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LINCOLN NATIONAL CORP  
Form 8-K  
October 29, 2003

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

FORM 8-K

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

Date of Report: September 30, 2003

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

Registrant's telephone number 219-448-1400

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

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

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

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

Item 12. Results of Operations and Financial Condition

See Item 9, Regulation FD Disclosure, above.

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## Lincoln Financial Group Statistical Report Third Quarter 2003

### Table of Contents

#### LFG Analyst Coverage

#### Notes

Financial Highlights	1 - 4
Eleven-Year Summary	5
Quarterly Summary	6
Reconciliation of Business Segments to Consolidated Income Statement	7 - 8
Statement of Consolidated Income	9 - 10
Reconciliation of Business Segments to Consolidated Balance Sheets	11 - 12
Five-Year Comparative Balance Sheet	13
Quarterly Balance Sheet	14
Lincoln Retirement	
Income Statement & Operational Data	15 - 16
Account Value Roll Forward	17 - 18
Life Insurance	
Income Statement	19 - 20
Operational Data	21
Account Value Roll Forward	22 - 23
Investment Management	
Income Statement	24 - 25
Assets Under Management Roll Forward	26 - 27
Lincoln UK	
Income Statement	28 - 29
Operational Data	30
Other Operations	31
Consolidated	
Domestic Retail Deposits / Account Balances	32
Total Domestic Net Flows	32
Assets Managed	33
Investment Data	34
Common Stock / Debt Information	35
Retroactive Adoption of FAS 123	36

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ii

NOTES

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### Definitions and Presentation

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

### Accounting Changes

- \* Effective January 1, 2003, LNC adopted the fair value recognition method of accounting for its stock option incentive plans under Statement of Financial Accounting Standards ("FAS") No. 123, "Accounting for Stock-based Compensation" (FAS 123). LNC adopted the retroactive restatement method under FAS No. 148, "Accounting for Stock-based Compensation - Transition and Disclosure." As a result, LNC has chosen to restate 2000, 2001, and 2002 to reflect stock-based compensation cost under the fair value method in FAS 123 for all employee awards granted, modified or settled in fiscal years beginning after December 31, 1994. See page 36 for details on the restatement by segment.

Financial Highlights  
Unaudited [Millions of Dollars,  
except Common Share Data]

For the Quarter Ended September 30

For the Nine M

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	2003 Amount	2002 Amount	Change	% Change	2003 Amount	2002 Amount
Net Income	133.3	(136.4)	269.7	197.7%	317.6	(2.0)
Less:						
Realized gains (losses) on investments	6.4	(23.6)	30.0		(53.0)	(143.0)
Gains (losses) on derivatives	5.9	0.1	5.8		4.1	0.0
Amortization of deferred gain-reserve development	(18.5)	(176.4)	157.9		(18.7)	(190.0)
Restructuring charges	(12.9)	1.3	(14.3)		(25.4)	0.0
Loss on early retirement of subordinated debt	(3.7)	-	(3.7)		(3.7)	
Income from Operations	156.0	62.1	93.9	151.2%	414.1	331.0
Net Income - By Segment						
Lincoln Retirement	102.0	(7.0)	109.1	1,550.5%	190.6	48.0
Life Insurance	55.8	46.4	9.4	20.3%	169.9	146.0
Investment Management	6.3	(3.9)	10.2	264.5%	12.0	(2.0)
Lincoln UK	11.5	0.2	11.2	4,502.5%	30.7	19.0
Corporate & Other	(42.4)	(172.1)	129.8		(85.6)	(214.0)
Total	133.3	(136.4)	269.7	197.7%	317.6	(2.0)
Income from Operations - By Segment						
Lincoln Retirement	94.3	21.8	72.6	333.6%	237.8	147.0
Life Insurance	58.7	62.7	(4.0)	(6.4%)	191.2	205.0
Investment Management	9.7	(3.0)	12.6	424.1%	15.5	(0.0)
Lincoln UK	11.3	(0.6)	11.9	1,963.8%	30.6	19.0
Corporate & Other	(18.0)	(18.8)	0.8		(61.0)	(41.0)
Total	156.0	62.1	93.9	151.2%	414.1	331.0
Earnings per share (diluted)						
Net Income	\$0.74	(\$0.74)	\$1.49	200.2%	\$1.77	(\$0.00)
Less:						
Realized gains (losses) on investments	\$0.01	(\$0.13)	\$0.15		(\$0.32)	(\$0.70)
Gains (losses) on derivatives	\$0.03	\$0.00	\$0.03		\$0.02	\$0.00
Amortization of deferred gain-reserve development	(\$0.10)	(\$0.96)	\$0.86		(\$0.10)	(\$1.00)
Restructuring charges	(\$0.07)	\$0.01	(\$0.08)		(\$0.14)	\$0.00
Loss on early retirement of subordinated debt	(\$0.02)	\$0.00	(\$0.02)		(\$0.02)	\$0.00
Income from Operations	\$0.87	\$0.34	\$0.53	156.4%	\$2.31	\$1.70
Revenue	1,268.8	1,163.4	105.4	9.1%	3,581.3	3,446.0
Less:						
Realized Gains (Losses) on Investments	9.8	(37.1)	46.8	126.4%	(81.5)	(222.0)
Gains (Losses) on						

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Derivatives	9.1	0.3	8.9		6.3	0.
Amortization of deferred gain-reserve development	3.7	(1.4)	5.1		3.3	(1.
Operating Revenue	1,246.2	1,201.6	44.6	3.7%	3,653.2	3,669.

Revenue - By Segment						
Lincoln Retirement	536.3	440.7	95.6	21.7%	1,420.5	1,336.
Life Insurance	468.9	441.6	27.3	6.2%	1,400.5	1,305.
Investment Management	121.7	97.5	24.1	24.7%	340.2	310.
Lincoln UK	67.3	91.8	(24.5)	(26.7%)	196.3	225.
Corporate & Other	74.8	91.8	(17.1)	(18.6%)	223.9	268.
Total	1,268.8	1,163.4	105.4	9.1%	3,581.3	3,446.

Operating Revenue- By Segment						
Lincoln Retirement	516.0	485.6	30.4	6.3%	1,478.5	1,487.
Life Insurance	470.8	466.8	4.1	0.9%	1,417.8	1,396.
Investment Management	121.4	99.3	22.1	22.3%	340.3	314.
Lincoln UK	67.0	90.6	(23.6)	(26.0%)	196.1	224.
Corporate & Other	70.9	59.4	11.6	19.5%	220.5	245.
Total	1,246.2	1,201.6	44.6	3.7%	3,653.2	3,669.

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

Lincoln Retirement						
Gross Deposits	1.578	1.694	(0.116)	(6.8%)	4.365	5.04
Net Flows	0.277	0.068	0.209	307.6%	0.472	0.37
Account Values (Gross)	52.841	45.504	7.337	16.1%	52.841	45.50
Account Values (Net of Reinsurance)	50.576	43.591	6.986	16.0%	50.577	43.59
Life Insurance Segment						
First Year Premium-Retail (in millions)	207.974	173.986	33.989	19.5%	552.157	469.16
First Year Premium-COLI (in millions)	23.692	7.831	15.861	202.6%	96.049	61.33
First Year Premium-Total (in millions)	231.666	181.816	49.850	27.4%	648.206	530.49
In-force	273.335	248.030	25.305	10.2%	273.335	248.03
Account Values	12.958	11.726	1.232	10.5%	12.958	11.72
Investment Management Segment						
Retail Deposits	1.494	1.465	0.029	2.0%	3.917	4.02
Retail Net Flows	0.370	0.048	0.322	672.3%	0.686	0.30
Institutional In-flows	1.943	1.162	0.781	67.2%	3.881	3.87
Institutional Net Flows	0.799	0.348	0.451	129.6%	1.417	1.53
Total Net Flows	1.169	0.396	0.773	195.2%	2.104	1.83
Assets Under Management-Retail and Inst'l	55.129	43.362	11.767	27.1%	55.129	43.36

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Assets Under Management - Insurance Assets	42.984	40.416	2.569	6.4%	42.984	40.416
Assets Under Management - Total Segment Consolidated	98.113	83.778	14.335	17.1%	98.113	83.778
Consolidated Domestic Retail Deposits	3.370	3.206	0.165	5.1%	9.210	9.520
Consolidated Domestic Retail Account Balances	83.788	71.594	12.194	17.0%	83.788	71.594
Total Retail Net Flows	0.965	0.545	0.419	76.8%	2.256	1.700
Total Net Flows	1.799	0.901	0.897	99.5%	3.687	3.240
Total Assets Under Management	130.840	110.682	20.159	18.2%	130.840	110.682

Financial Highlights  
Unaudited [Millions of Dollars except Common Share Data]

	For the Quarter Ended September 30				For the Ni	
	2003 Amount	2002 Amount	Change	% Change		2003 Amount
Balance Sheet Assets - End of Period	100,839.9	90,483.9	10,356.0	11.4%	100,839.9	90,483.9
Shareholders' Equity						
Beg of Period (including AOCI)	5,815.9	5,352.8	463.1		5,347.5	5,347.5
End of Period (including AOCI)	5,586.4	5,436.8	149.6		5,347.5	5,347.5
End of Period (excluding AOCI)	4,790.6	4,591.8	198.9		4,790.6	4,790.6
Average Equity (excluding AOCI)	4,784.5	4,944.0	(159.5)		4,712.8	4,712.8
Return on Equity						
Net Income/Average Equity (excluding AOCI)	11.1%	(11.0%)	22.2%		9.0%	9.0%
Inc from Operations/Average Equity (excluding AOCI)	13.0%	5.0%	8.0%		11.7%	11.7%
Return on Capital						
Inc from Operations/Average Capital	10.6%	4.8%	5.9%		9.7%	9.7%
Common Stock Outstanding						
Average for the Period - Diluted	179.9	183.2	(3.4)	(1.9%)	179.1	179.1
End of Period - Assuming Conv of Pref.	178.3	177.5	0.8	0.5%	178.3	178.3
End of Period - Diluted	179.9	178.2	1.6	0.9%	179.9	179.9
Book Value (including AOCI)	31.34	30.64	0.70	2.3%	31.34	31.34
Book Value (excluding AOCI)	26.87	25.87	1.00	3.9%	26.87	26.87
Cash Returned to Shareholders						
Share Repurchase - dollar amount	0.0	247.8	(247.8)		0.0	0.0
Dividends Declared to Shareholders	59.6	58.8	0.8		180.4	180.4

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Total Cash Returned to Shareholders	59.6	306.6	(247.0)		180.4
	=====	=====	=====	=====	=====
Share Repurchase - number of shares	0.000	7.203	(7.203)		0.000
Dividend Declared on Common Stock - per share	\$0.335	\$0.320	\$0.015	4.7%	\$1.005

	For the Quarter Ended September 30			For the Ni
	2003	2002		2003
	Amount	Amount		Amount
	-----	-----		-----
Comprehensive Income				
Net Income	133.3	(136.4)		317.6
Foreign Currency Translation	(1.3)	13.4		(16.2)
Net Unrealized Gains (Losses) on Securities	(313.4)	491.9		51.2
Gains (Losses) on Derivatives	(5.6)	4.7		(5.1)
Minimum Pension Liability Adjustment	(0.2)	2.6		(1.1)
Comprehensive Income	(187.0)	376.1		378.7

Financial Highlights  
Unaudited [Amounts in Million]

	For the Quarter Ended September 30				For the Ni
	2003	2002	Change	% Change	2003
	Amount	Amount			Amount
	-----	-----	-----	-----	-----
Consolidated Condensed Statements of Income					
Revenue:					
Insurance Premiums and Fees	427.4	412.2	15.2	3.7%	1,244.3
Investment Advisory Fees	53.2	42.9	10.3	24.1%	146.8
Net Investment Income	664.4	652.4	12.1	1.9%	1,979.3
Realized Gains (Losses) on Investments	9.8	(37.1)	46.8		(81.5)
Gains (Losses) on Derivatives	9.1	0.3	8.9		6.3
Amortization of Deferred Gain on Indemnity Reinsurance	18.3	22.1	(3.8)	(17.1%)	54.9
Other	86.6	70.7	15.9	22.4%	231.3
Total Revenue	1,268.8	1,163.4	105.4	9.1%	3,581.3
Benefits and Expenses:					
Benefits	639.2	941.6	(302.4)	(32.1%)	1,845.4
Underwriting, Acquisition, Insurance and Other Expenses	451.0	462.5	(11.6)	(2.5%)	1,334.1
Total Benefits and Expenses	1,090.2	1,404.1	(314.0)	(22.4%)	3,179.5

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Income before Federal Taxes	178.7	(240.7)	419.4		401.8
Federal Income Taxes	45.4	(104.3)	149.7		84.2
	-----	-----	-----	-----	-----
Net Income	133.3	(136.4)	269.7	197.7%	317.6
	=====	=====	=====	=====	=====

Income before Tax By Segment					
Lincoln Retirement	135.9	(35.1)	171.0		221.7
Life Insurance	80.8	66.1	14.6		245.2
Investment Management	10.3	(5.4)	15.7		19.4
Lincoln UK	17.6	0.4	17.2		47.2
Corporate and Other	(66.0)	(266.8)	200.8		(131.7)
	-----	-----	-----	-----	-----
Income before Tax	178.7	(240.7)	419.4		401.8

Pre-Tax Realized Gains (Losses) by Segment*					
Lincoln Retirement	20.3	(44.9)	65.2		(58.1)
Life Insurance	(1.9)	(25.2)	23.2		(17.4)
Investment Management	0.2	(1.8)	2.0		(0.1)
Lincoln UK	0.3	1.2	(1.0)		0.2
Corporate and Other	0.1	33.8	(33.7)		0.1
	-----	-----	-----	-----	-----

Pre-Tax Realized Gains (Losses) on Investments and Derivatives	18.9	(36.8)	55.7		(75.2)
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After-Tax Realized Gains (Losses) by Segment*					
Lincoln Retirement	13.2	(28.8)	42.0		(37.7)
Life Insurance	(1.3)	(16.3)	15.1		(11.3)
Investment Management	0.1	(1.2)	1.3		(0.1)
Lincoln UK	0.2	0.9	(0.7)		0.2
Corporate and Other	0.1	22.0	(21.9)		0.1
	-----	-----	-----	-----	-----

After-Tax Realized Gains (Losses) on Investments and Derivatives	12.3	(23.5)	35.8		(48.9)
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\* Includes both realized gains (losses) on investments and gains (losses) on derivatives.

Financial Highlights  
Unaudited [Millions of Dollars, except Common Shares]

As of

	September	December		
	2003	2002		
	Amount	Amount	Change	% Change



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Consolidated Condensed Balance Sheets				
Assets:				
Investments:				
Securities Available for Sale:				
Fixed Maturities	35,383.9	32,767.5	2,616.5	8.0
Equities	243.0	337.2	(94.3)	(28.0)
Mortgage Loans on Real Estate	4,151.5	4,205.5	(53.9)	(1.3)
Real Estate	249.8	279.7	(29.9)	(10.7)
Policy Loans	1,910.5	1,945.6	(35.2)	(1.8)
Other Long-Term Investments	484.7	464.4	20.3	4.4
Total Investments	42,423.3	39,999.9	2,423.5	6.1
Other Assets:				
Assets Held in Separate Accounts	41,283.4	36,178.3	5,105.1	14.1
Other Assets	17,133.2	17,006.5	126.7	0.7
Total Assets	100,839.9	93,184.6	7,655.3	8.2
Liabilities and Shareholders' Equity				
Liabilities:				
Insurance and Investment Contract Liabilities	46,716.2	44,845.3	1,870.9	4.2
Liabilities Related to Separate Accounts	41,283.4	36,178.3	5,105.1	14.1
Other Liabilities	7,254.0	6,813.6	440.4	6.5
Total Liabilities	95,253.5	87,837.2	7,416.4	8.4
Shareholders' Equity:				
Net Unrealized Gains(Losses) on Securities and Derivatives	827.7	781.6	46.0	5.9
Minimum Pension Liability Adjustment	(99.0)	(97.8)	(1.1)	(1.1)
Foreign Currency Translation Adjustment	67.0	39.8	27.2	68.2
Other Shareholders' Equity	4,790.6	4,623.9	166.8	3.6
Total Shareholders' Equity	5,586.4	5,347.5	238.9	4.5
Total Liabilities and Shareholders' Equity	100,839.9	93,184.6	7,655.3	8.2

	As of			
	September 2003 Amount	December 2002 Amount	Change	% Chang
Roll Forward of Deferred Acquisition Costs				
Balance at beginning of year	2,970.9	2,885.3	85.6	3.0
Deferral	454.8	627.3	(172.5)	(27.5)
Amortization	(232.0)	(346.7)	114.7	33.1
Included in Total Benefits and Expenses	222.7	280.6	(57.9)	(20.6)
Adjustment related to realized (gains) losses on securities available-for-sale	(22.3)	115.0	(137.3)	(119.4)
Adjustment related to unrealized (gains) losses on securities available-for-sale	(271.2)	(338.5)	67.3	19.9
Foreign currency translation adjustment	19.2	56.9	(37.7)	(66.3)
Other	-	(28.4)	28.4	100.0

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Balance at end-of-period	2,919.4	2,970.9	(55.6)	(1.9)
Roll Forward of Present Value of In-Force				
Balance at beginning-of-year	1,250.1	1,362.5	(112.4)	(8.2)
Amortization	(65.8)	(136.5)	70.6	51.8
Foreign currency translation adjustment	8.2	24.1	(15.9)	(66.1)
Balance at end-of-period	1,192.5	1,250.1	(57.7)	(4.6)

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

For the Year Ended December 31	2002	2001	2000	1999	1998
Revenue					
Lincoln Retirement	1,787.7	1,968.3	2,133.7	2,115.8	2,068.1
Life Insurance	1,785.0	1,840.6	1,819.0	1,760.4	1,378.5
Investment Management	413.1	451.2	513.7	514.9	509.6
Lincoln UK	277.2	290.7	433.8	446.6	439.7
Corporate & Other	372.4	1,827.3	1,946.9	1,966.0	1,691.1
Total Revenue	4,635.5	6,378.0	6,847.1	6,803.7	6,087.1
Net Income					
Lincoln Retirement	53.7	265.1	354.7	291.5	273.8
Life Insurance	206.1	229.3	246.0	211.5	127.5
Investment Management	(1.4)	(9.0)	17.9	51.6	44.4
Lincoln UK	37.7	66.8	(15.1)	(18.2)	71.7
Corporate & Other	(247.3)	(6.6)	(18.2)	(76.1)	(7.6)
Total Net Inc from Cont Oper	48.8	545.7	585.3	460.4	509.8
Discontinued Operations	-	-	-	-	-
Total Net Income	48.8	545.7	585.3	460.4	509.8
Income from Operations					
Lincoln Retirement	183.4	316.2	358.1	299.4	262.4
Life Insurance	269.0	275.3	256.7	212.0	149.2
Investment Management	1.8	(6.1)	25.0	61.0	43.9
Lincoln UK	34.6	58.1	59.2	(13.9)	70.9
Corporate & Other	(57.2)	1.0	(16.0)	(83.1)	4.0
Total Income from Cont Oper	431.6	644.4	683.0	475.5	530.4
Discontinued Operations	-	-	-	-	-
Income from Operations	431.6	644.4	683.0	475.5	530.4
OTHER DATA					
Assets	93,184.6	98,041.6	99,870.6	103,095.7	93,836.3

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Shareholders' Equity					
Including AOCI	5,347.5	5,303.8	4,980.6	4,263.9	5,387.9
Excluding AOCI	4,612.9	5,130.6	4,946.6	4,699.5	4,785.5
Average Equity (excluding AOCI)	4,983.3	5,057.1	4,831.4	4,786.2	4,636.3
Common Shares Outstanding (millions)					
End of Period - Diluted	178.5	189.3	193.2	197.0	203.4
Average for the Period - Diluted	184.6	191.5	193.0	200.4	203.3
Per Share Data (Diluted)					
Net Income from Continuing Operations	\$0.26	\$2.85	\$3.03	\$2.30	\$2.51
Net Income	\$0.26	\$2.85	\$3.03	\$2.30	\$2.51
Income (Loss) from Continuing Operations	\$2.34	\$3.37	\$3.54	\$2.37	\$2.61
Income from Operations*	\$2.34	\$3.37	\$3.54	\$2.37	\$2.61
Shareholders' Equity Per Share					
Shareholders' Equity (Includes AOCI)	\$30.10	\$28.32	\$26.05	\$21.76	\$26.59
Shareholders' Equity (Excludes accum AOCI)	\$25.97	\$27.39	\$25.88	\$23.98	\$23.62
Dividends Declared (Common Stock)	\$1.30	\$1.24	\$1.18	\$1.12	\$1.06
Return on Equity					
Net Income/Average Equity	1.0%	10.8%	12.1%	9.6%	11.0%
Inc from Operations/Average Equity	8.7%	12.7%	14.1%	9.9%	11.4%
Market Value of Common Stock					
High for the Year	\$53.65	\$52.75	\$56.38	\$57.50	\$49.44
Low for the Year	\$25.15	\$38.00	\$22.63	\$36.00	\$33.50
Close for the Year	\$31.58	\$48.57	\$47.31	\$40.00	\$40.91
For the Year Ended December 31	1996	1995	1994	1993	1992
	-----	-----	-----	-----	-----
Revenue					
Lincoln Retirement	1,805.0	1,877.1	1,506.2	1,603.8	1,336.2
Life Insurance	549.2	514.9	466.2	477.5	444.4
Investment Management	410.5	290.5			
Lincoln UK	393.2	351.5	216.0	174.9	180.6
Corporate & Other	1,575.6	1,552.5	1,744.1	2,680.9	2,780.9
Total Revenue	4,733.6	4,586.5	3,932.5	4,937.1	4,742.1
	=====	=====	=====	=====	=====
Net Income					
Lincoln Retirement	204.3	248.8	142.4	127.1	89.4
Life Insurance	51.8	40.6	34.2	37.8	46.8
Investment Management	25.0	27.4			
Lincoln UK	66.0	45.7	18.5	12.6	9.2
Corporate & Other	9.3	(61.0)	(29.6)	(101.1)	125.1
Total Net Inc from Cont Oper	356.4	301.4	165.5	76.4	270.5
Discontinued Operations	157.2	180.8	184.4	242.5	88.7
Total Net Income	513.6	482.2	349.9	318.9	359.2
	=====	=====	=====	=====	=====
Income from Operations					
Lincoln Retirement	174.6	175.2	142.4	127.1	89.4
Life Insurance	41.2	35.4	34.2	37.8	46.8
Investment Management	18.6	20.6			

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Lincoln UK	66.0	45.9	17.2	11.9	9.2
Corporate & Other	(1.7)	(136.2)	24.8	20.8	6.5
	-----	-----	-----	-----	-----
Total Income from Cont Oper	298.8	140.8	218.6	197.6	151.9
Discontinued Operations	135.3	165.6	171.1	145.9	88.7
	-----	-----	-----	-----	-----
Income from Operations	434.1	306.5	389.7	343.5	240.6
	=====	=====	=====	=====	=====
OTHER DATA					
Assets	71,713.4	63,257.7	48,864.8	47,825.1	39,042.2
Shareholders' Equity					
Including AOCI	4,470.0	4,378.1	3,042.1	4,072.3	2,826.8
Excluding AOCI	3,990.6	3,669.2	3,353.1	3,157.6	2,664.1
Average Equity (excluding AOCI)	3,851.7	3,400.3	3,288.6	3,009.0	2,575.0
Common Shares Outstanding (millions)					
End of Period - Diluted	209.5	210.3	208.3	208.3	187.7
Average for the Period - Diluted	210.7	209.5	208.7	206.1	186.8
Per Share Data (Diluted)					
Net Income from Continuing Operations	\$1.69	\$1.44	\$0.79	\$0.37	\$1.45
Net Income	\$2.44	\$2.30	\$1.68	\$1.55	\$1.92
Income (Loss) from Continuing Operations	\$1.42	\$0.67	\$1.05	\$0.96	\$0.81
Income from Operations*	\$2.06	\$1.46	\$1.87	\$1.67	\$1.29
Shareholders' Equity Per Share					
Shareholders' Equity (Includes AOCI)	\$21.50	\$20.95	\$14.67	\$19.69	\$15.13
Shareholders' Equity (Excludes accum AOCI)	\$19.19	\$17.55	\$16.17	\$15.27	\$14.26
Dividends Declared (Common Stock)	\$0.94	\$0.88	\$0.830	\$0.775	\$0.738
Return on Equity					
Net Income/Average Equity	13.3%	15.5%	10.6%	10.6%	13.9%
Inc from Operations/Average Equity	11.3%	9.8%	11.8%	11.4%	9.3%
Market Value of Common Stock					
High for the Year	\$28.50	\$26.88	\$22.19	\$24.13	\$19.03
Low for the Year	\$20.38	\$17.31	\$17.31	\$17.34	\$12.63
Close for the Year	\$26.25	\$26.88	\$17.50	\$21.75	\$18.50

Note: 2000, 2001, and 2002 have been restated for the adoption of the fair value method of accounting for stock options under FAS 123.

	Quarterly Summary					
	Unaudited [Millions of Dollars, except Common Share Data]					
For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002
	-----	-----	-----	-----	-----	-----
Revenue						
Lincoln Retirement	478.2	467.5	453.0	442.6	440.7	451.4

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Life Insurance	460.6	464.7	423.9	439.8	441.6	479.6
Investment Management	108.8	110.8	107.3	106.1	97.5	102.2
Lincoln UK	85.0	53.4	53.2	80.5	91.8	51.8
Corporate & Other	485.3	367.4	88.5	88.5	91.8	103.6
	-----	-----	-----	-----	-----	-----
Total Revenue	1,618.0	1,463.8	1,126.0	1,157.5	1,163.4	1,188.6
	=====	=====	=====	=====	=====	=====
Net Income						
Lincoln Retirement	57.6	53.1	46.6	9.2	(7.0)	5.0
Life Insurance	63.8	50.9	43.5	56.7	46.4	59.5
Investment Management	(2.1)	(2.4)	2.1	(0.8)	(3.9)	1.1
Lincoln UK	13.5	22.0	10.3	9.3	0.2	17.9
Corporate & Other	(24.6)	33.2	(16.8)	(25.8)	(172.1)	(32.6)
	-----	-----	-----	-----	-----	-----
Total Net Income	108.0	156.9	85.6	48.5	(136.4)	51.0
	=====	=====	=====	=====	=====	=====
Income from Operations						
Lincoln Retirement	71.4	73.7	79.4	46.8	21.8	35.4
Life Insurance	69.1	72.3	70.4	72.8	62.7	63.1
Investment Management	(1.6)	(1.3)	3.1	(0.3)	(3.0)	2.1
Lincoln UK	9.6	19.0	13.8	6.1	(0.6)	15.3
Corporate & Other	(16.3)	23.0	(13.6)	(8.9)	(18.8)	(15.9)
	-----	-----	-----	-----	-----	-----
Income from Operations	132.2	186.7	153.1	116.4	62.1	100.0
	=====	=====	=====	=====	=====	=====
OTHER DATA						
Assets	90,242.4	98,041.6	97,888.5	95,114.2	90,483.9	93,184.6
Shareholders' Equity						
Beg of Period (including AOCI)	5,088.9	5,405.0	5,303.8	5,173.2	5,352.8	5,436.8
End of Period (including AOCI)	5,405.0	5,303.8	5,173.2	5,352.8	5,436.8	5,347.5
End of Period (excluding AOCI)	5,129.8	5,130.6	5,174.7	5,020.3	4,591.8	4,612.9
Average Equity (excluding AOCI)	5,124.8	5,179.0	5,179.8	5,165.8	4,944.0	4,643.6
Common Shares Outstanding						
Average for the Period - Diluted	192.8	190.9	190.0	188.5	183.2	178.4
End of Period - Diluted	191.2	189.3	190.2	186.1	178.2	178.5
Per Share Data (Diluted)						
Net Income	\$0.56	\$0.82	\$0.45	\$0.26	(\$0.74)	\$0.29
Income from Operations	\$0.69	\$0.98	\$0.81	\$0.62	\$0.34	\$0.56
Shareholders' Equity						
Shareholders' Equity (including AOCI)	28.48	28.32	27.53	29.01	30.64	30.10
Shareholders' Equity (excluding AOCI)	27.03	27.39	27.54	27.21	25.87	25.97
Dividends Declared (Common Stock)	0.305	0.320	0.320	0.320	0.320	0.335
Return on Equity						
Net Income/Average Equity Inc from Operations/	8.4%	12.1%	6.6%	3.8%	(11.0%)	4.4%

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Average Equity	10.3%	14.4%	11.8%	9.0%	5.0%	8.6%
Market Value of Common Stock						
Highest Price	\$52.750	\$49.450	\$53.650	\$52.540	\$42.080	\$35.950
Lowest Price	\$41.000	\$40.000	\$47.200	\$40.750	\$29.120	\$25.150
Closing Price	\$46.630	\$48.570	\$50.730	\$42.000	\$30.550	\$31.580

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

For the Quarter Ended September 30	Lincoln Retirement		Life Insurance		Investment Management
	Sep 2003	Sep 2002	Sep 2003	Sep 2002	Sep 2003
Revenue					
Life and annuity premiums	7.8	13.4	45.2	48.6	
Surrender charges	7.4	8.7	13.7	13.4	
Mortality assessments			130.2	126.3	
Expense assessments	115.2	103.9	48.9	49.2	
Health premiums			0.0	0.0	
Investment advisory fees					78.7
Other revenue and fees	8.3	(4.0)	6.4	5.1	29.5
Net investment income	377.4	363.5	226.4	224.1	13.2
Realized gains (losses) on investments	18.6	(43.8)	(1.7)	(25.9)	0.2
Gains (losses) on derivatives	1.7	(1.1)	(0.3)	0.7	
<b>Total Revenue</b>	<b>536.3</b>	<b>440.7</b>	<b>468.9</b>	<b>441.6</b>	<b>121.7</b>
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	44.6	107.8	118.5	105.2	
Div accum & div to policyholders			15.9	17.2	
Interest credited to policy bal.	216.5	224.2	150.7	152.6	
Health policy benefits			0.0	0.0	
<b>Total insurance benefits</b>	<b>261.1</b>	<b>332.0</b>	<b>285.1</b>	<b>275.1</b>	
Underwriting, acquisition, insurance and other expenses:					
Commissions	80.7	83.0	34.4	31.8	
Other volume related expenses	16.1	19.6	48.3	45.8	
Operating and administrative expenses	57.0	53.0	41.7	41.1	101.6
Restructuring charges	8.4		2.5		5.3
Taxes, licenses and fees	3.7	3.0	16.1	13.2	2.4
Par policyholder interests					
Foreign exchange					
<b>Subtotal</b>	<b>166.0</b>	<b>158.6</b>	<b>143.0</b>	<b>131.8</b>	<b>109.3</b>

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Deferral of acquisition costs	(63.6)	(66.0)	(88.0)	(78.6)	
DAC amortization	33.6	47.1	21.1	23.9	
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(30.0)	(18.9)	(66.9)	(54.8)	
PVIF amortization	3.3	4.1	26.9	23.3	
Other intangibles amortization					2.0
Total underwriting, acquisition, insurance and other expenses	139.3	143.8	103.0	100.4	111.3
Goodwill amortization					
Interest	0.0				
	-----	-----	-----	-----	-----
Benefits and Expenses	400.3	475.8	388.1	375.5	111.3
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	135.9	(35.1)	80.8	66.1	10.3
Federal income taxes	33.9	(28.0)	24.9	19.7	4.0
Income Before Cumulative Effect of Accounting Changes	102.0	(7.0)	55.8	46.4	6.3
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Net Income	102.0	(7.0)	55.8	46.4	6.3
	=====	=====	=====	=====	=====
Less:					
Restructuring charges	(5.5)		(1.6)		(3.5)
Realized gains (losses) on investments	12.1	(28.0)	(1.1)	(16.9)	0.1
Gains (losses) on derivatives	1.1	(0.8)	(0.2)	0.6	
Reserve development on business sold through reinsurance/Amortization of gain					
Gain on sale of subsidiaries					
Cumulative effect of accounting changes					
Loss on early retirement of subordinated debt					
	-----	-----	-----	-----	-----
Income from Operations	94.3	21.8	58.7	62.7	9.7
	=====	=====	=====	=====	=====

PAGE 7

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

For the Quarter Ended September 30	Corporate and Other Operations		Consolidating Adjustments		Consolidated	
	Sep 2003	Sep 2002	Sep 2003	Sep 2002	Sep 2003	Sep 2002
	-----	-----	-----	-----	-----	-----

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Revenue						
Life and annuity premiums		(2.1)			69.1	71.
Surrender charges			0.5	0.7	21.5	22.
Mortality assessments	(1.0)	(0.9)			137.9	134.
Expense assessments	1.0	0.9	10.2	9.8	198.5	193.
Health premiums	(0.0)	(10.2)			0.4	(9.)
Investment advisory fees			(25.5)	(24.1)	53.2	42.
Amortization of deferred gain	18.3	22.1			18.3	22.
Amortization of deferred gain-reserve development	3.7	(1.4)			3.7	(1.)
Other revenue and fees	110.0	94.4	(74.0)	(67.9)	82.9	72.
Net investment income	32.3	38.4	(0.8)	(1.6)	664.4	652.
Earnings in Unconsolidated Affiliates						
Realized gains (losses) on investments	(7.6)	33.2			9.8	(37.)
Gains (losses) on derivatives	7.7	0.6			9.1	0.
	-----	-----	-----	-----	-----	-----
Total Revenue	164.4	174.9	(89.6)	(83.1)	1,268.8	1,163.
	-----	-----	-----	-----	-----	-----
Benefits and Expenses						
Ins. benefits paid or provided:						
Life and annuity policy benefits	42.7	(2.4)			227.1	229.
Div accum & div to policyholders	0.0	0.0			15.9	17.
Interest credited to policy bal.	31.8	32.6	6.6	7.9	405.6	417.
Health policy benefits	(42.8)	2.6			(41.5)	7.
Reserve developments on Reins. business sold	32.1	270.0			32.1	270.
	-----	-----	-----	-----	-----	-----
Total insurance benefits	63.8	302.8	6.6	7.9	639.2	941.
Underwriting, acquisition, insurance and other expenses:						
Commissions	20.0	2.4	7.8	5.8	144.1	124.
Other volume related expenses	55.7	44.7	(29.5)	(46.2)	90.5	63.
Operating and administrative expenses	55.6	61.6	(65.7)	(47.2)	209.8	228.
Restructuring charges	3.6	(1.7)			19.8	(2.)
Loss on early retirement of subordinated debt	5.6				5.6	
Taxes, licenses and fees	4.2	6.0			26.4	24.
Par policyholder interests						
Foreign exchange		0.4				0.
	-----	-----	-----	-----	-----	-----
Subtotal	144.7	113.5	(87.4)	(87.6)	496.2	439.
Deferral of acquisition costs			(13.9)	(9.9)	(165.7)	(155.)
DAC amortization	0.1	0.1	5.9	8.1	67.9	113.
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	0.1	0.1	(8.0)	(1.9)	(97.8)	(42.)
PVIF amortization					29.6	40.
Other intangibles amortization					2.0	2.
Total underwriting, acquisition,						



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insurance and other expenses	144.8	113.6	(95.4)	(89.4)	430.0	438.
Goodwill amortization						
Interest	21.8	25.3	(0.8)	(1.6)	21.0	23.
	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	230.4	441.7	(89.6)	(83.1)	1,090.2	1,404.
	-----	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	(66.0)	(266.8)	(0.0)	0.0	178.7	(240.
Federal income taxes	(23.6)	(94.7)			45.4	(104.
Income Before Cumulative Effect of						
	-----	-----	-----	-----	-----	-----
Accounting Changes	(42.4)	(172.1)	(0.0)	0.0	133.3	(136.
	-----	-----	-----	-----	-----	-----
Cumulative effect of accounting changes						
	-----	-----	-----	-----	-----	-----
Net Income	(42.4)	(172.1)	(0.0)	0.0	133.3	(136.
	=====	=====	=====	=====	=====	=====
Less:						
Restructuring charges	(2.4)	1.1			(12.9)	1.
Realized gains (losses) on investments	(4.9)	21.6			6.4	(23.
Gains (losses) on derivatives	5.0	0.4			5.9	0.
Reserve development on business sold through reinsurance/Amortization of deferred gain	(18.5)	(176.4)			(18.5)	(176.
Gain on sale of subsidiaries						
Cumulative effect of accounting changes						
Loss on early retirement of subordinated debt	(3.7)				(3.7)	
	-----	-----	-----	-----	-----	-----
Income from Operations	(18.0)	(18.8)	(0.0)	0.0	156.0	62.
	=====	=====	=====	=====	=====	=====

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

For the Nine Months Ended September 30	Lincoln Retirement		Life Insurance		Investment Management
	Sep 2003	Sep 2002	Sep 2003	Sep 2002	Sep 2003
	-----	-----	-----	-----	-----
Revenue					

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Life and annuity premiums	16.3	38.7	142.6	147.2	
Surrender charges	22.7	23.8	37.5	38.6	
Mortality assessments			388.2	374.2	
Expense assessments	317.1	345.7	146.8	143.2	
Health premiums			0.1	0.1	
Investment advisory fees					221.8
Other revenue and fees	8.2	0.6	19.5	17.5	81.1
Net investment income	1114.2	1079.1	683.0	675.8	37.4
Realized gains (losses) on investments	(57.3)	(150.5)	(16.9)	(92.7)	(0.1)
Gains (losses) on derivatives	(0.8)	(1.2)	(0.4)	1.4	
	-----	-----	-----	-----	-----
Total Revenue	1420.5	1336.3	1400.5	1305.4	340.2
	-----	-----	-----	-----	-----
Operating Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	144.5	235.8	332.8	312.9	
Div accum & div to policyholders			47.8	53.2	
Interest credited to policy bal.	653.6	672.1	450.7	447.8	
Health policy benefits			0.0	0.0	
	-----	-----	-----	-----	-----
Total insurance benefits	798.1	907.8	831.3	813.9	
Underwriting, acquisition, insurance and other expenses:					
Commissions	221.7	248.0	97.5	101.2	
Other volume related expenses	44.7	46.5	145.7	132.0	
Operating and administrative expenses	167.7	161.4	120.8	117.5	301.3
Restructuring charges	14.6	1.6	15.3		5.3
Taxes, licenses and fees	13.7	11.9	44.3	41.7	8.2
Par policyholder interests					
Foreign exchange					
	-----	-----	-----	-----	-----
Subtotal	462.4	469.4	423.6	392.4	314.8
Deferral of acquisition costs	(162.5)	(188.6)	(258.7)	(235.1)	
DAC amortization	93.0	128.0	97.5	69.5	
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(69.4)	(60.6)	(161.2)	(165.6)	
PVIF amortization	7.7	11.8	61.5	56.5	
Other intangibles amortization					6.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	400.7	420.6	324.0	283.3	320.7
	-----	-----	-----	-----	-----
Benefits and Expenses	1198.8	1328.4	1155.3	1097.2	320.7
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes					
	221.7	7.9	245.2	208.2	19.4
Federal income taxes	31.1	(40.9)	75.3	61.6	7.5
	-----	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	190.6	48.7	169.9	146.6	12.0
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Net Income	190.6	48.7	169.9	146.6	12.0
	=====	=====	=====	=====	=====

Less:

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Restructuring charges	(9.5)	(1.0)	(10.0)		(3.5)
Realized gains (losses) on investments	(37.2)	(97.4)	(11.0)	(60.2)	(0.1)
Gains (losses) on derivatives	(0.5)	(0.8)	(0.3)	0.9	
Reserve development on business sold through reinsurance/Amortization of deferred gain					
Gain on sale of subsidiaries					
Cumulative effect of accounting changes					
Loss on early retirement of subordinated debt					
Income from Operations	<u>237.8</u>	<u>147.9</u>	<u>191.2</u>	<u>205.9</u>	<u>15.5</u>

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

For the Nine Months Ended September 30	Corporate and Other Operations		Consolidating Adjustments		Consol
	Sep 2003	Sep 2002	Sep 2003	Sep 2002	Sep 2003
Revenue					
Life and annuity premiums		(5.5)			200.3
Surrender charges			1.5	1.8	61.8
Mortality assessments	(2.9)	(2.7)			412.4
Expense assessments	2.9	2.7	30.4	31.1	566.4
Health premiums	1.8	(0.9)			3.4
Investment advisory fees			(75.0)	(73.5)	146.8
Amortization of deferred gain	54.9	68.3			54.9
Amortization of deferred gain-reserve development	3.3	(1.4)			3.3
Other revenue and fees	320.9	297.2	(210.7)	(199.0)	227.9
Net investment income	99.6	130.9	(2.9)	(4.7)	1,979.3
Earnings in Unconsolidated Affiliates		(0.6)			
Realized gains (losses) on investments	(7.4)	24.5			(81.5)
Gains (losses) on derivatives	7.5	0.6			6.3
Total Revenue	<u>480.6</u>	<u>513.0</u>	<u>(256.7)</u>	<u>(244.2)</u>	<u>3,581.3</u>
Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	33.0	(0.9)			569.3
Div accum & div to policyholders	0.0	0.0			47.8
Interest credited to policy bal.	97.2	62.1	19.8	24.0	1221.2
Health policy benefits	(31.3)	33.0			(25.0)
Reserve developments on Reins. business sold	32.1	292.2			32.1
Total insurance benefits	<u>131.0</u>	<u>386.4</u>	<u>19.8</u>	<u>24.0</u>	<u>1,845.4</u>
Underwriting, acquisition, insurance and other expenses:					

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Commissions	58.0	44.0	22.5	19.4	402.7
Other volume related expenses	153.9	142.4	(116.7)	(136.8)	227.5
Operating and administrative expenses	175.9	174.9	(160.9)	(139.3)	663.0
Restructuring charges	3.6	(1.7)			38.8
Loss on early retirement of subordinated debt	5.6				5.6
Taxes, licenses and fees	14.0	20.0			80.2
Par policyholder interests					
Foreign exchange	(0.0)	1.0			(0.0)
	-----	-----	-----	-----	-----
Subtotal	410.9	380.5	(255.2)	(256.6)	1417.7
Deferral of acquisition costs		(1.4)	(31.8)	(31.5)	(454.8)
DAC amortization	0.2	0.3	13.4	24.6	232.0
	-----	-----	-----	-----	-----
DAC deferral net of amortization	0.2	(1.1)	(18.4)	(6.9)	(222.7)
PVIF amortization					65.8
Other intangibles amortization					6.0
Total underwriting, acquisition, insurance and other expenses	411.1	379.4	(273.6)	(263.6)	1266.8
Interest	70.2	77.8	(2.9)	(4.7)	67.3
	-----	-----	-----	-----	-----
Total Benefits and Expenses	612.3	843.6	(256.7)	(244.2)	3,179.5
	-----	-----	-----	-----	-----
Income from Before Federal Income Tax and Cumulative Effect of Accounting Changes	(131.7)	(330.6)	0.0	0.0	401.8
Federal income taxes	(46.1)	(115.8)	(0.0)		84.2
Income Before Cumulative Effect of Accounting Changes	(85.6)	(214.8)	0.0	0.0	317.6
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes					
	-----	-----	-----	-----	-----
Net Income	(85.6)	(214.8)	0.0	0.0	317.6
	=====	=====	=====	=====	=====
Less:					
Restructuring charges	(2.4)	1.1			(25.3)
Realized gains (losses) on investments	(4.8)	15.9	0.0		(53.0)
Gains (losses) on derivatives	4.9	0.4			4.1
Reserve development on business sold through reinsurance/Amortization of deferred gain	(18.7)	(190.8)			(18.7)
Gain on sale of subsidiaries					
Cumulative effect of accounting changes					
Loss on early retirement of subordinated debt	(3.7)				(3.7)
	-----	-----	-----	-----	-----
Income from Operations	(61.0)	(41.3)	0.0	0.0	414.1
	=====	=====	=====	=====	=====

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Statement of Consolidated Income  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002	YTD Sep 2002
	-----	-----	-----	-----	-----	-----
<b>Revenue</b>						
Life and annuity premiums	985.6	1183.0	1403.3	1363.4	295.6	214.8
Surrender charges	91.5	110.2	114.7	101.5	87.8	64.8
Mortality assessments	380.1	496.4	496.5	533.3	530.3	395.8
Expense assessments	773.8	896.0	1013.1	880.1	792.7	605.8
Health premiums	635.1	698.5	409.8	340.6	20.3	1.8
Investment advisory fees	227.1	223.8	213.1	197.2	183.3	138.8
Amortization of deferred gain				20.4	75.2	68.8
Amortization of deferred gain-reserve development					(0.8)	(1.8)
Other revenue and fees	261.0	344.5	441.1	328.7	299.5	218.8
Net investment income	2,710.6	2,842.5	2,784.1	2,708.7	2,631.9	1,964.8
Earnings in Unconsolidated Affiliates	3.3	5.8	(0.4)	5.7	(0.6)	(0.8)
Realized gains (losses) on investments	19.0	3.0	(28.3)	(92.4)	(280.9)	(222.8)
Gains (losses) on derivatives				(9.3)	1.2	0.8
<b>Total Revenue</b>	<b>6,087.1</b>	<b>6,803.7</b>	<b>6,847.1</b>	<b>6,378.0</b>	<b>4,635.5</b>	<b>3,446.8</b>
<b>Benefits and Expenses</b>						
Ins. benefits paid or provided:						
Life and annuity policy benefits	1,237.7	1,546.6	1,546.4	1,517.9	811.3	597.8
Div accum & div to policyholders	78.0	88.4	87.6	83.7	76.0	53.8
Interest credited to policy bal.	1,446.2	1,510.4	1,474.2	1,506.0	1,617.1	1,206.8
Health policy benefits	566.9	659.7	449.0	302.1	49.7	44.8
Reserve developments on Reins. business sold					305.4	292.8
<b>Total insurance benefits</b>	<b>3,328.9</b>	<b>3,805.0</b>	<b>3,557.2</b>	<b>3,409.7</b>	<b>2,859.5</b>	<b>2,193.8</b>
Underwriting, acquisition, insurance and other expenses:						
Commissions	740.1	961.0	919.1	860.3	579.4	417.8
Other volume related expenses	150.7	197.1	253.8	184.8	256.8	184.8
Operating and administrative expenses	997.9	1165.3	1208.4	1114.5	928.0	668.8
Restructuring charges	52.8	27.4	104.9	38.0	(2.2)	(0.8)
Loss on early retirement of subordinated debt						
Taxes, licenses and fees	73.1	77.9	107.5	122.9	106.8	84.8
Par policyholder interests	(4.3)	3.3	1.1			
Foreign exchange	(1.5)	1.9	(2.9)	(1.4)	0.3	1.8
<b>Subtotal</b>	<b>2,008.8</b>	<b>2,433.8</b>	<b>2,592.0</b>	<b>2,319.1</b>	<b>1,869.0</b>	<b>1,354.8</b>
Deferral of acquisition costs				(714.1)	(627.3)	(459.8)
DAC amortization				367.8	346.7	283.8
<b>DAC deferral net of amortization</b>	<b>(208.2)</b>	<b>(314.6)</b>	<b>(427.5)</b>	<b>(346.3)</b>	<b>(280.6)</b>	<b>(175.8)</b>
PVIF amortization	77.1	102.5	132.6	113.1	136.5	93.8
Other intangibles amortization	18.8	18.0	17.7	12.1	8.2	6.8
<b>Total underwriting, acquisition, insurance and other expenses</b>	<b>1,896.5</b>	<b>2,239.7</b>	<b>2,314.9</b>	<b>2,098.0</b>	<b>1,733.2</b>	<b>1,278.8</b>
Goodwill amortization	44.5	49.2	45.1	43.4		
Interest	117.1	133.7	139.5	121.0	96.6	73.8

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Total Benefits and Expenses	5,386.9	6,227.6	6,056.7	5,672.1	4,689.3	3,545.
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	700.2	576.1	790.5	705.9	(53.8)	(98.
Federal income taxes	190.4	115.7	205.2	144.7	(102.6)	(96.
Income Before Cumulative Effect of Accounting Changes	509.8	460.4	585.3	561.2	48.8	(2.
Cumulative effect of accounting changes				(15.6)		
Net Income	509.8	460.4	585.3	545.7	48.8	(2.
Less:						
Restructuring charges	(34.3)	(18.9)	(80.2)	(24.7)	2.0	0.
Realized gains (losses) on investments	13.7	3.8	(17.5)	(68.7)	(177.2)	(143.
Gains (losses) on derivatives				(4.9)	0.8	0.
Reserve development on business sold through reinsurance/Amortization of deferred gain					(199.1)	(190.
Gain on sale of subsidiaries				15.0	(9.4)	
Cumulative Effect of Accounting Changes				(15.6)		
Loss on early retirement of subordinated debt						
Income from Operations	530.4	475.5	683.0	644.4	431.6	331.
Roll Forward of Deferred Acquisition Costs						
Balance at beginning-of-year				3,070.5	2,885.3	2,885.
Deferral				714.1	627.3	459.
Amortization				(367.8)	(346.7)	(283.
Included in Total Benefits and Expenses				346.3	280.6	175.
Adjustment related to realized (gains) losses on securities available-for-sale				112.9	115.0	97.
Adjustment related to unrealized (gains) losses on securities available-for-sale				(187.2)	(338.5)	(304.
Foreign currency translation adjustment				(16.0)	56.9	43.
Disposition of business				(425.9)	0.0	0.
Other				(15.3)	(28.4)	(28.
Balance at end-of-year				2,885.3	2,970.9	2,868.
Roll Forward of Present Value of In-Force						
Balance at beginning-of-year				1,483.3	1,362.5	1,362.

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Amortization	(113.1)	(136.5)	(93.1)
Foreign currency translation adjustment	(7.0)	24.1	18.1
Other	(0.7)	(0.0)	(0.1)
Balance at end-of-year	<u>1,362.5</u>	<u>1,250.1</u>	<u>1,286.1</u>

Note: 2000, 2001, and 2002 have been restated for the adoption of the fair value method of accounting for stock options under FAS 123.

PAGE 10

Statement of Consolidated Income  
Unaudited [Millions of Dollars]

For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002
	-----	-----	-----	-----	-----
Revenue					
Life and annuity premiums	336.8	270.7	74.7	68.7	71.6
Surrender charges	23.2	27.7	20.2	21.3	22.8
Mortality assessments	133.3	132.6	130.4	130.5	134.1
Expense assessments	217.4	205.9	203.9	208.0	193.2
Health premiums	103.9	36.1	2.4	8.3	(9.6)
Investment advisory fees	47.2	50.9	48.0	47.8	42.9
Amortization of deferred gain		20.4	24.2	22.0	22.1
Amortization of deferred gain-reserve development					(1.4)
Other revenue and fees	100.2	87.9	70.8	75.1	72.1
Net investment income	693.3	653.1	654.8	657.4	652.4
Earnings in Unconsolidated Affiliates	0.4	4.3		(0.6)	
Realized gains (losses) on investments	(37.1)	(16.8)	(103.5)	(81.5)	(37.1)
Gains (losses) on derivatives	(0.5)	(8.9)	0.1	0.4	0.3
Total Revenue	<u>1,618.0</u>	<u>1,463.8</u>	<u>1,126.0</u>	<u>1,157.5</u>	<u>1,163.4</u>
Benefits and Expenses					
Ins. benefits paid or provided:					
Life and annuity policy benefits	422.6	302.8	176.1	191.5	229.7
Div accum & div to policyholders	18.0	26.6	17.8	18.2	17.2
Interest credited to policy bal.	378.7	390.6	406.2	382.5	417.4
Health policy benefits	83.8	25.0	3.3	33.9	7.3
Reserve developments on Reins. business sold				22.2	270.0
Total insurance benefits	<u>903.1</u>	<u>744.9</u>	<u>603.4</u>	<u>648.3</u>	<u>941.6</u>
Underwriting, acquisition, insurance and other expenses:					
Commissions	207.9	217.9	144.2	148.6	124.6
Other volume related expenses	53.1	29.1	54.7	65.5	63.9
Operating and administrative expenses	279.7	314.9	220.7	219.4	228.1
Restructuring charges	(0.0)	31.0		1.6	(2.1)
Loss on early retirement of subordinated debt					
Taxes, licenses and fees	30.0	28.4	36.6	23.5	24.1

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Par policyholder interests					
Foreign exchange	(2.5)	1.1	0.0	0.6	0.4
	-----	-----	-----	-----	-----
Subtotal	568.3	622.4	456.2	459.2	439.1
Deferral of acquisition costs	(183.4)	(194.5)	(147.9)	(156.1)	(155.5)
DAC amortization	118.0	56.8	70.4	100.5	113.0
	-----	-----	-----	-----	-----
DAC deferral net of amortization	(65.4)	(137.7)	(77.5)	(55.5)	(42.5)
PVIF amortization	34.4	21.8	21.3	31.9	40.2
Other intangibles amortization	2.6	2.5	2.2	2.0	2.0
	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	539.9	509.0	402.2	437.6	438.8
Goodwill amortization	10.9	10.7			
Interest	29.6	25.0	24.8	24.6	23.7
Total Benefits and Expenses	1,483.5	1,289.7	1,030.4	1,110.5	1,404.1
	-----	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	134.5	174.2	95.5	46.9	(240.7)
Federal income taxes	26.4	17.3	9.9	(1.6)	(104.3)
Income Before Cumulative Effect of Accounting Changes	108.0	156.9	85.6	48.5	(136.4)
	-----	-----	-----	-----	-----
Cumulative effect of accounting changes		(0.0)			
	-----	-----	-----	-----	-----
Net Income	108.0	156.9	85.6	48.5	(136.4)
	-----	-----	-----	-----	-----
Less:					
Restructuring charges	0.0	(20.2)		(1.0)	1.3
Realized gains (losses) on investments	(23.8)	(20.0)	(67.6)	(52.7)	(23.6)
Gains (losses) on derivatives	(0.4)	(4.6)	0.1	0.3	0.1
Reserve increase on business sold through reinsurance				(14.4)	(176.4)
Gain on sale of subsidiaries		15.0			
Cumulative Effect of Accounting Changes		(0.0)			
Loss on early retirement of subordinated debt					
	-----	-----	-----	-----	-----
Income from Operations	132.2	186.7	153.1	116.4	62.1
	=====	=====	=====	=====	=====
Roll Forward of Deferred Acquisition Costs					
Balance at beginning-of-period	3,129.1	3,087.2	2,885.3	3,114.9	3,056.6
Deferral	183.4	194.5	147.9	156.1	155.5
Amortization	(118.0)	(56.8)	(70.4)	(100.5)	(113.0)
	-----	-----	-----	-----	-----
Included in Total Benefits and Expenses	65.4	137.7	77.5	55.5	42.5
Adjustment related to realized (gains) losses					
on securities available-for-sale	23.9	49.5	41.9	32.5	22.9
Adjustment related to unrealized (gains) losses					
on securities available-for-sale	(157.0)	68.1	114.9	(152.1)	(267.1)
Foreign currency translation adjustment	23.8	(7.2)	(12.2)	41.7	13.8
Disposition of business		(425.9)			
Other	2.1	(24.2)	7.5	(35.7)	(0.0)
	-----	-----	-----	-----	-----
Balance at end-of-period	3,087.2	2,885.3	3,114.9	3,056.6	2,868.7
	=====	=====	=====	=====	=====



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Roll Forward of Present Value of In-Force

Balance at beginning-of-period	1,412.3	1,387.4	1,362.5	1,336.1	1,321.4
Amortization	(34.4)	(21.8)	(21.3)	(31.9)	(40.2)
Foreign currency translation adjustment	10.3	(3.2)	(5.1)	17.4	5.7
Other	(0.7)			(0.1)	
	-----	-----	-----	-----	-----
Balance at end-of-period	1,387.4	1,362.5	1,336.1	1,321.4	1,286.9
	=====	=====	=====	=====	=====

For the Quarter Ended	Dec 2002	Mar 2003	Jun 2003	Sep 2003
	-----	-----	-----	-----
Revenue				
Life and annuity premiums	80.7	65.3	65.9	69.1
Surrender charges	23.5	18.9	21.3	21.5
Mortality assessments	135.3	138.9	135.6	137.9
Expense assessments	187.6	177.1	190.9	198.5
Health premiums	19.1	3.0	0.1	0.4
Investment advisory fees	44.7	44.2	49.4	53.2
Amortization of deferred gain	6.9	18.4	18.2	18.3
Amortization of deferred gain-reserve development	0.5	(0.2)	(0.2)	3.7
Other revenue and fees	81.5	70.6	74.5	82.9
Net investment income	667.3	654.6	660.2	664.4
Earnings in Unconsolidated Affiliates				
Realized gains (losses) on investments	(58.9)	(89.6)	(1.7)	9.8
Gains (losses) on derivatives	0.3	(1.9)	(1.0)	9.1
	-----	-----	-----	-----
Total Revenue	1,188.6	1,099.3	1,213.2	1,268.8
	-----	-----	-----	-----
Benefits and Expenses				
Ins. benefits paid or provided:				
Life and annuity policy benefits	214.0	187.1	155.1	227.1
Div accum & div to policyholders	22.8	14.4	17.6	15.9
Interest credited to policy bal.	411.1	409.3	406.3	405.6
Health policy benefits	5.1	2.3	14.2	(41.5)
Reserve developments on Reins. business sold	13.2			32.1
	-----	-----	-----	-----
Total insurance benefits	666.2	613.0	593.2	639.2
Underwriting, acquisition, insurance and other expenses:				
Commissions	162.0	125.7	132.9	144.1
Other volume related expenses	72.6	71.5	65.4	90.5
Operating and administrative expenses	259.7	217.8	235.5	209.8
Restructuring charges	(1.7)	5.5	13.5	19.8
Loss on early retirement of subordinated debt				5.6
Taxes, licenses and fees	22.6	30.6	23.1	26.4
Par policyholder interests				
Foreign exchange	(0.6)	(0.0)		
	-----	-----	-----	-----
Subtotal	514.6	451.2	470.3	496.2
Deferral of acquisition costs	(167.8)	(148.5)	(140.6)	(165.7)
DAC amortization	62.8	100.1	64.0	67.9
	-----	-----	-----	-----
DAC deferral net of amortization	(105.0)	(48.4)	(76.5)	(97.8)
PVIF amortization	43.0	22.7	13.6	29.6
Other intangibles amortization	2.0	2.0	2.0	2.0

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Total underwriting, acquisition, insurance and other expenses	454.5	427.5	409.3	430.0
Goodwill amortization				
Interest	23.5	23.3	23.0	21.0
Total Benefits and Expenses	1,144.2	1,063.9	1,025.5	1,090.2
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	44.4	35.4	187.7	178.7
Federal income taxes	(6.6)	(6.1)	45.0	45.4
Income Before Cumulative Effect of Accounting Changes	51.0	41.6	142.7	133.3
Cumulative effect of accounting changes				
Net Income	51.0	41.6	142.7	133.3
Less:				
Restructuring charges	1.7	(3.6)	(8.8)	(12.9)
Realized gains (losses) on investments	(33.3)	(58.2)	(1.1)	6.4
Gains (losses) on derivatives	0.2	(1.2)	(0.6)	5.9
Reserve increase on business sold through reinsurance	(8.2)	(0.1)	(0.1)	(18.5)
Gain on sale of subsidiaries	(9.4)			
Cumulative Effect of Accounting Changes				
Loss on early retirement of subordinated debt				(3.7)
Income from Operations	100.0	104.8	153.3	156.0
Roll Forward of Deferred Acquisition Costs				
Balance at beginning-of-period	2,868.7	2,970.9	2,919.0	2,697.1
Deferral	167.8	148.5	140.6	165.7
Amortization	(62.8)	(100.1)	(64.0)	(67.9)
Included in Total Benefits and Expenses	105.0	48.4	76.5	97.8
Adjustment related to realized (gains) losses on securities available-for-sale	17.8	30.0	8.3	(60.6)
Adjustment related to unrealized (gains) losses on securities available-for-sale	(34.2)	(119.4)	(334.0)	182.2
Foreign currency translation adjustment	13.7	(10.9)	27.2	2.8
Disposition of business				
Other				
Balance at end-of-period	2,970.9	2,919.0	2,697.1	2,919.4
Roll Forward of Present Value of In-Force				
Balance at beginning-of-period	1,286.9	1,250.1	1,223.1	1,220.8
Amortization	(43.0)	(22.7)	(13.6)	(29.6)
Foreign currency translation adjustment	6.1	(4.3)	11.2	1.3
Other	0.1			
Balance at end-of-period	1,250.1	1,223.1	1,220.8	1,192.5

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

ASSETS	Lincoln Retirement		Life Insurance		Investmen	Managemen
	Sep 2003	Dec 2002	Sep 2003	Dec 2002	Sep 2003	
Investments						
Corporate bonds	14,239.2	12,928.9	8,397.4	7,879.1	527.3	
U.S. government bonds	53.8	41.1	70.2	87.0	0.1	
Foreign government bonds	337.0	259.2	170.7	136.5	3.8	
Asset/Mortgage backed securities	3,190.5	3,243.5	1,194.3	937.0	59.2	
State and municipal bonds	90.8	67.8	44.7	30.4	1.2	
Preferred stocks-redeemable	34.8	55.6	23.6	12.5		
Common stocks	-	0.1	0.0	1.5		
Preferred stocks-equity	34.1	33.6			2.8	
Mortgage loans	2,148.7	2,210.3	1,579.5	1,572.6	75.4	
Real estate						
Policy loans	448.4	469.5	1,455.2	1,468.2		
Other long-term investments	34.4	27.9	14.7	23.7		
Total Investments	20,611.7	19,337.5	12,950.3	12,148.5	669.7	
Allocated investments	3,625.1	3,757.4	1,232.7	1,250.7	95.3	
Notes receivable from LNC	367.3	358.8	237.2	207.7	35.5	
Invest in unconsol affiliates						
Cash and invested cash	(64.0)	(76.7)	(50.0)	(22.7)	80.3	
Property and equipment	6.8	1.5	2.0	7.7	40.6	
Premium and fees receivable	2.8	0.7	20.9	32.0	45.4	
Accrued investment income	250.6	256.7	192.3	171.7	9.5	
Assets held in separate accounts	30,479.1	26,934.1	1,601.5	1,310.4		
Federal income tax recoverable						
Amount recoverable from reinsurers	1,289.5	1,169.7	991.6	920.5		
Deferred acquisition costs	761.3	855.8	1,483.4	1,424.5		
Other intangible assets					35.9	
Present value of in-force	115.0	122.7	828.5	890.1		
Goodwill	64.1	64.1	855.1	855.1	300.7	
Other	127.6	114.1	408.1	395.6	212.1	
Total Assets	57,636.8	52,896.4	20,753.5	19,591.6	1,525.1	1,

ASSETS	Corporate and Other Operations		Consolidating Adjustments			
	Sep 2003	Dec 2002	Sep 2003	Dec 2002		

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Investments						
Corporate bonds	4,479.7	4,011.1				
U.S. government bonds	378.3	385.4				
Foreign government bonds	508.5	405.6				
Asset/Mortgage backed securities	548.7	787.8				
State and municipal bonds	27.2	16.2				
Preferred stocks-redeemable	7.2	2.1				
Common stocks	76.0	97.4				
Preferred stocks-equity	74.3	72.9				
Mortgage loans	347.7	341.0				
Real estate	249.5	279.5				
Policy loans						
Other long-term investments	433.4	412.8	(0.0)	(0.0)		
	-----	-----	-----	-----	-----	-----
Total Investments	7,130.5	6,811.9	(0.0)	(0.0)		
	=====	=====	=====	=====	=====	=====
Allocated investments	20.1	(468.2)	(4,983.2)	(4,639.9)		
Notes receivable from LNC	(640.0)	(617.6)	(0.0)	(0.5)		
Invest in unconsol affiliates						
Cash and invested cash	1,860.1	1,530.4				
Property and equipment	169.6	169.3				
Premium and fees receivable	237.4	143.2				
Accrued investment income	81.1	77.0				
Assets held in separate accounts			3,510.8	2,856.0		
Federal income tax recoverable				317.7		
Amount recoverable from reinsurers	5,508.4	5,450.1	(251.7)	(260.3)		
Deferred acquisition costs	1.9	2.2	81.9	90.8		
Other intangible assets						
Present value of in-force						
Goodwill	(0.0)	(0.0)				
Other	655.1	853.2	(333.7)	(407.0)		
	-----	-----	-----	-----	-----	-----
Total Assets	15,034.2	13,951.4	(1,975.9)	(2,043.4)		
	=====	=====	=====	=====	=====	=====

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

	Lincoln Retirement		Life Insurance		Investm Managem
LIABILITIES and SHAREHOLDERS' EQUITY	Sep 2003	Dec 2002	Sep 2003	Dec 2002	Sep 2003
	-----	-----	-----	-----	-----
Liabilities					
Insurance and Inv Contract Liabilities:					
Life and annuity reserves	2,684.2	2,718.5	14,377.1	13,780.9	
Health reserves			0.3	0.3	
Unpaid claims - life and health	50.6	48.3	112.6	108.3	
Unearned premiums			0.0	0.0	
Premium deposit funds	20,961.2	19,921.6	19.2	18.3	
Participating policyholders' funds			179.2	156.7	
Other policyholders' funds			652.9	603.5	
Liab related to separate accounts	30,479.1	26,934.1	1,601.5	1,310.4	

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Total Insurance and Inv Contract Liabilities	54,175.1	49,622.4	16,942.8	15,978.4	
Federal income taxes	358.6	218.6	173.0	95.7	18.8
Short-term debt					
Long-term debt					
Junior subordinated debentures issued to affiliated trusts					
Notes payable to LNC	2.7	0.2			
Other liabilities	164.0	94.5	500.4	443.9	891.6
Deferred gain on indemnity reinsurance					
Total Liabilities	54,700.4	49,935.7	17,616.2	16,518.0	910.4
Net unrealized gains (losses) on securities	522.8	309.8	271.5	178.0	3.2
Gains (losses) on derivatives*	10.4	10.6	13.7	16.7	
Other shareholders' equity	2,403.2	2,640.3	2,852.8	2,879.6	614.1
S/Hs' equity-minimum pension liability adjustment			(0.7)	(0.7)	(2.6)
Cumulative effect of accounting change					
Shareholders' Equity	2,936.4	2,960.7	3,137.3	3,073.6	614.7
Total Liabilities and S/Hs' Equity	57,636.8	52,896.4	20,753.5	19,591.6	1,525.1

LIABILITIES and SHAREHOLDERS' EQUITY	Corporate and Other Operations		Consolidating Adjustments	
	Sep 2003	Dec 2002	Sep 2003	Dec 2002
Liabilities				
Insurance and Inv Contract Liabilities:				
Life and annuity reserves	2,180.6	2,209.4	(94.0)	(94.7)
Health reserves	2,611.0	2,640.2		
Unpaid claims - life and health	832.5	577.1	(2.8)	
Unearned premiums	26.9	141.2		
Premium deposit funds	135.1	40.1	535.6	508.1
Participating policyholders' funds				
Other policyholders' funds	18.6	7.4		
Liab related to separate accounts			3,510.8	2,856.0
Total Insurance and Inv Contract Liabilities	5,804.6	5,615.4	3,949.5	3,269.4
Federal income taxes	(512.6)	(655.3)	0.8	318.5
Short-term debt	90.9	153.0		
Long-term debt	1,118.5	1,119.2		
Junior subordinated debentures issued to affiliated trusts	333.6	392.7		
Notes payable to LNC	238.4	308.7	(240.9)	(308.9)
Other liabilities	3,668.1	3,277.6	(701.3)	(681.5)
Deferred gain on indemnity reinsurance	949.0	977.1		

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Total Liabilities	11,691.2	11,188.6	3,008.1	2,597.4	
Net unrealized gains (losses) on securities	(24.4)	228.2	5.2	5.2	
Gains (losses) on derivatives*	0.1	1.0			
Other shareholders' equity	3,428.9	2,595.2	(4,962.9)	(4,645.9)	
Minimum pension liability adjustment	(61.6)	(61.6)			
Cumulative effect of accounting change					
Shareholders' Equity	3,343.0	2,762.9	(4,960.7)	(4,640.7)	
Total Liabilities and S/Hs' Equity	15,034.2	13,951.4	(1,952.6)	(2,043.4)	

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

PAGE 13

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

ASSETS	1998	1999	2000	2001	2002
Investments					
Corporate bonds	22,505.2	21,119.5	21,249.7	23,105.1	25,934.7
U.S. government bonds	1,134.6	538.3	542.9	410.5	513.6
Foreign government bonds	1,321.2	1,447.5	1,321.1	1,174.7	1,110.2
Mortgage backed securities	5,080.5	4,404.0	4,160.4	3,524.7	5,015.5
State and municipal bonds	16.7	14.7	14.6	44.7	114.4
Preferred stocks-redeemable	174.6	164.7	161.2	85.9	79.0
Common stocks	463.1	514.5	436.6	319.3	228.0
Preferred stocks-equity	79.8	89.5	113.1	151.2	109.2
Mortgage loans	4,393.1	4,735.4	4,663.0	4,535.5	4,205.5
Real estate	488.7	256.2	282.0	267.9	279.7
Policy loans	1,840.0	1,892.4	1,960.9	1,939.7	1,945.6
Other long-term investments	432.0	401.8	463.3	553.8	464.4
Total Investments	37,929.5	35,578.4	35,368.6	36,113.1	39,999.9
Invest in unconsol affiliates	18.8	25.8	6.4	8.1	
Cash and invested cash	2,433.4	1,895.9	1,927.4	3,095.5	1,690.5
Property and equipment	174.8	203.8	228.2	257.5	242.1
Premiums and fees receivable	246.2	259.6	296.7	400.1	212.9
Accrued investment income	528.5	533.2	546.4	563.5	536.7
Assets held in separate accounts	43,408.9	53,654.2	50,579.9	44,833.4	36,178.3
Federal income taxes recoverable	204.1	345.0	234.1	55.5	317.7
Amounts recoverable from reinsurers	3,127.1	3,954.3	3,747.7	6,030.4	7,280.0
Deferred acquisition costs	1,964.4	2,800.3	3,070.5	2,885.3	2,970.9
Other intangible assets	95.1	92.3	73.7	50.1	41.8
Present value of in-force	1,753.3	1,654.2	1,483.3	1,362.5	1,250.1
Goodwill	1,484.3	1,423.0	1,286.0	1,211.8	1,233.2

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Other	468.0	675.7	1,021.6	1,174.9	1,230.3
	-----	-----	-----	-----	-----
Total Assets	93,836.3	103,095.7	99,870.6	98,041.6	93,184.6
	=====	=====	=====	=====	=====
LIABILITIES and SHAREHOLDERS'					
EQUITY					
Liabilities					
Insurance and Investment Contract					
Liabilities:					
Life and annuity reserves	16,434.2	17,071.4	17,841.2	17,917.0	19,950.3
Health reserves	2,600.1	2,507.8	2,523.8	2,537.9	2,689.0
Unpaid claims-life and health	1,043.4	1,269.8	1,316.6	1,087.5	778.4
Unearned premiums	62.3	75.8	46.5	66.9	141.2
Premium deposit funds	20,171.9	19,624.1	17,715.5	18,585.0	20,518.8
Participating policyholders' funds	142.7	132.0	139.4	100.2	156.7
Other policyholders' funds	438.4	472.6	522.2	562.7	610.9
Liab related to separate accounts	43,408.9	53,654.2	50,579.9	44,833.4	36,178.3
	-----	-----	-----	-----	-----
Total Ins and Inv Contr Liabilities	84,301.9	94,807.7	90,685.1	85,690.6	81,023.6
Federal income taxes					
Short-term debt	314.6	460.2	312.9	350.2	153.0
Long-term debt	712.2	712.0	712.2	861.8	1,119.2
Junior subordinated debentures issued to					
affiliated trusts					
	745.0	745.0	745.0	474.7	392.7
Other liabilities	2,374.6	2,107.0	2,434.7	4,216.1	4,171.5
Deferred gain on indemnity reinsurance				1,144.5	977.1
	-----	-----	-----	-----	-----
Total Liabilities	88,448.3	98,831.9	94,890.0	92,737.8	87,837.2
	-----	-----	-----	-----	-----
S/Hs' equity-unrealized gains					
(losses)-cont op.					
	552.4	(465.7)	12.0	199.6	781.6
S/Hs' equity-foreign currency	50.0	30.0	21.9	(8.1)	50.8
S/Hs' equity-minimum pension liability					
adjustment				(36.0)	(97.8)
S/Hs' equity-other	4,785.5	4,699.6	4,946.7	5,130.7	4,612.9
Cumulative effect of accounting change				17.6	
	-----	-----	-----	-----	-----
Total Shareholders' Equity	5,387.9	4,263.9	4,980.6	5,303.8	5,347.5
	-----	-----	-----	-----	-----
Total Liabilities					
and Shareholders' Equity					
	93,836.3	103,095.7	99,870.6	98,041.6	93,184.6
	=====	=====	=====	=====	=====
Shareholders' Equity Per Share					
Book Value, Excluding AOCI	\$23.62	\$23.98	\$25.88	\$27.39	\$25.97
Common shares outstanding	202.6	196.0	191.2	187.3	177.6

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

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	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002
<b>ASSETS</b>						
Investments						
Corporate bonds	23,424.3	23,105.1	23,470.4	23,993.6	25,484.6	25,934.7
U.S. government bonds	467.7	410.5	429.1	441.6	495.3	513.6
Foreign government bonds	1,160.3	1,174.7	1,180.1	1,120.1	1,038.6	1,110.2
Mortgage backed securities	3,765.6	3,524.7	3,613.9	4,031.0	4,843.7	5,015.5
State and municipal bonds	14.4	44.7	62.6	58.8	97.8	114.4
Preferred stocks - redeemable	99.3	85.9	84.6	79.6	76.8	79.0
Common stocks	311.2	319.3	284.4	267.7	237.2	228.0
Preferred stocks-equity	166.5	151.2	154.2	151.8	160.3	109.2
Mortgage loans	4,663.1	4,535.5	4,448.2	4,395.4	4,285.2	4,205.5
Real estate	288.8	267.9	258.2	258.7	286.4	279.7
Policy loans	1,943.4	1,939.7	1,918.0	1,906.1	1,899.0	1,945.6
Other long-term investments	483.4	553.8	459.6	456.0	457.7	464.4
<b>Total Investments</b>	<b>36,788.0</b>	<b>36,113.1</b>	<b>36,363.1</b>	<b>37,160.1</b>	<b>39,362.6</b>	<b>39,999.9</b>
Invest in unconsol affiliates	6.5	8.1	8.1	7.5		
Cash and invested cash	1,996.3	3,095.5	1,699.5	2,265.4	1,599.9	1,690.5
Property and equipment	261.0	257.5	266.4	253.5	252.7	242.1
Premiums and fees receivable	264.5	400.1	376.3	461.4	577.2	212.9
Accrued investment income	615.1	563.5	577.1	556.3	568.2	536.7
Assets held in separate accounts	39,479.8	44,833.4	44,916.7	40,579.6	34,069.0	36,178.3
Federal income taxes recoverable	71.6	55.5	593.4	483.4	340.7	317.7
Amount recoverable from reinsurers	3,818.3	6,030.4	6,096.3	6,509.9	7,094.5	7,280.0
Deferred acquisition costs	3,087.2	2,885.3	3,114.9	3,056.6	2,868.7	2,970.9
Other intangible assets	64.1	50.1	47.9	45.8	43.8	41.8
Present value of in-force	1,387.4	1,362.5	1,336.1	1,321.4	1,286.9	1,250.1
Goodwill	1,253.2	1,211.8	1,211.5	1,212.4	1,232.7	1,233.2
Other	1,149.4	1,174.9	1,280.9	1,200.6	1,187.1	1,230.3
<b>Total Assets</b>	<b>90,242.4</b>	<b>98,041.6</b>	<b>97,888.5</b>	<b>95,114.2</b>	<b>90,483.9</b>	<b>93,184.6</b>
<b>LIABILITIES and SHAREHOLDERS' EQUITY</b>						
Liabilities						
Insurance and Inv Contract						
Liabilities:						
Life and annuity reserves	17,990.8	17,917.0	18,014.6	18,611.2	19,142.5	19,950.3
Health reserves	2,573.2	2,537.9	2,492.4	2,176.1	2,448.3	2,689.0
Unpaid claims - life and health	1,206.6	1,087.5	1,153.6	1,086.1	1,100.9	778.4
Unearned premiums	8.1	66.9	66.5	154.3	185.8	141.2
Premium deposit funds	18,509.7	18,585.0	18,669.6	19,157.8	20,054.4	20,518.8
Participating policyholders' funds	118.3	100.2	98.6	91.9	90.5	156.7
Other policyholders' funds	554.3	562.7	571.9	584.7	595.7	610.9
Liab related to separate accounts	39,479.8	44,833.4	44,916.7	40,579.6	34,069.0	36,178.3
<b>Total Ins and Inv Contr Liabilities</b>	<b>80,440.8</b>	<b>85,690.6</b>	<b>85,983.9</b>	<b>82,441.8</b>	<b>77,687.1</b>	<b>81,023.6</b>
Federal income taxes						



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Short-term debt	539.0	350.2	510.2	211.0	120.0	153.0
Long-term debt	712.4	861.8	861.8	1,112.3	1,118.1	1,119.2
Junior subordinated debentures issued to affiliated trusts	305.0	474.7	376.2	380.0	390.6	392.7
Notes payable to LNC			(0.0)	0.0	(0.0)	(0.0)
Other liabilities	2,840.2	4,216.1	3,864.6	4,501.1	4,661.9	4,171.5
Deferred gain on indemnity reinsurance		1144.5	1,118.6	1,115.2	1,069.5	977.1
<b>Total Liabilities</b>	<b>84,837.4</b>	<b>92,737.8</b>	<b>92,715.3</b>	<b>89,761.4</b>	<b>85,047.1</b>	<b>87,837.2</b>
S/Hs' equity-unrealized gns (losses)- inv.	247.9	195.7	31.8	325.7	817.5	753.3
S/Hs' equity- gains (losses)- derivatives*	2.9	3.9	22.6	22.7	27.3	28.3
S/Hs' equity-foreign currency	6.9	(8.0)	(20.8)	22.0	35.4	50.8
S/Hs' equity-minimum pension liability adj		(36.0)	(35.2)	(37.8)	(35.2)	(97.8)
S/Hs' equity-other	5,129.8	5,130.6	5,174.7	5,020.3	4,591.8	4,612.9
Cumulative effect of accounting change	17.4	17.6				
<b>Total Shareholders' Equity</b>	<b>5,405.0</b>	<b>5,303.8</b>	<b>5,173.2</b>	<b>5,352.8</b>	<b>5,436.8</b>	<b>5,347.5</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>90,242.4</b>	<b>98,041.6</b>	<b>97,888.5</b>	<b>95,114.2</b>	<b>90,483.9</b>	<b>93,184.6</b>
<b>Shareholders' Equity Per Share</b>						
Book Value, Excluding AOCI	\$27.03	\$27.39	\$27.54	\$27.21	\$25.87	\$25.97
Common shares outstanding	189.8	187.3	187.9	184.5	177.5	177.6

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

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

For the Year Ended December 31	1998	1999	2000	2001	2002	YTD Sep 2002
Revenue						
Premiums	53.9	65.2	64.3	77.5	47.4	38.7
Surrender charges	33.5	37.9	41.8	31.2	31.2	23.8
Expense assessments	430.7	501.3	591.3	508.6	446.2	345.7
Other revenue and fees	1.7	14.5	11.0	16.7	3.3	0.6
Net investment income	1,530.8	1,509.1	1,430.5	1,399.1	1,457.5	1,079.1
Realized gains (losses) on investments	17.5	(12.1)	(5.2)	(64.5)	(196.6)	(150.5)
Gains (losses) on derivatives	0.0	0.0	0.0	(0.3)	(1.2)	(1.2)
<b>Total Revenue</b>	<b>2,068.1</b>	<b>2,115.8</b>	<b>2,133.7</b>	<b>1,968.3</b>	<b>1,787.7</b>	<b>1,336.3</b>

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Operating Benefits and Expenses						
Benefits paid or provided:						
Benefits	271.6	259.1	254.7	263.9	314.1	235.8
Interest credited to policy bal.	955.2	925.2	866.1	863.8	903.8	672.1
	-----	-----	-----	-----	-----	-----
Total insurance benefits	1,226.8	1,184.3	1,120.8	1,127.7	1,217.9	907.8
Underwriting, acquisition, insurance and other expenses						
Commissions	236.7	341.4	326.8	336.3	320.8	248.0
Other volume related expenses	33.1	42.8	52.0	49.7	64.6	46.5
Operating and administrative expenses	194.0	208.6	206.6	231.8	231.3	161.4
Restructuring charges	0.0	0.0	0.0	2.0	1.6	1.6
Taxes, licenses and fees	13.8	0.3	9.3	13.7	11.5	11.9
Par policyholder interests	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Subtotal	477.6	593.2	594.8	633.6	629.8	469.4
Deferral of acquisition costs				(240.9)	(243.9)	(188.6)
DAC amortization				125.5	157.7	128.0
	-----	-----	-----	-----	-----	-----
DAC deferral net of amortization	9.7	(47.7)	(37.5)	(115.4)	(86.2)	(60.6)
PVIF amortization	11.4	15.3	24.2	14.7	31.8	11.8
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	498.8	560.8	581.5	532.8	575.4	420.6
Goodwill amortization	2.2	2.0	(0.6)	1.2	0.0	0.0
	-----	-----	-----	-----	-----	-----
Total Benefits and Expenses	1,727.8	1,747.1	1,701.7	1,661.8	1,793.3	1,328.4
	-----	-----	-----	-----	-----	-----
Income from Before Federal Income Tax and Cumulative Effect of						
	-----	-----	-----	-----	-----	-----
Accounting Changes	340.3	368.7	432.0	306.5	(5.6)	7.9
	-----	-----	-----	-----	-----	-----
Federal income taxes	66.5	77.2	77.3	34.1	(59.3)	(40.9)
	-----	-----	-----	-----	-----	-----
Income Before Cumulative Effect of						
	-----	-----	-----	-----	-----	-----
Accounting Changes	273.8	291.5	354.7	272.4	53.7	48.7
Cumulative effect of accounting changes	0.0	0.0	0.0	(7.3)	0.0	0.0
	-----	-----	-----	-----	-----	-----
Net Income	273.8	291.5	354.7	265.1	53.7	48.7
	=====	=====	=====	=====	=====	=====
Less:						
Realized gains (losses) on investments	11.4	(7.9)	(3.4)	(42.3)	(127.8)	(97.4)
Gains (losses) on derivatives	0.0	0.0	0.0	(0.2)	(0.8)	(0.8)
Restructuring charges	0.0	0.0	0.0	(1.3)	(1.0)	(1.0)
Cumulative effect of accounting changes	0.0	0.0	0.0	(7.3)	0.0	0.0
	-----	-----	-----	-----	-----	-----
Income from Operations	262.4	299.4	358.1	316.2	183.4	147.9
	=====	=====	=====	=====	=====	=====
Effective tax rate on Income from Operations	18.7%	21.4%	18.1%	15.3%	5.4%	8.2%

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Revenue	2,068.1	2,115.8	2,133.7	1,968.3	1,787.7	1,336.3
Less:						
Realized gains (losses) on investments	17.5	(12.1)	(5.2)	(64.5)	(196.6)	(150.5)
Gains (losses) on derivatives	0.0	0.0	0.0	(0.3)	(1.2)	(1.2)
Operating Revenue	2,050.6	2,128.0	2,138.9	2,033.1	1,985.5	1,487.9
Average capital	1,592.6	1,562.0	1602.9	1,831.4	2,339.6	2,284.5
Net Income return on average capital	17.2%	18.7%	22.1%	14.5%	2.3%	2.8%
Income from operations return on average capital	16.5%	19.2%	22.3%	17.3%	7.8%	8.6%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period	812.5	912.8	912.8
Deferral	240.9	243.9	188.6
Amortization	(125.5)	(157.7)	(128.0)
Included in Total Benefits and Expenses	115.4	86.2	60.6
Adjustment related to realized (gains) losses on securities available-for-sale	68.2	73.0	56.9
Adjustment related to unrealized (gains) losses on securities available-for-sale	(90.0)	(201.4)	(171.5)
Other*	6.7	(14.8)	(14.8)
Balance at end-of-period	912.8	855.8	843.9

Roll Forward of Present Value of In-Force

Balance at beginning-of-period	169.2	154.5	154.5
Amortization	(14.7)	(31.8)	(11.8)
Other			
Balance at end-of-period	154.5	122.7	142.7

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

Note: 2000, 2001, and 2002 have been restated for the adoption of the fair value method of accounting for stock options under FAS 123.

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

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

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Revenue				
Premiums	13.2	12.7	12.2	13.0
Surrender charges	6.5	7.2	7.9	7.0
Expense assessments	124.9	119.7	121.0	120.0
Other revenue and fees	1.2	10.0	5.8	(1.0)
Net investment income	353.7	349.1	356.6	359.0
Realized gains (losses) on investments	(20.8)	(31.3)	(50.5)	(56.0)
Gains (losses) on derivatives	(0.5)	0.2	0.0	(0.0)
	-----	-----	-----	-----
Total Revenue	478.2	467.5	453.0	442.0
	-----	-----	-----	-----
Benefits and Expenses				
Benefits paid or provided:				
Benefits	66.3	55.3	55.4	72.0
Interest credited to policy balances	217.2	227.5	226.1	221.0
	-----	-----	-----	-----
Total insurance benefits	283.5	282.8	281.5	294.0
Underwriting, acquisition, insurance and other expenses:				
Commissions	81.1	96.7	82.4	82.0
Other volume related expenses	12.7	13.1	10.0	16.0
Operating and administrative expenses	56.9	68.0	54.6	53.0
Restructuring charges	0.0	0.0	0.0	1.0
Taxes, licenses and fees	2.2	4.5	4.7	4.0
Par policyholder interests	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Subtotal	152.9	182.3	151.8	159.0
Deferral of acquisition costs	(58.7)	(71.9)	(61.7)	(60.0)
DAC amortization	35.6	20.9	32.7	48.0
	-----	-----	-----	-----
DAC deferral net of amortization	(23.0)	(51.0)	(29.1)	(12.0)
PVIF amortization	4.5	1.4	3.8	3.0
Other intangibles amortization	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	134.4	132.7	126.5	150.0
Goodwill amortization	0.3	0.3	0.0	0.0
	-----	-----	-----	-----
Total Benefits and Expenses	418.2	415.8	408.0	444.0
	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	60.0	51.8	45.1	(2.0)
Federal income taxes	2.5	(1.4)	(1.5)	(11.0)
	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	57.6	53.1	46.6	9.0
	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Net Income	57.6	53.1	46.6	9.0
	=====	=====	=====	=====
Less:				
Realized gains (losses) on investments	(13.5)	(20.7)	(32.8)	(36.0)
Gains (losses) on derivatives	(0.3)	0.1	0.0	0.0
Restructuring charges	0.0	0.0	0.0	(1.0)
Cumulative effect of accounting changes	0.0	0.0		
	-----	-----	-----	-----
Income from Operations	71.4	73.7	79.4	46.0

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	=====	=====	=====	=====
Effective tax rate on				
Income from Operations	12.2%	11.1%	16.9%	16.0%
Revenue	478.2	467.5	453.0	442.0
Less:				
Realized gains (losses) on investments	(20.8)	(31.3)	(50.5)	(56.1)
Gains (losses) on derivatives	(0.5)	0.2	0.0	(0.1)
	-----	-----	-----	-----
Operating Revenue	499.5	498.7	503.5	498.8
	=====	=====	=====	=====
Average capital	1,906.4	1,828.9	2,046.1	2,396.0
Net Income return on average capital	12.1%	11.6%	9.1%	1.5%
Income from operations return on average capital	15.0%	16.1%	15.5%	7.8%

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Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter	831.3	781.2	912.8	1031.0
Deferral	58.7	71.9	61.7	60.0
Amortization	(35.6)	(20.9)	(32.7)	(48.0)
	-----	-----	-----	-----
Included in Total Benefits and Expenses	23.0	51.0	29.1	12.0
Adjustment related to realized (gains) losses on securities available-for-sale	16.4	34.1	25.7	20.0
Adjustment related to unrealized (gains) losses on securities available-for-sale	(89.7)	46.5	78.2	(96.0)
Other*	0.3	(0.0)	(14.8)	
	-----	-----	-----	-----
Balance at end-of-quarter	781.2	912.8	1,031.0	967.0
	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-quarter	160.4	155.9	154.5	150.0
Amortization	(4.5)	(1.4)	(3.8)	(3.0)
Other				
	-----	-----	-----	-----
Balance at end-of-quarter	155.9	154.5	150.7	146.0
	=====	=====	=====	=====

For the Quarter Ended

	Dec	Mar	Jun	Se
	2002	2003	2003	2003
	-----	-----	-----	-----
Revenue				
Premiums	8.7	5.5	3.0	7.0
Surrender charges	7.4	6.9	8.5	7.0
Expense assessments	100.6	97.6	104.3	115.0
Other revenue and fees	2.7	(1.4)	1.3	8.0
Net investment income	378.3	367.0	369.8	377.0
Realized gains (losses) on investments	(46.1)	(76.8)	0.9	18.0
Gains (losses) on derivatives	(0.1)	(1.0)	(1.5)	1.0
	-----	-----	-----	-----
Total Revenue	451.4	397.8	486.4	536.0
	-----	-----	-----	-----

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Benefits and Expenses				
Benefits paid or provided:				
Benefits	78.4	65.0	34.8	44.
Interest credited to policy balances	231.7	220.1	217.1	216.
	-----	-----	-----	-----
Total insurance benefits	310.1	285.1	251.9	261.
Underwriting, acquisition, insurance and other expenses:				
Commissions	72.8	66.8	74.2	80.
Other volume related expenses	18.1	14.0	14.7	16.
Operating and administrative expenses	69.9	54.0	56.6	57.
Restructuring charges	0.0	0.0	6.2	8.
Taxes, licenses and fees	(0.5)	5.7	4.3	3.
Par policyholder interests	0.0	0.0	0.0	0.
	-----	-----	-----	-----
Subtotal	160.4	140.4	156.0	166.
Deferral of acquisition costs	(55.3)	(47.8)	(51.0)	(63.
DAC amortization	29.6	31.0	28.5	33.
	-----	-----	-----	-----
DAC deferral net of amortization	(25.7)	(16.8)	(22.6)	(30.
PVIF amortization	20.0	2.3	2.1	3.
Other intangibles amortization	0.0	0.0	0.0	0.
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	154.8	125.9	135.5	139.
Goodwill amortization	0.0	0.0	0.0	0.
	-----	-----	-----	-----
Total Benefits and Expenses	464.8	411.0	387.4	400.
	-----	-----	-----	-----
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes				
	(13.4)	(13.3)	99.0	135.
Federal income taxes				
	(18.4)	(20.1)	17.3	33.
	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes				
	5.0	6.9	81.7	102.
	-----	-----	-----	-----
Cumulative effect of accounting changes				
	0.0	0.0	0.0	0.
	-----	-----	-----	-----
Net Income				
	5.0	6.9	81.7	102.
	=====	=====	=====	=====
Less:				
Realized gains (losses) on investments	(30.4)	(50.3)	1.0	12.
Gains (losses) on derivatives	(0.0)	(0.2)	(1.4)	1.
Restructuring charges	0.0	0.0	(4.0)	(5.
Cumulative effect of accounting changes				
	-----	-----	-----	-----
Income from Operations				
	35.4	57.4	86.1	94.
	=====	=====	=====	=====
Effective tax rate on Income from Operations				
	(8.1%)	11.0%	18.6%	24.0
Revenue				
	451.4	397.8	486.4	536.
Less:				
Realized gains (losses) on investments	(46.1)	(76.8)	0.9	18.
Gains (losses) on derivatives	(0.1)	(1.0)	(1.5)	1.
	-----	-----	-----	-----
Operating Revenue				
	497.6	475.5	487.0	516.
	=====	=====	=====	=====

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Average capital	2,504.9	2,526.3	2,262.3	2,386.
Net Income return on average capital	0.8%	1.1%	14.4%	17.1
Income from operations return on average capital	5.7%	9.1%	15.2%	15.8

-----  
Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-quarter	843.9	855.8	820.6	653.
Deferral	55.3	47.8	51.0	63.
Amortization	(29.6)	(31.0)	(28.5)	(33.
	-----	-----	-----	-----
Included in Total Benefits and Expenses	25.7	16.8	22.6	30.
Adjustment related to realized (gains) losses on securities available-for-sale	16.1	21.8	7.9	(31.
Adjustment related to unrealized (gains) losses on securities available-for-sale	(29.9)	(73.9)	(197.9)	109.
Other*				
	-----	-----	-----	-----
Balance at end-of-quarter	855.8	820.6	653.1	761.
	=====	=====	=====	=====

Roll Forward of Present Value of In-Force

Balance at beginning-of-quarter	142.7	122.7	120.4	118.
Amortization	(20.0)	(2.3)	(2.1)	(3.
Other				
	-----	-----	-----	-----
Balance at end-of-quarter	122.7	120.4	118.3	115.
	=====	=====	=====	=====

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

Lincoln Retirement  
Annuity Account Value Rollforward  
Unaudited [Billions of Dollars]

	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Fixed Annuities- Bal Beg-of-Year	17.214	18.111	18.210	16.615	18.004
Gross Deposits	1.452	2.563	2.074	3.342	3.672
Withdrawals (incl charges) & deaths	(2.468)	(2.521)	(3.283)	(2.448)	(2.637)
	-----	-----	-----	-----	-----
Net flows	(1.016)	0.042	(1.209)	0.894	1.035
Transfer from (to) var annuities	(0.356)	(0.783)	(1.329)	(0.428)	0.108
Interest credited	0.994	0.840	0.944	0.923	0.940
Acq of new business/companies	1.274				
	-----	-----	-----	-----	-----
Fixed Annuities-Gross	18.111	18.210	16.615	18.004	20.087

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Reinsurance Ceded	(1.606)	(1.419)	(1.221)	(1.514)	(2.003)
Fixed Annuities-Bal End -of-Year	16.505	16.791	15.394	16.491	18.085
Fixed Annuities Incremental Deposits*	1.265	2.310	1.918	3.213	3.600
Variable Annuities-Bal Beg-of-Year	27.346	33.358	41.493	39.427	34.638
Gross Deposits	2.791	2.553	3.165	3.067	2.743
Withdrawals (incl charges) & deaths	(3.019)	(3.760)	(4.830)	(3.856)	(3.325)
Net flows	(0.228)	(1.207)	(1.665)	(0.789)	(0.582)
Transfer from (to) fixed annuities	0.389	0.787	1.320	0.428	(0.122)
Invest inc & change in mkt value	5.414	8.555	(1.721)	(4.428)	(6.497)
Acq(sale) of new business/companies	0.437				
Var Annuities-Bal End-of-Year	33.358	41.493	39.427	34.638	27.438
Variable Annuities Incremental Deposits*	2.641	2.409	2.667	2.624	2.569
Total Annuities - Bal Beg-of-Year	44.560	51.469	59.703	56.042	52.642
Gross Deposits	4.244	5.116	5.239	6.409	6.415
Withdrawals (incl charges) & deaths	(5.487)	(6.281)	(8.113)	(6.304)	(5.962)
Net flows	(1.244)	(1.165)	(2.874)	0.105	0.453
Transfers	0.033	0.004	(0.009)		(0.013)
Interest credited & change in mkt value	6.408	9.395	(0.777)	(3.505)	(5.558)
Acq of new business/companies	1.711				
Total Gross Annuities-Bal End-of-Year	51.469	59.703	56.042	52.642	47.525
Reinsurance Ceded	(1.606)	(1.419)	(1.221)	(1.514)	(2.003)
Total Annuities (Net of Ceded) - Bal End-of-Year	49.862	58.284	54.821	51.129	45.522
Total Annuities Incremental Deposits*	3.906	4.719	4.585	5.837	6.169
Var Ann Under Agree - Included above	0.649	0.719	0.941	1.077	1.186
Fixed Annuities - excluding fixed portion of variable contracts					
Deposits		0.709	0.459	1.712	1.844
Withdrawals		(1.367)	(2.271)	(1.604)	(1.473)
Net Flows		(0.658)	(1.812)	0.108	0.371
Gross Fixed Account Values					10.475
Reinsurance Ceded					(2.003)
Net Fixed Account Values					8.473
Variable Annuities - including fixed portion of variable contracts					
Deposits		4.407	4.780	4.697	4.571
Withdrawals		(4.915)	(5.842)	(4.700)	(4.489)



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Net Flows	(0.508)	(1.062)	(0.003)	0.082
Variable Account Values				37.050
Fixed Portion of Variable Contracts				
Deposits	1.853	1.615	1.630	1.828
Withdrawals	(1.154)	(1.012)	(0.844)	(1.164)
Net Flows	0.699	0.603	0.786	0.664
Fixed Portion of Variable Account Values			16.491	9.612
Average Daily Variable Account Values	35.932	41.776	35.573	30.826

-----  
Annuity Product Spread Information\*\*

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

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

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

Lincoln Retirement  
Annuity Account Value Rollforward  
Unaudited [Billions of Dollars]

	Dec 2000	Mar 2001	Jun 2001	Sep 2001	2002
Fixed Annuities-Bal Beg-of-Quarter	16.929	16.615	16.598	16.696	17.000
Gross Deposits	0.482	0.560	0.668	0.896	1.000
Withdrawals (incl charges) & deaths	(0.810)	(0.787)	(0.574)	(0.525)	(0.600)
Net flows	(0.328)	(0.227)	0.094	0.372	0.400
Transfer from (to) var annuities	(0.216)	(0.014)	(0.222)	0.021	(0.100)
Interest credited	0.230	0.225	0.226	0.228	0.200
Acq of new business/companies					
Fixed Annuities-Gross	16.615	16.598	16.696	17.317	18.000
Reinsurance Ceded	(1.221)	(1.169)	(1.146)	(1.266)	(1.100)
Fixed Annuities-Bal End-of-Quarter	15.394	15.430	15.551	16.051	16.900

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Fixed Annuities Incremental Deposits*	0.447	0.536	0.611	0.873	1.000
Variable Annuities-Bal Beg-of-Quarter	42.743	39.427	34.733	36.961	30.000
Gross Deposits	0.846	0.887	0.703	0.684	0.000
Withdrawals (incl charges) & deaths	(1.199)	(1.250)	(0.993)	(0.795)	(0.000)
Net flows	(0.353)	(0.363)	(0.290)	(0.111)	(0.000)
Transfer from (to) fixed annuities	0.212	0.011	0.227	(0.023)	0.000
Invest inc & change in mkt value	(3.175)	(4.342)	2.291	(6.321)	3.000
Acq(sale) of new business/companies					
Var Annuities-Bal End-of-Quarter	39.427	34.733	36.961	30.506	34.000
Variable Annuities Incremental Deposits	0.650	0.683	0.612	0.604	0.000
Total Annuities - Bal Beg-of-Quarter	59.673	56.042	51.331	53.657	47.000
Gross Deposits	1.328	1.447	1.371	1.580	2.000
Withdrawals (incl charges) & deaths	(2.009)	(2.037)	(1.567)	(1.320)	(1.000)
Net flows	(0.681)	(0.590)	(0.196)	0.261	0.000
Transfers	(0.004)	(0.003)	0.005	(0.002)	0.000
Interest credited & change in mkt value	(2.945)	(4.117)	2.517	(6.093)	4.000
Acq of new business/companies					
Total Gross Annuities - Bal End-of-Quarter	56.042	51.331	53.657	47.823	52.000
Reinsurance Ceded	(1.221)	(1.169)	(1.146)	(1.266)	(1.000)
Total Annuities (Net of Ceded) - Bal End-of-Qtr	54.821	50.162	52.512	46.557	51.000
Total Annuities Incremental Deposits*	1.097	1.219	1.223	1.477	1.000
Var Ann Under Agree - Included above	0.941	0.904	0.975	0.907	1.000

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

Fixed Annuities - excluding fixed portion of variable contracts					
Deposits	0.085	0.160	0.329	0.489	0.000
Withdrawals	(0.570)	(0.556)	(0.356)	(0.340)	(0.000)
Net Flows	(0.485)	(0.396)	(0.027)	0.149	0.000
Gross Fixed Account Values					
Reinsurance Ceded					
Net Fixed Account Values					
Variable Annuities - including fixed portion of variable contracts					
Deposits	1.243	1.287	1.042	1.091	1.000
Withdrawals	(1.439)	(1.481)	(1.211)	(0.979)	(1.000)
Net Flows	(0.196)	(0.194)	(0.169)	0.112	0.000

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Variable Account Values					
Fixed Portion of Variable Contracts					
Deposits	0.397	0.400	0.339	0.407	0.
Withdrawals	(0.240)	(0.231)	(0.218)	(0.184)	(0.
Net Flows	0.157	0.169	0.121	0.223	0.
Fixed Portion of Variable Account Values					
Average Daily Variable Account Values	39.682	38.180	36.499	34.399	33.
-----					
Annuity Product Spread Information**					
Net Investment Income***	7.37%	7.50%	7.45%	7.33%	7.
Interest Credited	5.14%	5.40%	5.29%	5.34%	5.
Spread***	2.23%	2.09%	2.16%	1.99%	1.

Lincoln Retirement  
Annuity Account Value Rollforward  
Unaudited [Billions of Dollars] (continued)

	Jun 2002	Sep 2002	Dec 2002	Mar 2003	2003
Fixed Annuities-Bal Beg-of-Quarter	18.178	18.679	19.562	20.086	20.
Gross Deposits	0.853	1.091	0.822	0.776	0.
Withdrawals (incl charges) & deaths	(0.551)	(0.825)	(0.531)	(0.524)	(0.
Net flows	0.302	0.265	0.291	0.253	0.
Transfer from (to) var annuities	(0.032)	0.379	(0.007)	0.046	(0.
Interest credited	0.231	0.238	0.240	0.226	0.
Acq of new business/companies					
Fixed Annuities-Gross	18.679	19.562	20.086	20.611	20.
Reinsurance Ceded	(1.770)	(1.913)	(2.003)	(2.075)	(2.
Fixed Annuities-Bal End-of-Quarter	16.910	17.650	18.085	18.537	18.
Fixed Annuities Incremental Deposits*	0.839	1.072	0.808	0.753	0.
Variable Annuities-Bal Beg-of-Quarter	35.150	31.206	25.942	27.438	26.
Gross Deposits	0.787	0.603	0.545	0.648	0.
Withdrawals (incl charges) & deaths	(0.866)	(0.800)	(0.763)	(0.806)	(0.
Net flows	(0.079)	(0.197)	(0.217)	(0.158)	(0.
Transfer from (to) fixed annuities	0.032	(0.388)	0.000	(0.048)	0.
Invest inc & change in mkt value	(3.897)	(4.679)	1.713	(0.759)	3.
Acq(sale) of new business/companies					
Var Annuities-Bal End-of-Quarter	31.206	25.942	27.438	26.474	30.

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Variable Annuities Incremental Deposits	0.744	0.573	0.528	0.629	0.
Total Annuities - Bal Beg-of-Quarter	53.328	49.885	45.504	47.524	47.
Gross Deposits	1.640	1.694	1.368	1.424	1.
Withdrawals (incl charges) & deaths	(1.417)	(1.626)	(1.294)	(1.329)	(1.
Net flows	0.223	0.068	0.074	0.095	0.
Transfers	0.000	(0.009)	(0.006)	(0.002)	(0.
Interest credited & change in mkt value	(3.666)	(4.441)	1.953	(0.532)	4.
Acq of new business/companies					
Total Gross Annuities - Bal End-of-Quarter	49.885	45.504	47.524	47.085	51.
Reinsurance Ceded	(1.770)	(1.913)	(2.003)	(2.075)	(2.
Total Annuities (Net of Ceded) - Bal End-of-Qtr	48.115	43.591	45.522	45.010	49.
Total Annuities Incremental Deposits*	1.583	1.645	1.336	1.382	1.
Var Ann Under Agree - Included above	1.175	1.083	1.186	1.355	1.
* Incremental Deposits represent gross deposits reduced by transfers from other Lincoln Retirement					
-----					
Fixed Annuities - excluding fixed portion of variable contracts					
Deposits	0.430	0.559	0.351	0.368	0.
Withdrawals	(0.267)	(0.516)	(0.228)	(0.208)	(0.
Net Flows	0.163	0.042	0.123	0.160	0.
Gross Fixed Account Values	10.048	10.219	10.475	10.759	11.
Reinsurance Ceded	(1.770)	(1.913)	(2.003)	(2.075)	(2.
Net Fixed Account Values	8.278	8.306	8.473	8.684	8.
Variable Annuities - including fixed portion of variable contracts					
Deposits	1.210	1.135	1.017	1.056	1.
Withdrawals	(1.150)	(1.109)	(1.066)	(1.121)	(1.
Net Flows	0.060	0.026	(0.049)	(0.065)	(0.
Variable Account Values	39.839	35.286	37.050	36.327	40.
Fixed Portion of Variable Contracts					
Deposits	0.423	0.532	0.472	0.408	0.
Withdrawals	(0.284)	(0.309)	(0.303)	(0.316)	(0.
Net Flows	0.139	0.223	0.169	0.093	0.
Fixed Portion of Variable Account Values	8.632	9.344	9.612	9.853	9.
Average Daily Variable Account Values	33.502	28.023	27.431	26.907	29.

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Annuity Product Spread Information\*\*

Net Investment Income***	7.11%	6.87%	6.89%	6.61%	6.
Interest Credited	4.92%	4.76%	4.72%	4.42%	4.
Spread***	2.18%	2.11%	2.17%	2.19%	2.

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

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

\*\*\* The net investment income and spread reported above includes earnings from mortgage loan prep make-wholes. The impact of prepayments and make-wholes on investment income and spread was 0.3rd quarter of 2003, 0.05% in the 2nd quarter of 2003, and 0.09% in the 3rd quarter of 2003.

Life Insurance Segment  
Income Statements  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001
	-----	-----	-----	-----
Revenue				
Premiums	185.9	235.8	227.3	212.4
Surrender charges	52.1	66.3	66.4	66.1
Mortality assessments	350.1	444.6	465.2	499.4
Expense assessments	146.2	165.8	191.8	191.4
Other revenue and fees	2.6	9.8	14.2	17.9
Net investment income	642.6	840.1	871.5	910.2
Realized gains (losses) on investments	(1.0)	(2.2)	(17.4)	(57.6)
Gains (losses) on derivatives	0.0	0.0	0.0	0.7
Total Revenue	1,378.5	1,760.4	1,819.0	1,840.6
	-----	-----	-----	-----
Benefits and Expenses				
Benefits paid or provided:				
Benefits	371.3	430.4	411.5	418.6
Div accum & div to policyholders	70.7	81.5	80.8	78.5
Interest credited to policy bal.	393.1	493.8	525.4	569.9
Total insurance benefits	835.1	1,005.8	1,017.8	1,067.0
Underwriting, acquisition, insurance and other expenses:				
Commissions	107.5	163.4	152.8	142.1
Other volume related expenses	122.7	185.6	200.9	176.4
Operating and administrative expenses	146.0	171.2	169.4	166.8
Restructuring Charges	30.8	0.0	0.0	5.4
Taxes, licenses and fees	29.7	51.8	48.5	49.2

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Par policyholder interests	(4.3)	3.3	1.1	0.0
Foreign exchange	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Subtotal	432.5	575.2	572.6	539.9
Deferral of acquisition costs			0.0	(324.8)
DAC amortization			0.0	95.0
	-----	-----	-----	-----
DAC deferral net of amortization	(159.3)	(235.0)	(286.5)	(229.8)
PVIF amortization	51.9	58.8	103.7	75.9
Other intangibles amortization	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	325.0	399.1	389.8	385.9
Goodwill amortization	19.7	23.4	23.7	23.7
	-----	-----	-----	-----
Total Benefits and Expenses	1,179.8	1,428.2	1,431.4	1,476.6
	-----	-----	-----	-----
Income from Before Federal Income Tax and Cumulative Effect of Accounting Changes	198.7	332.2	387.6	364.0
Federal income taxes	71.2	120.6	141.6	129.2
	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	127.5	211.5	246.0	234.8
	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	(5.5)
	-----	-----	-----	-----
Net Income	127.5	211.5	246.0	229.3
	=====	=====	=====	=====
Less:				
Realized gains (losses) on investments	(1.7)	(0.5)	(10.7)	(38.5)
Gains (losses) on derivatives	0.0	0.0	0.0	1.6
Restructuring charges	(20.0)	0.0	0.0	(3.5)
Cumulative effect of accounting changes	0.0	0.0	0.0	(5.5)
	-----	-----	-----	-----
Income from Operations	149.2	212.0	256.7	275.3
	=====	=====	=====	=====
Effective tax rate on Income from Operations	35.6%	36.6%	36.6%	35.4%
Revenue	1378.5	1,760.4	1,819.0	1,840.6
Less:				
Realized gains (losses) on investments	(1.0)	(2.2)	(17.4)	(57.6)
Gains (losses) on derivatives			0.0	0.7
	-----	-----	-----	-----
Operating Revenue	1,379.5	1,762.6	1,836.4	1,897.5
	=====	=====	=====	=====
Average capital	1,948.0	2,712.3	2,641.3	2,734.4
Net Income return on average capital	6.5%	7.8%	9.3%	8.4%
Income from operations return on average capital	7.7%	7.8%	9.7%	10.1%

-----  
Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-period				1,079.3
Deferral				324.8
Amortization				(95.0)
	-----	-----	-----	-----
Included in Total Benefits and Expenses				229.8
Adjustment related to realized (gains) losses				

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on securities available-for-sale					43.0
Adjustment related to unrealized (gains) losses on securities available-for-sale					(89.0)
Other*					2.5
Balance at end-of-period	-----	-----	-----	-----	1,265.6
Roll Forward of Present Value of In-Force	=====	=====	=====	=====	
Balance at beginning-of-period					1,040.5
Amortization					(75.9)
Other					(0.7)
Balance at end-of-period	-----	-----	-----	-----	964.0
	=====	=====	=====	=====	

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

Note: 2000, 2001, and 2002 have been restated for the adoption of the fair value method of accounting under FAS 123.

Life Insurance Segment  
Income Statements  
Unaudited [Millions of Dollars]

For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002
	-----	-----	-----	-----	-----	-----
Revenue						
Premiums	46.4	64.4	51.1	47.6	48.6	56.4
Surrender charges	15.6	19.9	11.7	13.5	13.4	15.5
Mortality assessments	124.7	125.5	123.9	123.9	126.3	127.3
Expense assessments	46.0	52.8	46.9	47.2	49.2	56.3
Other revenue and fees	3.0	6.0	5.7	6.7	5.1	6.2
Net investment income	233.2	226.6	226.0	225.7	224.1	223.3
Realized gains (losses) on investments	(8.2)	(31.1)	(41.4)	(25.4)	(25.9)	(5.5)
Gains (losses) on derivatives	(0.1)	0.6	0.0	0.6	0.7	0.1
Total Revenue	460.6	464.7	423.9	439.8	441.6	479.6
Benefits and Expenses						
Benefits paid or provided:						
Benefits	102.3	112.9	104.1	103.6	105.2	114.6
Div accum & div to policyholders	16.5	25.4	17.8	18.2	17.2	22.8
Interest credited to policy bal.	143.5	146.9	146.3	148.9	152.6	150.7
Total insurance benefits	262.3	285.1	268.1	270.8	275.1	288.0
Underwriting, acquisition, insurance and other expenses:						
Commissions	32.5	45.1	34.6	34.8	31.8	38.6
Other volume related expenses	41.4	56.9	42.7	43.6	45.8	58.3
Operating and administrative expenses	43.1	39.8	38.2	38.2	41.1	44.7

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Restructuring charges	0.0	2.3	0.0	0.0	0.0	0.0
Taxes, licenses and fees	12.0	12.5	13.2	15.3	13.2	11.5
Par policyholder interests	0.0	0.0	0.0	0.0	0.0	0.0
Foreign exchange	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	129.0	156.5	128.6	132.0	131.8	153.2
Deferral of acquisition costs	(85.3)	(106.3)	(74.3)	(82.2)	(78.6)	(101.4)
DAC amortization	29.7	30.2	22.1	23.6	23.9	36.3
DAC deferral net of amortization	(55.5)	(76.1)	(52.3)	(58.6)	(54.8)	(65.1)
PVIF amortization	20.5	14.7	16.9	16.3	23.3	17.4
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	0.0
Total underwriting, acquisition, insurance and other expenses	94.0	95.1	93.2	89.6	100.4	105.5
Goodwill amortization	5.9	5.9	0.0	0.0	0.0	0.0
Total Benefits and Expenses	362.2	386.2	361.3	360.4	375.5	393.6
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	98.4	78.4	62.6	79.4	66.1	86.0
Federal income taxes	34.7	27.5	19.1	22.7	19.7	26.5
Income Before Cumulative Effect of Accounting Changes	63.8	50.9	43.5	56.7	46.4	59.5
Cumulative effect of accounting changes	0.0	(0.0)	0.0	0.0	0.0	0.0
Net Income	63.8	50.9	43.5	56.7	46.4	59.5
Less:						
Realized gains (losses) on investments	(5.3)	(21.3)	(26.9)	(16.4)	(16.9)	(3.6)
Gains (losses) on derivatives	(0.0)	1.5	0.0	0.3	0.6	0.1
Restructuring charges	0.0	(1.5)	0.0	0.0	0.0	0.0
Cumulative effect of accounting changes	0.0	(0.0)	0.0	0.0	0.0	0.0
Income from Operations	69.1	72.3	70.4	72.8	62.7	63.1
Effective tax rate on Income from Operations	35.2%	35.0%	32.3%	30.1%	31.3%	31.0%
Revenue	460.6	464.7	423.9	439.8	441.6	479.6
Less:						
Realized gains (losses) on investments	(8.2)	(31.1)	(41.4)	(25.4)	(25.9)	(5.5)
Gains (losses) on derivatives	(0.1)	0.6	0.0	0.6	0.7	0.1
Operating Revenue	468.9	495.2	465.3	464.6	466.8	485.0
Average capital	2,739.3	2,748.0	2,805.9	2,870.1	2,857.6	2,851.5
Net Income return on average capital	9.3%	7.4%	6.2%	7.9%	6.5%	8.3%
Income from operations return on average capital	10.1%	10.5%	10.0%	10.1%	8.8%	8.8%

Roll Forward of Deferred Acquisition Costs



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Balance at beginning-of-quarter	1,151.1	1,156.0	1,265.6	1,385.3	1,404.9	1,362.2	1,424.5
Deferral	85.3	106.3	74.3	82.2	78.6	101.4	101.4
Amortization	(29.7)	(30.2)	(22.1)	(23.6)	(23.9)	(36.3)	(36.3)
Included in Total Benefits and Expenses	55.5	76.1	52.3	58.6	54.8	65.1	65.1
Adjustment related to realized (gains) losses on securities available-for-sale	7.2	14.7	15.8	11.2	11.7	1.0	1.0
Adjustment related to unrealized (gains) losses on securities available-for-sale	(59.6)	18.5	34.0	(51.9)	(109.3)	(3.7)	(3.7)
Other*	1.8	0.3	17.6	1.7			
Balance at end-of-quarter	1,156.0	1,265.6	1,385.3	1,404.9	1,362.2	1,424.5	1,424.5
Roll Forward of Present Value of In-Force							
Balance at beginning-of-quarter	999.9	978.7	964.0	947.1	930.7	907.4	907.4
Amortization	(20.5)	(14.7)	(16.9)	(16.3)	(23.3)	(17.4)	(17.4)
Other	(0.7)			(0.1)		0.1	0.1
Balance at end-of-quarter	978.7	964.0	947.1	930.7	907.4	890.1	890.1

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

Life Insurance Segment  
Operational Data  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002
First Year Premiums by Product (Millions)					
Universal Life	233.0	342.9	289.3	292.7	495.3
Variable Universal Life	101.3	142.2	218.7	228.6	134.5
Whole Life	20.0	23.9	22.4	26.3	30.3
Term	48.0	45.9	41.9	30.8	32.3
Total Retail	402.3	555.0	572.3	578.4	692.3
Corporate Owned Life Insurance (COLI)	4.0	14.7	87.0	47.3	88.1
Total	406.3	569.7	659.3	625.6	780.4
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	35.0	188.3	200.6	196.1	201.7
Lincoln Financial Distributors	356.3	367.9	444.7	413.0	556.3

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Other*	15.0	13.5	14.0	16.6	22.4
	-----	-----	-----	-----	-----
Total by Distribution	406.3	569.7	659.3	625.6	780.4
	=====	=====	=====	=====	=====
Life Insurance In-Force (Billions)					
Universal Life & Other	105.837	109.288	115.872	121.168	126.016
Term Insurance	67.076	85.701	100.130	113.226	127.880
	-----	-----	-----	-----	-----
Total Life Segment In-Force	172.914	194.988	216.002	234.394	253.896
	=====	=====	=====	=====	=====
For the Quarter Ended	Dec	Mar	Jun	Sep	Dec
	2000	2001	2001	2001	2001
	-----	-----	-----	-----	-----
First Year Premiums by Product (Millions)					
Universal Life	80.9	57.7	70.0	67.4	97.5
Variable Universal Life	75.1	56.0	52.2	50.1	70.2
Whole Life	8.0	4.1	5.1	6.7	10.4
Term	7.6	6.5	7.2	8.1	9.1
	-----	-----	-----	-----	-----
Total Retail	171.6	124.2	134.6	132.4	187.2
Corporate Owned Life Insurance (COLI)	49.0	7.1	21.0	5.1	14.2
	-----	-----	-----	-----	-----
Total	220.7	131.3	155.6	137.4	201.3
	-----	-----	-----	-----	-----
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	66.2	38.1	48.2	41.8	68.0
Lincoln Financial Distributors	150.6	89.1	104.0	90.4	129.5
Other*	3.9	4.2	3.4	5.2	3.8
	-----	-----	-----	-----	-----
Total by Distribution	220.7	131.3	155.6	137.4	201.3
	=====	=====	=====	=====	=====
Insurance In-Force (Billions)					
Universal Life & Other	115.872	116.747	118.007	119.029	121.168
Term Insurance	100.130	102.467	105.265	108.723	113.226
	-----	-----	-----	-----	-----
Total Segment In-Force	216.002	219.214	223.272	227.751	234.394
	=====	=====	=====	=====	=====
For the Quarter Ended	Jun	Sep	Dec	Mar	Jun
	2002	2002	2002	2003	2003
	-----	-----	-----	-----	-----
First Year Premiums by Product (Millions)					
Universal Life	98.9	132.9	177.1	130.8	142.7
Variable Universal Life	42.4	26.1	27.0	24.4	14.1
Whole Life	6.4	7.7	11.0	6.5	7.1
Term	8.1	7.3	8.1	9.1	9.6

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Total Retail	155.8	174.0	223.2	170.7	173.5
Corporate Owned Life Insurance (COLI)	46.6	7.8	26.8	10.6	61.8
Total	202.4	181.8	249.9	181.3	235.3
First Year Premiums by Distribution (Millions)					
Lincoln Financial Advisors	48.3	46.9	64.9	42.1	48.4
Lincoln Financial Distributors	151.6	132.7	171.1	131.6	146.6
Other*	2.6	2.2	13.9	7.5	40.2
Total by Distribution	202.4	181.8	249.9	181.3	235.3
Insurance In-Force (Billions)					
Universal Life & Other	123.674	124.085	126.016	126.414	127.276
Term Insurance	121.076	123.945	127.880	133.251	139.191
Total Segment In-Force	244.750	248.030	253.896	259.666	266.467

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

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

	1998	1999	2000	2001	2002
Universal Life-Bal Beg-of-Year	2.558	6.259	6.650	6.976	7.508
Deposits	0.675	1.017	0.955	1.043	1.100
Withdrawals & deaths	(0.701)	(0.452)	(0.426)	(0.319)	(0.251)
Net flows	(0.026)	0.564	0.528	0.724	0.849
Policyholder assessments	0.000	(0.544)	(0.584)	(0.598)	(0.610)
Interest credited	0.350	0.370	0.382	0.405	0.425
Acq of new business/transfers between segments	3.378	0.000	0.000	0.000	0.000
Universal Life-Bal End of Year (1)	6.259	6.650	6.976	7.508	8.057
Variable Universal Life-Bal Beg-of-Year	0.480	1.200	1.605	1.808	1.950
Deposits	0.193	0.326	0.607	0.584	0.600
Withdrawals & deaths	(0.100)	(0.099)	(0.132)	(0.251)	(0.251)
Net flows	0.093	0.228	0.475	0.332	0.349
Policyholder assessments	0.000	(0.084)	(0.141)	(0.170)	(0.170)
Invest inc & chg in mkt value	0.105	0.370	(0.130)	(0.225)	(0.225)

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Acq of new business/transfers between segments	0.522	(0.110)	0.000	0.000	0.000
Variable Universal Life -Bal End-of-Year	1.200	1.605	1.808	1.746	1.808
Interest Sensitive Whole Life - Bal Beg-of-Year		1.784	1.963	2.062	2.123
Deposits	0.340	0.355	0.322	0.307	0.307
Withdrawals & deaths	(0.294)	(0.162)	(0.168)	(0.200)	(0.200)
Net flows	0.046	0.193	0.154	0.107	0.107
Policyholder assessments	0.000	(0.168)	(0.168)	(0.164)	(0.164)
Interest credited	0.096	0.109	0.113	0.118	0.118
Acq of new business/transfers between segments	1.642	0.045	0.000	0.000	0.000
Int Sensitive Whole Life-Bal End -of -Year	1.784	1.963	2.062	2.123	2.123
-----					
Total Segment- Life Insurance Account Values Bal Beg-of-Year	3.038	9.243	10.217	10.847	11.377
Deposits	1.207	1.698	1.884	1.934	2.000
Withdrawals & deaths	(1.095)	(0.713)	(0.727)	(0.771)	(0.771)
Net flows	0.113	0.985	1.158	1.163	1.163
Policyholder assessments		(0.795)	(0.893)	(0.931)	(0.931)
Invest inc & change in market value	0.551	0.849	0.364	0.299	0.299
Acq of new business/transfers between segments	5.542	(0.065)			0.000
Total Segment -Bal End-of-Year	9.243	10.217	10.847	11.377	12.000
	=====	=====	=====	=====	=====

(1) Includes fixed investment option of VUL products.

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

	Dec 2000	Mar 2001	Jun 2001	Se 2001
	-----	-----	-----	-----
Universal Life-Bal Beg-of-Quarter	6.878	6.976	7.063	7.216
Deposits	0.265	0.227	0.270	0.233
Withdrawals & deaths	(0.114)	(0.091)	(0.071)	(0.080)
Net flows	0.151	0.136	0.199	0.153
Policyholder assessments	(0.150)	(0.147)	(0.147)	(0.150)
Interest credited	0.097	0.098	0.100	0.100
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Universal Life-Bal End-of-Quarter (1)	6.976	7.063	7.216	7.316

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Variable Universal Life-Bal Beg of Quarter	1.812	1.808	1.633	1.76
Deposits	0.245	0.136	0.138	0.12
Withdrawals & deaths	(0.048)	(0.049)	(0.060)	(0.05)
Net flows	0.197	0.087	0.078	0.06
Policyholder assessments	(0.041)	(0.041)	(0.041)	(0.04)
Invest inc & chg in mkt value	(0.160)	(0.221)	0.096	(0.26)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.00
Variable Universal Life -Bal End-of-Quarter	1.808	1.633	1.766	1.52
Interest Sensitive Whole Life - Bal Beg-of-Quarter	2.026	2.062	2.068	2.08
Deposits	0.113	0.056	0.069	0.07
Withdrawals & deaths	(0.056)	(0.041)	(0.043)	(0.05)
Net flows	0.057	0.014	0.027	0.02
Policyholder assessments	(0.050)	(0.037)	(0.040)	(0.04)
Interest credited	0.029	0.028	0.030	0.03
Acq of new business/transfers between segments	0.000	0.000	0.000	0.00
Int Sensitive Whole Life-Bal End-of-Quarter	2.062	2.068	2.084	2.09
-----				
Total Segment- Life Insurance Account Values Bal Beg-of-Quarter	10.716	10.847	10.764	11.06
Deposits	0.622	0.418	0.477	0.43
Withdrawals & deaths	(0.218)	(0.181)	(0.173)	(0.19)
Net flows	0.404	0.237	0.304	0.23
Policyholder assessments	(0.241)	(0.225)	(0.228)	(0.23)
Invest inc & change in market value	(0.033)	(0.094)	0.226	(0.13)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.00
Total Segment -Bal End-of-Quarter	10.847	10.764	11.066	10.93
	=====	=====	=====	=====
	Jun	Sep	Dec	Ma
	2002	2002	2002	200
	-----	-----	-----	-----
Universal Life-Bal Beg-of-Quarter	7.622	7.838	7.987	8.21
Deposits	0.364	0.310	0.410	0.31
Withdrawals & deaths	(0.096)	(0.108)	(0.125)	(0.10)
Net flows	0.268	0.201	0.286	0.21
Policyholder assessments	(0.158)	(0.162)	(0.170)	(0.16)
Interest credited	0.106	0.110	0.108	0.10
Acq of new business/transfers between segments	0.000	0.000	0.000	0.00
Universal Life-Bal End-of-Quarter (1)	7.838	7.987	8.211	8.35
	-----	-----	-----	-----

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Variable Universal Life-Bal Beg of Quarter	1.919	1.776	1.575	1.690
Deposits	0.147	0.102	0.126	0.110
Withdrawals & deaths	(0.057)	(0.034)	(0.047)	(0.030)
Net flows	0.090	0.068	0.079	0.080
Policyholder assessments	(0.046)	(0.046)	(0.047)	(0.040)
Invest inc & chg in mkt value	(0.186)	(0.224)	0.083	(0.030)
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Variable Universal Life -Bal End-of-Quarter	1.776	1.575	1.690	1.680
Interest Sensitive Whole Life - Bal Beg-of-Quarter	2.126	2.145	2.164	2.180
Deposits	0.066	0.073	0.100	0.050
Withdrawals & deaths	(0.039)	(0.045)	(0.063)	(0.040)
Net flows	0.026	0.027	0.037	0.010
Policyholder assessments	(0.039)	(0.040)	(0.046)	(0.030)
Interest credited	0.032	0.031	0.031	0.030
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Int Sensitive Whole Life-Bal End-of-Quarter	2.145	2.164	2.186	2.180
-----				
Total Segment- Life Insurance Account Values				
Bal Beg-of-Quarter	11.667	11.759	11.726	12.080
Deposits	0.577	0.484	0.636	0.480
Withdrawals & deaths	(0.192)	(0.187)	(0.234)	(0.190)
Net flows	0.385	0.297	0.402	0.290
Policyholder assessments	(0.244)	(0.248)	(0.263)	(0.250)
Invest inc & change in market value	(0.049)	(0.082)	0.222	0.100
Acq of new business/transfers between segments	0.000	0.000	0.000	0.000
Total Segment -Bal End-of-Quarter	11.759	11.726	12.086	12.230
	=====	=====	=====	=====

(1) Includes fixed investment option of VUL products.

Investment Management  
Income Statements  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001
	-----	-----	-----	-----
Revenue				
Investment advisory fees - External	249.0	248.6	231.6	197.2
Investment advisory fees - Insurance Assets	100.2	103.0	112.4	105.0
Other revenue and fees	92.5	106.6	115.9	99.2

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Net investment income	67.0	56.9	57.7	53.6
Realized gains (losses) on investments	0.9	(0.1)	(3.9)	(3.7)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Revenue	509.6	514.9	513.7	451.2
	-----	-----	-----	-----
Benefits and Expenses				
Underwriting, acquisition, insurance and other expenses:				
Operating and administrative expenses	384.7	369.6	424.9	410.2
Restructuring Charges	0.0	12.5	7.1	0.6
Taxes, licenses and fees	13.1	10.3	11.6	16.8
	-----	-----	-----	-----
Subtotal	397.8	392.4	443.6	427.5
Other intangibles amortization	18.8	17.7	16.3	10.8
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	416.6	410.1	459.9	438.3
Goodwill amortization	16.3	16.2	16.2	16.2
Interest on notes payable	0.4	0.0	0.0	0.0
	-----	-----	-----	-----
Total Benefits and Expenses	433.3	426.3	476.1	454.6
	-----	-----	-----	-----
Income from Before Federal Income Tax and Cumulative Effect of Accounting Changes	76.3	88.6	37.6	(3.3)
Federal income taxes	31.9	37.0	19.8	5.5
	-----	-----	-----	-----
Income Before Cumulative Effect of Accounting Changes	44.4	51.6	17.9	(8.9)
	-----	-----	-----	-----
Cumulative effect of accounting changes	0.0	0.0	0.0	(0.1)
	-----	-----	-----	-----
Net Income	44.4	51.6	17.9	(9.0)
	=====	=====	=====	=====
Less:				
Realized gains (losses) on investments	0.5	(0.1)	(2.5)	(2.4)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
Restructuring charges	0.0	(9.2)	(4.6)	(0.4)
Cumulative effect of accounting changes	0.0	0.0	0.0	(0.1)
	-----	-----	-----	-----
Income from Operations	43.9	61.0	25.0	(6.1)
	=====	=====	=====	=====
Net Income				
- before Goodwill Amortization	60.8	67.9	34.1	7.3
Net Income				
-before Goodwill & Intang. Amort.	73.1	79.4	44.7	14.3
Inc from Oper -before Goodwill Amortization	60.3	77.2	41.3	10.1
Income from Operations				
- before Goodwill & Intang. Amort	72.6	88.7	51.8	17.1
Revenue	509.6	514.9	513.7	451.2
Less:				
Realized gains (losses) on investments	0.9	(0.1)	(3.9)	(3.7)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Operating Revenue	508.7	515.0	517.6	454.9
	=====	=====	=====	=====
Average Capital (Securities at Cost)	642.3	593.7	582.0	557.0
Net Income return on average capital	6.9%	8.7%	3.1%	(1.6%)

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Inc. from oper. return on average capital 6.8% 10.3% 4.3% (1.1%)

Note: 2000, 2001, and 2002 have been restated for the adoption of the fair value method of accounting under FAS 123.

PAGE

Investment Management  
Income Statements  
Unaudited [Millions of Dollars]

For the Quarter Ended	Sep 2001 -----	Dec 2001 -----	Mar 2002 -----	Jun 2002 -----	Sep 2002 -----
Revenue					
Investment advisory fees - External	46.2	49.3	48.0	47.8	42.0
Investment advisory fees - Insurance Assets	26.0	26.3	25.0	24.3	24.0
Other revenue and fees	23.9	23.4	23.0	22.0	19.0
Net investment income	13.6	12.8	12.8	12.7	12.0
Realized gains (losses) on investments	(0.8)	(1.1)	(1.5)	(0.7)	(1.0)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0
Total Revenue	108.8	110.8	107.3	106.1	97.0
Benefits and Expenses					
Underwriting, acquisition, insurance and other expenses:					
Operating and administrative expenses	99.0	101.3	97.2	100.8	99.0
Restructuring Charges	0.0	0.6	0.0	0.0	(0.0)
Taxes, licenses and fees	4.2	3.6	4.6	4.2	1.0
Subtotal	103.2	105.5	101.8	105.0	100.0
Other intangibles amortization	2.3	2.3	2.2	2.0	2.0
Total underwriting, acquisition, insurance and other expenses	105.5	107.8	103.9	107.0	102.0
Goodwill amortization	4.1	4.1	0.0	0.0	0.0
Interest on notes payable	0.0	0.0	0.0	0.0	0.0
Total Benefits and Expenses	109.5	111.9	103.9	107.0	102.0
Income from Before Federal Income Tax and Cumulative Effect of Accounting Changes	(0.7)	(1.1)	3.4	(1.0)	(5.0)
Federal income taxes	1.4	1.3	1.3	(0.2)	(1.0)
Income Before Cumulative Effect of Accounting Changes	(2.1)	(2.4)	2.1	(0.8)	(3.0)
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0
Net Income	(2.1)	(2.4)	2.1	(0.8)	(3.0)
Less:					
Realized gains (losses) on investments	(0.5)	(0.7)	(1.0)	(0.4)	(1.0)
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0



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Restructuring charges	0.0	(0.4)	0.0	0.0	0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0
	-----	-----	-----	-----	-----
Income from Operations	(1.6)	(1.3)	3.1	(0.3)	(3
	=====	=====	=====	=====	=====
Net Income -before					
Goodwill Amortization	1.9	1.7	2.1	(0.8)	(3
Net Income -before					
Goodwill & Intang. Amort	3.4	3.2	3.5	0.6	(2
Inc from Oper -before					
Goodwill Amortization	2.5	2.8	3.1	(0.3)	(3
Inc from Oper -before					
Goodwill & Intang. Amort	3.9	4.2	4.5	1.0	(1
Revenue	108.8	110.8	107.3	106.1	97
Less:					
Realized gains (losses) on investments	(0.8)	(1.1)	(1.5)	(0.7)	(1
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0
	-----	-----	-----	-----	-----
Operating Revenue	109.7	111.8	108.9	106.7	99
	=====	=====	=====	=====	=====
Average Capital (Securities at Cost)	556.7	555.4	562.7	587.2	586
Net Income return on average capital	(1.5%)	(1.7%)	1.5%	(0.5%)	(2.
Income from operations return on average capital	(1.1%)	(0.9%)	2.2%	(0.2%)	(2.

For the Quarter Ended	Dec	Mar	Jun	Sep
	2002	2003	2003	2003
	-----	-----	-----	-----
Revenue				
Investment advisory fees - External	44.7	44.2	49.4	53.2
Investment advisory fees - Insurance Assets	24.2	24.1	25.4	25.5
Other revenue and fees	22.1	22.0	29.5	29.5
Net investment income	12.7	12.1	12.1	13.2
Realized gains (losses) on investments	(1.5)	(0.4)	0.1	0.2
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Revenue	102.2	102.1	116.4	121.7
	-----	-----	-----	-----
Benefits and Expenses				
Underwriting, acquisition, insurance and other expenses:				
Operating and administrative expenses	95.8	95.2	104.4	101.6
Restructuring Charges	0.0	0.0	0.0	5.3
Taxes, licenses and fees	2.4	3.0	2.8	2.4
	-----	-----	-----	-----
Subtotal	98.2	98.2	107.2	109.3
Other intangibles amortization	2.0	2.0	2.0	2.0
	-----	-----	-----	-----
Total underwriting, acquisition, insurance and other expenses	100.2	100.2	109.2	111.3
Goodwill amortization	0.0	0.0	0.0	0.0
Interest on notes payable	0.0	0.0	0.0	0.0
	-----	-----	-----	-----
Total Benefits and Expenses	100.2	100.2	109.2	111.3
	-----	-----	-----	-----
Income from Before Federal Income Tax and Cumulative Effect of Accounting Changes	2.0	1.9	7.2	10.3
Federal income taxes	0.9	0.8	2.6	4.0

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Income Before Cumulative Effect of Accounting Changes	----- 1.1	----- 1.0	----- 4.6	----- 6.3
Cumulative effect of accounting changes	----- 0.0	----- 0.0	----- 0.0	----- 0.0
Net Income	----- 1.1	----- 1.0	----- 4.6	----- 6.3
Less:				
Realized gains (losses) on investments	(0.9)	(0.3)	0.0	0.1
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
Restructuring charges	0.0	0.0	0.0	(3.5)
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
Income from Operations	----- 2.1	----- 1.3	----- 4.5	----- 9.7
Net Income -before				
Goodwill Amortization	1.1	1.0	4.6	6.3
Net Income -before				
Goodwill & Intang. Amort	2.4	2.4	5.8	7.6
Inc from Oper -before				
Goodwill Amortization	2.1	1.3	4.5	9.7
Inc from Oper -before				
Goodwill & Intang. Amort	3.4	2.6	5.8	11.0
Revenue	102.2	102.1	116.4	121.7
Less:				
Realized gains (losses) on investments	(1.5)	(0.4)	0.1	0.2
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
Operating Revenue	----- 103.6	----- 102.5	----- 116.3	----- 121.4
Average Capital (Securities at Cost)	588.8	597.6	588.6	600.4
Net Income return on average capital	0.8%	0.7%	3.1%	4.2%
Income from operations return on average capital	1.4%	0.9%	3.1%	6.4%

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

	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Retail Fixed - Bal Beg-of-Year	8.125	8.219	7.423	6.607	7.1
Fund Sales	1.166	0.991	0.769	0.876	1.2
Redemptions	(1.234)	(1.424)	(1.401)	(1.051)	(1.1)
Net Money Market	(0.141)	(0.111)	(0.207)	(0.046)	(0.0)
Transfers	0.132	0.177	(0.168)	0.405	0.2
Net Flows(1)	(0.077)	(0.367)	(1.007)	0.184	0.1
Market	0.170	(0.429)	0.098	0.329	0.3
Acquisitions/addition of Assets under Administration(1)			0.094		

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Balance End-of-Year	8.219	7.423	6.607	7.120	7.6
Retail Equity - Bal Beg-of-Year	17.754	22.081	23.384	21.523	17.9
Fund Sales	3.581	3.270	4.116	2.817	4.4
Redemptions	(2.459)	(4.972)	(4.431)	(2.838)	(3.6)
Net Money Market	(0.001)	(0.001)	0.001		
Transfers	0.730	(0.144)	(0.178)	(0.538)	(0.1)
Net Flows(1)	1.851	(1.847)	(0.492)	(0.560)	0.6
Market	2.476	3.150	(1.711)	(2.976)	(3.6)
Acquisitions/addition of Assets under Administration(1)			0.342		
Balance at End-of-Year	22.081	23.384	21.523	17.987	14.9
Total Retail - Bal Beg-of-Year	25.879	30.300	30.807	28.130	25.1
Retail Sales-Annuities	2.240	1.561	1.782	1.701	2.7
Retail Sales-Mutual Funds	1.912	2.151	2.577	1.523	1.8
Retail Sales-Managed Acct. & Other	0.595	0.549	0.525	0.469	1.1
Total Retail Sales	4.747	4.261	4.885	3.693	5.6
Redemptions	(3.693)	(6.396)	(5.832)	(3.889)	(4.8)
Net Money Market	(0.142)	(0.112)	(0.206)	(0.046)	(0.0)
Transfers	0.862	0.033	(0.346)	(0.133)	0.0
Net Flows(1)	1.774	(2.214)	(1.500)	(0.375)	0.8
Market	2.647	2.721	(1.613)	(2.648)	(3.3)
Acquisitions/addition of Assets under Administration(1)			0.435		
Balance at End-of-Year	30.300	30.807	28.130	25.107	22.5
-----					
Institutional Fixed - Bal Beg-of-Year	5.708	6.955	6.936	6.111	5.4
Inflows	2.169	2.001	0.771	0.643	2.2
Withdrawals/Terminations	(1.242)	(1.700)	(1.973)	(1.229)	(1.1)
Transfers	(0.074)	(0.001)	(0.005)	0.017	0.0
Net Flows	0.853	0.300	(1.207)	(0.569)	1.1
Market	0.394	(0.319)	0.382	(0.052)	0.6
Acquisitions					
Balance at End-of-Year	6.955	6.936	6.111	5.490	7.2
Institutional Equity - Bal Beg-of-Year	24.871	24.235	23.631	19.112	17.8
Inflows	3.840	5.249	2.730	3.183	2.9
Withdrawals/Terminations	(7.441)	(7.800)	(7.209)	(2.879)	(1.9)
Transfers	0.047	0.012	(0.008)	0.035	0.0
Net Flows	(3.555)	(2.539)	(4.486)	0.338	0.9
Market	2.919	1.935	(0.033)	(1.636)	(2.0)
Acquisitions					
Balance at End-of-Year	24.235	23.631	19.112	17.814	16.7

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Total Institutional - Bal Beg-of-Year	30.579	31.191	30.568	25.223	23.3
Inflows	6.009	7.250	3.501	3.826	5.1
Withdrawals/Terminations	(8.683)	(9.500)	(9.182)	(4.109)	(3.1)
Transfers	(0.027)	0.011	(0.013)	0.052	0.0
Net Flows	(2.702)	(2.239)	(5.693)	(0.231)	2.1
Market	3.313	1.616	0.349	(1.688)	(1.4)
Acquisitions	-----	-----	-----	-----	-----
Balance at End-of-Year	31.191	30.568	25.223	23.304	23.9
	-----	-----	-----	-----	-----
Total Retail/Institutional - At End-of-Year	61.490	61.375	53.354	48.411	46.4
	-----	-----	-----	-----	-----
Insurance Assets - At End-of-Year	39.432	35.934	35.686	38.119	41.1
	-----	-----	-----	-----	-----
Total Assets Under Management					
At End-of-Year	100.922	97.309	89.040	86.530	87.5
	=====	=====	=====	=====	=====

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

Net Flows from Assets Under Administration are: 0.018 0.081 0.

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

	Dec 2000	Mar 2001	Jun 2001	Sep 2001	Dec 2001
	-----	-----	-----	-----	-----
Retail Fixed - Bal-Beg-of-Qtr	6.631	6.607	6.752	6.769	7.208
Fund Sales	0.212	0.248	0.203	0.207	0.218
Redemptions	(0.277)	(0.261)	(0.285)	(0.262)	(0.242)
Net Money Market	(0.051)	0.010	(0.030)	0.005	(0.031)
Transfers	0.010	0.047	(0.002)	0.388	(0.027)
	-----	-----	-----	-----	-----
Net Flows (1)	(0.106)	0.043	(0.114)	0.338	(0.083)
Market	0.082	0.102	0.131	0.101	(0.003)
Acquisitions/addition of Assets under Admin. (1)	0.000	0.000	0.000	0.000	0.000
	-----	-----	-----	-----	-----
Balance at End-of-Qtr	6.607	6.752	6.769	7.208	7.122
	-----	-----	-----	-----	-----

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Retail Equity - Bal-Beg-of-Qtr	24.047	21.523	18.253	19.754	15.871	1
Fund Sales	1.071	0.917	0.681	0.638	0.580	
Redemptions	(0.837)	(0.911)	(0.666)	(0.653)	(0.607)	(
Net Money Market	0.000	0.000	0.000	0.000	0.000	
Transfers	(0.069)	(0.070)	(0.047)	(0.441)	0.019	
Net Flows(1)	0.165	(0.064)	(0.032)	(0.456)	(0.008)	
Market	(2.690)	(3.205)	1.532	(3.427)	2.126	
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	
Balance at End-of-Qtr	21.523	18.253	19.754	15.871	17.989	1
Total Retail - Bal-Beg-of-Qtr	30.679	28.130	25.005	26.523	23.079	2
Retail Sales-Annuities	0.589	0.540	0.403	0.434	0.323	
Retail Sales-Mutual Funds	0.563	0.483	0.355	0.336	0.348	
Retail Sales-Managed Acct. & Other	0.131	0.142	0.127	0.074	0.127	
Total Retail Sales	1.283	1.165	0.885	0.845	0.798	
Redemptions	(1.114)	(1.173)	(0.951)	(0.915)	(0.850)	(
Net Money Market	(0.051)	0.010	(0.030)	0.005	(0.031)	(
Transfers	(0.059)	(0.023)	(0.049)	(0.053)	(0.009)	(
Net Flows(1)	0.059	(0.021)	(0.146)	(0.118)	(0.091)	
Market	(2.608)	(3.103)	1.663	(3.326)	2.123	
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	
Balance at End-of-Qtr	28.130	25.005	26.523	23.079	25.111	2
Institutional Fixed - Bal-Beg-of-Qtr	6.276	6.112	5.891	5.810	5.640	
Inflows	0.135	0.310	0.233	0.020	0.080	
Withdrawals/Terminations	(0.568)	(0.432)	(0.112)	(0.493)	(0.192)	(
Transfers	0.001	0.003	0.010	0.001	0.002	(
Net Flows	(0.433)	(0.119)	0.131	(0.472)	(0.109)	
Market	0.269	(0.102)	(0.212)	0.302	(0.041)	(
Balance at End-of-Qtr	6.112	5.891	5.810	5.640	5.490	
Institutional Equity - Bal-Beg-of-Qtr	19.044	19.113	17.312	18.406	16.241	1
Inflows	0.750	0.881	0.823	0.863	0.615	
Withdrawals/Terminations	(1.368)	(1.199)	(0.501)	(0.555)	(0.624)	(
Transfers	0.007	0.018	(0.008)	0.009	0.016	
Net Flows	(0.611)	(0.299)	0.313	0.317	0.007	
Market	0.680	(1.502)	0.780	(2.482)	1.567	
Balance at End-of-Qtr	19.113	17.312	18.406	16.241	17.815	1
Total Institutional - Bal-Beg-of-Qtr	25.320	25.225	23.203	24.216	21.881	2
Inflows	0.885	1.192	1.056	0.883	0.696	
Withdrawals/Terminations	(1.936)	(1.631)	(0.613)	(1.048)	(0.816)	(

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Transfers	0.008	0.022	0.002	0.010	0.018	
Net Flows	(1.043)	(0.417)	0.445	(0.155)	(0.103)	
Market	0.949	(1.605)	0.568	(2.180)	1.526	
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	25.225	23.203	24.216	21.881	23.305	2
	-----	-----	-----	-----	-----	-----
Total Retail/Inst - At End-of-Qtr	53.355	48.209	50.739	44.960	48.415	5
	-----	-----	-----	-----	-----	-----
Insurance Assets-End-of-Qtr	35.686	36.324	36.018	37.337	38.119	3
	-----	-----	-----	-----	-----	-----
Total Assets Under Management						
At End-of-Qtr	89.041	84.533	86.757	82.297	86.534	8
	=====	=====	=====	=====	=====	=====

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

Net Cash Flows from Assets Under Admin:	0.001	0.027	0.013	0.007	0.034	
---	-------	-------	-------	-------	-------	--

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

	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	
	-----	-----	-----	-----	-----	-----
Retail Fixed - Bal-Beg-of-Qtr	7.088	7.169	7.516	7.633	7.907	
Fund Sales	0.272	0.325	0.328	0.424	0.469	
Redemptions	(0.306)	(0.277)	(0.311)	(0.327)	(0.318)	(
Net Money Market	(0.002)	(0.009)	(0.035)	0.001	(0.006)	(
Transfers	0.021	0.134	0.092	0.062	(0.055)	(
	-----	-----	-----	-----	-----	-----
Net Flows(1)	(0.015)	0.174	0.074	0.159	0.090	(
Market	0.096	0.174	0.043	0.115	0.193	(
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	7.169	7.516	7.633	7.907	8.190	
	-----	-----	-----	-----	-----	-----
Retail Equity - Bal-Beg-of-Qtr	18.253	16.611	13.703	14.914	14.286	1
Fund Sales	1.084	1.140	1.345	0.717	0.813	
Redemptions	(0.881)	(1.137)	(0.881)	(0.803)	(0.612)	(
Net Money Market	0.000	0.000	0.000	0.000	0.000	
Transfers	(0.022)	(0.128)	(0.036)	(0.059)	0.011	
	-----	-----	-----	-----	-----	-----
Net Flows(1)	0.182	(0.126)	0.428	(0.145)	0.213	
Market	(1.824)	(2.782)	0.784	(0.484)	2.408	
Acquisitions/addition of Assets under Admin.(1)	0.000	0.000	0.000	0.000	0.000	
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	16.611	13.703	14.914	14.286	16.906	1
	-----	-----	-----	-----	-----	-----

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Total Retail - Bal-Beg-of-Qtr	25.340	23.779	21.219	22.547	22.192	2
Retail Sales-Annuities	0.601	0.756	0.806	0.488	0.528	
Retail Sales-Mutual Funds	0.562	0.416	0.399	0.450	0.558	
Retail Sales-Managed Acct. & Other	0.194	0.293	0.469	0.202	0.196	
	-----	-----	-----	-----	-----	-----
Total Retail Sales	1.356	1.465	1.673	1.141	1.282	
Redemptions	(1.186)	(1.414)	(1.192)	(1.130)	(0.930)	(
Net Money Market	(0.002)	(0.009)	(0.035)	0.001	(0.006)	(
Transfers	(0.001)	0.006	0.056	0.003	(0.044)	
	-----	-----	-----	-----	-----	-----
Net Flows (1)	0.167	0.048	0.502	0.014	0.302	
Market	(1.728)	(2.608)	0.826	(0.369)	2.601	
Acquisitions/addition of Assets under Admin. (1)	0.000	0.000	0.000	0.000	0.000	
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	23.779	21.219	22.547	22.192	25.096	2
	-----	-----	-----	-----	-----	-----
-----						
Institutional Fixed - Bal-Beg-of-Qtr	6.019	6.844	7.208	7.238	7.606	
Inflows	0.663	0.530	0.283	0.592	0.126	
Withdrawals/Terminations	(0.161)	(0.308)	(0.438)	(0.308)	(0.188)	(
Transfers	0.000	0.007	(0.002)	0.002	0.003	(
	-----	-----	-----	-----	-----	-----
Net Flows	0.503	0.229	(0.157)	0.286	(0.059)	
Market	0.323	0.134	0.187	0.083	0.207	(
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	6.844	7.208	7.238	7.606	7.754	
	-----	-----	-----	-----	-----	-----
Institutional Equity - Bal-Beg-of-Qtr	18.643	18.119	14.936	16.710	15.919	1
Inflows	0.569	0.631	1.040	0.494	0.727	
Withdrawals/Terminations	(0.635)	(0.523)	(0.322)	(0.459)	(0.381)	(
Transfers	0.018	0.011	0.010	0.008	0.002	
	-----	-----	-----	-----	-----	-----
Net Flows	(0.047)	0.119	0.728	0.044	0.348	
Market	(0.476)	(3.302)	1.046	(0.835)	3.339	
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	18.119	14.936	16.710	15.919	19.607	2
	-----	-----	-----	-----	-----	-----
Total Institutional - Bal-Beg-of-Qtr	24.661	24.963	22.143	23.948	23.526	2
Inflows	1.232	1.162	1.323	1.086	0.853	
Withdrawals/Terminations	(0.796)	(0.831)	(0.760)	(0.767)	(0.568)	(
Transfers	0.019	0.017	0.008	0.010	0.005	
	-----	-----	-----	-----	-----	-----
Net Flows	0.455	0.348	0.572	0.330	0.289	
Market	(0.153)	(3.168)	1.233	(0.752)	3.546	
	-----	-----	-----	-----	-----	-----
Balance at End-of-Qtr	24.963	22.143	23.948	23.526	27.360	2
	-----	-----	-----	-----	-----	-----
Total Retail/Inst - At End-of-Qtr	48.742	43.362	46.495	45.718	52.456	5
	-----	-----	-----	-----	-----	-----
Insurance Assets-End-of-Qtr	38.476	40.416	41.104	42.130	43.857	4
	-----	-----	-----	-----	-----	-----
Total Assets Under Management At End-of-Qtr	87.218	83.778	87.599	87.848	96.313	9
	=====	=====	=====	=====	=====	=====

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

Net Cash Flows from Assets Under Admin: 0.061 0.045 0.068 0.068 0.059

Lincoln UK  
Income Statements  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001
Revenue				
Premiums	156.6	145.1	148.4	46.0
Mortality assessments	29.3	27.1	31.4	33.0
Expense assessments	153.6	182.3	178.1	134.0
Other revenue and fees	11.2	13.8	2.6	(1.0)
Net investment income	87.9	75.3	70.3	64.0
Realized gains (losses) on investments	1.1	3.0	3.2	12.0
Gains (losses) on derivatives	0.0	0.0	0.0	0.0
<b>Total Revenue</b>	<b>439.7</b>	<b>446.6</b>	<b>433.8</b>	<b>290.0</b>
Benefits and Expenses				
Benefits paid or provided:				
Benefits	151.0	306.2	178.5	83.0
Underwriting, acquisition, insurance and other expenses:				
Commissions	52.6	54.5	37.7	10.0
Operating and administrative expenses	125.8	153.0	142.5	82.0
Restructuring Charges	0.0	10.0	99.4	0.0
<b>Subtotal</b>	<b>178.5</b>	<b>217.4</b>	<b>279.5</b>	<b>93.0</b>
Deferral of acquisition costs				(4.0)
DAC amortization				35.0
DAC deferral net of amortization	(16.0)	(12.4)	(7.2)	31.0
PVIF amortization	13.2	28.4	4.7	22.0
Other intangibles amortization	0.0	0.0	0.0	0.0
<b>Total underwriting, acquisition, insurance and other expenses</b>	<b>175.6</b>	<b>233.5</b>	<b>277.0</b>	<b>147.0</b>
Goodwill amortization	6.3	7.0	4.0	0.0
<b>Total Benefits and Expenses</b>	<b>332.9</b>	<b>546.7</b>	<b>459.6</b>	<b>231.0</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	106.9	(100.1)	(25.7)	59.0
Federal income taxes	35.2	(81.8)	(10.6)	(7.0)
<b>Income Before Cumulative Effect of Accounting Changes</b>	<b>71.7</b>	<b>(18.2)</b>	<b>(15.1)</b>	<b>66.0</b>



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Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
Net Income	71.7	(18.2)	(15.1)	66.4
Less:				
Realized gains (losses) on investments	0.8	2.1	2.3	8.2
Restructuring charges	0.0	(6.5)	(76.5)	0.0
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0
Income from Operations	70.9	(13.9)	59.2	58.2
Effective tax rate on Income from Operations	32.9%	85.1%	15.9%	(24.2)%
Revenue	439.7	446.6	433.8	290.0
Less:				
Realized gains (losses) on investments	1.1	3.0	3.2	12.0
Gains(losses) on derivatives				
Operating Revenue	438.6	443.6	430.6	278.0
Average capital	472.5	520.4	494.0	593.0
Net Income return on average capital	15.2%	(3.5%)	(3.1%)	11.3%
Income from operations return on average capital	15.0%	(2.7%)	12.0%	9.8%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year	635.0
Deferral	4.0
Amortization	(35.0)
Included in Total Benefits and Expenses	(31.0)
Foreign currency translation adjustment	(16.0)
Other	0.0
Balance at end-of-year	587.0

Roll Forward of Present Value of In-Force

Balance at beginning-of-year	273.0
Amortization	(22.0)
Foreign currency translation adjustment	(7.0)
Other	0.0
Balance at end-of-year	244.0

Note: 2000, 2001, and 2002 have been restated for the adoption of the fair value method of accounting under FAS 123.

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Income Statements  
Unaudited [Millions of Dollars]

For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002
Revenue						
Premiums	11.8	11.9	12.1	12.1	12.4	14.2
Mortality assessments	8.5	7.1	6.5	8.3	8.7	8.9
Expense assessments	35.5	24.1	25.3	27.8	29.4	22.8
Other revenue and fees	8.8	(9.2)	(0.2)	12.5	24.5	(11.9)
Net investment income	14.8	15.2	14.7	15.3	15.6	16.6
Realized gains (losses) on investments	5.5	4.3	(5.1)	4.5	1.2	1.2
Gains (losses) on derivatives	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Revenue</b>	<b>85.0</b>	<b>53.4</b>	<b>53.2</b>	<b>80.5</b>	<b>91.8</b>	<b>51.8</b>
Benefits and Expenses						
Benefits paid or provided:						
Benefits	20.7	20.8	18.3	19.0	23.8	23.1
Underwriting, acquisition, insurance and other expenses:						
Commissions	2.6	1.9	1.3	1.9	1.6	1.3
Operating and administrative expenses	20.3	24.7	17.3	18.9	20.2	20.6
Restructuring Charges	0.0	0.0	0.0	0.0	0.0	(1.7)
<b>Subtotal</b>	<b>22.9</b>	<b>26.6</b>	<b>18.6</b>	<b>20.9</b>	<b>21.8</b>	<b>20.2</b>
Deferral of acquisition costs	(1.3)	(0.9)	(0.9)	(1.0)	(0.9)	(0.6)
DAC amortization	18.7	(3.8)	6.7	20.9	33.8	(11.5)
<b>DAC deferral net of amortization</b>	<b>17.4</b>	<b>(4.8)</b>	<b>5.8</b>	<b>19.9</b>	<b>33.0</b>	<b>(12.1)</b>
PVIF amortization	9.4	5.6	0.7	11.7	12.8	5.5
Other intangibles amortization	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total underwriting, acquisition, insurance and other expenses</b>	<b>49.6</b>	<b>27.4</b>	<b>25.0</b>	<b>52.5</b>	<b>67.6</b>	<b>13.6</b>
Goodwill amortization	0.2	0.2	0.0	0.0	0.0	0.0
<b>Total Benefits and Expenses</b>	<b>70.5</b>	<b>48.4</b>	<b>43.3</b>	<b>71.5</b>	<b>91.4</b>	<b>36.7</b>
Income Before Federal Income Tax and Cumulative Effect of Accounting Changes	14.5	5.1	9.8	9.0	0.4	15.1
Federal income taxes	1.0	(16.9)	(0.5)	(0.3)	0.2	(2.8)
<b>Income Before Cumulative Effect of Accounting Changes</b>	<b>13.5</b>	<b>22.0</b>	<b>10.3</b>	<b>9.3</b>	<b>0.2</b>	<b>17.9</b>
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Income</b>	<b>13.5</b>	<b>22.0</b>	<b>10.3</b>	<b>9.3</b>	<b>0.2</b>	<b>17.9</b>
Less:						
Realized gains (losses) on investments	3.9	3.0	(3.6)	3.2	0.9	0.8
Restructuring charges	0.0	0.0	0.0	0.0	0.0	1.7
Cumulative effect of accounting changes	0.0	0.0	0.0	0.0	0.0	0.0
<b>Income from Operations</b>	<b>9.6</b>	<b>19.0</b>	<b>13.8</b>	<b>6.1</b>	<b>(0.6)</b>	<b>15.3</b>
Effective tax rate on Income from Operations	(6.8%)	(2,417.1%)	7.2%	(37.0%)	25.4%	(26.1%)

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Revenue	85.0	53.4	53.2	80.5	91.8	51.8
Less:						
Realized gains (losses) on investments	5.5	4.3	(5.1)	4.5	1.2	1.2
Operating Revenue	79.5	49.1	58.3	75.9	90.6	50.6
Average capital	607.3	596.3	585.2	544.9	525.3	544.0
Net Income return on average capital	8.9%	14.7%	7.0%	6.8%	0.2%	13.2%
Income from operations return on average capital	6.3%	12.7%	9.5%	4.5%	(0.5%)	11.3%

Roll Forward of Deferred Acquisition Costs

Balance at beginning-of-year	583.4	589.7	587.3	569.4	591.0	571.8
Deferral	1.3	0.9	0.9	1.0	0.9	0.6
Amortization	(18.7)	3.8	(6.7)	(20.9)	(33.8)	11.5
Included in Total Benefits and Expenses	(17.4)	4.8	(5.8)	(19.9)	(33.0)	12.1
Foreign currency translation adjustment	23.8	(7.2)	(12.2)	41.6	13.8	13.7
Other						
Balance at end-of-year	589.7	587.3	569.4	591.0	571.8	597.6

Roll Forward of Present Value of In-Force

Balance at beginning-of-year	251.9	252.8	244.0	238.3	243.9	236.8
Amortization	(9.4)	(5.6)	(0.7)	(11.7)	(12.8)	(5.5)
Foreign currency translation adjustment	10.3	(3.2)	(5.1)	17.4	5.7	6.1
Other						
Balance at end-of-year	252.8	244.0	238.3	243.9	236.8	237.4

PAGE 30

Lincoln UK  
Operational Data  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001	2002
Unit Linked Assets - Beg-of-Year (Billions)	5.643	6.265	7.220	6.441	5.607
Deposits	0.473	0.537	0.554	0.481	0.453
Withdrawals (incl. chgs) & Deaths	(0.547)	(0.566)	(0.644)	(0.529)	(0.519)
Net Flows	(0.074)	(0.029)	(0.090)	(0.048)	(0.066)
Inv Inc & Chg in Mkt Val	0.662	1.154	(0.154)	(0.617)	(1.004)
Acq of new business/companies					
Foreign currency adjustment	0.035	(0.170)	(0.536)	(0.169)	0.542
Unit Linked Assets - End-of-Year	6.265	7.220	6.441	5.607	5.079

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Individual Life In-force (Billions)	25.002	25.698	24.290	20.878	18.896	
Exchange Rate - Dollars to Pounds						
For-the-Period	1.658	1.617	1.518	1.441	1.503	
End-of-Period	1.660	1.615	1.493	1.456	1.610	
For the Quarter Ended						
	Dec	Mar	Jun	Sep	Dec	Ma
	2000	2001	2001	2001	2001	200
	-----	-----	-----	-----	-----	-----
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	6.499	6.441	5.677	5.768	5.218	5.60
Deposits	0.116	0.132	0.111	0.128	0.111	0.11
Withdrawals (incl. chgs) & Deaths	(0.153)	(0.147)	(0.131)	(0.136)	(0.115)	(0.12
	-----	-----	-----	-----	-----	-----
Net Flows	(0.037)	(0.015)	(0.020)	(0.009)	(0.004)	(0.01
Inv Inc & Chg in Mkt Val	(0.100)	(0.421)	0.115	(0.768)	0.457	0.14
Acq of new business/companies						
Foreign Currency Adjustment	0.078	(0.328)	(0.004)	0.226	(0.063)	(0.11
	-----	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	6.441	5.677	5.768	5.218	5.607	5.61
	=====	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	24.290	21.894	21.519	21.299	20.878	20.01
Exchange Rate - Dollars to Pounds						
For-the-Quarter	1.454	1.455	1.421	1.442	1.448	1.42
End-of-Quarter	1.493	1.416	1.415	1.474	1.456	1.42
For the Quarter Ended						
	Jun	Sep	Dec	Mar	Jun	Se
	2002	2002	2002	2003	2003	200
	-----	-----	-----	-----	-----	-----
Unit Linked Assets						
Balance-Beg-of-Quarter (Billions)	5.618	5.520	4.825	5.079	4.748	5.46
Deposits	0.115	0.119	0.104	0.094	0.090	0.11
Withdrawals (incl. chgs) & Deaths	(0.137)	(0.126)	(0.129)	(0.153)	(0.137)	(0.15
	-----	-----	-----	-----	-----	-----
Net Flows	(0.022)	(0.006)	(0.025)	(0.059)	(0.047)	(0.03
Inv Inc & Chg in Mkt Val	(0.479)	(0.812)	0.146	(0.184)	0.549	0.20
Acq of new business/companies						
Foreign Currency Adjustment	0.403	0.123	0.133	(0.087)	0.218	0.05
	-----	-----	-----	-----	-----	-----
Unit Linked Assets - End-of-Quarter	5.520	4.825	5.079	4.748	5.468	5.69
	=====	=====	=====	=====	=====	=====
Individual Life In-force (Billions)	20.401	19.815	18.896	18.512	19.138	19.25
Exchange Rate - Dollars to Pounds						
For-the-Quarter	1.464	1.555	1.570	1.605	1.618	1.61
End-of-Quarter	1.532	1.569	1.610	1.580	1.656	1.66

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Other Operations  
Unaudited [Millions of Dollars]

For the Year Ended December 31	1998	1999	2000	2001
Revenue	1,691.1	1,966.0	1,946.9	1,827.0
Less:				
Realized gains (losses) on investments	0.5	14.4	(5.0)	8.0
Gains (losses) on derivatives	0.0	0.0	0.0	(9.0)
Amortization of deferred gain-reserve development	0.0	0.0	0.0	0.0
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0	12.0
Operating Revenue	1,690.6	1,951.6	1,951.9	1,815.0
Operating Revenue by Source:				
Lincoln Financial Advisors	286.4	317.0	377.5	360.0
Lincoln Financial Distributors	33.5	107.5	119.9	113.0
Total Distribution	319.9	424.4	497.4	474.0
Reinsurance	1,581.2	1,824.1	1,770.6	1,699.0
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0	20.0
Other [Including Consolidating Adjustments]	(210.5)	(296.9)	(316.0)	(377.0)
Total Operating Revenue	1,690.6	1,951.6	1,951.9	1,815.0
-----				
Income (Loss)				
Net Loss	(7.6)	(76.1)	(18.2)	(6.0)
Less:				
Realized gains (losses) on investments	2.7	10.2	(3.2)	5.0
Gains (losses) on derivatives	0.0	0.0	0.0	(6.0)
Gain on sale of reinsurance subsidiaries	0.0	0.0	0.0	15.0
Reserve development/Amortization of deferred gain	0.0	0.0	0.0	0.0
Restructuring charges	(14.3)	(3.2)	1.0	(19.0)
Cumulative effect of accounting changes	0.0	0.0	0.0	(2.0)
Loss on early retirement of subordinated debt	0.0	0.0	0.0	0.0
Operating Income (Loss)	4.0	(83.1)	(16.0)	1.0
Income (Loss) from Operations by Source:				
Lincoln Financial Advisors	(23.7)	(20.8)	(15.4)	(20.0)

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Lincoln Financial Distributors	(8.2)	(14.0)	(19.6)	(33.0)
Total Distribution	(31.9)	(34.8)	(35.0)	(53.0)
Reinsurance	104.9	40.1	122.5	128.0
Amortization of deferred gain on indemnity reinsurance*	0.0	0.0	0.0	12.0
LNC Financing	(51.5)	(83.5)	(84.9)	(77.0)
Other Corporate	(17.5)	(5.0)	(18.6)	(9.0)
Income (Loss) from Operations	4.0	(83.1)	(16.0)	1.0

For the Quarter Ended	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	De 2002
Revenue	485.3	367.4	88.5	88.5	91.8	103.0
Less:						
Realized gains (losses) on investments	(12.8)	29.5	(4.9)	(3.8)	33.2	1.0
Gains (losses) on derivatives	(0.0)	(9.7)	0.1	(0.1)	0.6	0.0
Amort. of deferred gain-reserve development	0.0	0.0	0.0	0.0	(1.4)	0.0
Gain on sale of reinsurance subsidiaries	0.0	12.8	0.0	0.0	0.0	(8.0)
Operating Revenue	498.2	334.7	93.3	92.4	59.4	109.0
Operating Revenue by Source:						
Lincoln Financial Advisors	78.9	116.7	75.9	78.1	74.4	89.0
Lincoln Financial Distributors	32.0	35.0	29.4	29.3	31.8	36.0
Total Distribution	111.0	151.7	105.3	107.4	106.2	126.0
Reinsurance	467.4	265.6		0.0	0.0	0.0
Amortization of deferred gain on indemnity reinsurance*	0.0	20.4	24.1	22.1	22.1	6.0
Other [Including Consolidating Adjustments]	(80.2)	(102.9)	(36.0)	(37.1)	(68.9)	(23.0)
Total Operating Revenue	498.2	334.7	93.3	92.4	59.4	109.0

Income (Loss)						
Net Income (Loss)	(24.6)	33.2	(16.8)	(25.8)	(172.1)	(32.0)
Less:						
Realized gains (losses) on investments	(8.3)	19.7	(3.3)	(2.4)	21.6	0.0
Gains (losses) on derivatives	(0.0)	(6.3)	0.1	(0.1)	0.4	0.0
Gain on sale of reinsurance subsidiaries	0.0	15.0	0.0	0.0	0.0	(9.0)
Reserve development/Amortization of deferred gain	0.0	0.0	0.0	(14.4)	(176.4)	(8.0)
Restructuring charges	0.0	(18.3)	0.0	0.0	1.1	0.0
Cumulative effect of accounting						

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changes	0.0	(0.0)	0.0	0.0	0.0	0.0
Loss on early retirement of subordinated debt	0.0	0.0	0.0	0.0	0.0	0.0
	-----	-----	-----	-----	-----	-----
Income (Loss) from Operations	(16.3)	23.0	(13.6)	(8.9)	(18.8)	(15.0)
	=====	=====	=====	=====	=====	=====
Income from Operations by Source:						
Lincoln Financial Advisors	(5.3)	6.4	(10.1)	(8.7)	(8.9)	(3.0)
Lincoln Financial Distributors	(8.4)	(5.1)	(6.6)	(7.6)	(13.1)	(8.0)
	-----	-----	-----	-----	-----	-----
Total Distribution	(13.7)	1.3	(16.6)	(16.3)	(22.0)	(11.0)
Reinsurance	17.2	30.7	0.0	0.0	0.0	0.0
Amortization of deferred gain on indemnity reinsurance*	0.0	12.9	15.7	14.4	14.4	4.0
LNC Financing	(19.5)	(14.7)	(8.2)	(10.2)	(11.0)	(13.0)
Other Corporate	(0.3)	(7.1)	(4.4)	3.2	(0.2)	4.0
	-----	-----	-----	-----	-----	-----
Income(Loss) from Operations	(16.3)	23.0	(13.6)	(8.9)	(18.8)	(15.0)
	=====	=====	=====	=====	=====	=====

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

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

PAGE

Deposits - For the Year

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

Gross Deposits 9.1

Account Balances - End of Year	
Lincoln Retirement - Fixed Annuities	16.5
Lincoln Retirement - Variable Annuities	33.3
Lincoln Retirement - Life Insurance	
Life Insurance Segment - Life Insurance	9.2
Inv Mgmt - Annuities	14.2
Inv Mgmt - Mutual Funds (1)	13.5
Inv Mgmt - Managed Acct. & Other	2.5
Consolidating Adjustments	(8.8)
	-----

Account Balances 80.5

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

	1999	2000	2001	2002	YTD Sep 2002	YTD Sep 2001
	-----	-----	-----	-----	-----	-----
Deposits - For the Year						
Lincoln Retirement - Fixed Annuities	2.563	2.074	3.342	3.672	2.850	2.33
Lincoln Retirement - Variable Annuities	2.553	3.165	3.067	2.743	2.198	2.03
Lincoln Retirement - Life Insurance	0.017	0.014	0.012	0.000	0.000	0.00
Life Insurance Segment - Life Insurance	1.698	1.884	1.934	2.138	1.502	1.59
Inv Mgmt - Annuities	1.561	1.782	1.701	2.751	1.946	1.58
Inv Mgmt - Mutual Funds (1)	2.151	2.577	1.523	1.829	1.430	1.65
Inv Mgmt - Managed Acct. & Other	0.549	0.525	0.469	1.115	0.646	0.67
Consolidating Adjustments	(0.499)	(0.765)	(0.608)	(1.576)	(1.051)	(0.67)
	-----	-----	-----	-----	-----	-----
Gross Deposits	10.593	11.256	11.439	12.671	9.522	9.21
	=====	=====	=====	=====	=====	=====
Account Balances - End of Year						
Lincoln Retirement - Fixed Annuities	16.791	15.394	16.491	18.085		
Lincoln Retirement - Variable Annuities	41.493	39.427	34.638	27.438		
Lincoln Retirement - Life Insurance	0.155	0.160	0.149			
Life Insurance Segment - Life Insurance	10.217	10.847	11.377	12.086		
Inv Mgmt - Annuities	15.557	13.527	11.835	9.981		
Inv Mgmt - Mutual Funds (1)	13.632	13.261	11.552	10.297		
Inv Mgmt - Wrap Fee & Other	1.618	1.342	1.719	2.270		
Consolidating Adjustments	(9.175)	(7.757)	(6.676)	(5.123)		
	-----	-----	-----	-----		
Account Balances	90.288	86.201	81.086	75.034		
	=====	=====	=====	=====		
	Dec 2000	Mar 2001	Jun 2001	Sep 2001	Dec 2001	M 2001
	-----	-----	-----	-----	-----	-----
Deposits - For the Quarter						
Lincoln Retirement - Fixed Annuities	0.482	0.560	0.668	0.896	1.218	0.9
Lincoln Retirement - Variable Annuities	0.846	0.887	0.703	0.684	0.793	0.8
Lincoln Retirement - Life Insurance	0.004	0.003	0.004	0.003	0.002	0.0
Life Insurance Segment - Life Insurance	0.622	0.418	0.477	0.434	0.605	0.4
Inv Mgmt - Annuities	0.589	0.540	0.403	0.434	0.323	0.5
Inv Mgmt - Mutual Funds (1)	0.563	0.483	0.355	0.336	0.348	0.4
Inv Mgmt - Managed Acct. & Other	0.131	0.142	0.127	0.074	0.127	0.1
Consolidating Adjustments	(0.240)	(0.146)	(0.110)	(0.193)	(0.159)	(0.2
	-----	-----	-----	-----	-----	-----
Gross Deposits	2.996	2.886	2.627	2.669	3.258	3.0
	-----	-----	-----	-----	-----	-----
Account Balances - End of Quarter						
Lincoln Retirement - Fixed Annuities	15.394	15.430	15.551	16.051	16.491	16.5
Lincoln Retirement - Variable Annuities	39.427	34.733	36.961	30.506	34.638	35.1
Lincoln Retirement - Life Insurance	0.160	0.147	0.157	0.134	0.149	
Life Insurance Segment - Life Insurance	10.847	10.764	11.066	10.939	11.377	11.6
Inv Mgmt - Annuities	13.527	11.822	12.532	10.714	11.835	11.9
Inv Mgmt - Mutual Funds (1)	13.261	11.530	12.215	10.726	11.552	11.5



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	1.342	1.653	1.774	1.635	1.719	1.8
Inv Mgmt - Managed Acct. & Other	1.342	1.653	1.774	1.635	1.719	1.8
Consolidating Adjustments	(7.757)	(6.601)	(7.092)	(6.002)	(6.676)	(6.6
Account Balances	86.201	79.479	83.164	74.704	81.086	82.0
	Jun	Sep	Dec	Mar	Jun	Se
	2002	2002	2002	2003	2003	200
Deposits - For the Quarter						
Lincoln Retirement - Fixed Annuities	0.853	1.091	0.822	0.776	0.778	0.77
Lincoln Retirement - Variable Annuities	0.787	0.603	0.545	0.648	0.584	0.80
Lincoln Retirement - Life Insurance						
Life Insurance Segment - Life Insurance	0.577	0.484	0.636	0.486	0.526	0.58
Inv Mgmt - Annuities	0.601	0.756	0.806	0.488	0.528	0.57
Inv Mgmt - Mutual Funds (1)	0.562	0.416	0.399	0.450	0.558	0.64
Inv Mgmt - Managed Acct. & Other	0.194	0.293	0.469	0.202	0.196	0.27
Consolidating Adjustments	(0.333)	(0.437)	(0.525)	(0.171)	(0.211)	(0.28
Gross Deposits	3.240	3.206	3.151	2.880	2.960	3.37
Account Balances - End of Quarter						
Lincoln Retirement - Fixed Annuities	16.910	17.650	18.085	18.537	18.696	18.86
Lincoln Retirement - Variable Annuities	31.206	25.942	27.438	26.474	30.457	31.70
Lincoln Retirement - Life Insurance						
Life Insurance Segment - Life Insurance	11.759	11.726	12.086	12.233	12.663	12.95
Inv Mgmt - Annuities	10.896	9.327	9.981	9.660	11.002	11.39
Inv Mgmt - Mutual Funds (1)	11.033	10.069	10.297	10.241	11.357	11.61
Inv Mgmt - Managed Acct. & Other	1.847	1.820	2.270	2.292	2.737	3.03
Consolidating Adjustments	(6.000)	(4.940)	(5.123)	(4.891)	(5.628)	(5.79
Account Balances	77.651	71.594	75.034	74.546	81.284	83.78

Total Domestic Net Flows  
Unaudited [Billions of Dollars]

For the Year	19
Lincoln Retirement	(1.2
Life Insurance Segment	0.1
Investment Management Segment- Retail (1)	1.7
Consolidating Adjustments	(0.1
Total Retail Net Flows	0.4
Investment Management Segment- Institutional	(2.7
Consolidating Adjustments	
Total Net Flows	(2.2

Dec Mar Jun Sep Dec M

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For the Quarter	2000	2001	2001	2001	2001	2001
	-----	-----	-----	-----	-----	-----
Lincoln Retirement	(0.681)	(0.590)	(0.196)	0.261	0.631	0.0
Life Insurance Segment	0.404	0.237	0.304	0.239	0.383	0.2
Investment Management Segment- Retail (1)	0.059	(0.021)	(0.146)	(0.118)	(0.091)	0.0
Consolidating Adjustments	0.092	0.163	0.042	(0.002)	(0.169)	0.0
	-----	-----	-----	-----	-----	-----
Total Retail Net Flows	(0.126)	(0.211)	0.004	0.380	0.754	0.4
	-----	-----	-----	-----	-----	-----
Investment Management Segment- Instit.	(1.043)	(0.417)	0.445	(0.155)	(0.103)	0.7
Consolidating Adjustments	(0.013)	(0.020)	0.018	(0.030)	0.016	0.0
	-----	-----	-----	-----	-----	-----
Total Net Flows	(1.182)	(0.648)	0.467	0.195	0.667	1.1
	=====	=====	=====	=====	=====	=====

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

For the Year	1999	2000	2001	2002	YTD Sep 2002	YTD Sep 2002
	-----	-----	-----	-----	-----	-----
Lincoln Retirement	(1.165)	(2.874)	0.105	0.453	0.379	0.47
Life Insurance Segment	0.985	1.158	1.163	1.320	0.918	0.97
Investment Management Segment- Retail (1)	(2.209)	(1.499)	(0.375)	0.806	0.304	0.68
Consolidating Adjustments	1.276	1.022	(0.035)	(0.082)	0.104	0.12
	-----	-----	-----	-----	-----	-----
Total Retail Net Flows	(1.114)	(2.194)	0.927	2.496	1.705	2.25
	-----	-----	-----	-----	-----	-----
Investment Management Segment- Institutional	(2.240)	(5.694)	(0.231)	2.106	1.535	1.41
Consolidating Adjustments		0.035	(0.015)	(0.005)	0.004	0.01
	-----	-----	-----	-----	-----	-----
Total Net Flows	(3.354)	(7.854)	0.681	4.608	3.244	3.68
	=====	=====	=====	=====	=====	=====
For the Quarter	Jun 2002	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003
	-----	-----	-----	-----	-----	-----
Lincoln Retirement	0.223	0.068	0.074	0.095	0.099	0.27
Life Insurance Segment	0.385	0.297	0.402	0.296	0.324	0.35
Investment Management Segment- Retail (1)	0.167	0.048	0.502	0.014	0.302	0.37
Consolidating Adjustments	(0.038)	0.133	(0.187)	0.162	(0.003)	(0.03)
	-----	-----	-----	-----	-----	-----
Total Retail Net Flows	0.737	0.545	0.791	0.568	0.723	0.96
	-----	-----	-----	-----	-----	-----
Investment Management Segment- Instit.	0.455	0.348	0.572	0.330	0.289	0.79
Consolidating Adjustments	(0.026)	0.008	0.001	(0.030)	0.009	0.03
	-----	-----	-----	-----	-----	-----
Total Net Flows	1.166	0.901	1.364	0.868	1.021	1.79
	=====	=====	=====	=====	=====	=====

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

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

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

For the Year Ended December 31	1998	1999	2000	2001
	-----	-----	-----	-----
<b>Assets Managed by Source</b>				
LNC's Investments and Cash				
Fixed maturity securities	30.233	27.689	27.450	28.340
Equity securities	0.543	0.604	0.550	0.470
Other investments	7.154	7.286	7.369	7.290
	-----	-----	-----	-----
Total LNC Investments(1)	37.929	35.578	35.369	36.110
Separate accounts	43.409	53.654	50.580	44.830
Cash and Invested Cash	2.433	1.896	1.927	3.090
Discontinued Operations				
	-----	-----	-----	-----
Total LNC	83.772	91.128	87.876	84.040
	-----	-----	-----	-----
Non-affiliate assets managed	50.061	49.314	41.861	38.420
	-----	-----	-----	-----
Total Assets Managed	133.833	140.443	129.737	122.460
	=====	=====	=====	=====
<b>Assets Managed by Advisor</b>				
Investment Management segment(1) (See page 27 for additional detail)				
DLIA-Corp	39.432	35.934	35.686	38.110
(Assets managed internally-see page 27)				
Lincoln (UK)	7.573	8.589	7.873	6.840
Policy Loans (within business units)	1.840	1.892	1.961	1.940
Non-LNC Affiliates	23.497	32.653	30.863	27.140
	-----	-----	-----	-----
Total Assets Managed	133.833	140.443	129.737	122.460
	=====	=====	=====	=====
	Dec	Mar	Jun	Sep
	2000	2001	2001	2001
	-----	-----	-----	-----
<b>Assets Managed by Source</b>				
LNC's Investments and Cash:				
Fixed Maturities	27.450	27.811	27.874	28.930
Equity securities	0.550	0.560	0.534	0.470
Other investments	7.369	7.374	7.388	7.370
	-----	-----	-----	-----
Total LNC Investments(1)	35.369	35.744	35.796	36.780
Separate accounts	50.580	44.506	47.140	39.480
Cash and invested cash	1.927	2.015	1.502	1.990
	-----	-----	-----	-----
Total LNC	87.876	82.266	84.438	78.260

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Non-affiliate assets managed	41.861	38.416	40.109	35.88
Total Assets Managed	129.737	120.682	124.547	114.15
Assets Managed by Advisor				
Investment Management segment (1) (See page 27 for additional detail)	53.355	48.209	50.739	44.96
DLIA-Corp (Assets managed internally-see page 27)	35.686	36.324	36.018	37.33
Lincoln (UK)	7.873	7.012	7.027	6.47
Policy Loans (within business units)	1.961	1.947	1.947	1.94
Non-LNC Affiliates	30.862	27.190	28.815	23.43
Total Assets Managed	129.737	120.682	124.547	114.15
	Jun	Sep	Dec	Ma
For the Quarter Ended	2002	2002	2002	200
Assets Managed by Source				
LNC's Investments and Cash:				
Fixed Maturities	29.725	32.037	32.767	33.88
Equity securities	0.419	0.397	0.337	0.24
Other investments	7.016	6.928	6.895	6.87
Total LNC Investments (1)	37.160	39.363	40.000	41.00
Separate accounts	40.580	34.069	36.178	34.77
Cash and invested cash	2.265	1.600	1.691	1.63
Total LNC	80.005	75.031	77.869	77.41
Non-affiliate assets managed	39.531	35.650	38.052	37.50
Total Assets Managed	119.536	110.682	115.921	114.92
Assets Managed by Advisor				
Investment Management segment (1) (See page 27 for additional detail)	48.742	43.362	46.495	45.71
DLIA-Corp (Assets managed internally-see page 27)	38.476	40.416	41.104	42.13
Lincoln (UK)	6.753	6.068	6.351	5.96
Policy Loans (within business units)	1.906	1.899	1.946	1.92
Non-LNC Affiliates	23.659	18.937	20.026	19.18
Total Assets Managed	119.536	110.682	115.921	114.92

(1) Retail assets under management have been restated to include assets under administration beginning in 2002. See details on pages 26 and 27.

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Consolidated Investment Data  
Unaudited [Millions of Dollars, except Common Share Data]

For the Year Ended December 31	1998	1999	2000	2001
Net Investment Income				
Fixed Maturity Securities	2,065.8	2,232.9	2,148.7	2,121.0
Equity Securities	22.8	20.1	19.5	17.6
Mortgage loans on real estate	383.6	369.2	373.8	374.5
Real estate	86.8	64.1	51.8	49.5
Policy loans	99.5	116.5	125.0	125.3
Invested cash	156.8	110.3	87.2	68.4
Other investments	88.4	51.8	66.8	69.4
Investment revenue	2,903.7	2,964.8	2,872.8	2,825.9
Investment expense	(193.1)	(122.4)	(88.7)	(117.1)
Net Investment Income	2,710.6	2,842.5	2,784.1	2,708.7
Gross-up of Tax Exempt Income	11.6	8.1	7.8	7.2
Adjusted Net Invest Income	2,722.3	2,850.5	2,791.9	2,715.9
Mean Invested Assets (Amortized Cost)	36,573.8	39,027.5	37,471.3	37,616.9
Ratio of Adjusted Net Invest Inc Over Mean Invested Assets	7.44%	7.30%	7.45%	7.22%
Investment Gains (Losses)				
Realized Gains (Losses) on Investments	13.7	3.8	(17.5)	(68.7)
Gains(Losses) on Derivatives	0.0	0.0	0.0	(4.9)
Incr (Decr) in Unreal Gains on Sec Avail-for-Sale (after DAC/Tax)	116.4	(1,018.1)	477.7	183.7
Incr (Decr) on Derivatives*				21.4
Securities Available-for-Sale [Billions of Dollars]				
Fixed Maturity Sec (Fair Value)	30.233	27.689	27.450	28.346
Fixed Maturity Sec (Amortized Cost)	28.640	28.357	27.373	27.956
Equity Securities (Fair Value)	0.543	0.604	0.550	0.470
Equity Securities (Amortized Cost)	0.437	0.481	0.458	0.444
% of Fixed Maturity Securities (Based on Fair Value)				
Treasuries and AAA	25.6%	22.8%	22.1%	17.2%
AA or better	32.6%	29.8%	29.2%	23.6%
BB or less	7.0%	8.0%	6.7%	8.3%

Sep Dec Mar Jun Sep Dec

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For the Quarter Ended	2001	2001	2002	2002	2002	2002
	-----	-----	-----	-----	-----	-----
Net Investment Income						
Fixed Maturity Securities	536.9	530.1	522.5	523.8	533.6	537.0
Equity Securities	3.7	5.1	3.4	4.3	2.7	5.1
Mortgage loans on real estate	94.2	92.4	89.5	90.2	90.8	86.4
Real estate	12.7	10.9	12.3	11.9	10.0	13.2
Policy loans	31.0	31.6	30.2	31.1	31.1	42.0
Invested cash	14.8	11.3	12.4	9.1	7.9	8.2
Other investments	28.2	3.5	7.8	9.8	(1.2)	(0.1)
	-----	-----	-----	-----	-----	-----
Investment revenue	721.4	684.8	678.1	680.2	675.0	691.7
Investment expense	(28.2)	(31.8)	(23.3)	(22.8)	(22.7)	(24.4)
	-----	-----	-----	-----	-----	-----
Net Investment Income	693.3	653.1	654.8	657.4	652.4	667.3
	-----	-----	-----	-----	-----	-----
Gross-up of Tax Exempt Income	1.5	2.1	1.5	2.0	1.5	2.6
	-----	-----	-----	-----	-----	-----
Adjusted Net Invest Income	694.8	655.2	656.3	659.4	653.9	669.9
	=====	=====	=====	=====	=====	=====
Mean Invested Assets						
(Amortized Cost)	37,685.8	38,449.3	38,169.9	38,235.5	39,175.8	39,733.1
Ratio of Adjusted Net Invest						
Inc Over Mean Invested Assets	7.37%	6.82%	6.88%	6.90%	6.68%	6.74%
Investment Gains (Losses)						
Realized Gains (Losses) on						
Investments	(23.8)	(20.0)	(67.6)	(52.7)	(23.6)	(33.3)
Gains (Losses) on Derivatives	(0.4)	(4.6)	0.1	0.3	0.1	0.2
Incr (Decr) in Unreal Gains						
on Sec Avail-for-Sale						
(after DAC/Tax)	171.8	(52.2)	(163.9)	293.8	491.9	(64.3)
Incr (Decr) on Derivatives*	3.7	(6.7)	1.2	1.2	0.0	4.6
Securities Available-for-Sale						
[Billions of Dollars]						
Fixed Maturity Sec (Fair Value)	28.932	28.346	28.841	29.725	32.037	32.767
Fixed Maturity Sec						
(Amortized Cost)	28.253	27.956	27.801	28.335	30.431	31.103
Equity Securities (Fair Value)	0.478	0.470	0.439	0.419	0.397	0.337
Equity Securities						
(Amortized Cost)	0.453	0.444	0.253	0.255	0.389	0.334
% of Fixed Maturity Securities						
(Based on Fair Value)						
Treasuries and AAA	17.9%	17.2%	17.8%	18.2%	20.0%	20.1%
AA or better	24.3%	23.6%	24.7%	25.0%	26.7%	25.8%
BB or less	7.2%	8.3%	7.5%	6.4%	6.6%	6.6%

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

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

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For the Quarter Ended	Dec 2000	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002
	-----	-----	-----	-----	-----	-----
Common Stock:						
Highest Price	50.938	48.250	52.300	52.750	49.450	53.650
Lowest Price	40.875	38.000	41.280	41.000	40.000	47.200
Closing Price	47.313	42.470	51.750	46.630	48.570	50.730
Yield [3]	2.6%	2.9%	2.4%	2.6%	2.6%	2.5%
Preferred Stock Dividend (Millions)	0.013	0.019	0.018	0.017	0.017	0.016

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Debt: (End of Period)

Senior Debt Ratings

A.M. Best [5]	a	a	a	a	a	a
Fitch	A+	A+	A+	A+	A+	A+
Moody's	A3	A3	A3	A3	A3	A3
Standard and Poors	A-	A-	A-	A-	A-	A-

Claims Paying Ratings:

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

Ratios

Debt to Total Capitalization [4]	20.8%	22.2%	21.2%	21.1%	21.4%	22.7%
Debt to Equity [4]	26.3%	28.4%	26.7%	26.6%	27.0%	29.1%

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

For the Year Ended December 31	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----
Common Stock [1]					
Highest Price	49.438	57.500	56.375	52.750	53.650
Lowest Price	33.500	36.000	22.625	38.000	25.150
Closing Price	40.907	40.000	47.313	48.570	31.580
Dividend Payout Ratio [2]	43.9%	50.5%	38.3%	44.9%	273.5%
Yield [3]	2.7%	2.9%	2.6%	2.6%	4.2%
Preferred Stock Dividend (Millions)	0.100	0.089	0.078	0.071	0.061

Debt: (End of Period)

Senior Debt Ratings

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

Claims Paying Ratings:

Lincoln Life - A.M. Best	A	A	A	A	A+
Lincoln Life - Fitch	AA+	AA+	AA	AA	AA
Lincoln Life - Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
Lincoln Life - Standard & Poors	AA-	AA-	AA-	AA-	AA-



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

### Ratios

Debt to Total Capitalization [4]	21.2%	23.2%	20.8%	21.4%	23.2%
Debt to Equity [4]	26.9%	30.3%	26.3%	27.0%	30.5%

For the Quarter Ended	Sep 2002	Dec 2002	Mar 2003	Jun 2003	Sep 2003
	-----	-----	-----	-----	-----
<b>Common Stock:</b>					
Highest Price	42.080	35.950	35.700	37.500	38.640
Lowest Price	29.120	25.150	24.730	27.870	34.630
Closing Price	30.550	31.580	28.000	35.630	35.380

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

#### Senior Debt Ratings

A.M. Best [5]	a	a	a	a	a
Fitch	A	A	A	A	A
Moody's	A3	A3	A3	A3	A3
Standard and Poors	A-	A-	A-	A-	A-

#### Claims Paying Ratings:

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

### Ratios

Debt to Total Capitalization [4]	23.1%	23.2%	23.1%	22.3%	21.6%
Debt to Equity [4]	29.9%	30.5%	30.0%	28.7%	27.5%

\* Rating based on affiliation with Lincoln Life

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

[2] Indicated dividend divided by net income

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[3] Indicated dividend divided by the closing price

[4] Equity used in calculation assumes securities at cost. Minority interest—Junior subordinated issued to affiliated trusts (hybrid securities) are considered 50% debt and 50% equity.

[5] In October 2003, A.M. Best changed their notching practices for life insurance companies and affirmed Lincoln's senior debt rating as "a-".

Retroactive Adoption of FAS 123  
Unaudited (Millions of Dollars)

	Mar 2001	Jun 2001	Sep 2001	Dec 2001	Mar 2002	Jun 2002	Sep 2002	Dec 2002	2002
Net Income									
Lincoln Retirement :									
Net Income - As previously reported	76.6	79.9	58.6	54.2	47.6	10.2	(6.0)	6.0	35
Change in Operating & Administrative Expense	(1.6)	(1.6)	(1.6)	(1.6)	(1.5)	(1.6)	(1.6)	(1.6)	(
Federal Income Tax	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(
After Tax Adjustment	(1.1)	(1.0)	(1.0)	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)	(
Net Income - Restated	75.5	78.9	57.6	53.1	46.6	9.2	(7.0)	5.0	35
Life Insurance:									
Net Income - As previously reported	62.9	53.5	64.7	51.9	44.2	57.4	47.1	60.2	24
Change in Operating & Administrative Expense	(1.4)	(1.4)	(1.4)	(1.4)	(1.1)	(1.1)	(1.1)	(1.1)	(
Federal Income Tax	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(
After Tax Adjustment	(0.9)	(0.9)	(0.9)	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	(
Net Income - Restated	62.0	52.6	63.8	51.0	43.5	56.7	46.4	59.5	24
Investment Management:									
Net Income - As previously reported	2.0	2.9	2.9	4.0	7.0	6.2	3.1	9.3	3
Change in Operating & Administrative Expense	(6.2)	(6.2)	(6.8)	(8.7)	(6.5)	(9.5)	(9.6)	(11.5)	(2
Federal Income Tax	(1.6)	(1.6)	(1.7)	(2.3)	(1.6)	(2.5)	(2.6)	(3.3)	(
After Tax Adjustment	(4.6)	(4.6)	(5.1)	(6.4)	(4.9)	(7.0)	(7.0)	(8.2)	(1
Net Income - Restated	(2.6)	(1.7)	(2.2)	(2.4)	2.1	(0.8)	(3.9)	1.1	1

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Lincoln UK:									
Net Income - As previously reported	14.8	17.6	14.0	22.5	10.8	9.8	0.8	18.5	(1
Change in Operating & Administrative Expense	(0.6)	(0.6)	(0.6)	(0.6)	(0.5)	(0.6)	(0.6)	(0.6)	(
Federal Income Tax	(0.1)	0.0	(0.1)	(0.1)	0.0	0.0	0.0	0.0	(
After Tax Adjustment	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(
Net Income - Restated	14.3	17.0	13.5	22.0	10.3	9.2	0.2	17.9	(1
Other Operations:									
Net Income - As previously reported	3.9	(12.2)	(21.1)	36.6	(15.1)	(24.2)	(170.5)	(30.8)	(1
Change in Operating & Administrative Expense	(5.4)	(5.3)	(5.3)	(5.3)	(2.6)	(2.4)	(2.4)	(2.4)	(1
Federal Income Tax	(1.9)	(1.9)	(1.7)	(1.8)	(0.9)	(0.8)	(0.8)	(0.8)	(
After Tax Adjustment	(3.5)	(3.4)	(3.6)	(3.5)	(1.7)	(1.6)	(1.6)	(1.6)	(
Net Income - Restated	0.4	(15.6)	(24.7)	33.1	(16.8)	(25.8)	(172.1)	(32.4)	(1
Consolidated:									
Net Income - As previously reported	160.2	141.7	119.1	169.2	94.5	59.4	(125.5)	63.2	62
Change in Operating & Administrative Expense	(15.2)	(15.1)	(15.7)	(17.6)	(12.2)	(15.2)	(15.3)	(17.2)	(5
Federal Income Tax	(4.6)	(4.6)	(4.6)	(5.2)	(3.4)	(4.3)	(4.4)	(5.1)	(1
After Tax Adjustment	(10.6)	(10.5)	(11.1)	(12.4)	(8.8)	(10.9)	(10.9)	(12.1)	(3
Net Income - Restated	149.6	131.2	108.0	156.8	85.7	48.5	(136.4)	51.1	58