29.910	31.226	30.316	30.567	27.175	26.722
Total Retail/Inst - At End-of-Qtr	59.941	61.511	58.869	61.374	58.241	56.518
Insurance Assets-End-of-Qtr	38.516	37.391	36.820	35.934	35.541	34.891
Total Assets Under Management At End-of-Qtr	98.457	98.902	95.689	97.308	93.782	91.409
	Sep 2000	Dec 2000	Mar 2001	Jun 2001	Sep 2001	Dec 2001
Retail Fixed - Bal-Beg-of-Qtr	6.667	6.531	6.499	6.631	6.643	7.066
Fund Sales	0.213	0.200	0.235	0.195	0.192	0.203
Redemptions	(0.321)	(0.272)	(0.255)	(0.280)	(0.255)	(0.235)
Net Money Market	(0.031)	(0.051)	0.010	(0.030)	0.005	(0.031)
Transfers	(0.033)	0.013	0.042	(0.002)	0.382	(0.027)
Net Cash Flows	(0.171)	(0.109)	0.032	(0.117)	0.324	(0.090)
Income Retained	0.059	0.057	0.054	0.050	0.049	0.070
Market Apprec/Deprec	(0.023)	0.021	0.046	0.080	0.051	(0.073)
Balance at End-of-Qtr	6.531	6.499	6.631	6.643	7.066	6.973
Retail Equity - Bal-Beg-of-Qtr	23.129	23.680	21.174	17.935	19.411	15.584
Fund Sales	0.904	1.055	0.888	0.660	0.609	0.546
Redemptions	(1.027)	(0.820)	(0.899)	(0.657)	(0.626)	(0.598)
Net Money Market	0.001	0.000	0.000	0.000	0.000	0.000
Transfers	(0.033)	(0.068)	(0.068)	(0.046)	(0.433)	0.017
Net Cash Flows	(0.154)	0.167	(0.079)	(0.043)	(0.450)	(0.035)
Income Retained	0.005	0.025	0.007	0.015	0.028	0.043
Market Apprec/Deprec	0.701	(2.698)	(3.168)	1.504	(3.405)	2.055
Balance at End-of-Qtr	23.680	21.174	17.935	19.411	15.584	17.646
Total Retail - Bal-Beg-of-Qtr	29.796	30.211	27.674	24.566	26.054	22.650
Retail Sales-Annuities	0.453	0.536	0.455	0.373	0.340	0.281
Retail Sales-Mutual Funds	0.521	0.535	0.442	0.324	0.292	0.299
Retail Sales-Wrap & Other	0.143	0.184	0.227	0.157	0.168	0.169



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Total Retail Sales	1.118	1.255	1.124	0.854	0.800	0.749
Redemptions	(1.348)	(1.092)	(1.154)	(0.938)	(0.880)	(0.833)
Net Money Market	(0.030)	(0.051)	0.010	(0.030)	0.005	(0.031)
Transfers	(0.065)	(0.054)	(0.026)	(0.048)	(0.051)	(0.010)
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.326)	0.058	(0.047)	(0.160)	(0.126)	(0.125)
Income Retained	0.063	0.082	0.061	0.066	0.078	0.112
Market Apprec/Deprec	0.677	(2.677)	(3.122)	1.584	(3.354)	1.982
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	30.211	27.674	24.566	26.054	22.650	24.619
	-----	-----	-----	-----	-----	-----
-----						
Institutional Fixed -						
Bal-Beg-of-Qtr	6.484	6.275	6.111	5.890	5.809	5.639
Inflows	0.308	0.135	0.310	0.233	0.020	0.080
Withdrawals/Terminations	(0.532)	(0.568)	(0.432)	(0.112)	(0.493)	(0.191)
Transfers	0.000	0.001	0.003	0.010	0.001	0.002
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.224)	(0.433)	(0.119)	0.131	(0.472)	(0.109)
Income Retained	0.089	0.050	0.066	0.047	0.029	0.043
Market Apprec/Deprec	(0.074)	0.219	(0.168)	(0.259)	0.273	(0.084)
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	6.275	6.111	5.890	5.809	5.639	5.490
	-----	-----	-----	-----	-----	-----
Institutional Equity -						
Bal-Beg-of-Qtr	20.239	19.041	19.111	17.311	18.405	16.240
Inflows	0.407	0.750	0.881	0.823	0.863	0.615
Withdrawals/Terminations	(1.154)	(1.368)	(1.199)	(0.501)	(0.555)	(0.624)
Transfers	(0.013)	0.007	0.019	(0.008)	0.009	0.016
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.760)	(0.611)	(0.299)	0.314	0.317	0.007
Income Retained	0.108	0.102	0.094	0.117	0.094	0.071
Market Apprec/Deprec	(0.545)	0.579	(1.596)	0.663	(2.576)	1.495
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	19.041	19.111	17.311	18.405	16.240	17.813
	-----	-----	-----	-----	-----	-----
Total Institutional -						
Bal-Beg-of-Qtr	26.722	25.316	25.222	23.201	24.214	21.880
Inflows	0.715	0.885	1.191	1.056	0.883	0.696
Withdrawals/Terminations	(1.686)	(1.936)	(1.631)	(0.613)	(1.047)	(0.814)
Transfers	(0.012)	0.008	0.022	0.002	0.010	0.018
	-----	-----	-----	-----	-----	-----
Net Cash Flows	(0.983)	(1.043)	(0.418)	0.445	(0.155)	(0.102)
Income Retained	0.196	0.151	0.160	0.164	0.123	0.114
Market Apprec/Deprec	(0.619)	0.798	(1.764)	0.404	(2.303)	1.411
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	25.316	25.222	23.201	24.214	21.880	23.303
	-----	-----	-----	-----	-----	-----
Total Retail/Inst - At End-of-Qtr	55.527	52.895	47.766	50.268	44.530	47.922
Insurance Assets-End-of-Qtr	34.981	35.686	36.324	36.018	37.337	38.119
Total Assets Under Management	-----	-----	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

At End-of-Qtr	90.508	88.581	84.090	86.286	81.867	86.041
	-----	-----	-----	-----	-----	-----

12/31/2001

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

For the Year Ended December 31	1997	1998	1999
	-----	-----	-----
Operating Revenue			
Premiums	145.4	156.6	145.1
Surrender charges			
Mortality assessments	25.2	29.3	27.1
Expense assessments	166.1	153.6	182.3
Other revenue and fees	3.3	11.2	13.8
Net investment income	85.1	87.9	75.3
	-----	-----	-----
Operating Revenue	425.2	438.6	443.6
	-----	-----	-----
Operating Benefits and Expenses			
Benefits paid or provided:			
Benefits	339.6	151.0	306.2
Underwriting, acquisition, insurance and other expenses	184.5	175.6	223.5
Goodwill amortization	0.0	6.3	7.0
	-----	-----	-----
Operating Benefits and Expenses	524.1	332.9	536.7
	-----	-----	-----
Income from Operations Before Tax	(99.0)	105.8	(93.1)
Federal income taxes	9.3	34.8	(79.2)
	-----	-----	-----
Income from Operations	(108.3)	70.9	(13.9)
	-----	-----	-----
Realized gains (losses) on investments	1.5	0.8	2.1
Gains (losses) on derivatives			
Restructuring charges	0.0	0.0	(6.5)
	-----	-----	-----
Income before Accounting Changes	(106.8)	71.7	(18.2)
	-----	-----	-----
Cumulative effect of accounting changes			
Net Income	(106.8)	71.7	(18.2)
	=====	=====	=====
Inc from Oper -before Goodwill Amort.	(108.3)	77.2	(6.9)
Effective tax rate	(9.4%)	32.9%	85.1%
Operating revenue	425.2	438.6	443.6

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Realized gains (losses) on investments	2.1	1.1	3.0
Gains(losses) on derivatives	0.0	0.0	0.0
	-----	-----	-----
Total Revenue	427.3	439.7	446.6
	=====	=====	=====
Average capital	618.1	517.7	551.2
Return on average capital	(17.5%)	13.7%	(2.5%)
Unit Linked Assets - Beg-of-Year	5.074	5.643	6.265
Deposits	0.569	0.473	0.537
Withdrawals (incl. chgs) & Deaths	(0.503)	(0.547)	(0.566)
	-----	-----	-----
Net Cash Flows	0.066	(0.074)	(0.029)
Inv Inc & Chg in Mkt Val	0.682	0.662	1.154
Acq of new business/companies	0.000	0.000	0.000
Foreign currency adjustment	(0.179)	0.035	(0.170)
	-----	-----	-----
Unit Linked Assets - End-of-Year	5.643	6.265	7.220
	=====	=====	=====
Individual Life In-force (Billions)	25.026	25.002	25.698
Exchange Rate - Dollars to Pounds			
For-the-Year	1.644	1.658	1.617
End-of-Year	1.651	1.660	1.615

12/31/2001

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

For the Quarter Ended	Mar 1999	Jun 1999	Sep 1999	Dec 1999
	-----	-----	-----	-----
Operating Revenue				
Premiums	43.9	29.0	33.5	38.7
Surrender charges				
Mortality assessments	6.7	7.7	7.7	5.0
Expense assessments	43.9	51.9	49.3	37.2
Other revenue and fees	2.9	3.5	3.6	3.8
Net investment income	21.7	19.6	16.2	17.7
	-----	-----	-----	-----
Operating Revenue	119.2	111.8	110.3	102.4
	-----	-----	-----	-----
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	35.7	31.5	27.2	211.8
Underwriting, acquisition, insurance and other expenses	55.3	55.2	61.6	51.4

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Goodwill amortization	1.2	1.2	1.2	3.3
	-----	-----	-----	-----
Operating Benefits and Expenses	92.2	87.9	90.1	266.6
	-----	-----	-----	-----
Income from Operations Before Tax	27.0	23.9	20.2	(164.2)
Federal income taxes	8.9	4.9	4.0	(97.1)
	-----	-----	-----	-----
Income from Operations	18.1	19.0	16.2	(67.1)
	-----	-----	-----	-----
Realized gains (losses) on investments	(0.0)	1.0	0.2	1.0
Gains (losses) on derivatives				
Restructuring charges	0.0	0.0	0.0	(6.5)
	-----	-----	-----	-----
Income before Accounting Changes	18.0	20.0	16.4	(72.6)
Cumulative effect of accounting changes				
	-----	-----	-----	-----
Net Income	18.0	20.0	16.4	(72.6)
	=====	=====	=====	=====
Inc from Oper -before				
Goodwill Amortization	19.3	20.2	17.4	(63.8)
Effective tax rate	33.0%	20.4%	20.0%	59.1%
Operating revenue	119.2	111.8	110.3	102.4
Realized gains (losses) on investments	(0.1)	1.4	0.3	1.4
Gains (losses) on derivatives				
	-----	-----	-----	-----
Total Revenue	119.1	113.1	110.5	103.8
	=====	=====	=====	=====
Average capital	519.2	526.9	573.5	585.0
Return on average capital	13.9%	14.4%	11.3%	(45.9%)
-----				
Unit Linked Assets				
Balance-Beg-of-Quarter (Billions)	6.265	6.348	6.503	6.568
Deposits	0.131	0.119	0.130	0.156
Withdrawals (incl. chgs) & Deaths	(0.136)	(0.137)	(0.136)	(0.158)
	-----	-----	-----	-----
Net Cash Flows	(0.005)	(0.017)	(0.005)	(0.002)
Inv Inc & Chg in Mkt Val	0.271	0.314	(0.214)	0.784
Acq of new business/companies				
Foreign currency adjustment	(0.184)	(0.141)	0.284	(0.130)
	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	6.348	6.503	6.568	7.220
	=====	=====	=====	=====
Individual Life In-force (Billions)	25.246	25.107	26.235	25.698
Exchange Rate - Dollars to Pounds				
For-the-Quarter	1.631	1.602	1.614	1.625
End-of-Quarter	1.612	1.577	1.647	1.615
	-----	-----	-----	-----

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

For the Quarter Ended	Sep 2000	Dec 2000	Mar 2001	Jun 2001
Operating Revenue				
Premiums	32.5	40.5	12.8	9.6
Surrender charges				
Mortality assessments	9.6	7.5	9.4	8.9
Expense assessments	52.6	34.6	43.7	31.4
Other revenue and fees	2.0	1.3	0.6	0.1
Net investment income	16.1	16.7	17.9	16.9
Operating Revenue	112.8	100.6	84.4	66.9
Operating Benefits and Expenses				
Benefits paid or provided:				
Benefits	51.9	54.2	24.0	17.9
Underwriting, acquisition, insurance and other expenses	45.2	34.9	41.1	29.7
Goodwill amortization	1.2	0.2	0.2	0.2
Operating Benefits and Expenses	98.3	89.3	65.3	47.7
Income from Operations Before Tax	14.5	11.3	19.1	19.1
Federal income taxes	3.9	(4.2)	4.7	2.9
Income from Operations	10.6	15.5	14.4	16.2
Realized gains (losses) on investments	(0.0)	2.6	0.4	1.4
Gains (losses) on derivatives				
Restructuring charges	(40.5)	(36.1)	0.0	0.0
Income before Accounting Changes	(29.9)	(17.9)	14.8	17.6
Cumulative effect of accounting changes				
Net Income	(29.9)	(17.9)	14.8	17.6
Inc from Oper -before Goodwill Amortization	11.8	15.7	14.5	16.4
Effective tax rate	27.2%	(37.1%)	24.6%	15.3%
Operating revenue	112.8	100.6	84.4	66.9
Realized gains (losses) on investments	(0.0)	3.8	0.6	2.0
Gains (losses) on derivatives				
Total Revenue	112.8	104.3	84.9	68.9
Average capital	486.5	448.9	548.7	553.2
Return on average capital	8.7%	13.8%	10.5%	11.7%
Unit Linked Assets				
Balance-Beg-of-Quarter (Billions)	6.726	6.499	6.441	5.677
Deposits	0.145	0.116	0.132	0.111

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Withdrawals (incl. chgs) & Deaths	(0.159)	(0.153)	(0.147)	(0.131)
	-----	-----	-----	-----
Net Cash Flows	(0.014)	(0.037)	(0.015)	(0.020)
Inv Inc & Chg in Mkt Val	(0.025)	(0.100)	(0.421)	0.115
Acq of new business/companies				
Foreign currency adjustment	(0.189)	0.078	(0.328)	(0.004)
	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	6.499	6.441	5.677	5.768
	=====	=====	=====	=====
Individual Life In-force (Billions)	24.535	24.290	21.894	21.519
Exchange Rate - Dollars to Pounds				
For-the-Quarter	1.482	1.454	1.455	1.421
End-of-Quarter	1.475	1.493	1.416	1.415
	-----	-----	-----	-----

12/31/01

Other Operations  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1997	1998	1999	
	-----	-----	-----	-----
Revenue				
Lincoln Financial Advisors	125.3	286.4	317.0	
Lincoln Financial Distributors	20.5	33.5	107.5	
	-----	-----	-----	-----
Total Distribution	145.8	319.9	424.4	
Reinsurance*	1362.3	1581.2	1824.1	1
Amortization of deferred gain on indemnity reinsurance**				
Other [Including				
Consolidating Adjustments]	(105.9)	(192.7)	(277.5)	(
	-----	-----	-----	-----
Operating Revenue	1,402.2	1,708.3	1,971.0	1,
	-----	-----	-----	-----
Realized gains (losses) on investments	42.1	0.5	14.4	
Gains (losses) on derivatives				
Gain on sale of reinsurance subsidiaries				
	-----	-----	-----	-----
Total Revenue	1,444.3	1,708.9	1,985.4	1,
	=====	=====	=====	=====
Income (Loss)				
Lincoln Financial Advisors	(5.3)	(23.7)	(20.8)	
Lincoln Financial Distributors	(11.2)	(8.2)	(14.0)	
	-----	-----	-----	-----
Total Distribution	(16.5)	(31.9)	(34.8)	
Reinsurance*	(150.1)	104.9	40.1	
Amortization of deferred gain on indemnity reinsurance**				
LCN Financing	(31.6)	(51.5)	(83.5)	







Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Income before Accounting Changes	(2.3)	5.7	4.4	(10.4)
Cumulative effect of accounting changes			(0.4)	(2.3)
Total Net Income (Loss)	(2.3)	5.7	4.0	(12.1)

\* Upon the closing of Swiss Re's acquisition of LNC's reinsurance business on December 7, 2001, and historical financial data for the former Reinsurance segment was moved into "Other Operations". The Reinsurance line for 2001 represents the results for the former Reinsurance segment for the eleven months ended November 30, 2001.

\*\* The amortization of deferred gain on sale of reinsurance business represents the amortization recognized on the indemnity reinsurance portion of the transaction with Swiss Re (\$5.0 million) along with the recognition of amortization of gain on reinsurance business to Swiss Re that was novated after December 7, 2001 (\$7.9 million after-tax).

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

12/31/01

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

	1997	1998	1999	2000
<b>Deposits - For the Year</b>				
Annuities Segment - Fixed Annuities	1.632	1.452	2.563	2.8
Annuities Segment - Variable Annuities	2.695	2.791	2.553	3.1
Annuities Segment - Life Insurance	0.000	0.000	0.017	0.0
Life Insurance Segment - Life Insurance	0.384	1.207	1.698	1.8
Inv Mgmt - Annuities	2.163	2.238	1.561	1.7
Inv Mgmt - Mutual Funds	1.218	1.913	2.153	2.3
Inv Mgmt - Wrap Fee & Other	0.533	0.596	0.550	0.6
Consolidating Adjustments	(0.966)	(1.041)	(0.499)	(0.5)
Gross Deposits	7.658	9.157	10.597	11.3
<b>Account Balances - End of Year</b>				
Annuities Segment - Fixed Annuities	15.458	16.505	16.791	15.8
Annuities Segment - Variable Annuities	27.346	33.358	41.493	39.2
Annuities Segment - Life Insurance			0.155	0.1
Life Insurance Segment - Life Insurance	3.038	9.243	10.217	10.5
Inv Mgmt - Annuities	10.991	14.257	15.526	13.8
Inv Mgmt - Mutual Funds	12.484	13.528	13.632	12.9
Inv Mgmt - Wrap Fee & Other	2.403	2.512	1.649	1.7
Consolidating Adjustments	(6.806)	(8.891)	(9.175)	(7.1)
Account Balances	64.914	80.512	90.288	85.3
	Mar 1999	Jun 1999	Sep 1999	Dec 1999

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Deposits - For the Quarter				
Annuities Segment - Fixed Annuities	0.489	0.654	0.678	0.741
Annuities Segment - Variable Annuities	0.635	0.651	0.634	0.634
Annuities Segment - Life Insurance	0.003	0.005	0.004	0.005
Life Insurance Segment - Life Insurance	0.394	0.379	0.399	0.526
Inv Mgmt - Annuities	0.428	0.393	0.332	0.409
Inv Mgmt - Mutual Funds	0.565	0.487	0.514	0.587
Inv Mgmt - Wrap Fee & Other	0.182	0.173	0.116	0.079
Consolidating Adjustments	(0.142)	(0.143)	(0.096)	(0.118)
	-----			
Gross Deposits	2.554	2.599	2.581	2.864
	-----			

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

	Sep	Dec	Mar	Jun
	2000	2000	2001	2001
	-----			
Deposits - For the Quarter				
Annuities Segment - Fixed Annuities	0.513	0.482	0.560	0.668
Annuities Segment - Variable Annuities	0.729	0.846	0.887	0.703
Annuities Segment - Life Insurance	0.004	0.004	0.003	0.004
Life Insurance Segment - Life Insurance	0.428	0.622	0.418	0.477
Inv Mgmt - Annuities	0.453	0.536	0.455	0.373
Inv Mgmt - Mutual Funds	0.521	0.535	0.442	0.324
Inv Mgmt - Wrap Fee & Other	0.143	0.184	0.227	0.157
Consolidating Adjustments	(0.100)	(0.145)	(0.262)	(0.202)
	-----			
Gross Deposits	2.691	3.064	2.729	2.504
	-----			

Account Balances - End of Quarter				
Annuities Segment - Fixed Annuities	15.660	15.394	15.430	15.551
Annuities Segment - Variable Annuities	42.743	39.427	34.733	36.961
Annuities Segment - Life Insurance	0.166	0.160	0.147	0.157
Life Insurance Segment - Life Insurance	10.716	10.847	10.764	11.066
Inv Mgmt - Annuities	14.824	13.494	11.787	12.483
Inv Mgmt - Mutual Funds	14.102	12.805	11.091	11.748
Inv Mgmt - Wrap Fee & Other	1.285	1.375	1.688	1.823
Consolidating Adjustments	(8.644)	(7.753)	(6.834)	(7.007)
	-----			
Account Balances	90.853	85.749	78.806	82.783
	-----			

Total Domestic Net Flows  
Unaudited [Billions of Dollars]

For the Year	2000	2001
--------------	------	------

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Annuities Segment	(2.874)	0.105
Life Insurance Segment	1.158	1.163
Investment Management Segment- Retail	(1.517)	(0.461)
Consolidating Adjustments	1.406	(0.150)
<b>Total Retail Net Flows</b>	<b>(1.828)</b>	<b>0.657</b>
Investment Management Segment- Institutional	(5.694)	(0.228)
<b>Total Net Flows</b>	<b>(7.522)</b>	<b>0.429</b>

	Mar 2000	Jun 2000	Sep 2000	De 2000
For the Quarter				
Annuities Segment	(0.700)	(0.682)	(0.812)	(0.68)
Life Insurance Segment	0.242	0.235	0.277	0.40
Investment Management Segment- Retail	(0.886)	(0.363)	(0.326)	0.05
Consolidating Adjustments	0.717	0.342	0.194	0.15
<b>Total Retail Net Flows</b>	<b>(0.627)</b>	<b>(0.469)</b>	<b>(0.667)</b>	<b>(0.06)</b>
Investment Management Segment- Institutional	(2.611)	(1.057)	(0.983)	(1.04)
<b>Total Net Flows</b>	<b>(3.238)</b>	<b>(1.526)</b>	<b>(1.650)</b>	<b>(1.11)</b>

	Mar 2001	Jun 2001	Sep 2001	D 2001
For the Quarter				
Annuities Segment	(0.590)	(0.196)	0.261	0.6
Life Insurance Segment	0.237	0.304	0.239	0.3
Investment Management Segment- Retail	(0.047)	(0.160)	(0.126)	(0.1
Consolidating Adjustments	0.019	(0.034)	(0.081)	(0.0
<b>Total Retail Net Flows</b>	<b>(0.382)</b>	<b>(0.086)</b>	<b>0.293</b>	<b>0.8</b>
Investment Management Segment- Institutional	(0.418)	0.445	(0.155)	(0.1
<b>Total Net Flows</b>	<b>(0.800)</b>	<b>0.359</b>	<b>0.138</b>	<b>0.7</b>

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

PAG

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

December 31 1997 1998 1999 2000

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	24.066	30.233	27.689	27.450	28.811
Equity securities	0.660	0.543	0.604	0.550	0.604
Other investments	5.092	7.154	7.286	7.369	7.369
Total LNC Investments	29.819	37.929	35.578	35.369	36.784
Separate accounts	37.139	43.409	53.654	50.580	44.444
Cash and Invested Cash	3.795	2.433	1.896	1.927	3.777
Discontinued Operations					
Total LNC	70.752	83.772	91.128	87.876	84.995
Non-affiliate assets managed	48.331	50.061	49.314	43.397	42.500
Total Assets Managed	119.083	133.833	140.443	131.273	126.500
Assets Managed by Advisor					
Investment Management segment (See page 22 for additional detail)	56.457	61.488	61.374	52.895	47.811
DLIA-Corp (Assets managed internally-see page 22)	35.684	39.432	35.934	35.686	38.889
Lincoln (UK)	6.775	7.573	8.589	7.873	6.775
Policy Loans (within business units)	0.763	1.840	1.892	1.961	1.840
Non-LNC Affiliates	19.404	23.500	32.654	32.858	31.222
Total Assets Managed	119.083	133.833	140.443	131.273	126.500

	Mar 1999	Jun 1999	Sep 1999	Dec 1999	Mar 2000
End of Quarter					
Assets Managed by Source					
LNC's Investments and Cash:					
Fixed maturity securities	30.578	29.579	28.708	27.689	27.745
Equity securities	0.481	0.506	0.507	0.604	0.588
Other investments	7.071	7.278	7.317	7.286	7.442
Total LNC Investments	38.129	37.363	36.532	35.578	35.775
Separate accounts	44.339	47.864	46.229	53.654	56.908
Cash and invested cash	2.327	2.151	2.343	1.896	1.510
Total LNC	84.796	87.378	85.104	91.128	94.192
Non-affiliate assets managed	48.690	49.827	48.068	49.314	47.150
Total Assets Managed	133.486	137.205	133.172	140.443	141.342
Assets Managed by Advisor					
Investment Management segment (See page 23 for additional detail)	59.941	61.511	58.869	61.374	58.241

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

DLIA-Corp	38.516	37.391	36.820	35.934	35.541	34
(Assets managed internally-see page 23)						
Lincoln (UK)	7.631	7.746	7.849	8.589	8.423	8
Policy Loans (within business units)	1.842	1.847	1.863	1.892	1.896	1
Non-LNC Affiliates	25.555	28.710	27.771	32.654	37.241	36
	-----	-----	-----	-----	-----	-----
Total Assets Managed	133.486	137.205	133.172	140.443	141.342	137
	=====	=====	=====	=====	=====	=====

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

Assets Managed by Source						
LNC's Investments and Cash:						
Fixed maturity securities	27.264	27.450	27.811	27.874	28.932	28
Equity securities	0.570	0.550	0.560	0.534	0.478	0
Other investments	7.471	7.369	7.374	7.388	7.379	7
	-----	-----	-----	-----	-----	-----
Total LNC Investments	35.305	35.369	35.744	35.796	36.788	36
Separate accounts	54.411	50.580	44.506	47.140	39.480	44
Cash and invested cash	1.436	1.927	2.015	1.502	1.996	3
	-----	-----	-----	-----	-----	-----
Total LNC	91.152	87.876	82.266	84.438	78.264	84
	-----	-----	-----	-----	-----	-----
Non-affiliate assets managed	45.119	43.397	41.904	44.069	39.198	42
	-----	-----	-----	-----	-----	-----
Total Assets Managed	136.271	131.273	124.170	128.507	117.462	126
	=====	=====	=====	=====	=====	=====

Assets Managed by Advisor						
Investment Management segment						
(See page 23 for additional detail)						
DLIA-Corp	34.981	35.686	36.324	36.018	37.337	38
(Assets managed internally-see page 23)						
Lincoln (UK)	7.838	7.873	7.012	7.027	6.474	6
Policy Loans (within business units)	1.936	1.961	1.947	1.947	1.943	1
Non-LNC Affiliates	35.989	32.858	31.122	33.246	27.177	31
	-----	-----	-----	-----	-----	-----
Total Assets Managed	136.271	131.273	124.170	128.507	117.462	126
	=====	=====	=====	=====	=====	=====

12/31/2001

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

For the Year Ended December 31	1997	1998	1
	-----	-----	-----
Net Investment Income			
Fixed Maturity Securities	1832.1	2065.8	223

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Equity Securities	19.1	22.8	2
Mortgage loans on real estate	279.2	383.6	36
Real estate	99.4	86.8	6
Policy loans	44.5	99.5	11
Invested cash	102.4	156.8	11
Other investments	20.6	88.4	5
	-----	-----	-----
Investment revenue	2397.3	2903.7	296
Investment expense	146.6	222.3	15
	-----	-----	-----
Net Investment Income	2250.8	2681.4	280
	-----	-----	-----
Gross-up of Tax Exempt Income	12.7	11.6	
	-----	-----	-----
Adjusted Net Invest Income	2263.5	2693.0	281
	=====	=====	=====
Mean Invested Assets (Cost Basis)	30337.3	36573.8	3902
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.46%	7.36%	7.
Investment Gains			
Realized Gains (Losses) on Investments	72.9	13.7	
Gains(Losses) on Derivatives	0.0	0.0	
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	159.6	116.4	(101)
Incr (Decr) on Derivatives			
Incr (Decr) in Foreign Exchange	(20.3)	3.8	(1
Incr (Decr) in minimum pension liability			
Securities Available-for-Sale [Billions of Dollars at End of Year]			
Fixed Maturity Sec (Market)	24.066	30.233	27.
Fixed Maturity Sec (Adjusted Cost)	22.624	28.640	28.
Equity Securities (Market)	0.660	0.543	0.
Equity Securities (Adjusted Cost)	0.518	0.437	0.
% of Fixed Maturity Securities (Based on Market)			
Treasuries and AAA	27.6%	25.6%	22
AA or better	35.1%	32.6%	29
BB or less	7.3%	7.0%	8
	Mar	Jun	Sep
For the Quarter Ended	1999	1999	1999
	-----	-----	-----
Net Investment Income			
Fixed Maturity Securities	557.8	575.8	551.2
Equity Securities	4.4	4.9	3.9
Mortgage loans on real estate	94.5	85.5	94.7
Real estate	19.4	18.4	13.7
Policy loans	28.6	28.6	29.4
Invested cash	32.4	23.4	32.4
Other investments	7.5	13.4	9.9

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Investment revenue	744.6	750.1	735.2	735.2
Investment expense	35.1	49.3	38.1	38.1
Net Investment Income	709.5	700.8	697.1	697.1
Gross-up of Tax Exempt Income	1.8	2.0	1.7	1.7
Adjusted Net Invest Income	711.3	702.8	698.7	698.7
Mean Invested Assets (Cost Basis)	39174.2	39385.3	39111.8	38433.3
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.26%	7.14%	7.15%	7.15%
Investment Gains				
Realized Gains (Losses) on Investments	1.5	(3.5)	4.1	4.1
Gains (Losses) on Derivatives	0.0	0.0	0.0	0.0
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	(297.7)	(255.8)	(102.7)	(360.2)
Incr (Decr) on Derivatives				
Incr (Decr) in Foreign Exchange	(19.9)	(9.5)	19.6	(19.9)
Incr (Decr) in minimum pension liability				
Securities Available-for-Sale [Billions of Dollars at End of Year]				
Fixed Maturity Sec (Market)	30.578	29.579	28.708	27.808
Fixed Maturity Sec (Adjusted Cost)	29.681	29.494	28.974	28.974
Equity Securities (Market)	0.481	0.506	0.507	0.507
Equity Securities (Adjusted Cost)	0.380	0.385	0.414	0.414
% of Fixed Maturity Securities (Based on Market)				
Treasuries and AAA	26.3%	25.5%	24.2%	22.8%
AA or better	33.2%	32.5%	31.1%	29.8%
BB or less	7.1%	7.0%	7.5%	8.4%
	Sep	Dec	Mar	
For the Quarter Ended	2000	2000	2001	2001
Net Investment Income				
Fixed Maturity Securities	525.3	537.7	526.9	526.9
Equity Securities	3.6	6.5	1.0	1.0
Mortgage loans on real estate	94.4	92.3	95.7	95.7
Real estate	11.8	16.3	12.8	12.8
Policy loans	30.5	32.9	31.4	31.4
Invested cash	26.5	18.4	22.5	22.5
Other investments	26.9	2.9	19.6	19.6
Investment revenue	719.1	706.9	709.9	709.9
Investment expense	29.0	34.8	36.1	36.1
Net Investment Income	690.0	672.1	673.7	673.7
Gross-up of Tax Exempt Income	1.4	2.6	0.5	0.5

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Adjusted Net Invest Income	691.5	674.7	674.2	674.2
	=====	=====	=====	=====
Mean Invested Assets (Cost Basis)	37250.8	37090.8	37238.0	37090.8
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.43%	7.28%	7.24%	7.24%
Investment Gains				
Realized Gains (Losses) on Investments	(11.6)	1.2	(13.4)	(13.4)
Gains (Losses) on Derivatives	0.0	0.0	(0.1)	(0.1)
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	218.8	349.8	178.4	178.4
Incr (Decr) on Derivatives			23.3	23.3
Incr (Decr) in Foreign Exchange	(2.0)	2.0	(17.8)	(17.8)
Incr (Decr) in minimum pension liability				
Securities Available-for-Sale [Billions of Dollars at End of Year]				
Fixed Maturity Sec (Market)	27.264	27.450	27.811	27.811
Fixed Maturity Sec (Adjusted Cost)	27.727	27.373	27.367	27.367
Equity Securities (Market)	0.570	0.550	0.560	0.560
Equity Securities (Adjusted Cost)	0.450	0.458	0.507	0.507
% of Fixed Maturity Securities (Based on Market)				
Treasuries and AAA	22.3%	22.1%	20.3%	20.3%
AA or better	29.4%	29.2%	27.1%	27.1%
BB or less	6.8%	6.7%	7.2%	7.2%

12/31/01

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

For the Year Ended December 31	1991	1992	1993	1994
	-----	-----	-----	-----
Common Stock [1]				
Highest Price	13.813	19.032	24.125	22.188
Lowest Price	9.500	12.625	17.344	17.313
Closing Price	13.688	18.500	21.750	17.500
Dividend Payout Ratio [2]	63.5%	38.9%	52.6%	51.0%
Yield [3]	5.3%	4.1%	3.8%	4.9%
Preferred Stock Dividend (Millions)	13.033	17.246	17.212	17.119
Debt: (End of Period)				
Senior Debt Ratings				
A.M. Best				
Fitch		AA	AA-	AA-



Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Moody's	A2	A2	A1
Standard and Poors	A+	A+	A+
Claims Paying Ratings:			
Lincoln Life - A.M. Best	A+	A+	A+
Lincoln Life - Fitch	AAA	AAA	AAA
Lincoln Life - Moody's	A1	A1	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-
First Penn - A.M. Best*	A	A+	A+
First Penn - Fitch			
First Penn - Moody's			
First Penn - Standard & Poors*	AA-	AA-	AA-
LLA of New York - A.M. Best*			
LLA of New York - Fitch*			
LLA of New York - Moody's			
LLA of New York - Standard & Poors*			
Ratios			
Debt to Total Capitalization [4]	25.7%	21.1%	19.9%
Debt to Equity [4]	34.7%	26.7%	24.9%
For the Year Ended December 31			
	1997	1998	1999
Common Stock [1]			
Highest Price	39.063	49.438	57.500
Lowest Price	24.500	33.500	36.000
Closing Price	39.063	40.907	40.000
Dividend Payout Ratio [2]	22.8%	43.9%	50.5%
Yield [3]	2.7%	2.7%	2.9%
Preferred Stock Dividend (Millions)	0.106	0.100	0.089
Debt: (End of Period)			
Senior Debt Ratings			
A.M. Best			
Fitch	AA-	A+	A+
Moody's	A2	A2	A2
Standard and Poors	A	A-	A-
Claims Paying Ratings:			
Lincoln Life - A.M. Best	A+	A	A
Lincoln Life - Fitch	AA+	AA+	AA+
Lincoln Life - Moody's	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-
First Penn - A.M. Best*	A+	A	A
First Penn - Fitch	AA+	AA+	AA+
First Penn - Moody's	A1	A1	A1
First Penn - Standard & Poors*	AA-	AA-	AA-
LLA of New York - A.M. Best*	A+	A	A
LLA of New York - Fitch*	AA+	AA+	AA+
LLA of New York - Moody's	A1	A1	A1
LLA of New York - Standard & Poors*	AA-	AA-	AA-
Ratios			

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Debt to Total Capitalization [4]	17.0%	21.2%	23.2%
Debt to Equity [4]	20.5%	26.9%	30.3%

For the Quarter Ended	Mar 1999	Jun 1999	Sep 1999	Dec 1999
	-----	-----	-----	-----
Common Stock:				
Highest Price	50.250	53.438	57.500	48.313
Lowest Price	39.281	45.688	36.000	36.500
Closing Price	49.438	52.313	37.563	40.000
Yield [3]	2.2%	2.1%	2.9%	2.9%
Preferred Stock Dividend (Millions)	0.024	0.024	0.027	0.014
Debt: (End of Period)				
Senior Debt Ratings				
A.M. Best				
Fitch	A+	A+	A+	A+
Moody's	A2	A2	A2	A2
Standard and Poors	A-	A-	A-	A-
Claims Paying Ratings:				
Lincoln Life - A.M. Best	A	A	A	A
Lincoln Life - Fitch	AA+	AA+	AA+	AA+
Lincoln Life - Moody's	Aa3	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-	AA-
First Penn - A.M. Best*	A	A	A	A
First Penn - Fitch	AA+	AA+	AA+	AA+
First Penn - Moody's	A1	A1	A1	A1
First Penn - Standard & Poors*	AA-	AA-	AA-	AA-
LLA of New York - A.M. Best*	A	A	A	A
LLA of New York - Fitch*	AA+	AA+	AA+	AA+
LLA of New York - Moody's	A1	A1	A1	A1
LLA of New York - Standard & Poors*	AA-	AA-	AA-	AA-
Ratios				
Debt to Total Capitalization [4]	20.7%	22.0%	22.0%	23.2%
Debt to Equity [4]	26.2%	28.2%	28.3%	30.3%

For the Quarter Ended	Sep 2000	Dec 2000	Mar 2001	Jun 2001
	-----	-----	-----	-----
Common Stock:				
Highest Price	56.375	50.938	48.250	52.300
Lowest Price	35.625	40.875	38.000	41.280
Closing Price	48.125	47.313	42.470	51.750

Edgar Filing: LINCOLN NATIONAL CORP - Form 8-K

Yield [3]	2.4%	2.6%	2.9%	2.4%
Preferred Stock Dividend (Millions)	0.021	0.013	0.019	0.018

Debt: (End of Period)

Senior Debt Ratings

A.M. Best	a	a	a	a
Fitch	A+	A+	A+	A+
Moody's	A2	A3	A3	A3
Standard and Poors	A-	A-	A-	A-

Claims Paying Ratings:

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

Ratios

Debt to Total Capitalization [4]	21.2%	20.8%	22.2%	21.2%
Debt to Equity [4]	27.0%	26.3%	28.5%	27.0%

\* Rating based on affiliation with Lincoln Life

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

[2] Indicated dividend divided by net income

[3] Indicated dividend divided by the closing price

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

Return on Equity/Return on Capital:

In order to accommodate the various perspectives, LNC presents three separate Return on Equity numbers on pages 2 and 3 of this Statistical Report. "Net Income Divided by Average Shareholders' Equity" tends to fluctuate from period to period due to the realization of gains on the sale of investments or subsidiaries during one period and the planned generation of losses in another period for purposes of recovering Federal Taxes previously paid. "Income from Operations Divided by Average Shareholders' Equity" is less volatile but leaves out an important element of earnings for a company that has a long-term goal of enhancing shareholder value by realizing investment gains. "Adjusted Income from Operations Divided by Adjusted Shareholders' Equity" amortizes: 1) realized security gains on investments 2) unrealized gains on equity securities over approximately five years 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, debt and hybrid securities. Return on capital is calculated by dividing income from operations (after adding back after-tax interest expense) by average capital. The difference between return on capital and return on equity presents the effect of leveraging on LNC's consolidated results.